

**PROSPECTUS**

**OF**

**IFSL CHURCH HOUSE BALANCED EQUITY INCOME FUND  
(A UCITS scheme with FCA Product Reference 200001)**

**Valid at 1<sup>st</sup> October 2022**

## IFSL Church House Balanced Equity Income Fund

### Prospectus

This document constitutes the Prospectus for IFSL Church House Balanced Equity Income Fund which has been prepared in accordance with the Collective Investment Schemes Sourcebook.

This Prospectus has been prepared solely for, and is being made available to investors for the purposes of evaluating an investment in Units in Trust. Investors should only consider investing in the Trust if they understand the risks involved including the risk of losing all capital invested.

All communications in relation to this Prospectus shall be in English.

This Prospectus is dated, and is valid as at 1<sup>st</sup> October 2022.

Copies of this Prospectus have been sent to the Financial Conduct Authority and the Trustee.

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 The Trust is not bound by any out of date prospectus when it has issued a new prospectus and potential investors should check that they have the most recently published prospectus.

Investment Fund Services Limited, the Manager of the Trust, 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 Collective Investment Schemes Sourcebook to be included in it. Smith & Williamson Fund Administration Limited accepts responsibility accordingly.

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

## DISCLAIMER

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

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

The Units have not been and will not be registered under the United States Securities Act of 1933, as amended. They may not be offered or sold in the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia or offered or sold to US Persons.

Potential investors should not treat the contents of this Prospectus as advice relating to legal, taxation, investment or any other matters and are recommended to consult their own professional advisers concerning the acquisition, holding or disposal of Units.

The provisions of the Trust Deed are binding on each of the Unitholders a summary of which are included in this Prospectus and a copy of the Trust Deed is available on request.

The distribution of this Prospectus in certain jurisdictions may require that this Prospectus is translated into the official language of those countries. Should any inconsistency arise between the translated version and the English version, the English version shall prevail.

This Prospectus is based on information, law and practice at the date hereof. The Manager cannot be bound by an out of date Prospectus when it has issued a new Prospectus and investors should check with Investment Fund Services Limited that this is the most recently published Prospectus.

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

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## 1 DEFINITIONS

“Act”	the Financial Services and Markets Act 2000 as amended, extended, consolidated, substituted or re-enacted from time to time;
“Approved Bank”	(in relation to a bank account opened by the Manager):  (a) if the account is opened at a branch in the United Kingdom:  (i) the Bank of England; or (ii) the central bank of a member state of the OECD; or (iii) a bank; or (iv) a building society; or (v) a bank which is supervised by the central bank or other banking regulator of a member state of the OECD; or  (b) if the account is opened elsewhere:  (i) a bank in (a); or (ii) a credit institution established in an EEA State other than in the United Kingdom and duly authorised by the relevant Home State Regulator; or (iii) a bank which is regulated in the Isle of Man or the Channel Islands; or (iv) a bank supervised by the South African Reserve Bank;
“Auditor”	Ernst & Young LLP, or such other entity as is appointed to act as auditor to the Trust from time to time;
“Business day”	A day on which the London Stock Exchange is open. If the London Stock Exchange is closed as a result of a holiday or for any other reason, or there is a holiday elsewhere or other reason which impedes the calculation of the fair market value of the Trust’s portfolio of securities or a significant portion thereof, the Manager may decide that any business day shall not be construed as such;
“Class” or “Classes”	in relation to Units, means (according to the context) a particular class or classes of Unit;

“Client Money”	Client money means any money that a firm receives from or holds for, or on behalf of, a Unitholder in the course of, or in connection with, its business unless otherwise specified;
“COLL”	refers to the COLL Sourcebook;
“the COLL Sourcebook”	the Collective Investment Schemes Sourcebook issued by the FCA as amended from time to time;
“Dealing Day”	Monday to Friday where these days are business days, excluding the last trading day before the 25 <sup>th</sup> December or any day on which the Manager has notified the Trustee that it is not open for normal business or otherwise agreed between the Manager and the Trustee;
“EEA State”	a member state of the European Union and any other state which is within the European Economic Area;
“Efficient Portfolio Management” or “EPM”	an investment technique where derivatives are used for one or more of the following purposes: reduction of risk, reduction of cost or generation of additional capital or income with a risk level which is consistent with the risk profile of the Trust and the risk diversification rules laid down in COLL;
“Eligible Institution”	one of certain eligible institutions as defined in the glossary of definitions to the FCA Handbook;
“EMT”	European MiFID Template;
“FCA”	the Financial Conduct Authority or such successor regulator authority as may be appointed from time to time, and (where applicable) its predecessors including the Financial Services Authority;
“FCA Regulations”	the rules contained in the Collective Investment Schemes Sourcebook (COLL), and the Investment Funds Sourcebook (FUND), as part of the FCA Rules as they may be amended or updated from time to time;
“FCA Rules”	the FCA’s Handbook of Rules and Guidance (including the COLL Sourcebook);
“Fund”	IFSL Church House Balanced Equity Income Fund;

“Investment Manager”	Church House Investments Limited, the Investment manager to the Manager in respect of the Trust;
“Manager”	Investment Fund Services Limited, the Manager of the Trust;
“MiFID II”	Markets in Financial Instruments Directive, effective from 3 January 2018;
“NAV” or “value”	the value of the Scheme Property less the liabilities of the Trust as calculated in accordance with the Trust Deed;
“Register”	the register of Unitholders of the Trust;
“Registrar”	Investment Fund Services Limited, or such other entity as is appointed to act as Registrar to the Trust from time to time;
“Regulated Activities Order”	the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544) as amended;
“Regulations”	the FCA Handbook (including the COLL Sourcebook);
“Scheme Property”	the scheme property of the Trust required under the COLL Sourcebook to be given for safekeeping to the Trustee;
“SDRT”	stamp duty reserve tax;
“Switch”	the exchange where permissible of Units of one fund for Units of another fund;
“Trust Deed”	the trust deed constituting the Trust, as amended from time to time in accordance with the COLL Sourcebook;
“Trust”	IFSL Church House Balanced Equity Income Fund;
“Trustee”	NatWest Trustee & Depositary Services Limited, or such other entity as is appointed to act as Trustee;
“UCITS”	means an Undertaking for Collective Investment in Transferable Securities. This will include a UCITS Scheme or an EEA UCITS scheme, as defined in the Financial Conduct Authority Handbook;

“UCITS Directive”	means the European Parliament and Council Directive of 13 July 2009 on the coordination of laws, regulations and administrative provisions relation to undertakings for collective investment in transferable securities (UCITS) (No. 2009/65/EC) (as amended);
“UCITS scheme”	means a UK UCITS, as defined in the FCA Handbook;
“UK UCITS”	means, in accordance with sections 236A and 237 of the Financial Services and Markets Act 2000, a collective investment scheme which may consist of several sub-funds, which is either an authorised unit trust scheme, an authorised contractual scheme, or an authorised open-ended investment company with the sole object of collective investment of capital raised from the public in transferable securities or other liquid financial assets, operating on the principle of risk-spreading, with units which are, at the request of holders, repurchased or redeemed, directly or indirectly, out of those undertakings’ assets, and which has identified itself as a UCITS in its prospectus and has been authorised accordingly by the FCA;
“Unit” or “Units”	a Unit or Units in the Trust;
“Unitholder”	a holder of registered Units in the Trust;
“Valuation Point”	the point, on a Dealing Day whether on a periodic basis or for a particular valuation, at which the Manager carries out a valuation of the Scheme Property for the Trust for the purpose of determining the price at which Units of a class may be issued, cancelled or redeemed. The current Valuation Point is 12 noon London time on each Dealing Day;
“VAT”	Value added tax;



## **2 DETAILS OF THE TRUST**

### **General Information**

#### **General**

IFSL Church House Balanced Equity Income Fund (the Trust) is a unit trust authorised by the Financial Conduct Authority with effect from 22 January 2002. The Trust has an unlimited duration.

Unitholders are not liable for the debts of the Trust.

The Manager is also the manager of certain authorised unit trusts and open-ended investment companies details of which are set out in Appendix VI.

Approval by the FCA in this context refers only to approval under the Act and does not in any way indicate or suggest endorsement or approval of the Trust as an investment.

#### **Head Office of the Trust**

Marlborough House  
59 Chorley New Road  
Bolton, BL1 4QP

#### **Base Currency**

The base currency of the Trust is Pounds Sterling (GBP) or such other currency as may be the lawful currency of the UK from time to time.

#### **Units**

Units in the Trust may be marketed in other Member States and in countries outside the European Union and European Economic Area, subject to the Regulations, and any regulatory constraints in those countries, if the Manager so decides.

The Trust is designed and managed to support longer-term investment and active trading is discouraged. Short-term or excessive trading into and out of the Trust may harm performance by disrupting portfolio management strategies and by increasing expenses. The Manager may at its discretion refuse to accept applications for, or switching of Units, especially where transactions are deemed disruptive, particularly from possible market timers or investors who, in its opinion, have a pattern of short-term or excessive trading or whose trading has been or may be disruptive to the Trust. For these purposes, the Manager may consider an investor's trading history in the Trust or other Investment Fund Services Limited funds and accounts under common ownership or control.

#### **The Structure of the Trust**

##### **The Trust**

The Trust is a UCITS scheme.

FCA Product Reference Number: 200001

Investment of the assets of the Trust must comply with the COLL Sourcebook and the investment objective and policy of the Trust. Details of the Trust, including its investment objective and policy, are set out in Appendix I.

The eligible securities markets and eligible derivatives markets on which the Trust may invest are set out in Appendix II. A detailed statement of the general investment and borrowing restrictions in respect of the Trust is set out in Appendix IV.

### **Classes of Units within the Trust**

The rights represented by Units are those of a beneficial interest under a trust.

Units do not carry preferential or pre-emptive rights to acquire further Units.

Further classes of Unit may be established from time to time by the Manager with the approval of the FCA, the agreement of the Trustee and in accordance with the Trust Deed. On the introduction of any new class, either a revised Prospectus or a supplemental Prospectus will be prepared, setting out the details of each class.

The currency in which each new class of Units will be denominated will be determined at the date of creation and set out in the Prospectus issued in respect of the new class of Units.

The Trust may issue income and accumulation Units. Further details of the Units presently available, including details of their criteria for subscription and fee structure, are set out in Appendix I.

Holders of income Units are entitled to be paid the distributable income attributed to such Units on any relevant interim and annual allocation dates.

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

The Trust Deed allows gross income and gross accumulation Units to be issued, as well as net income and net accumulation Units, but currently none are in issue. Net Units are Units in respect of which income allocated to them is distributed periodically to the relevant Unitholders (in the case of income Units) or credited periodically to capital (in the case of accumulation Units), in either case in accordance with relevant tax law, net of any tax deducted or accounted for by the Trust. Gross Units are income or accumulation Units where, in accordance with relevant tax law, distribution or allocation of income is made without any tax being deducted or accounted for by the Trust. All references in this Prospectus are to net Units unless otherwise stated.

Where the Trust has different classes, each class may attract different charges and so monies may be deducted from the Scheme Property attributable to such classes in unequal proportions. In these circumstances, the proportionate interests of the classes will be adjusted accordingly.

Information on the typical investor profile for the Trust is set out in Appendix V.

Unitholders are entitled (subject to certain restrictions) to switch all or part of their Units in a class for Units of another class. Details of this switching facility and the restrictions are set out in the section "Switching".

Where the AFM has a direct legal relationship with the Unitholder and has given not less than 60 days' notice in writing, the AFM may convert all or some of a Unitholder's units for units of a different Unit Class within the same fund if it is fair and in the best interests of the Unitholder.

### **3 CLIENT MONEY**

As required by the FCA's client money rules, the Manager will hold money received from clients or on the client's behalf in accordance with those rules in a pooled client bank account, with an approved bank (as defined in the FCA Rules) in the UK.

The Manager will not be liable for any acts or omissions of the approved bank. The approved bank will be responsible for any acts or omissions within its control.

In the event of the insolvency of any party, clients' money may be pooled which means that Unitholders may not have a claim against a specific account and may not receive their full entitlement, as any shortfall may be shared pro rata amongst all clients.

The Manager is covered by the Financial Services Compensation Scheme (FSCS). The FSCS may pay compensation if the Manager is unable to meet its financial obligations. For further information about the compensation provided by the FSCS (including the amounts covered and eligibility to claim) refer to the FSCS website [www.FSCS.org.uk](http://www.FSCS.org.uk) or call the FSCS on 020 7741 4100 or 0800 678 1100.

### **4 BUYING, SELLING AND SWITCHING UNITS**

The dealing office of the Manager is open from 9.00 am until 5.00 pm on each Business Day to receive requests for the purchase, redemption and switching of Units, which will be effected at prices determined at the next Valuation Point following receipt of such request.

The Manager may also, at its discretion, introduce further methods of dealing in Units in the future.

#### **Buying Units**

##### **Procedure**

Subject to restrictions applicable to certain classes of units, applications for units linked to the Fund may be made by any person. Units to satisfy an application received before the Valuation Point of the Fund (see "Valuation Of The Trust" for details of the Valuation Point) on a Dealing Day will be sold at a price based on that day's valuation and Units to satisfy an application received after the Valuation Point, or on a day which is not a Dealing Day, will be sold at a price based on the valuation made on the next Dealing Day.

Applications may be made by completing an application form and delivering it to the Manager between 9am and 5pm on any Business Day to Marlborough House, 59 Chorley New Road, Bolton BL1 4QP. The Manager may also, at its sole discretion, accept instructions by facsimile on such terms as it may specify. Applications may be faxed to the Manager on 01204 533 045, sent by email to [dealing@ifslfunds.com](mailto:dealing@ifslfunds.com) or submitted through approved agents. The Manager may also, at its sole discretion, accept instructions by telephone on 0808 164 5458 (overseas +44 1204 329 443) between 9.00am and 5.00pm on any Business Day on such terms as it may specify. Application forms are available from the Manager.

The Manager does not currently accept initial applications for Units on the authority of electronic communications from Applicants, however the Manager will accept electronic dealing instructions after application. The Manager may decide to accept initial applications via electronic communications in the future and will update this Prospectus with the conditions that must be satisfied to effect an electronic application accordingly.

Applications, however made, are irrevocable (except in the case where cancellation rights are applied - see below). Subject to its obligations under COLL, the Manager reserves the right to reject any application in whole or in part. In that event application monies or any balance will be returned to the Applicant by post at the Applicant's risk.

Applications will not be acknowledged but a contract note will be sent on or before the Business Day next following the relevant Dealing Day. Certificates will not be issued. Ownership of Units will be evidenced by an entry on the register where the total price payable for all Units for which the application is made would include a fraction of one penny it will be rounded up or down to the nearest penny.

Payment in respect of applications must be received no later than the fourth Business Day after the relevant Dealing Day. However, the Manager reserves the right to request that payment in respect of applications be received prior to the relevant Dealing Day.

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

Applicants who have received advice may have the right to cancel their application to buy Units at any time during the 14 days after the date on which they receive a cancellation notice from the Manager. If an applicant decides to cancel the contract, and the value of the investment has fallen at the time the Manager receives the completed cancellation notice, they will not receive a full refund as an amount equal to any fall in value will be deducted from the sum originally invested.

#### **Money laundering prevention**

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

- (a) tenders payment by way of cheque or banker's draft on an account in the name of a person or persons other than the Applicant; or
- (b) appears to the Manager to be acting on behalf of some other person.

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

Until satisfactory proof of identity is provided, the Manager reserves the right to refuse to issue Units, pay the proceeds of the redemption of Units, or pay income on Units to investors. In the case of a purchase of Units where the Applicant is not willing or is unable to provide the information request within a reasonable period, the Manager also reserves the right to sell the Units purchased and return the proceeds to the account from which the subscription was made. These proceeds may be less than the original investment. The Manager will not be liable for any Unit price movements occurring during delays while money laundering checks are carried out. The Manager or registrar may use external credit reference agencies to verify your identity and/or bank details. This will not have any effect on your credit history.

### **Deferred Redemption**

If redemptions in the Fund on a particular Dealing Day exceed 10% of the Fund's value, the Manager may, with the prior agreement of the Fund's Trustee, or if the Trustee so requires, defer redemptions to the next Valuation Point in accordance with the FCA's COLL rules.

Any such deferral is undertaken in such a manner as to ensure the consistent treatment of all Unitholders who have sought to redeem Units at the Valuation Point at which redemptions are deferred. All deals relating to the earlier Valuation Point are completed before these relating to a later Valuation Point are considered.

The intention of a deferred redemption is to reduce the impact of dilution on the Fund. In times of high levels of redemption, deferred redemption enables the Manager to protect the interests of continuing Unitholders and potential Unitholders, by allowing the Manager to match the sale of the Fund's property to the level of redemptions of Units in that Fund.

### **In Specie Application**

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

### **Minimum Purchase and Holdings**

The minimum initial lump sum subscriptions for Units and the minimum holding in the Fund is set out in Appendix I. If at any time a Unitholder's holding is below the specified minimum, the Manager (at its discretion) reserves the right to either sell the Units and send the proceeds to the Unitholder, or to convert the Units to another Unit class. However, the Manager may, by special arrangement and at its discretion, either agree on an individual basis a lower amount in relation to the minimum value requirements, or waive such requirements at its discretion.

The Manager may also offer a regular savings plan in respect of the Fund whereby Units can be purchased monthly, the settlement for which is collected via direct debit. The minimum value of Units purchased in one single transaction is £50. See Appendix I for details of Fund that offer this service.

## **Selling Units**

### **Procedure**

Units in the Fund may be redeemed on any Dealing Day. Dealings are on a forward price basis as explained in the paragraph headed "Buying Units" above. Units to be redeemed pursuant to a redemption request received before the Valuation Point of the relevant Sub-fund on a Dealing Day will be redeemed at a price based on that day's valuation and Units to be redeemed pursuant to a redemption request received after that time, or on a day which is not a Dealing Day, will be redeemed at a price based on the valuation made on the next Dealing Day. Redemption instructions may be given by delivery to the Manager of written instructions for redemption by letter to Marlborough House, 59 Chorley New Road, Bolton BL1 4QP, by fax to 01204 533 045 or sent by email to [dealing@ifslfunds.com](mailto:dealing@ifslfunds.com)). Redemption instructions sent by fax or email must be followed up with the original signed instructions before any proceeds can be remitted. Redemption instructions may be given by telephone on 0808 164 5458 (overseas +44 1204 329 443) between 9.00am and 5.00pm on any Business Day. Redemption instructions given by telephone must be confirmed in writing to the Manager prior to redemption proceeds being remitted, except in instances where a coverall agreement is already in place for the account. Redemption instructions are irrevocable.

The Manager may accept instructions to transfer or renounce Units by electronic communication in certain, limited circumstances following the Manager's prior agreement which shall only be given on a case by case basis. In such circumstances, the Manager will accept electronic communications only where the Manager is satisfied that the communication is from a Unitholder and is genuine. The Manager does not intend to accept electronic communications as a matter of course and will typically require instructions in accordance with the above.

A redemption contract note will be sent on or before the next Business Day following the relevant Dealing Day. Where the total consideration for the transaction would include a fraction of one penny it will be rounded up or down to the nearest penny. There may also be deducted, if the consideration is to be remitted abroad, the cost of remitting the proceeds (if any). If a redeeming Unitholder wishes to be paid other than by cheque, the Manager will endeavour to arrange this but at the cost of the Unitholder. The redemption proceeds will be paid not later than the close of business on the fourth Business Day after the later of the following times:

the Valuation Point immediately following the receipt by the Manager of the request to redeem the Units; or  
the time when the Manager has received all duly executed instruments and authorisations which effect (or enable the Manager to effect) transfer of title to the Units.

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

### **In Specie Redemption**

If a Unitholder requests the redemption of Units, the Manager may, if it considers the deal is substantial in relation to the total size of the Fund, arrange for the Fund to cancel the Units and transfer Scheme Property to the Unitholder instead of paying the price of the Units in cash, or, if required by the Unitholder, pay the net proceeds of sale of the relevant Scheme Property to the Unitholder.

A deal involving Units representing 5% or more in value of the Fund will normally be considered substantial. However, the Manager may at its discretion agree an in specie redemption with a Unitholder whose Units represent less than 5% in value of the Fund.

In such cases, the Manager will serve a notice on the Unitholder within two Business Days of receipt of the redemption instruction that it proposes to make an in specie redemption and setting out the Scheme Property to be transferred to the Unitholder. The Unitholder may within four Business Days of receiving the notice serve a notice on the Manager requiring the Manager to sell the selected Scheme Property and pay the proceeds to the Unitholder.

The Manager will select the property to be transferred (or sold) in consultation with the Fund's Trustee. The Manager must ensure that the property selection is made with a view to achieving no greater advantage or disadvantage to the redeeming Unitholder than to continuing Unitholders.

### **Minimum Redemption and Holding**

If the redemption request is in respect of only some of the Units held, the minimum value of Units which may be the subject of redemption is set out in Appendix I. Where the value of an individual holding of Units would, in consequence of a request for redemption/cancellation, fall below these amounts in respect of the relevant Unit classes such request may be treated as a request for redemption/ cancellation of all the Units held by such Unitholder.

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

## **Switching**

Unitholders may (subject to the qualifications below) exchange Units in one Fund for Units in a different Fund.

The right to exchange is subject to the following:

- the Manager and the Trustee are not obliged to give effect to a request for exchange of Units if the value of the Units to be exchanged is less than the minimum permitted transaction (see above) or if it would result in the Unitholder holding Units of any class of less than the minimum holding for that class of Units (see above);
- the Manager may decline to permit an exchange into a Fund in respect of which there are no Units in issue, or in any case in which they would be entitled under COLL to refuse to give effect to a request by the Unitholder for the redemption of Units of the old class or the issue of Units of the new class.

Exchanges between classes of Units linked to different Funds may be subject to a charge.

It should be noted that an exchange of Units in the Fund for Units in any other Fund is treated as a redemption and sale and will, for persons subject to UK taxation, be regarded as a realisation for the purposes of capital gains taxation. In no circumstances will a Unitholder who exchanges Units in one Fund for Units in any other Fund (or who converts between classes of Units) be given a right by law to withdraw from or cancel the transaction.

## **Application**

A Unitholder wishing to exchange Units should apply in the same way as for a redemption (see above). An exchange to be made pursuant to a request received before the Valuation Point of the Sub-fund concerned on a day which is a Dealing Day for that Sub-fund (or, if the Valuation Points on that day differ, before the first to occur) will be effected at prices based on that day's valuation; where a request is received after that time, or on a day which is not a Dealing Day for the Sub-fund, the exchange will be effected at a price based on the valuation made on the next such Dealing Day.

A contract note giving details of the exchange will be sent on or before the Business Day next following the relevant Dealing Day.

## **Unit Class Conversions**

Subject to any restrictions on the eligibility of investors for a particular Unit class, a Unitholder may convert Units in one class in a Fund for Units in a different class in the same Fund subject to the investment minima set out in this Prospectus.

Conversions will be effected by the Manager recording the change of Unit class on the register of the Fund.

If a Unitholder wishes to convert Units they should apply to the Manager in the same manner as for a sale as set out above.



Conversions will be effected at the next Valuation Point. The number of Units to be issued in the new class will be calculated relative to the price of Unit being converted from. The Manager or Registrar will notify Unitholders once the conversion has been effected.

Conversions will not generally be treated as a disposal for capital gains tax purposes and no stamp duty reserve tax will be payable usually on the conversion. There is no fee on a conversion between classes of the same Fund.

In certain circumstances the Manager may mandatorily convert a Unitholder's investment from one Unit class into another Unit class. The Manager will only undertake such a conversion where the proposed Unit class has identical or preferential terms and the Manager will provide Unitholders with no less than 60 days' notice.

### **Dealing Charges**

The price per Unit at which Units are bought, redeemed or switched is calculated in accordance with the Regulations. Any initial charge or redemption charge, (or SDRT on a specific deal, if applicable) is payable in addition to the price or deducted from the proceeds and is taken from the gross subscription or redemption monies.

### **Initial Charge**

The Manager may impose a charge on the purchase of Units in each class. The current initial charge is calculated as a percentage of the amount invested by a potential Unitholder is set out in Appendix I. The Manager may waive or discount the initial charge at its discretion.

The initial charge (which is deducted from subscription monies) is payable by the Unitholder to the Manager.

The current initial charge of a class may only be increased in accordance with the Regulations.

### **Redemption Charge**

The Manager may make a charge on the redemption of Units in each class. At present, no redemption charge is levied.

The Manager may only introduce a redemption charge in accordance with the Regulations. Also, if such a charge was introduced, it would not apply to Units issued before the date of the introduction (i.e., those not previously subject to a redemption charge).

### **Dilution Adjustment**

**What is 'dilution'?** - Where the Fund buys or sells underlying investments in response to a request for the issue or redemption of Units, they generally incur a cost (diluting the value of the Fund). This arises from dealing costs and any spread between the bid and offer prices of the investments, which is not reflected in the

purchase or redemption price paid by or to the Unitholder. This is referred to as "dilution".

To mitigate the effect of dilution on the Fund, the Manager will recover the costs of dilution from investors on the issue or redemption of Units in the Fund. Instead of making a separate charge to investors when Units in the Fund are bought and sold, COLL permits the Manager to move the price at which Units are bought or sold on any given day. The single price can be moved (referred to as "swung") higher or lower, at the discretion of the Manager on the sale or redemption of Units in the Fund. This price movement from the mid-market price is known as the "dilution adjustment". Any dilution adjustment applied is included in the price applied to the deal and is not disclosed separately.

The dilution adjustment for the Fund 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 need to apply the dilution adjustment will depend on the volume of sales (Units issued) or redemptions (Units sold).

#### **What is the Manager's policy regarding dilution adjustment?**

Where applied, the amount of any swing is based on the estimated costs of dealing in the underlying investments of the Fund, including any dealing spreads, taxes or broker commissions (for example). In particular, the Manager may swing the price (make a dilution adjustment) in the following circumstances:

- in the case of a "large deal" relative to the Fund's size, where the potential cost to that Fund justifies the application of an adjustment;
- if the net effect of Unit issues and redemptions during the period between two Valuation Points represents a potential impact on ongoing Unitholders;
- where a Fund is in decline (i.e. is experiencing a net outflow of investment);
- where there are inflows into a Fund (i.e. is experiencing a net inflow of investment);
- in any other case where the Manager believes that adjusting the Unit price is required to safeguard the interests of Unitholders.

As the requirement to swing the price is directly related to the net issue and sale of Units in the Fund, it is not possible to accurately predict when or how often dilution will occur in the future, however the Manager anticipates this to be infrequent.

**How will it affect Unitholders?** - On the occasions that the dilution adjustment is not applied, there may be an adverse impact on the total assets of the Fund which may otherwise constrain the future growth of the Fund. The Manager's dilution policy was changed on 1<sup>st</sup> October 2022 for the Fund. Historic information on dilution adjustments made to Unit prices is not currently available and as a result the Manager is unable to accurately predict the likelihood of a dilution adjustment being applied. However, the Manager anticipates this to be infrequent. Any dilution adjustment will be applied consistently and, in the usual course of business, automatically.

Estimates of the dilution adjustments for each Fund are set out below, based on the assets held in the Fund and the market conditions at the date shown in the table:

Scheme	Dilution adjustment estimate applicable to redemptions as at 1 <sup>st</sup> October 2022	Dilution adjustment estimate applicable to purchases as at 1 <sup>st</sup> October 2022
IFSL Church House Balanced Equity Income Fund	-0.1258%	0.4069%

The Manager’s decision on whether or not to make a dilution adjustment, and at what level a dilution adjustment might be made in a particular case or generally, will not prevent it from making a different decision on future similar transactions.

The Manager will review the dilution adjustment on a quarterly basis, however it may at its discretion re-evaluate the adjustment in the event of significant market movement. The Manager may alter its current dilution adjustment policy by giving Unitholders notice and amending the prospectus at least 60 days before the change to the dilution policy is to take effect.

### Transfers

Unitholders are entitled to transfer their Units to another person or body. All transfers must be in writing in the form of an instrument of transfer approved by the Manager for this purpose. Completed instruments of transfer must be returned to the Manager in order for the transfer to be registered by the Manager. The Manager may refuse to register a transfer unless any provision for SDRT due has been paid.

### Restrictions and Compulsory Transfer and Redemption

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

If it comes to the notice of the Manager that any Units (“affected Units”):

- (a) are owned directly or beneficially in breach of any law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory; or
- (b) would result in the Trust incurring any liability to taxation which the Trust would not be able to recoup itself or suffering any other adverse consequence (including a requirement to register under any securities or investment or similar laws or governmental regulation of any country or territory); or

- (c) are held in any manner by virtue of which the Unitholder or Unitholders in question is/are not qualified to hold such Units or if it reasonably believes this to be the case;

The Manager may give notice to the Unitholder(s) of the affected Units requiring the transfer of such Units to a person who is qualified or entitled to own them or that a request in writing is given for the redemption of such Units in accordance with the COLL Sourcebook. If any Unitholder upon whom such a notice is served does not within 30 days after the date of such notice transfer his affected Units to a person qualified to own them or submit a written request for their redemption to the Manager or establish to the satisfaction of the Manager (whose judgement is final and binding) that he or the beneficial owner is qualified and entitled to own the affected Units, he shall be deemed upon the expiry of that 30 day period to have given a request in writing for the redemption or cancellation (at the discretion of the Manager) of all the affected Units.

A Unitholder who becomes aware that he is holding or owns affected Units shall immediately, unless he has already received a notice as set out above, either transfer all his affected Units to a person qualified to own them or submit a request in writing to the Manager for the redemption of all his affected Units.

Where a request in writing is given or deemed to be given for the redemption of affected Units, such redemption will (if effected) be effected in the same manner as provided for in the COLL Sourcebook.

Where the Manager decides to close a Unit class in the Fund, the Manager may mandatorily redeem a Unitholder's investment. The Manager will provide Unitholders with no less than 30 days' notice prior to the redemption.

### **Suspension of Dealings in the Trust**

The Manager may, with the prior agreement of the Trustee, and must without delay if the Trustee so requires temporarily suspend the issue, cancellation, sale and redemption of Units in the Trust where due to exceptional circumstances it is in the interests of all the Unitholders in the Trust.

The Manager and the Trustee must ensure that the suspension is only allowed to continue for as long as is justified having regard to the interests of Unitholders.

The Manager or the Trustee (as appropriate) will immediately inform the FCA of the suspension and the reasons for it and will follow this up as soon as practicable with written confirmation of the suspension and the reasons for it to the FCA and the regulator in each EEA state where the Company is offered for sale.

The Manager will notify Unitholders 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 Unitholders details of how to find further information about the suspension.

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

During the suspension none of the obligations in COLL 6.2 (Dealing) will apply but the Manager 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.

Suspension will cease as soon as practicable after the exceptional circumstances leading to the suspension have ceased but the Manager and the Trustee 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 Unitholders.

The Manager 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 Units.

### **Large Deals**

Any purchase or redemption of Units with a value equal to or in excess of £15,000 will amount to a “large deal”. For large deals (subject to the Regulations), the Manager may sell Units at more than, or redeem Units at less than, the published price.

### **Governing Law**

All deals in Units are governed by the law of England and Wales.

## **5 VALUATION OF THE TRUST**

### **General**

Valuations of the Scheme Property of the Fund for the purpose of the calculation of Unit prices will be carried out in accordance with the rules for single-priced funds in COLL.

Each Unit linked to the Funds represents a proportional share of the overall property attributable to that Fund. Therefore, the value of a Unit attributable to the Fund is calculated, in broad outline, by calculating the net asset value of the property attributable to that Fund, and dividing that value (or that part of that value attributed to Units of the class in question) by the number of Units (of the class in question) in issue.

Valuations are normally carried out on each Dealing Day. The Valuation Point for the Fund is 12.00 noon (UK time) on each Dealing Day.

The Manager may carry out additional valuations if it considers it desirable to do so and may use the price obtained at such additional valuations as the price for the relevant day. The Manager shall inform the Trustee of any decision to carry out any such additional valuations. Valuations will not be made during a period of suspension of dealings.

### **Calculation of the Value**

The property attributable to the Fund is, for all purposes, valued on the following basis:

1. All the Scheme Property (including receivables) is to be included, subject to the following provisions.
2. Property which is not cash (or other assets dealt with in paragraphs 3 and 4 below) shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:
  - (a) units or shares in a collective investment scheme:
    - i. if a single price for buying and selling units or shares is quoted, at that price; or
    - ii. if separate buying and selling prices are quoted, at the average of the two prices provided the buying price has been reduced by any initial charge included therein and the selling price has been increased by any exit or redemption charge attributable thereto; or
    - iii. if, in the opinion of the Manager, the price obtained is unreliable or no recent traded price is available or if no recent price exists, at a value which, in the opinion of the Manager, is fair and reasonable;
  - (b) exchange-traded derivative contracts:
    - i. if a single price for buying and selling the exchange-traded derivative contract is quoted, at that price; or
    - ii. if separate buying and selling prices are quoted, at the average of the two prices;
  - (c) over-the-counter derivative contracts shall be valued in accordance with the method of valuation as shall have been agreed between the Manager and the Trustee;
  - (d) any other investment:
    - i. if a single price for buying and selling the security is quoted, at that price; or
    - ii. if separate buying and selling prices are quoted, at the average of the two prices; or
    - iii. if, in the opinion of the Manager, the price obtained is unreliable or no recent traded price is available or if the most recent price available does not reflect the Manager's best estimate of the value, at a value which, in the opinion of the Manager, is fair and reasonable;
  - (e) property other than that described in (a), (b), (c) and (d) above: at a value which, in the opinion of the Manager, represents a fair and reasonable mid market price.
3. Cash and amounts held in current, margin and deposit accounts and in other time-related deposits shall be valued at their nominal values.
4. In determining the value of the Scheme Property, all instructions given to issue or cancel Units shall be assumed (unless the contrary is shown) to have been carried out and any cash payment made or received and all consequential action required by the Regulations shall be assumed (unless the contrary has been shown) to have taken place.
5. Subject to paragraphs 6 and 7 below, agreements for the unconditional sale or purchase of property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and, in the opinion of the Manager, their omission shall not materially affect the final net asset amount.
6. Futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under paragraph 5.

7. All agreements are to be included under paragraph 5 which are, or ought reasonably to have been, known to the person valuing the property assuming that all other persons in the Manager's employment take all reasonable steps to inform it immediately of the making of any agreement.
8. An estimated amount for anticipated tax liabilities (on unrealised gains where the liabilities have accrued and are payable out of the property of the Scheme; on realised capital gains in respect of previously completed and current accounting periods; and on income where liabilities have accrued) including (as applicable and without limitation) capital gains tax, income tax, corporation tax, value added tax, and any stamp tax will be deducted.
9. 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.
10. The principal amount of any outstanding borrowings whenever payable and any accrued but unpaid interest on borrowings will be deducted.
11. An estimated amount for accrued claims for tax of whatever nature which may be recoverable will be added.
12. Any other credits or amounts due to be paid into the Scheme Property will be added.
13. A sum representing any interest or any income accrued due or deemed to have accrued but not received will be added.
14. Currencies or values in currencies other than base currency shall be converted at the relevant Valuation Point at a rate of exchange that is not likely to result in any material prejudice to the interests of Unitholders or potential Unitholders.
15. The Fund is permitted to invest in immovable property, although it does not do so currently. In the event the Prospectus is amended to permit the Fund to invest in immovable property (following receipt of FCA approval) such immovable property shall be valued as follows:
  - (a) by a standing independent valuer (as defined in the glossary to the FCA Handbook) appointed by the Manager with the approval of the Depositary, undertaken in accordance with the RICS Valuation - Professional Standards 2012 (The Red Book) (8th edition published 1 January 2012) as updated and amended from time to time, or in the case of overseas immovables on an appropriate basis;
  - (b) on the basis of a full valuation with physical inspection (including, where the immovable is or includes a building, internal inspection), at least once a year; and
  - (c) on the basis of the last full valuation, at least once a month.

### **Valuations - general points**

For the above purposes, instructions given to issue or cancel Units are assumed to have been carried out (and any cash paid or received) and uncompleted arrangements for the unconditional sale or purchase of property are (with certain exceptions) assumed to have been completed and all consequential action taken. The Funds have credited to them the proceeds of all Units attributed to it, together with the assets in which such proceeds are invested or reinvested and all income, earnings, profits, or assets deriving from such investments. All liabilities and expenses attributable to the Funds are charged to the relevant Fund.

### **Fair Value Pricing**

Where the Manager has reasonable grounds to believe that:

- (a) no reasonable price exists for a security at a Valuation Point; or
- (b) the most recent price available does not reflect the Manager's best estimate of the value of a security at a Valuation Point,

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

The circumstance which may give rise to a fair value price being used includes: where there has been no recent trade in the security concerned; or due to the suspension of dealings in an underlying collective investment scheme; or where there has been the occurrence of a significant event since the most recent closure of the market where the price of the security is taken.

### **Price Per Unit in Each Class**

The price per Unit at which Units are issued or cancelled is calculated by taking the proportion, attributable to the Units of the class in question, of the value on the issue basis (when calculating the issue price per Unit) or the cancellation basis (when calculating the cancellation price per Unit) of the Scheme Property by reference to the most recent valuation, computing the number of Units of the relevant class in issue immediately before that valuation, dividing the total by that number of Units. Any initial charge or redemption charge, (or SDRT on a specific deal, if applicable) is payable in addition to the price or deducted from the proceeds and is taken from the gross subscription or redemption monies.

### **Pricing Basis**

The Manager deals on a forward pricing basis. A forward price is the price calculated at the next Valuation Point after the purchase or redemption is deemed to be accepted by the Manager. Units in the Trust are single priced.

### **Publication of Prices**

Unitholders can obtain the price of their Units by calling the Manager on 0808 178 9321 (from UK) or +44 1204 803 932 (from overseas) or going to [www.ifslfunds.com](http://www.ifslfunds.com) or [www.trustnet.com](http://www.trustnet.com).

### **Liabilities of the Trust**

Unitholders are not liable for the debts of the Trust. A Unitholder is not liable to make any further payment to the Trust after he has paid the price on purchase of the Units.

## **6 RISK FACTORS**

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

### **General Risks**



The price of Units of the Trust and any income from them may fall as well as rise and investors may not get back the full amount invested. Past performance is not a guide to future performance. There is no assurance that the investment objective of a Trust will actually be achieved.

The following statements are intended to summarise some of the risks, but are not exhaustive, nor do they offer advice on the suitability of investments.

### **Equity Risks**

Where investments are in the shares of companies (equities), the value of those equities may fluctuate, sometimes dramatically, in response to the activities and results of individual companies or because of general market and economic conditions or other events. Currency exchange rate movements will also cause changes in value when the currency of the investment is other than sterling.

### **Bonds and Debt Instruments (Including High Yielding Securities) Risk**

Where investments are in bonds or other debt instruments, the value of those investments will depend on market interest rates, the credit quality of the issuer and liquidity considerations. Investments in high yielding debt instruments where the level of income may be relatively high (compared to investment grade debt instruments); however the risk of depreciation and realisation of capital losses on such debt instruments held will be significantly higher than on lower yielding debt instruments.

### **Lower Rated/Unrated Securities Risk**

The credit quality of debt instruments is often assessed by rating agencies. Medium and lower rated securities and unrated securities of comparable quality may be subject to wider fluctuations in yield, wider bid-offer spreads, greater liquidity premium and accentuated market expectations, and consequently greater fluctuations in market values, than higher rated securities. Changes in such ratings, or expectation of changes, will be likely to cause changes in yield and market values, at times significantly so.

### **Collective Investment Scheme Risk**

The Trust may make investments in collective investment schemes. Such investments may involve risks not present in direct investments, including, for example, the possibility that an investee collective investment scheme may at any time have economic or business interests or goals which are not fully consistent with those of the Trust. Moreover, many alternative investment strategies give themselves significant discretion in valuing securities. There may be liquidity constraints and the extent to which an investee fund's securities are valued by independent sources are factors which could impact on the Trust's valuation.

### **Leverage Risk**

Leverage is where a Trust borrows money in order to meet redemption requests or, through the use of derivatives, for the purpose of buying or selling assets. Where assets are bought or sold using borrowed money this increases the risk that

in the case of losses that these are compounded and as a result have a material negative impact on the value of the Trust.

### **Leveraged Companies Risk**

Investments may be made in companies or collective investment schemes which borrow funds. Such companies or collective investment schemes may not be subject to any limitations on the amount of their borrowings, and the amount of borrowings that they may have outstanding at any time may be large in comparison to their capital.

### **Futures and Options Risk**

The Trust may use, under certain conditions, options and futures on indices and interest rates, for the purposes of efficient portfolio management. Also, the Trust may hedge market and currency risks using futures, options and forward exchange contracts. Transactions in futures carry a high degree of risk. The amount of the initial margin is small relative to the value of the futures contract so that transactions are “leveraged” or “geared”. A relatively small market movement will have a proportionately larger impact which may work for or against the investor. The placing of certain orders which are intended to limit losses to certain amounts may not be effective because market conditions make it impossible to execute such orders. Transactions in options also carry a high degree of risk. Selling (“writing”) an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obliged either to settle the option in cash or acquire or deliver the underlying interest. If the option is “covered” by the seller holding a corresponding position in the underlying interest or a future on another option, the risk may be reduced.

There is no guarantee that the Trust will achieve the objective for which it entered into a transaction in relation to Efficient Portfolio Management. This may result in losses for investors.

The Trust will be subject to the risk of the inability of any counterparty to perform its obligations. If a counterparty defaults the Trust may suffer losses as a result.

### **Pricing and Valuation Risk**

For quoted investments a valuation price can be obtained from an exchange or similarly verifiable source. However, investment in unquoted and/or illiquid investments which are difficult to value may increase the risk of mispricing. Furthermore, the Trust will compute Net Asset Values when some markets are closed for holidays or other reasons. In these and similar cases a verifiable source of market prices will not be available and the Investment Manager may invoke its Fair Value process which will determine a fair value price for the relevant investments; this Fair Value process involves assumptions and subjectivity.

### **Charges Taken from Capital**

The Trustee has agreed that all or part of the Manager’s Annual Management Charge and any other charges or expenses allocated to a particular Share Class

will be charged against capital instead of income. This may constrain capital growth.

### **Risk to Capital**

There is a potential risk of erosion resulting from withdrawals or cancellations of Units and distributions in excess of investment returns.

### **Country Concentration Risk**

If the Trust invests in essentially only one country it will have greater exposure to market, political, legal, economic and social risks of that country than if it diversifies country risk across a number of countries. There is a risk that a particular country may impose foreign exchange and/or conversion controls or regulate in such a way as to disrupt the way the markets in that country operate. The consequences of these actions, and others such as confiscation of assets could be to hinder the normal operation of the Trust with regard to the purchase and sale of investments and possibly the ability to meet redemptions. Dealing in the Trust may be suspended and investors may not be able to acquire or redeem Units in the Trust. These and other actions could also adversely affect the ability to price investments in the Trust which could affect the Net Asset Value of the Trust in a material way. However, diversification across a number of countries could introduce other risks such as currency risk. In certain countries, and for certain types of investments, transaction costs are higher and liquidity is lower than elsewhere.

### **Liquidity Risk**

In normal market conditions a Trust's assets comprise mainly realisable investments which can be readily sold. A Trust's main liability is the redemption of any Units that investors wish to sell. In general the Trust manages its investments, including cash, such that it can meet its liabilities. Investments held may need to be sold if insufficient cash is available to finance such redemptions. If the size of the disposals are sufficiently large, or the market is illiquid, then there is a risk that either the investments might not be sold or the price at which they are sold may adversely affect the Net Asset Value of the Trust. If there were significant requests for redemption of Units in the Trust at a time when a large proportion of the Trust's assets were invested in illiquid investments, then the Trust's ability to fund those redemptions would be impaired and it might be necessary to suspend dealings in Units in the Trust.

### **Credit Risk**

Investments may be adversely affected if any of the institutions with which money is deposited suffers insolvency or other financial difficulties (default). Credit risk also arises from the uncertainty about an issuer's ultimate repayment of principal and interest for bond or other debt instrument investments. The entire deposit or purchase price of the debt instrument is at risk of loss if there is no recovery after default. The risk of default is usually greatest with bonds and debt instruments that are classed as 'sub-investment' grade.

### **Settlement Risk**

All security investments are transacted through brokers who have been approved by the Investment manager as an acceptable counterparty. The list of approved brokers is reviewed regularly. There is a risk of loss if a counterparty fails to perform its financial or other obligations to the Trust, for example, the possibility that a counterparty may default, by failing to make payments due, or make payments in a timely manner. If settlement never occurs the loss incurred by the Trust will be the difference between the price of the original contract and the price of the replacement contract or, in the case where the contract is not replaced the absolute value of the contract at the time it is voided. Furthermore, in some markets 'Delivery versus Payment' may not be possible in which case the absolute value of the contract is at risk if the Trust meets its settlement obligations but the counterparty fails before meeting its obligations.

### **Custody Risk**

Assets of the Trust are kept by the custodian and investors are exposed to the risk of the custodian not being able to fully meet its obligation to restate in a short time frame all of the assets of the Trust in the case of bankruptcy of the custodian. Securities of the Trust will normally be identified in the custodian's books as belonging to the Trust and segregated from other assets of the custodian which mitigates but does not exclude the risk of non-restitution in case of bankruptcy. However, no such segregation applies to cash which increases the risk of non-restitution in case of bankruptcy. The custodian does not keep all the assets of the Trust itself but uses a network of sub-custodians which are not part of the same group of companies as the custodian. Investors are exposed to the risk of bankruptcy of the sub-custodians in the same manner as they are to the risk of bankruptcy of the custodian.

A Trust may invest in markets where custodial and/or settlement systems are not fully developed. The assets of the Trust that are traded in such markets and which have been entrusted to such sub-custodians may be exposed to risk in circumstances where the custodian will have no liability.

### **Tax Risk**

Tax laws, currently in place, may change in the future which could affect the value of the Trust's and therefore the Unitholders investments. Refer to the section headed 'Taxation' in the prospectus for further details about the taxation of the Trust.

### **Inflation Risk**

Unless the performance of your investment keeps up with or beats inflation, the real value of your investments will fall over time.

### **Political And/or Environmental Risk**

The investee companies may operate in countries where the ownership rights may be uncertain and development of the resources themselves may be subject to disruption due to factors including civil disturbances, industrial action, interruption of power supplies, as well as adverse climatic conditions.

### **Market Risk**

The risk that the entire market of an asset class will decline thus affecting the prices and the values of the assets.

## **7 MANAGEMENT AND ADMINISTRATION**

### **Regulatory Status**

The Manager, the Trustee and the Investment Manager are authorised and regulated by the Financial Conduct Authority.

### **The Manager**

The Manager is Investment Fund Services Limited, which is a private company limited by shares, incorporated in England and Wales on 16 February 2007.

**Registered Office:** Marlborough House, 59 Chorley New Road, Bolton BL1 4QP.

**Share Capital:** It has a share capital of £4,010,000 issued and paid up.

The Manager is responsible for managing and administering the Trust's affairs in compliance with the COLL Sourcebook. The Manager may delegate its management and administration functions, but not responsibility, to third parties, including associates subject to the requirements of the FCA Handbook.

It has therefore delegated to the Investment Manager the function of managing and acting as the investment adviser for the investment and reinvestment of the assets of the Trust (as further explained in the section 'The Investment Manager' below).

The Manager is also under no obligation to account to the Trustee, the Trust or the Unitholders for any profit it makes on the issue or re-issue or cancellation of Units which it has redeemed.

Upon termination of the Manager Agreement and the appointment of another Manager (the New Manager), the Manager may transfer any sums being held as client money to the New Manager, who will continue to hold the money in accordance with FCA client money rules.

The Unitholder will be given the opportunity, upon request, to have the proceeds returned by submitting a written request to the Transfer Agency team at Marlborough House, 59 Chorley New Road, Bolton BL1 4QP.

### **The Trustee**

NatWest Trustee & Depositary Services Limited is the Trustee of the Trust.

The Trustee is incorporated in England as a private limited company. It's registered and head office is at 250 Bishopsgate, London EC2M 4AA. The ultimate holding company of the Trustee is NatWest Group plc, which is incorporated in Scotland. The principal business activity of the Trustee is the provision of trustee and depositary services.

## **Duties of the Trustee**

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

## **Conflicts of interest**

The Trustee may act as the depositary of other open-ended investment companies and as trustee or custodian of other collective investment schemes.

It is possible that the Trustee 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 UCITS or a particular Sub-fund and/or other funds managed by the Manager or other funds for which the Trustee acts as the depositary, trustee or custodian. The Trustee will, however, have regard in such event to its obligations under the Depositary Agreement and the FCA Rules 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 Unitholders collectively so far as practicable, having regard to its obligations to other clients.

The Trustee operates independently from the Trust, Investors, the Manager and its associated suppliers and the Custodian. As such, the Trustee does not anticipate any conflicts of interest with any of the aforementioned parties.

## **Delegation of Safekeeping Functions**

The Trustee is permitted to delegate (and authorise its delegate to sub-delegate) the safekeeping of Scheme Property, however, when delegating or authorising a delegation the Trustee retains liability for the Scheme property in the case of default by the Custodian/sub-Custodian.

The Trustee has delegated safekeeping of the Scheme Property to RBC Investor Services Trust (“the Custodian”). In turn, the Custodian has delegated the custody of assets in certain markets in which the Trust may invest to various sub-delegates (“sub-custodians”). A list of sub-custodians is shown in Appendix IX.

## **Updated Information**

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

## **Terms of Appointment**

The Trustee was appointed as the trustee of the UCITS by virtue of the Trust Deed and is a Bank authorised by the Regulator to act as Trustee of a UCITS.

The Trustee was appointed as Trustee under a Depositary Agreement between the Manager, the Trust and the Trustee (the “Depositary Agreement”). Under the

Depositary Agreement, the Trustee is free to render similar services to others and the Trustee, the Trust and the Manager are subject to a duty not to disclose confidential information.

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

Under the Depositary Agreement the Trustee will be liable to the Trust for any loss of Financial Instruments held in Custody or for any liabilities incurred by the Trust as a result of the Trustee's negligent or intentional failure to fulfil its obligations.

However, the Depositary Agreement excludes the Trustee 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 Trustee will be entitled to be indemnified from the Scheme Property for any loss suffered in the performance or non-performance of its obligations except in the case of fraud, wilful default, negligence or failure to exercise due care and diligence on its part.

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

Details of the fees payable to the Trustee are given under the Fees and Expenses section in this prospectus.

## **The Investment Manager**

### **General**

The Manager has appointed the Investment Manager, Church House Investments Limited, to provide investment management services to the Manager. The Investment Manager is authorised and regulated by the Financial Conduct Authority.

The Investment Manager's registered office is at York House, 6 Coldharbour, Sherborne, Dorset, DT9 4JW.

The principal activity of the Investment Manager is the provision of investment management services.

The terms of the Investment Management Agreement between the Manager and the Investment Manager include the provision of discretionary investment management to attain the investment objectives, discretion to place purchase and sale orders with regulated dealers and on the exercise of voting rights relating to such investments and preparation of the Investment Manager's report half yearly for inclusion in the Manager's report for circulation to holders. Copies of the Investment Manager's execution policy and voting policy are available from the Manager on request. The agreement is terminable on receipt of written notice

given by either party. The Manager has the right to terminate the Agreement with immediate effect in certain circumstances.

The Investment Manager is entitled to a fee paid by the Manager out of its remuneration received each month from the Trust, as explained below in the section 'Investment Manager's Fee'.

The Investment Manager will not be considered as a broker fund adviser under the FCA Handbook in relation to the Trust.

## **The Registrar**

### **General**

The Manager is responsible for the Trust's register.

The Manager has not delegated the function of registrar and maintains the register of the Trust at its office at Marlborough House, 59 Chorley New Road, Bolton BL1 4QP.

### **Register of Unitholders**

The Register of Unitholders will be maintained by the Manager at its office at Marlborough House, 59 Chorley New Road, Bolton BL1 4QP, and may be inspected at that address during normal business hours by any Unitholder or any Unitholder's duly authorised agent.

If applicable, the plan register, being a record of persons who subscribe for Units through Individual Savings Accounts (ISAs), can be inspected at the office of the Registrar.

### **The Auditors**

The auditors of the Trust are Ernst & Young LLP, whose address is Atria One, 144 Morrison Street, Edinburgh, EH3 8EX.

### **Conflicts of Interest**

The Manager maintains a written conflict of interest policy. The Manager acknowledges that there may be some situations where the organisational or administrative arrangements in place for the management of conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the Trust or its Unitholders will be prevented. Should any such situations arise the Manager will, as a last resort if the conflict cannot be avoided, disclose these to Unitholders in the report and accounts or otherwise an appropriate format.

The Manager, the Investment Manager and other companies within the Manager or Investment Manager's group may, from time to time, act as investment managers, advisers and administrators to other funds or sub-funds which follow similar investment objectives to those of the Trust. It is therefore possible that the Manager and/or the Investment Manager may in the course of their business have potential conflicts of interest with the Trust. Each of the Manager and the Investment Manager will, however, have regard in such event to its general



obligations to act in the best interests of the Trust so far as practicable, having regard to its obligations to other clients, when undertaking any investment business where potential conflicts of interest may arise. Copies of the Manager's and the Investment Manager's conflicts of interest policies are available from the Manager on request.

Transactions may be effected in which the Manager or the Investment Manager has, either directly or indirectly, an interest that may potentially involve a conflict of its obligation to the Trust. Where a conflict cannot be avoided, the Manager and Investment Manager will have regard to their fiduciary responsibilities to act in the best interests of the Trust and its investors. The Manager and Investment Manager will ensure that investors are treated fairly and that such transactions are effected on terms which are not less favourable to the Trust than if the potential conflict had not existed.

The Trustee may act as the depository of open-ended investment companies and as trustee or custodian of other collective investment schemes.

## **8 FEES AND EXPENSES**

### **Ongoing**

All costs, charges, fees or expenses, other than the charges made in connection with the subscription and redemption of Units (see the section 'Dealing Charges' above) payable by a Unitholder or out of Scheme Property are set out in this section.

The Manager may, so far as the COLL Sourcebook allows, also pay out of the Scheme Property all relevant costs, charges, fees and expenses including the following:

- (a) broker's commission, fiscal charges and other disbursements which are necessary to be incurred in effecting transactions for the Trust and normally shown in contract notes, confirmation notes and difference accounts as appropriate;
- (b) any costs incurred in modifying the Trust Deed including costs incurred in respect of meetings of Unitholders convened for purposes which include modifying the Trust Deed, where the modification is necessary to implement changes in the law or as a direct consequence of any change in the law (including changes in the COLL Sourcebook), or is expedient having regard to any change in the law made by or under any fiscal enactment and which the Managers and the Trustee agree is in the interest of Unitholders, or to remove obsolete provisions from the Trust Deed;
- (c) any expenses incurred in the modification, printing and preparation (but not the dissemination) of the Key Investor Information Documents (KIIDs) (or any successor document required to disclose the key features of the Trust), to the extent permitted by the FCA Rules;
- (d) any costs incurred in respect of meetings of Unitholders convened on a requisition by Unitholders not including the Manager or an associate of the Manager;

- (e) liabilities on unitisation, amalgamation or reconstruction;
- (f) interest on permitted borrowings and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings;
- (g) taxation and duties payable in respect of the property of the Trust, the Trust Deed or the issue of Units;
- (h) the audit fees of the Auditors (including VAT) and any expenses of the Auditors;
- (i) the periodic fees of the Financial Conduct Authority in accordance with FCA's Fees Manual;

The Registrar will receive a fee in respect of establishing and maintaining the Register of Unitholders.

The Manager is also entitled to be paid out of the Scheme Property any expenses, incurred by the Manager or its delegates of the kinds described above.

Expenses are allocated between income and capital in accordance with the FCA Regulations. However, the approach for the Trust is set out in Appendix I. Where expenses are allocated to income but there is insufficient income, part or all of these expenses will be allocated to capital in accordance with the FCA Regulations. This will only be done with the approval of the Trustee. Where expenses are charges to capital, this may constrain capital growth.

Any third party research received in connection with investment advisory services that an Investment Manager provides to the Trust will be paid for by the Investment Manager out of its fees, as relevant in relation to the Trust, and will not be charged to the Trust.

## **Charges Payable to the Manager**

### **Annual Management Charge**

In payment for carrying out its duties and responsibilities the Manager is entitled to take an annual fee out of the Trust as set out in Appendix I. The annual management charge accrues daily and is payable monthly in arrears on the last Business Day of each month. The fee is calculated by reference to the value of the Trust on the last Business Day of the preceding month. The current annual management charge for the Trust (expressed as a percentage per annum of the value of the Trust) is set out in Appendix I.

### **Registration Fees**

The Manager is entitled to receive a fee out of the Scheme Property for providing registration services (including establishing and maintaining sub-registers where applicable), out of which the Manager will pay the fees of the Registrar. The current fees payable to the Manager are as follows: up to £10.80 per annum per Unitholder.

## Expenses

The Manager is also entitled to all reasonable, properly documented, out of pocket expenses incurred in the performance of its duties as set out above.

VAT is payable on the charges or expenses mentioned above, where appropriate.

If a class's expenses in any period exceed its income the Manager may take that excess from the capital property attributable to that class.

The current annual fee payable to the Manager for a class may only be increased or a new type of remuneration introduced in accordance with the Regulations.

## Trustee's Fee and Expenses

- 0.022% per annum plus VAT of the first £100 million of the Scheme Property;
- 0.019% per annum plus VAT on the next £200 million of the Scheme Property;
- 0.015% per annum plus VAT on the next £700 million of the Scheme Property;
- 0.0075% per annum plus VAT of the balance.

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

In addition VAT on the amount of the periodic charge will be paid out of the Scheme Property.

In the event of the termination of the Trust, the Trustee shall continue to be entitled to a periodic charge for the period up to and including the day on which the final distribution in the termination of the Trust shall be made or, in the case of a termination following the passing of an extraordinary resolution approving a scheme of arrangement, up to and including the final day on which the Trustee is responsible for the safekeeping of the Scheme Property. Such periodic charge will be calculated, be subject to the same terms and accrue and be paid as described above, except that for the purpose of calculating the periodic charge in respect of any day falling after the day on which the termination of the Trust commences, the value of the Scheme Property shall be its value determined at the beginning of each such day.

In addition to the periodic fee referred to above, the Trustee shall also be entitled to be paid transaction and custody charges in relation to transaction handling and safe-keeping of the Scheme Property as follows:

Item	Range
Transaction Charges	Between £2.40 and £111.75 per transaction
Safe Custody Charges	Between 0.003% and 0.81% of the value of investments being held per annum

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 Trustee and the Manager. Custody charges accrue and are payable as agreed from time to time by the manager and the Trustee. In addition, charges may be applied for cash payments, currency conversion, corporate actions and other incidental expenses. Details are available on request.

In addition to the remuneration referred to above, the Trustee is entitled to receive reimbursement for expenses properly incurred by it in discharge of its duties or exercising any powers conferred upon it in relation to the Trust. Such expenses include, but are not restricted to:

- (a) the fees, expenses and disbursements of any person to whom the Trustee may delegate any function;
- (b) the fees, expenses and disbursements of any person appointed by the Trustee in connection with its trusteeship of the Trust or any of its duties or powers in relation to the Trust or of obtaining any legal, accountancy or other advice in connection therewith;
- (c) the fees, expenses and disbursements incurred in relation to the acquisition, delivery, holding or disposal of investments and the registration and custody of them or any deposit or loan authorised under the Trust Deed or the COLL Sourcebook or otherwise (including bank charges, the charges of agents or nominees and insurance costs);
- (d) all expenses incurred in the collection and distribution of income (including bank charges and accountancy fees, expenses and disbursements bona fide incurred in respect of the computation, claiming or reclaiming of all taxation reliefs and payments);
- (e) all costs and expenses of, or incidental to, the preparation of reports required to be prepared by the Trustee in relation to the Trust, and the costs and expenses of, or incidental to, the preparation and dispatch of any communications from the Trustee to Unitholders;
- (f) all expenses incurred in the submission of tax returns; and
- (g) all such charges, expenses and disbursements properly incurred by the Trustee in performing duties imposed upon it (or in exercising powers conferred upon it) by the COLL Sourcebook and as under the general law the Trustee is entitled to charge to the property of the Trust.

VAT (if any) in connection with any of the above is payable in addition.

In each such case such expenses and disbursements will also be payable if incurred by any person (including the Manager or an associate or nominee of the Trustee or of the Manager) who has had the relevant duty delegated to it pursuant to the COLL Sourcebook by the Trustee.

#### **Investment Manager's Fee**

The Investment Manager's fees and expenses (plus VAT thereon) for providing investment management services will be paid by the Manager out of its remuneration.

Any fees payable to the Manager may be reduced or waived by the Manager at its discretion.

## **9 UNITHOLDER MEETINGS AND VOTING RIGHTS**

### **Class and Trust Meetings**

The provisions below, unless the context otherwise requires, apply to class meetings as they apply to general meetings of the Trust, but by reference to Units of the class concerned and the Unitholders and value and prices of such Units.

### **Requisitions of Meetings**

The Manager may requisition a general meeting at any time.

Unitholders may also requisition a general meeting of the Trust. A requisition by Unitholders must state the objects of the meeting, be dated, be signed by Unitholders who, at the date of the requisition, are registered as holding not less than one tenth in value of all Units then in issue and the requisition must be deposited at the office of the Trustee. The Manager must convene a general meeting no later than eight weeks after receipt of such requisition.

### **Notice and Quorum**

Unitholders will receive at least 14 days' notice of a general 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 Unitholders, present in person or by proxy. The quorum for an adjourned meeting is one person entitled to be counted in a quorum. Notices of meetings and adjourned meetings will be sent to Unitholders at their registered addresses.

### **Voting Rights**

At a general meeting, on a show of hands every Unitholder 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.

On a poll vote, a Unitholder may vote either in person or by proxy. The voting rights attaching to each Unit are such proportion of the voting rights attached to all the Units in issue that the price of the Unit bears to the aggregate price of all the Units in issue at a reasonable date before the notice of meeting is sent out such date to be decided by the Manager.

A Unitholder 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.

In the case of joint Unitholders, the vote of the most senior Unitholder who votes, whether in person or by proxy, must be accepted to the exclusion of the votes of the other joint Unitholders. For this purpose seniority must be determined by the order in which the names stand in the Register.

Except where the COLL Sourcebook or the Trust Deed require an extraordinary resolution (which needs at least 75% of the votes cast at the meeting to be in favour if the resolution is to be passed) any resolution required by the COLL Sourcebook will be passed by a simple majority of the votes validly cast for and against the resolution.

The Manager may not be counted in the quorum for a meeting and neither the Manager nor any associate (as defined in the COLL Sourcebook) of the Manager is entitled to vote at any meeting of the Trust except in respect of Units which the Manager or associate holds on behalf of or jointly with a person who, if the registered Unitholder, would be entitled to vote and from whom the Manager or associate has received voting instructions.

Where all the Units in the Trust are registered to, or held by, the Manager or its associates and they are therefore prohibited from voting and a resolution (including an extraordinary resolution) is required to conduct business at a meeting, it shall not be necessary to convene such a meeting and a resolution may, with the prior written agreement of the Trustee, instead be passed with the written consent of Unitholders representing 50% or more, or for an extraordinary resolution 75% or more, of the Units in issue.

“Unitholders” in this context means Unitholders entered on the register at a time to be determined by the Manager and stated in the notice of the meeting which must not be more than 48 hours before the time fixed for the meeting.

#### **Variation of Class Rights**

The rights attached to a class may not be varied without the sanction of an extraordinary resolution passed at a meeting of Unitholders of that class.

## **10 TAXATION**

### **General**

The following summary is only intended as a general summary of United Kingdom (“UK”) tax law and HM Revenue & Customs practice, as at the date of this Prospectus, applicable to the Trust and to individual and corporate investors who are the absolute beneficial owners of a holding in the Trust which is held as an investment. The summary’s applicability to, and the tax treatment of, investors will depend upon the particular circumstances of each investor (and it will not apply to persons, such as certain institutional investors, who are subject to a special tax regime). It should not be treated as legal or tax advice. Accordingly, 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.

The following is divided into sections relating to “Bond Trust” and “Equity Trust”. A “Bond Trust” is a Trust which invests more than 60% of its market value in “Qualifying Investments” (at all times in each accounting period). The term “Qualifying Investments” includes money placed at interest and securities that are not units, including but not limited to government and corporate debt securities and cash on deposit. The tax issues relating to the Trust and the investors within it are treated separately in this section. It is anticipated that the

Trust will for most periods be an Equity Trust for these purposes, but that depending on how it is invested it may constitute a Bond Trust for some periods.

#### **Taxation of an Equity Trust**

##### **Taxation of Capital Gains**

An Equity Trust is not subject to UK taxation on capital gains arising on the disposal of its investments. In the unlikely event that the Trust be considered to be trading in securities under tax law, and to the extent an investment is disposed in a non-distributor/reporting fund, any gains made will be treated as taxable income and not exempt gains.

##### **Tax on income**

An Equity Trust will be liable to corporation tax at a rate equal to the lower rate of income tax, currently 20%, on its income after relief for expenses (which include fees payable to the Manager and to the Trustee). Dividends and similar income distributions from UK and non-UK resident companies are generally exempt from corporation tax. Dividends and similar income distributions from UK authorised unit trusts and UK ICVCs are also generally exempt from corporation tax to the extent the underlying income derives from dividends.

Foreign dividends and similar income are generally treated as exempt for the purposes of UK corporation tax. This income may be subject to withholding tax in certain jurisdictions.

Dividend income received from certain countries are likely to be elected to be treated as taxable income in the UK in order to obtain a beneficial rate of withholding tax in the source country.

Profits from loan relationships are treated as taxable income, as for a Bond Trust.

#### **Taxation of a Bond Trust**

##### **Taxation of Capital Gains**

Bonds or loan relationships held are taxable as income (see below) and are not subject to capital gains tax. Capital gains, for example on investment in equities, (except insofar as treated as income gains - see below) accruing to a Bond Trust will be exempt from UK tax on chargeable gains.

##### **Tax on Income**

A Bond Trust will be liable to UK corporation tax at 20% on income, translated (where appropriate) into Sterling, from investments in debt, debt-related securities and cash deposits less deductible expenses. Such income will be computed according to the generally accepted accounting practice relevant to the Trust.

The total will be taxed under the Loan Relationship rules. Any income received from UK equities will be exempt from UK corporation tax.

A Bond Trust would generally be entitled to make up distribution accounts in such a way that the income distribution (including accumulations of income, which are deemed to be paid and reinvested as capital) to Unitholders is treated as if it were interest for UK tax purposes. If so entitled, the Trust intends that distributions will be made in this way.

The treatment of distributions as interest distributions for UK tax purposes is significant because:

- distributions made should be deductible for corporation tax purposes against UK taxable income.

The income, less interest distributions, expenses (including the Manager's and Trustee's fees) and any non-UK withholding taxes, is subject to UK corporation tax at a rate equal to the basic rate of income tax (currently 20%). Any corporation tax charge should not be significant.

Capital gains (except insofar as treated as accrued income gains - see above) accruing to a Bond Trust will be exempt from UK tax on chargeable gains.

### **Taxation of a Unitholder - Equity Trust**

#### **Income distributions**

Accumulations and distributions of income ('distributions') comprise income for UK tax purposes.

UK resident individuals and (the trustees of) certain trusts liable to UK income tax will be taxable on accumulations and distributions of income.

From 6 April 2022, additional rate taxpayers are required to pay tax at 39.35% on their distributions while the rate for higher rate taxpayers is 33.75% and for basic rate taxpayers it is 8.75%. These limits may change in the future.

Distributions to Unitholders within the charge to corporation tax are deemed to comprise two elements:

- (a) where an Equity Trust's gross income is not wholly derived from UK dividend income, part of any distribution will be deemed to be reclassified as an annual payment received by such Unitholders after deduction of income tax at the basic rate, currently 20% ("deemed tax deducted"). Such Unitholders will be subject to corporation tax on the grossed-up amount of the annual payments but will be entitled to the repayable deemed tax deducted; and
- (b) the remainder, is exempt from UK corporation tax.

Details of the proportions of distributions comprising exempt income and annual payments will be shown on the tax voucher of the Equity Trust concerned.

These rules do not apply or are modified in relation to life insurance companies, in particular those with pensions and ISA business, life reinsurance business or overseas life assurance business.



## **Capital gains**

Unitholders who are resident in the UK may be liable to UK taxation on capital gains arising from the sale or other disposal, including redemption, of units. Individuals and certain trusts generally compute their gains by deducting from the net sale proceeds the capital gains base cost in respect of units. The resulting gains will be taxable at the capital gains tax rate, and may be reduced by capital losses brought forward from previous tax years or losses in the year, and by annual exemptions. Exempt Unitholders, which include UK charities, UK approved pension trusts, ISAs (and their individual investors), would not normally be liable to capital gains tax on their disposal of units.

Unitholders within the charge to corporation tax are taxed on the capital gain made computed on the basis of the rules described above. They are, however, entitled to indexation allowance on the basic cost to the date of disposal. In certain cases, the “loan relationships” provisions mentioned below in relation to Bond Trusts could apply.

Special rules apply to life insurance companies who beneficially own units.

## **Inheritance tax**

A gift by a Unitholder of his unitholding in the Trust or the death of a Unitholder may give rise to a liability to inheritance tax, except where the Unitholder is neither domiciled in the UK, nor deemed to be domiciled there under special rules relating to long residence or previous domicile in the UK. For these purposes, a transfer of a Unitholding at less than the full market value may be treated as a gift.

## **Taxation of a Unitholder - Bond Trust**

### **Income Distributions: Interest Distributions**

Accumulations and distributions of income (‘distributions’) comprise income for UK tax purposes. Unitholders will be taxable on the amount distributed.

Additional rate taxpayers will be liable to income tax on their distributions at 45%, higher rate taxpayers at 40% (after their £500 personal savings allowance has been exhausted) and basic rate taxpayers at 20% (after their £1,000 personal savings allowance has been exhausted). There is also a 0% starting rate band for savings income of up to £5,000 for those investors who qualify for it.

## **Capital gains**

Unitholders who are resident in the UK may be liable to UK taxation on capital gains arising from the sale or other disposal, including redemption, of units. Individuals and certain trusts generally compute their gains by deducting from the net sale proceeds the capital gains base cost in respect of units and will be taxable at the capital gains tax. The gain may be reduced by capital losses brought forward from previous tax years or losses in the year, and by annual exemptions. Exempt Unitholders, which include UK charities, UK approved pension funds, ISAs (and their individual investors), would not normally be expected to be liable to capital gains tax on their disposal of units.

In respect of Unitholders subject to corporation tax, holdings in a Trust will be treated as holdings of loan relationships and recognised using a fair value basis of accounting (which entails movements in the value of the holdings being brought into account in each accounting period as loan relationship credits or debits). No indexation allowance or taper relief is available.

### **Inheritance tax**

A gift by a Unitholder of his unitholding in the Trust or the death of a Unitholder may give rise to a liability to inheritance tax, except where the Unitholder is neither domiciled in the UK, nor deemed to be domiciled there under special rules relating to long residence or previous domicile in the UK. For these purposes, a transfer of a Unitholding at less than the full market value may be treated as a gift.

### **Stamp Duty Reserve Tax ("SDRT")**

There is generally no stamp duty reserve tax ("SDRT") charge on the acquisition or surrender of Units but SDRT can arise on:

- a. **Third party transfers of Units without reregistration:** where a third party buys Units from a Unitholder and the transaction is not handled by the Manager (i.e. a third-party purchase where only beneficial ownership of the Units change) then the principal SDRT charge on agreements to transfer for consideration will still apply at 0.5%.
- b. **Non-pro rata in specie redemptions:** non-pro rata in specie redemptions are subject to the principal SDRT charge at 0.5% on any chargeable securities acquired by the redeeming Unitholder.

## **11 AUTOMATIC EXCHANGE OF FINANCIAL ACCOUNT INFORMATION**

### **US Foreign Account Tax Compliance Act (FATCA)**

The US Foreign Account Tax Compliance Act (**FATCA**) is designed to help the Internal Revenue Service (the **IRS**) combat US tax evasion. It requires financial institutions, such as the Trust to report on US investors or US holdings, whether or not this is relevant. Failure to comply (or be deemed compliant) with these requirements will subject the Trust to US withholding taxes on certain US-sourced income and gains. Under an intergovernmental agreement between the US and the United Kingdom, the Trust may be deemed compliant, and therefore not subject to the withholding tax, if it identifies and reports US taxpayer information directly to HMRC.

Unitholders may be asked to provide additional information to the Manager to enable the Trust to satisfy these obligations. Institutional Unitholders may be required to provide a Global Intermediary Identifications Number (**GIIN**). Failure to provide requested information may subject a Unitholder to liability for any resulting US withholding taxes, US tax information reporting and/or mandatory redemption, transfer or other termination of the Unitholder's interest in its units. The Global Intermediary Identification Number for the Fund is available on request.

### **Common Reporting Standard**

The Common Reporting Standard (CRS) is the reporting standard approved and developed by the Organisation of Economic Co-operation and Development (OECD) in 2014, and came into force with effect from 1st January 2016. This requires financial institutions such as the Trust to report non-UK resident investors, other than US Persons, to other agreed jurisdictions on an annual basis. The objective of this reporting is the same as the FATCA regulations but on a worldwide basis and is based on Residency rather than citizenship as with the US model, and will encompass natural persons and legal entities.

## 12 INCOME EQUALISATION

Income equalisation, as explained below, may apply in relation to the Trust.

Grouping for equalisation is permitted by the Trust Deed. Equalisation is a capital sum paid on the distribution date to Unitholders who have purchased Units since the record date for the previous distribution in respect of accrued income for which they have paid on the acquisition of Units. Units purchased during an accounting period (“Group 2 Units”) contain in their purchase price an amount called equalisation which represents a proportion of the net income of the Trust already accrued up to the date of purchase. This is refunded to holders of Group 2 Units as part of their first distribution but for tax purposes is treated as a return of capital. Equalisation payments, being capital, are not liable for income tax but must be deducted from the cost of Units for capital gains tax purposes.

The amount of income equalisation is either;

- (i) the actual amount of income included in the issue price of that Unit; or
- (ii) is calculated by dividing the aggregate of the amounts included in the price of the Unit issued or sold to Unitholders in an annual or interim accounting period by the number of those Units and applying the resultant average to each of the Units in question.

The Manager currently uses the method outlined in (ii) in the above paragraph to apply income equalisation.

## 13 WINDING UP OF THE TRUST

**The Trust will not be wound up except in accordance with the COLL Sourcebook.**

The Trustee shall proceed to wind-up the Trust:

- (a) if the order declaring the Trust to be an authorised unit trust scheme is revoked; or
- (b) if the Manager or the Trustee requests the FCA to revoke the order declaring the Trust to be an authorised unit trust scheme and the FCA has agreed (provided no material change in any relevant factor occurs) that on the winding-up of the Trust, the FCA will accede to that request; or
- (c) the expiration of any period specified in the Trust Deed as the period at the end of which the Trust is to terminate; or

(d) on the effective date of a duly approved scheme of arrangement which is to result in the relevant Trust being left with no property.

If any of the events set out above occur, the rules in the COLL Sourcebook concerning Dealing (COLL 6.2), Valuation and Pricing (COLL 6.3) and Investment and Borrowing Powers (COLL 5), will cease to apply. The Trustee shall cease to issue and cancel Units and the Manager will stop redeeming and selling Units.

In the case of a scheme of arrangement referred to in (d) above, the Trustee shall wind up the Trust in accordance with the approved scheme of arrangement.

In any other case, the Trustee shall, as soon as practicable after the relevant Trust falls to be wound-up, realise the assets of the Trust and, after paying, or retaining adequate provision for, all liabilities properly payable and retaining provision for the costs of the winding-up, distribute the proceeds to the Unitholders and the Manager proportionately to their respective interest in the Trust.

Any unclaimed net proceeds or other cash (including unclaimed distribution payments) held by the Trustee after twelve months from the date the proceeds became payable, shall be paid by the Trustee into Court, although the Trustee will have the right to retain any expenses incurred in making that payment. On completion of the winding-up, the Trustee shall notify the FCA in writing of that fact and the Trustee or the Manager shall request the FCA to revoke the order of authorisation.

## 14 GENERAL INFORMATION

### Accounting Periods

The annual accounting period of the Trust ends each year on 31 March (the accounting reference date) with an interim accounting period ending on 30 September.

The Manager may even out the payments of income within an accounting period by carrying forward income otherwise distributable with a view to augmenting amounts to be paid out at a later date.

### Notice to Unitholders

All notices or other documents sent by the Manager to a Unitholder will be sent by normal post to the last address notified in writing to the Manager by the Unitholder.

### Income Allocations

The Trust has interim and final income allocations. Income is allocated in respect of the income available at each accounting date.

In relation to income Units, distributions of income for the Trust are paid by BACS or telegraphic transfer directly into a Unitholder's bank account on or before the relevant income allocation date in each year as set out in Appendix I.

Where accumulation Units are issued, income will become part of the capital property of the Trust and will be reflected in the price of each such accumulation Unit as at the end of the relevant accounting period.

If a distribution made in relation to any income Units remains unclaimed for a period of six years after it has become due, it will be forfeited and will revert to the Trust.

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 Trust in respect of that period, and deducting the charges and expenses of the Trust paid or payable out of income in respect of that accounting period. The Manager then makes such other adjustments as it considers appropriate (and after consulting the Trust's 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 other matters. The Manager does not normally adjust distributions in order to smooth the amount of interim and final distributions within any particular accounting period.

Income will be distributed as a dividend payment where the Trust is deemed to be an Equity Trust or as an interest payment where the Trust is deemed to be a Bond Trust over the relevant accounting period. The treatment of income anticipated by the Manager is given in Appendix I, although Unitholders are advised the treatment of income will depend on the composition of assets over the accounting period. Income can only be distributed as an interest payment if the Trust has held the minimum Qualifying Investments over the accounting period (see "Taxation" for further details). Details of the treatment of income for taxation purposes over an accounting period will be given in a tax voucher sent to all Unitholders when the income is allocated.

### **Annual Reports**

An Annual report of the Trust will be published within four months of each annual accounting period and a half-yearly report will be published within two months of the end of each half-year accounting period. Long reports will be available upon request.

### **Documents of the Trust**

The following documents may be inspected free of charge during normal business hours on any business day at the offices of the Manager at Marlborough House, 59 Chorley New Road, Bolton, BL1 4QP:

- (a) the Prospectus
- (b) the most recent annual and half yearly reports of the Trust; and
- (c) the Trust Deed (and any amending documents).

Unitholders may obtain copies of the above documents from the Manager. The Manager may make a charge at its discretion for copies of documents (apart from

the most recent versions of the Prospectus and the annual and half yearly long reports of the Trust which are available free of charge on request).

### **Provision of Investment Advice**

All information concerning the Trust and about investing in Units of the Trust is available from the Manager at Marlborough House, 59 Chorley New Road, Bolton, BL1 4QP. The Manager is not authorised to give investment advice and persons requiring such advice should consult a professional financial adviser. All applications for Units are made solely on the basis of the current Prospectus of the Trust, and investors should ensure that they have the most up to date version.

### **Complaints**

Complaints concerning the operation or marketing of the Trust may be referred to the Compliance Officer of the Manager at Marlborough House, 59 Chorley New Road, Bolton, BL1 4QP or, if you subsequently wish to take your complaint further, direct to the Financial Ombudsman Service at Exchange Tower, Harbour Exchange Square, London E14 9SR, telephone number 0800 023 4567. A copy of the Manager's complaints handling procedure is available on request.

Making a complaint will not prejudice your rights to commence legal proceedings.

Further information regarding any compensation scheme or any other investor-compensation scheme of which the Manager or the Trust is a member (including, if relevant, membership through a branch) or any alternative arrangement provided, are also available on request.

### **Compensation**

Under the Financial Services Compensation Scheme (FSCS), in the event of firm default your investment is protected up to the value of £85,000 per person per firm.

### **Telephone Recordings**

Please note that the Manager may record telephone calls for training and monitoring purposes and to confirm investors' instructions. Recordings will be provided on request for a period of at least five years from the date of such recording, or, where requested by a competent regulatory authority, for a period of seven years, where the Manager can identify the call.

If you ask the Manager to send you a recording of a particular call, the Manager may ask for further information to help identify the exact call to which your request relates.

### **Best Execution**

The Manager must act in the best interests of the Trust when executing decisions to deal on behalf of the Trust. The Manager's order execution policy sets out the (i) systems and controls that have been put in place and (ii) the factors which the Manager expects the Investment Manager to consider when effecting transactions and placing orders in relation to the Trust. This policy has been developed in

accordance with the Manager's obligations under the Regulations to obtain the best possible result for the Trust.

Details of the order execution policy are available from the Manager on request. If you have any questions regarding the policy please contact the Manager or your professional adviser.

### **Inducements and Soft Commission**

When executing orders, or placing orders with other entities for execution, that relate to financial instruments for, or on behalf of, the Trust, an Investment Manager or the Manager (as relevant) will not accept and retain any fees, commissions or monetary benefits; or accept any non-monetary benefits, where these are paid or provided by any third party or a person acting on behalf of a third party.

The Investment Manager or Manager will return to the Trust as soon as reasonably possible after receipt any fees, commissions or any monetary benefits paid or provided by any third party or a person acting on behalf of a third party in relation to the services provided to the Trust, and disclose in the annual report the fees, commissions or any monetary benefits transferred to them.

However, the Investment Manager or Manager may accept without disclosure minor non-monetary benefits that are capable of enhancing the quality of service provided to the Trust; and of a scale and nature such that they could not be judged to impair their compliance with its duty to act honestly, fairly and professionally in the best interests of the Trust.

### **Risk Management**

The Manager will provide upon the request of a Unitholder further information relating to:

- (a) the quantitative limits applying in the risk management of the Trust;
- (b) the methods used in relation to 13.13(a); and
- (c) any recent development of the risk and yields of the main categories of investment.

### **Fair Treatment Of Investors**

The Manager seeks to ensure the fair and equitable treatment of Unitholders by complying with the Regulations and this Prospectus. The Manager employs a variety of management information to monitor both its own and its delegates' activities to ensure that the Trust perform in accordance with expectations and that Unitholders receive service and information of an acceptable standard.

As at the date of this Prospectus the Manager has not granted preferential treatment or the right to obtain preferential treatment to any investor or potential investor in the Trust. As such, all investors in the Trust will invest in the same manner and on the same terms.

### **Data Protection**

The data controller in respect of the personal data you provide on your application form (or you otherwise submit to the Manager in connection with your application for the services generally) is the Manager, who you can contact using the contact details below.

The Manager will process the personal data that you provide as set out below:

<b>Purpose</b>	<b>Type of data</b>	<b>Basis for processing</b>
Providing investment and administration services to you	Identity, contact and financial data	Performance of a contract with you
Carrying out identity checks, anti-money laundering checks and checks with fraud prevention agencies	Identity, contact and financial data	Necessary to comply with a legal obligation
Statistical analysis to understand how you use the Manager's services	Identity, contact, financial, transaction, technical, usage and marketing and communications data	Necessary for the Manager's legitimate interests (to improve its services and develop its business)
To inform you about updates to the service and to notify you about other products and services offered by the Manager that may be of relevance to you.	Identity, contact, usage and marketing and communications data	Necessary for the Manager's legitimate interests (to market its services and develop its business) or, if the Manager cannot rely on legitimate interest for direct electronic marketing, where you have given us your consent to receive such marketing
To ask you to participate in surveys for market research purposes, and to analyse those surveys and research to benchmark our services	Identity, contact and marketing and communications data	Necessary for our legitimate interests (to improve our services and develop our business)

The Manager strives to provide you with choices regarding certain personal data uses particularly around marketing and advertising. It is possible to opt in to receiving marketing communications by contacting the Manager using the details below. If you do not provide the Manager with the personal data that the Manager specifies is required for the supply and administration of the services, then the Manager may not be able to provide the services to you.

To the extent that it is necessary for the supply and administration of the services, the Manager may disclose your information: (a) to credit reference agencies to assess your eligibility for the product or service applied for and to verify your identity; (b) to third parties who the Manager uses to assist it in administering the



Trust; (c) another division or part of the Manager's group (if there is a restructuring of the Manager's business) or to the buyer of the business (if the business is sold); or (d) where the Manager is under a duty to disclose your personal data in order to comply with a legal obligation or to protect the rights, property or safety of the Manager, its associates, or others. Where an authorised financial adviser acts on your behalf, the Manager will disclose information concerning your investment to that financial adviser.

Your personal data may be processed outside the United Kingdom where it is necessary in order to provide the services to you. In each instance, the Manager will ensure that the transfer is in compliance with the requirements of applicable data protection law (such as the transfer being to a country approved as providing adequate protection; there being appropriate safeguards in place; or one of the derogations for specific situations applying to the transfer).

The Manager will keep your personal data stored on its systems for as long as it takes the Manager to provide the services to you. The Manager will retain and use your information as necessary to comply with its legal obligations, resolve disputes and enforce its rights. The Manager reviews its data retention policies regularly and will retain your personal data only as long as necessary for the purpose for which it processes that data.

Data protection legislation gives you the right to access information held about you. In the event that an access request is unfounded, excessive or especially repetitive, the Manager may charge a 'reasonable fee' for meeting that request. Similarly, the Manager may charge a reasonable fee to comply with requests for further copies of the same information (that fee will be based upon the administrative costs of providing the information).

You are entitled to receive the personal data that you have provided to the Manager in a structured, commonly used and machine-readable format, and to transmit that data to another data controller. You can exercise your data protection rights, including your rights to access, restrict, object to the processing of, rectify and erase your personal data by writing to the Manager at: Marlborough House, 59 Chorley New Road, Bolton, BL1 4QP. If you are unhappy with the way in which your personal data is being processed you have a right to lodge a complaint with the Information Commissioner's Office. You can report your concerns by telephoning their helpline on 0303 123 1113 or through their website at <https://ico.org.uk/concerns>.

### **Governing Law**

The Trust, this Prospectus and any matters arising out of or in connection with a Unitholder's investment in the Trust and the establishment, management and administration of the Trust shall be governed by and construed in accordance with the laws of England and Wales. Any dispute or claim in connection with the rights of the Unitholders and/or the subject matter or formation of the Instrument and this Prospectus and/or the construction and effect of the provisions of the Instrument and this Prospectus shall be subject to the exclusive jurisdiction of the courts of England and Wales.

Potential investors should note that there are a number of legal instruments providing for the recognition and enforcement of foreign judgments in England and Wales. Depending on the nature and jurisdiction of the original judgment,

the 2005 Hague Convention on Choice of Court Agreements, which has force of law in the UK by virtue of section 3D of the Civil Jurisdiction and Judgments Act 1982 as introduced by the Private International Law (Implementation of Agreements) Act 2020; the Civil Jurisdiction and Judgments Act 1982 as amended by the Civil Jurisdiction and Judgments (Amendment) Regulations 2014, the Administration of Justice Act 1920 and the Foreign Judgments (Reciprocal Enforcement) Act 1933 may apply. There are no legal instruments providing for the recognition and enforcement of judgments obtained in jurisdictions outside those covered by the instruments above, although such judgments might be enforceable at common law.

## APPENDIX I

### TRUST DETAILS

#### IFSL Church House Balanced Equity Income Fund

<b>Name:</b>	IFSL Church House Balanced Equity Income Fund
<b>Type of Scheme:</b>	UCITS scheme
<b>FCA Product Reference Number</b>	200001
<b>Investment Objective and Policy:</b>	<p>The aim of the Fund is to provide income and capital growth over the long term (at least five years).</p> <p>The Fund is actively managed. At least 70% of the Fund's assets are invested in shares of UK companies (those incorporated or domiciled in the UK). The focus of the Fund is on larger capitalisation companies, which the Manager defines as those with a market capitalisation of at least £1bn at the time of purchase. Up to 30% of the Fund may be invested in other assets: the shares of companies with a smaller capitalisation, sterling denominated fixed interest securities (including floating rate notes, index linked or convertible fixed interest securities), money market instruments and cash.</p>
<b>Benchmark:</b>	<p>Unitholders may compare the performance of the Trust against the FTSE 350 Higher Yield Index and the IA Mixed Investment 40%-85% Shares sector.</p> <p>Comparison of the Trust's performance against IA Mixed Investment 40%-85% Shares sector will give Unitholders an indication of how the Trust is performing against other similar funds in this peer group sector. The Manager has selected the FTSE 350 Higher Yield Index as a comparator benchmark as the Manager believes it best reflects the asset allocation of the Trust.</p> <p>The benchmarks are not targets for the Trust, nor is the Trust constrained by the benchmarks.</p>
<b>Final accounting date:</b>	31 March
<b>Interim accounting date:</b>	30 September
<b>Income distribution dates:</b>	31 May (final) 30 November (interim)

<b>Units Classes and type of Units:</b>	A Units Income and Accumulation B Units Income and Accumulation**	
<b>Initial charge:</b>	Nil	
<b>Redemption charge:</b>	Nil	
<b>Switching charge:</b>	Nil	
<b>Annual Management Charge:</b>	A Units: 1.5% B Units: 0.875%**	
<b>Charge for investment research:</b>	None	
<b>Charges taken from Income or Capital:</b>	50% income, 50% capital	
	Please note that this policy may constrain capital growth.	
<b>Investment minima:*</b>		
	<b>A Units</b>	<b>B Units**</b>
<b>Lump sum</b>	£5,000	£100,000
<b>Holding</b>	£3,000	£100,000
<b>Top-up</b>	£5,000	£100,000
<b>Redemption</b>	N/A provided minimum holding maintained	N/A provided minimum holding maintained
<b>Income to be distributed as a dividend or interest?</b>	The Manager may distribute income in the form of a dividend or interest depending on the composition of the assets held over the accounting period.	
<b>Past performance:</b>	Past performance information is set out in Appendix VII	

The Manager may waive the minimum levels at its discretion.

\*\* B Units are only available to persons who distribute such Units (or whom the Manager believes intend to do so) and/or who have entered into a written agreement with the Manager relating to the conditions for investment in such Units.

### Investor Profile

Whether an investment in the Trust is appropriate for you will depend on your own requirements and attitude to risk. The Trust is designed for investors of any category, including retail investors, who:

- want to achieve capital growth and income over the medium to longer term through investing in UK markets using the expertise of the Investment Manager,
- can meet the minimum investment levels,

- are able to commit to a long term investment in the Trust and take the risk of losing part or all of their investment capital, and
- who understand and are willing to take the risks involved in investing in the Trust (as detailed under “Risk Factors”).

**If you have any doubts as to whether the investment is suitable for you, please contact a financial adviser.**

## APPENDIX II

### ELIGIBLE SECURITIES MARKETS AND ELIGIBLE DERIVATIVES MARKETS

The Trust may deal through securities and derivatives markets which are regulated markets (as defined in the glossary to the FCA Handbook) or markets established in an EEA/EU State which are regulated, operate regularly and are open to the public (excluding Cyprus, Slovenia).

The Trust may also deal through the securities markets and derivatives markets indicated below:

#### Eligible Securities Markets

Channel Islands  
Switzerland  
United Kingdom

United States of America

Channel Islands Stock Exchange  
SIX Swiss Exchange  
The London Stock Exchange  
The Alternative Investment Market  
Chicago Stock Exchange  
NASDAQ OMX BX  
NASDAQ OMX PHLX  
New York Stock Exchange  
NYSE Arca  
NYSE MKT LLC

#### Eligible Derivatives Markets

Canada  
United States of America

The Montreal Exchange  
Chicago Board Options Exchange  
CME Group  
NYSE Arca

## APPENDIX III

### VALUATION AND PRICING

The value of the property of the Scheme shall be the value of its assets less the value of its liabilities determined in accordance with the following provisions.

- 1 All the property the Scheme (including receivables) is to be included, subject to the following provisions.
- 2 The valuation of the property of the Scheme shall consist of two parts, one on an issue basis and one on a cancellation basis calculated in accordance with the following provisions.
  - 2.1 The valuation of property for that part of the valuation which is on an issue basis is as follows:
    - 2.1.1 Property which is not cash (or other assets dealt with in paragraphs 2.3 and 2.4 below) shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:
      - (a) units or shares in a collective investment scheme:
        - (i) if a single price for buying and selling units or shares is quoted, at that price (plus any dealing costs, which means fiscal charges, commission or other charges (including any preliminary charge) payable in the event of the Scheme carrying out the transaction in question, assuming that the commission and charges (other than fiscal charges) which would be payable by the Scheme are the least that could reasonably be expected to be paid in order to carry out the transaction and including any dilution levy or SDRT provision which would be added in the event of a purchase by the Scheme of the units in question (except that, where the Manager, or an associate of the Manager, is also the manager or authorised corporate director of the collective investment scheme whose units are held by the Scheme, dealing costs must not include a preliminary charge which would be payable in the event of a purchase by the Scheme of those units); or
        - (ii) if separate buying and selling prices are quoted, at the maximum sale price, less any expected discount (plus any dealing costs, which means any fiscal charges, commission or other charges (but excluding any preliminary charge on sale of units in a collective investment scheme) payable in the event of the Scheme carrying out the transaction in question, assuming that the commission and charges (other than fiscal charges) which would be payable by the Scheme are the least that could reasonably be expected to be paid in order to carry out the transaction); but where the Manager, or an associate of the Manager, is also the manager or authorised corporate director of the collective investment scheme whose units are held by the Scheme, the issue price shall be taken instead of the maximum sale price; or
        - (iii) if, in the opinion of the Manager, the price obtained is unreliable or no recent traded price is available or if no recent price exists, at a buyer's price which, in the opinion of the Manager, is fair and reasonable;

(b) any other investment:

- (i) the best available market dealing offer price on the most appropriate market in a standard size (plus any dealing costs, which means any fiscal charges, commission or other charges payable in the event of the Scheme carrying out the transaction in question, assuming that the commission and charges (other than fiscal charges) which would be payable by the Scheme are the least that could reasonably be expected to be paid in order to carry out the transaction); or
- (ii) if, in the opinion of the Manager, the price obtained is unreliable or no recent traded price is available or if no recent price exists, at a buyer's price which, in the opinion of the Manager, is fair and reasonable.
- (iii) if any other property, or no price exists under 2.1.1(a) or 2.1.1(a), the Manager's reasonable estimate of a buyer's price (plus any dealing costs, which means any fiscal charges, commission or other charges payable in the event of the Scheme carrying out the transaction in question, assuming that the commission and charges (other than fiscal charges) which would be payable by the Scheme are the least that could reasonably be expected to be paid in order to carry out the transaction but excluding any preliminary charge on sale of units in a collective investment scheme). The buyer's price is the consideration which would be paid by the buyer for an immediate transfer or assignment (or, in Scotland, assignation) to him at arm's length.

2.2 The valuation of property for that part of the valuation which is on a cancellation basis is as follows:

2.2.1 Property which is not cash (or other assets dealt with in paragraphs 2.3 and 2.4 below) shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:

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

- (i) if a single price for buying and selling units or shares is quoted, at that price (less any dealing costs, which means any fiscal charges, commission or other charges payable in the event of the Scheme carrying out the transaction in question, assuming that the commission and charges (other than fiscal charges) which would be payable by the Scheme are the least that could reasonably be expected to be paid in order to carry out the transaction, any redemption charge payable on sale of units in a collective investment scheme, taking account of any expected discount, any dilution levy or SDRT provision which would be deducted in the event of a sale by the Scheme of the units in question (except that, where the Manager, or an associate of the Manager, is also the manager or authorised corporate director of the collective investment scheme whose units are held by the Scheme, dealing costs must not include a redemption charge which would be payable in the event of a sale by the Scheme of those units)); or
- (ii) if separate buying and selling prices are quoted, at the minimum redemption price (less any dealing costs, which means any fiscal



charges, commission or other charges payable in the event of the Scheme carrying out the transaction in question, assuming that the commission and charges (other than fiscal charges) which would be payable by the Scheme are the least that could reasonably be expected to be paid in order to carry out the transaction and any charge payable on the sale of units in a collective investment scheme (except that, where the Manager, or an associate of the Manager, is also the manager or authorised corporate director of the collective investment scheme whose units are held by the Scheme, dealing costs must not include a redemption charge which would be payable in the event of a sale by the Scheme of those units), less any expected discount); but, if the property sold in one transaction would amount to a large deal (as defined in the Glossary), the cancellation price shall be taken instead of the minimum redemption price; or

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

(b) any other investment:

(i) the best available market dealing bid price on the most appropriate market in a standard size (less any dealing costs, which means any fiscal charges, commission or other charges payable in the event of the Scheme carrying out the transaction in question, assuming that the commission and charges (other than fiscal charges) which would be payable by the Scheme are the least that could reasonably be expected to be paid in order to carry out the transaction); or

(ii) if, in the opinion of the Manager, the price obtained is unreliable or no recent traded price is available or if no recent price exists, at a seller's price which, in the opinion of the Manager, is fair and reasonable;

(iii) if any other property, or no price exists under 2.1.1(a) or 2.1.1(b), the Manager's reasonable estimate of a seller's price (less any dealing costs, which means any fiscal charges, commission or other charges payable in the event of the Scheme carrying out the transaction in question, assuming that the commission and charges (other than fiscal charges) which would be payable by the Scheme are the least that could reasonably be expected to be paid in order to carry out the transaction, and including any redemption charge payable on sale of units in a collective investment scheme, taking account of any expected discount, any dilution levy or SDRT provision which would be deducted in the event of a sale by the Scheme of the units in question (except that, where the Manager, or an associate of the Manager, is also the manager or authorised corporate director of the collective investment scheme whose units are held by the Scheme, dealing costs must not include a redemption charge which would be payable in the event of a sale by the Scheme of those units)).

2.3 Property which is a derivative transaction shall be treated as follows:

(a) if a written option, (and the premium for writing the option has become part of the scheme property) deduct, for the calculation of the issue basis,

the amount of the net valuation of premium (estimated on the basis of writing an option of the same series on the best terms then available on the most appropriate market on which such options are traded, but add, in the case of the calculation of the cancellation basis, dealing costs); but if it is an OTC derivative, the valuation methods in COLL 5.2.23R shall be used; or

(b) if an off-exchange future, include at the net value of closing out (in the case of the calculation of the issue basis, estimated on the basis of the amount of profit or loss receivable or incurable by the Scheme on closing out the contract and deducting minimum dealing costs in the case of profit and adding them in the case of loss; but if it is an OTC derivative, the valuation methods in COLL 5.2.23R shall be used); or

(c) if any other form of derivative transaction, include at the net value of margin on closing out (estimated on the basis of the amount of margin (whether receivable or payable by the Scheme on closing out the contract) on the best terms then available on the most appropriate market on which such contracts are traded and including minimum dealing costs so that the value is the figure as a negative sum); but if it is an OTC derivative, the valuation methods in COLL 5.2.23R shall be used.

2.4 Cash and amounts held in current and deposit accounts shall be valued at their nominal values.

2.5 In determining the value of the scheme property, all instructions given to the Trustee to issue or cancel Units shall be assumed (unless the contrary is shown) to have been carried out and any cash paid or received and all required consequential action required by the Regulations or the Trust Deed shall be assumed (unless the contrary is shown) to have been taken.

2.6 Subject to paragraphs 2.7 and 2.8 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 Manager, their omission shall not materially affect the final net asset amount.

2.7 Futures or contracts for differences which are not yet due to be performed and unexpired written or purchased options which have not been exercised shall not be included under paragraph.

2.8 All agreements are to be included under paragraph 2.6 which are, or ought reasonably to have been, known to the person valuing the property assuming that all other persons in the Manager's employment take all reasonable steps to inform it immediately of the making of any agreement.

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

- 2.10 Deduct an estimated amount for any liabilities payable out of the property of the Scheme and any tax thereon (treating periodic items as accruing from day to day).
- 2.11 Deduct the principal amount of any outstanding borrowings whenever payable and any accrued but unpaid interest on borrowings.
- 2.12 In the case of a margined contract, deduct any amount reasonably anticipated to be paid by way of variation margin.
- 2.13 Add an estimated amount for accrued claims for tax of whatever nature which may be recoverable.
- 2.14 Add any other credits due to be paid into the property of the Scheme.
- 2.15 In the case of a margined contract, add any amount reasonably anticipated to be received by way of variation margin.
- 2.16 Add a sum representing any interest or any income accrued due or deemed to have accrued but not received and any stamp duty reserve tax provision anticipated to be received.
- 2.17 The valuation is in the Scheme's base currency. To convert to the base currency the value of property which would otherwise be valued in another currency the Manager will either:
- (a) select a rate of exchange which represents the average of the highest and lowest rates quoted at the relevant time for conversion of that currency into base currency on the market on which the manager would normally deal if it wished to make such a conversion; or
  - (b) invite the Trustee to agree that it is in the interests of Unitholders to select a different rate, and, if the Trustee so agrees, use that other rate."

## APPENDIX IV

### INVESTMENT AND BORROWING POWERS OF THE TRUST

#### 1 General

The Scheme Property will be invested with the aim of achieving the investment objective of the Trust but subject to the limits set out in the Trust's investment policy and the limits set out in Chapter 5 of the COLL Sourcebook ("COLL 5") and this Prospectus.

The Scheme Property may consist of cash or near cash where this may be reasonably regarded as necessary in order to enable the redemption of Units.

#### 1.1 Prudent Spread of Risk

The Manager must ensure that, taking account of the investment objective and policy of the Trust, the Scheme Property aims to provide a prudent spread of risk.

#### 1.2 Cover

1.2.1 Where the COLL Sourcebook allows a transaction to be entered into or an investment to be retained only (for example, investment in nil and partly paid securities and the general power to accept or underwrite) if possible obligations arising out of the investment transactions or out of the retention would not cause any breach of any limits in COLL 5, it must be assumed that the maximum possible liability of the Trust under any other of those rules has also to be provided for.

1.2.2 Where a rule in the COLL Sourcebook permits an investment transaction to be entered into or an investment to be retained only if that investment transaction, or the retention, or other similar transactions, are covered:

(a) it must be assumed that in applying any of those rules, the Trust must also simultaneously satisfy any other obligation relating to cover; and

(b) no element of cover must be used more than once.

#### 1.3 Transferable Securities

1.3.1 A transferable security is an investment falling within article 76 (shares etc.), article 77 (instruments creating or acknowledging indebtedness), article 78 (government and public securities), article 79 (instruments giving entitlement to investments) and article 80 (certificates representing certain securities) of the Regulated Activities Order.

1.3.2 An investment is not a transferable security if the title to it cannot be transferred, or can be transferred only with the consent of a third party.

1.3.3 In applying paragraph 1.3.2 of this Appendix to an investment which is issued by a body corporate, and which is an investment falling within articles 76 (shares, etc.) or 77 (instruments creating or acknowledging indebtedness) of the Regulated Activities Order, the need for any consent on the part of the body corporate or any members or debenture holders of it may be ignored.

- 1.3.4 An investment is not a transferable security unless the liability of the holder of it to contribute to the debts of the issuer is limited to any amount for the time being unpaid by the holder of it in respect of the investment.
- 1.3.5 The Trust may invest in a transferable security only to the extent that the transferable security fulfils the following criteria:
- (a) the potential loss which the Trust may incur with respect to holding the transferable security is limited to the amount paid for it;
  - (b) its liquidity does not compromise the ability of the Manager to comply with its obligation to redeem Units at the request of any qualifying Unitholder under the FCA Handbook;
  - (c) reliable valuation is available for it as follows:
    - (iv) in the case of a transferable security admitted to or dealt in on an eligible market, where there are accurate, reliable and regular prices which are either market prices or prices made available by valuation systems independent from issuers;
    - (v) in the case of a transferable security not admitted to or dealt in on an eligible market, where there is a valuation on a periodic basis which is derived from information from the issuer of the transferable security or from competent investment research;
  - (d) appropriate information is available for it as follows:
    - (i) in the case of a transferable security admitted to or dealt in on an eligible market, where there is regular, accurate and comprehensive information available to the market on the transferable security or, where relevant, on the portfolio of the transferable security;
    - (ii) in the case of a transferable security not admitted to or dealt in on an eligible market, where there is regular and accurate information available to the Manager on the transferable security or, where relevant, on the portfolio of the transferable security;
  - (e) it is negotiable; and
  - (f) its risks are adequately captured by the risk management process of the Manager.
- 1.3.6 Unless there is information available to the Manager that would lead to a different determination, a transferable security which is admitted to or dealt in on an eligible market shall be presumed:
- (a) not to compromise the ability of the Manager to comply with its obligation to redeem Units at the request of any qualifying Unitholder; and
  - (b) to be negotiable.
- 1.3.7 No more than 5% of the Scheme Property may be invested in warrants.

## 2 UCITS Schemes - General

Subject to the investment objective and policy of the Trust and the restrictions set out in this Prospectus, the Scheme Property must, except where otherwise provided in COLL5, only consist of transferable securities.

## 3 Closed End Funds Constituting Transferable Securities

3.1 A unit or a share in a closed end fund shall be taken to be a transferable security for the purposes of investment by the Trust, provided it fulfils the criteria for transferable securities set out in paragraph 1.3.5 and either:

(a) where the closed end fund is constituted as an investment company or a unit trust:

(i) it is subject to corporate governance mechanisms applied to companies; and

(ii) where another person carries out asset management activity on its behalf, that person is subject to national regulation for the purpose of investor protection; or

(b) where the closed end fund is constituted under the law of contract:

(i) it is subject to corporate governance mechanisms equivalent to those applied to companies; and

(ii) it is managed by a person who is subject to national regulation for the purpose of investor protection.

## 4 Transferable Securities Linked to Other Assets

4.1 The Trust may invest in any other investment which shall be taken to be a transferable security for the purposes of investment by the Trust provided the investment:

(a) fulfils the criteria for transferable securities set out in 1.3.5 above; and

(b) is backed by or linked to the performance of other assets, which may differ from those in which the Trust can invest.

4.2 Where an investment in 4.1 contains an embedded derivative component, the requirements of this section with respect to derivatives and forwards will apply to that component.

## 5 Transferable Securities Generally to be Admitted or Dealt in on an Eligible Market

5.1 Transferable securities held within the Trust must be:

(a) admitted to or dealt in on an eligible market as described in 6.3(a); or

(b) dealt in on an eligible market as described in 6.3(b); or

(c) admitted to or dealt in on an eligible market as described in 6.3; or

(d) recently issued transferable securities provided that:

(i) the terms of issue include an undertaking that application will be made to be admitted to an eligible market; and

(ii) such admission is secured within a year of issue.

5.2 However, the Trust may invest no more than 10% of the Scheme Property in transferable securities other than those referred to in 5.1.

## 6 Eligible Markets Regime: Purpose

6.1 To protect investors the markets on which investments of the Trust are dealt in or traded on should be of an adequate quality (“eligible”) at the time of acquisition of the investment and until it is sold.

6.2 Where a market ceases to be eligible, investments on that market cease to be approved securities. The 10% restriction on investing in non-approved securities applies and exceeding this limit because a market ceases to be eligible will generally be regarded as an inadvertent breach.

6.3 A market is eligible for the purposes of the rules if it is:

(a) A regulated market as defined in the FCA Handbook; or

(b) a market in the United Kingdom or an EEA State which is regulated, operates regularly and is open to the public.

6.4 A market not falling within paragraph 6.3 of this Appendix is eligible for the purposes of COLL 5 if:

(a) the Manager, after consultation and notification with the Trustee, decides that market is appropriate for investment of, or dealing in, the Scheme Property;

(b) the market is included in a list in the Prospectus; and

(c) the Trustee has taken reasonable care to determine that:

(i) adequate custody arrangements can be provided for the investment dealt in on that market; and

(ii) all reasonable steps have been taken by the Manager in deciding whether that market is eligible.

6.5 In paragraph 6.4(a), a market must not be considered appropriate unless it is regulated, operates regularly, is recognised, is open to the public, is adequately liquid and has adequate arrangements for unimpeded transmission of income and capital to or for the order of investors.

## 7 Spread: General

- 7.1 This rule on spread does not apply in respect of a transferable security or an approved money-market instrument to which COLL 5.2.12R (Spread: government and public securities) applies..
- 7.2 For the purposes of this requirement companies included in the same group for the purposes of consolidated accounts as defined in accordance with Directive 83/349/EEC or in the same group in accordance with international accounting standards are regarded as a single body.
- 7.3 With the exception of those instruments specified in paragraph 8 below, not more than 5% in value of the Scheme Property is to consist of transferable securities issued by any single body, except that the limit of 5% is raised to 10% in respect of up to 40% in value of the Scheme Property (covered bonds need not be taken into account for the purposes of applying the limit of 40%). For these purposes certificates representing certain securities are treated as equivalent to the underlying security.
- 7.4 The limit of 5% is raised to 25% in value of the Scheme Property in respect of covered bonds provided that when the Trust invests more than 5% in covered bonds issued by a single body, the total value of covered bonds held must not exceed 80% in value of the Scheme Property.
- 7.5 The exposure to any one counterparty in an OTC derivative transaction must not exceed 5% in value of the Scheme Property. This limit is raised to 10% where the counterparty is an Approved Bank.
- 7.6 The COLL Sourcebook provides that not more than 20% in value of the Scheme Property is to consist of the units of any one collective investment scheme.
- 7.7 Not more than 20% in value of the Scheme Property may consist of transferable securities issued by the same group.
- 7.8 The COLL Sourcebook provides that in applying the limits in COLL 5.2.11R(3),(4),(5),(6) and (7) in relation to a single body, and subject to COLL 5.2.11R(5A), not more than 20% in value of the Scheme Property is to consist of any combination of two or more of the following (if applicable):
- (a) transferable securities (including covered bonds) or approved money market instruments issued by that body; or
  - (b) deposits made with that body; or
  - (c) exposures from OTC derivatives transactions made with that body.
- 7.9 For the purpose of calculating the limits in 7.5 and 7.8 of this paragraph, the exposure in respect of an OTC derivative may be reduced to the extent that collateral is held in respect of it if the collateral meets each of the following conditions:
- (a) it is marked-to-market on a daily basis and exceeds the value of the amount at risk;



- (b) it is exposed only to negligible risks (e.g. government bonds of first credit rating or cash) and is liquid;
- (c) it is held by a third party custodian not related to the provider or is legally secured from the consequences of a failure of a related party; and
- (d) can be fully enforced by the Trust at any time.

7.10 For the purposes of calculating the limits in 7.5 and 7.8 of this paragraph (Spread: General), OTC derivative positions with the same counterparty may be netted provided that the netting procedures:

- (a) comply with the conditions set out in Section 3 (Contractual netting (Contracts for novation and other netting agreements)) of Annex III to the Banking Consolidation Directive; and
- (b) are based on legally binding agreements.

7.11 In applying this paragraph (Spread: General), all derivatives transactions are deemed to be free of counterparty risk if they are performed on an exchange where the clearing house meets each of the following conditions:

- (a) it is backed by an appropriate performance; and
- (b) it is characterised by a daily mark-to-market valuation of the derivative positions and at least daily margining.

## 8 **Spread: Government and Public Securities**

8.1 The following section applies in respect of a transferable security or an approved money-market instrument (“such securities”) that is issued by:

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

8.2 Where no more than 35% in value of the Scheme Property is invested in such securities issued by any one body, there is no limit on the amount which may be invested in such securities or in any one issue.

8.3 The Trust may invest more than 35% in value of the Scheme Property in such securities issued by any one body provided that:

- (a) the Manager has before any such investment is made consulted with the Trustee and as a result considers that the issuer of such securities is one which is appropriate in accordance with the investment objectives of the authorised fund;

(b) no more than 30% in value of the Scheme Property consists of such securities of any one issue;

(c) the Scheme Property includes such securities issued by that or another issuer, of at least six different issues;

(d) the disclosures in COLL 3.2.6R(8) and COLL 4.2.5R(3)(i) have been made.

8.4 The Trust does not currently invest more than 35% in value of the Scheme Property in such securities issued by any one body.

8.5 Notwithstanding 7.1 and subject to 8.2 and 8.3 above, in applying the 20% limit in paragraph 7.8 with respect to a single body, such securities issued by that body shall be taken into account.

## 9 Investment in Collective Investment schemes

9.1 No more than 10% of the value of the Scheme Property may be invested in units or shares in other collective investment schemes (“Second Scheme”) provided that Second Scheme satisfies all of the following conditions.

9.1.1 The Second Scheme must:

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

(b) be recognised under the provisions of s.272 of the Financial Services and Markets Act 2000; or

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

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

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

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

(ii) approved the Second Scheme’s management company, rules and Trustee/custody arrangements;

(provided the requirements of article 50(1)(e) of the UCITS Directive are met).

9.1.2 The Second Scheme has terms which prohibit more than 10% in value of the scheme property consisting of units in collective investment schemes. Where the Second Scheme is an umbrella, the provisions in this paragraph apply to each sub-fund as if it were a separate scheme.

9.1.3 Investment may only be made in other collective investment schemes managed by the Manager or an associate of the Manager if the Trust’s Prospectus clearly states that it may enter into such investments and the rules on double charging contained in the COLL Sourcebook are complied with.

9.2 The Trust may, subject to the limit set out in 9.1 above, invest in collective investment schemes managed or operated by, or whose authorised corporate director is, the Manager of the Trust or one of its associates.

## 10 Investment in Nil and Partly Paid Securities

10.1 A transferable security on which any sum is unpaid falls within a power of investment only if it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by the Trust, at the time when payment is required, without contravening the rules in COLL 5.

## 11 Derivatives: General

11.1 Subject to the investment policy of the Trust, the Investment Manager may employ derivatives solely for the purposes of hedging in accordance with Efficient Portfolio Management.

11.2 A transaction in derivatives or a forward transaction must not be effected for the Trust unless the transaction is of a kind specified in paragraph 13 (Permitted transactions (derivatives and forwards)) below, and the transaction is covered, as required by paragraph 23 (Cover for transactions in derivatives and forward transactions) of this Appendix.

11.3 Where the Trust invests in derivatives, the exposure to the underlying assets must not exceed the limits set out in the COLL Sourcebook in relation to COLL 5.2.11R (Spread: general) and COLL 5.2.12R (Spread: government and public securities) except for index based derivatives where the rules below apply.

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

11.5 A transferable security or an approved money-market instrument will embed a derivative if it contains a component which fulfils the following criteria:

(a) by virtue of that component some or all of the cash flows that otherwise would be required by the transferable security or approved money-market instrument which functions as host contract can be modified according to a specified interest rate, financial instrument price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, and therefore vary in a way similar to a stand-alone derivative;

(b) its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and

(c) it has a significant impact on the risk profile and pricing of the transferable security or approved money-market instrument.

11.6 A transferable security or an approved money-market instrument does not embed a derivative where it contains a component which is contractually transferable independently of the transferable security or the approved money-market instrument. That component shall be deemed to be a separate instrument.

11.7 Where the Trust invests in an index based derivative, provided the relevant index falls within COLL 5.2.20AR (Financial Indices underlying derivatives), the underlying constituents of the index do not have to be taken into account for the purposes of COLL 5.2.11R and COLL 5.2.12R.

## 12 Efficient Portfolio Management

12.1 Subject to the investment policy of the Trust, the Trust may utilise the Scheme Property to enter into transactions for the purposes of Efficient Portfolio Management (“EPM”). Permitted EPM transactions (excluding stock lending arrangements) are transactions in derivatives e.g. to hedge against price or currency fluctuations, dealt with or traded on an eligible derivatives market; off-exchange options or contracts for differences; or synthetic futures in certain circumstances. The Manager must take reasonable care to ensure that the transaction is economically appropriate in that it is realised in a cost effective way and that it is entered into for the reduction of risk (whether in the price of investments, interest rates or exchange rates) or the reduction of cost or the generation of additional capital or income with a risk level which is consistent with the risk profile of the Trust and the risk diversification rules laid down in the COLL Sourcebook. The exposure must be fully “covered” by cash and/or other property sufficient to meet any obligation to pay or deliver that could arise.

12.2 Permitted transactions are those that the Trust reasonably regards as economically appropriate to EPM, that is:

- (a) Transactions undertaken to reduce risk or cost in terms of fluctuations in prices, interest rates or exchange rates where the Manager reasonably believes that the transaction will diminish a risk or cost of a kind or level which it is sensible to reduce; or
- (b) Transactions for the generation of additional capital growth or income for the Trust by taking advantage of gains which the Manager reasonably believes are certain to be made (or certain, barring events which are not reasonably foreseeable) as a result of:
  - (i) pricing imperfections in the market as regards the property which the Trust holds or may hold; or
  - (ii) receiving a premium for the writing of a covered call option or a cash covered put option on the Scheme Property which the Trust is willing to buy or sell at the exercise price; or
  - (iii) stock lending arrangements (although these are not currently permitted by the Manager).

A permitted arrangement in this context may at any time be closed out.

12.3 Transactions may take the form of “derivatives transactions” (that is, transactions in options, futures or contracts for differences) or forward currency transactions. A derivatives transaction must either be in a derivative which is traded or dealt in on an eligible derivatives market (and effected in accordance with the rules of that market), or be an off-exchange derivative which complies with the relevant conditions set out in the COLL Sourcebook, or be a “synthetic future” (i.e. a composite derivative created out of two separate options). Forward currency

transactions must be entered into with counterparties who satisfy the Regulations. A permitted transaction may at any time be closed out.

**13 Permitted Transactions (Derivatives and Forwards)**

13.1 A transaction in a derivative must be in an approved derivative; or be one which complies with paragraph 17 (OTC transactions in derivatives).

13.2 A transaction in a derivative must have the underlying consisting of any one or more of the following to which the Trust is dedicated:

- (a) transferable securities;
- (b) approved money-market instruments permitted under COLL 5.2.8R(3)(a) to COLL 5.2.8R(3)(d);
- (c) deposits permitted derivatives under this paragraph;
- (d) collective investment scheme units permitted under paragraph 9 (Investment in collective investment schemes);
- (e) financial indices which satisfy the criteria set out in paragraph 14 (Financial indices underlying derivatives);
- (f) interest rates;
- (g) foreign exchange rates; and
- (h) currencies.

13.3 A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market.

13.4 A transaction in a derivative must not cause the Trust to diverge from its investment objective as stated in the Trust Deed constituting the Trust and the most recently published version of this Prospectus.

13.5 A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more, transferable securities, approved money-market instruments, units in collective investment schemes, or derivatives, provided that a sale is not to be considered as uncovered if the conditions in paragraph 16.2 are satisfied.

13.6 Any forward transaction must be with an Eligible Institution or an Approved Bank.

13.7 A derivative includes an investment which fulfils the following criteria:

- (a) it allows transfer of the credit risk of the underlying independently from the other risks associated with that underlying;
- (b) it does not result in the delivery or the transfer of assets other than those referred to in COLL 5.2.6AR, including cash;

- (c) in the case of an OTC derivative, it complies with the requirements in paragraph 17; and
- (d) its risks are adequately captured by the risk management process of the Manager and by its internal control mechanisms in the case of risk asymmetry of information between the Manager and the counterparty to the derivative resulting from the potential access of the counterparty to non-public information on persons whose assets are used as the underlying by that derivative.

13.8 The Trust may not undertake transactions in derivatives on commodities.

13.9 Counterparty risk exposure can be reduced by the Trust receiving collateral from the counterparty. Collateral will be managed in accordance with FCA Regulations and Guidelines issued from time to time by the European Securities and Markets Authority. A Collateral Management Policy will be implemented by the Manager before the Trust enters into any transactions which require it to hold collateral from a counterparty.

13.10 The use of derivatives or forwards for the purposes of Efficient Portfolio Management will not materially alter the risk profile of the Trust. The use of these techniques and instruments will only be employed where the Manager and the Investment Manager consider these to be in line with the best interests of the Trust.

#### 14 **Financial Indices Underlying Derivatives**

14.1 The financial indices referred to in 13.2(e) are those which satisfy the following criteria:

- (a) the index is sufficiently diversified;
- (b) the index represents an adequate benchmark for the market to which it refers; and
- (c) the index is published in an appropriate manner.

14.2 A financial index is sufficiently diversified if:

- (a) it is composed in such a way that price movements or trading activities regarding one component do not unduly influence the performance of the whole index;
- (b) where it is composed of assets in which the Trust is permitted to invest, its composition is at least diversified in accordance with the requirements with respect to spread and concentration set out in this section; and
- (c) where it is composed of assets in which the Trust cannot invest, it is diversified in a way which is equivalent to the diversification achieved by the requirements with respect to spread and concentration set out in this section.

14.3 A financial index represents an adequate benchmark for the market to which it refers if:

- (a) it measures the performance of a representative group of underlyings in a relevant and appropriate way;
- (b) it is revised or rebalanced periodically to ensure that it continues to reflect the markets to which it refers, following criteria which are publicly available; and
- (c) the underlyings are sufficiently liquid, allowing users to replicate it if necessary.

14.4 A financial index is published in an appropriate manner if:

- (a) its publication process relies on sound procedures to collect prices, and calculate and subsequently publish the index value, including pricing procedures for components where a market price is not available; and
- (b) material information on matters such as index calculation, rebalancing methodologies, index changes or any operational difficulties in providing timely or accurate information is provided on a wide and timely basis.

14.5 Where the composition of underlyings of a transaction in a derivative does not satisfy the requirements for a financial index, the underlyings for that transaction shall where they satisfy the requirements with respect to other underlyings pursuant to 13, be regarded as a combination of those underlyings.

## 15 **Transactions for the Purchase of Property**

15.1 A derivative or forward transaction which will or could lead to the delivery of property for the account of the Trust may be entered into only if that property can be held for the account of the Trust, and the Manager having taken reasonable care determines that delivery of the property under the transaction will not occur or will not lead to a breach of the COLL Sourcebook.

## 16 **Requirement to Cover Sales**

16.1 No agreement by or on behalf of the Trust to dispose of property or rights may be made unless the obligation to make the disposal and any other similar obligation could immediately be honoured by the Trust by delivery of property or the assignment (or, in Scotland, assignation) of rights, and the property and rights above are owned by the Trust at the time of the agreement. This requirement does not apply to a deposit.

16.2 The above does not apply where:

- (a) the risks of the underlying financial instrument of a derivative can be appropriately represented by another financial instrument and the underlying financial instrument is highly liquid; or
- (b) the Manager or the Trustee has the right to settle the derivative in cash and cover exists within the Scheme Property which falls within one of the following asset classes:
  - (i) cash;

- (ii) liquid debt instruments (e.g. government bonds of first credit rating) with appropriate safeguards (in particular, haircuts); or
- (iii) other highly liquid assets having regard to their correlation with the underlying of the financial derivative instruments, subject to appropriate safeguards (e.g. haircuts where relevant).

16.3 In the asset classes referred to in paragraph 16.2(b), an asset may be considered as liquid where the instrument can be converted into cash in no more than seven business days at a price closely corresponding to the current valuation of the financial instrument on its own market.

## 17 OTC Transactions in Derivatives

17.1 Any transaction in an OTC derivative under paragraph 13 must be:

- (a) in a future or an option or a contract for differences;
- (b) with an approved counterparty; a counterparty to a transaction in derivatives is approved only if the counterparty is an Eligible Institution or an Approved Bank; or a person whose permission (including any requirements or limitations), as published in the FCA Register or whose Home State authorisation, permits it to enter into the transaction as principal off-exchange;
- (c) on approved terms; the terms of the transaction in derivatives are approved only if the Manager carries out, at least daily, a reliable and verifiable valuation in respect of that transaction corresponding to its fair value (being the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction) and which does not rely only on market quotations by the counterparty; and that the Manager can enter into one or more further transaction to sell, liquidate or close out that transaction at any time, at its fair value; and
- (d) capable of reliable valuation; a transaction in derivatives is capable of reliable valuation only if the Manager having taken reasonable care determines that, throughout the life of the derivative (if the transaction is entered into), it will be able to value the investment concerned with reasonable accuracy:
  - (i) on the basis of an up-to-date market value which the Manager and the Trustee have agreed is reliable; or
  - (ii) if the value referred to in 17.1(d)(i) is not available, on the basis of a pricing model which the Manager and the Trustee have agreed uses an adequate recognised methodology; and
- (e) subject to verifiable valuation: a transaction in derivatives is subject to verifiable valuation only if, throughout the life of the derivative (if the transaction is entered into) verification of the valuation is carried out by:



- (i) an appropriate third party which is independent from the counterparty of the derivative at an adequate frequency and in such a way that the Manager is able to check it; or
- (ii) a department within the Manager which is independent from the department in charge of managing the Trust and which is adequately equipped for such a purpose.

**18 Risk Management**

18.1 The Manager uses a risk management process, enabling it to monitor and measure as frequently as appropriate the risk of the Trust's positions and their contribution to the overall risk profile of the Trust. Before using the process, the Manager will notify the FCA of the details of the risk management process.

**19 Stock Lending**

The Trust may not enter into stock lending transactions.

**20 Significant Influence**

20.1 The Manager must not acquire or cause to be acquired for the Trust transferable securities issued by a body corporate and carrying rights to vote (whether or not on substantially all matters) at a general meeting of that body corporate if:

- (a) immediately before the acquisition, the aggregate of any such securities held by the Trust, taken together with any such securities already held for other trusts for which it is the manager, give the Manager power significantly to influence the conduct of business of that body corporate; or
- (b) the acquisition gives the Manager that power.

20.2 For the purposes of paragraph 20.1 of this Appendix, the Manager is to be taken to have power significantly to influence the conduct of business of a body corporate if it can, because of the transferable securities held for all trusts for which it is the manager, exercise or control the exercise of 20% or more of the voting rights in that body corporate (disregarding for this purpose any temporary suspension of voting rights in respect of the transferable securities of that body corporate).

**21 Concentration**

21.1 The Trust:

- (a) must not acquire transferable securities other than debt securities which:
  - (i) do not carry a right to vote on any matter at a general meeting of the body corporate that issued them; and
  - (ii) represent more than 10% of these securities issued by that body corporate;

- (b) must not acquire more than 10% of the debt securities issued by any single issuing body;
- (c) must not acquire more than 10% of the units in a collective investment scheme; and
- (d) need not comply with the limits in paragraphs 21.1(b) and 21.1(c) of this Appendix if, at the time of the acquisition, the net amount in issue of the relevant investment cannot be calculated.

## **22 Derivative Exposure**

- 22.1 The Trust may invest in derivatives and forward transactions as long as the exposure to which the Trust is committed by that transaction itself is suitably covered from within the Scheme Property. Exposure will include any initial outlay in respect of that transaction.
- 22.2 Cover ensures that the Trust is not exposed to the risk of loss of property, including money, to an extent greater than the net value of the Scheme Property. Therefore, the Trust must hold Scheme Property sufficient in value or amount to match the exposure arising from a derivative obligation to which the Trust is committed. Paragraph 23 (Cover for Transactions in Derivatives and Forward Transactions) below sets out detailed requirements for cover of the Trust.
- 22.3 A future is to be regarded as an obligation to which the Trust is committed (in that, unless closed out, the future will require something to be delivered, or accepted and paid for); a written option as an obligation to which the Trust is committed (in that it gives the right of potential exercise to another thereby creating exposure); and a bought option as a right (in that the purchaser can, but need not, exercise the right to require the writer to deliver and accept and pay for something).
- 22.4 Cover used in respect of one transaction in derivatives or forward transaction must not be used for cover in respect of another transaction in derivatives or a forward transaction.

## **23 Cover for Transactions in Derivatives and Forward Transactions**

- 23.1 A transaction in derivatives or forward transaction is to be entered into only if the maximum exposure created by the transaction to which the scheme is or may be committed by another person is covered globally.
- 23.2 Exposure is covered globally if adequate cover from within the Scheme Property is available to meet the scheme's total exposure, taking into account the value of the underlying assets, any reasonably foreseeable market movement, counterparty risk, and the time available to liquidate any positions.
- 23.3 Property the subject of a stock lending transaction is only available for cover if the Manager has taken reasonable care to determine that it is obtainable (by return or re-acquisition) in time to meet the obligation for which cover is required.  
The global exposure relating to derivatives held in the Trust may not exceed the net value of the Scheme Property.

## **24 Cover and Borrowing**

24.1 Cash obtained from borrowing, and borrowing which the Manager reasonably regards an Eligible Institution or an Approved Bank to be committed to provide, is available for cover under paragraph 23 of this Appendix as long as the normal limits on borrowing (see below) are observed.

24.2 Where, for the purposes of this paragraph the Trust borrows an amount of currency from an Eligible Institution or an Approved Bank; and keeps an amount in another currency, at least equal to such borrowing for the time on deposit with the lender (or his agent or nominee), then this applies as if the borrowed currency, and not the deposited currency, were part of the Scheme Property, and the normal limits on borrowing under paragraph 28 (Borrowing Powers) of this Appendix do not apply to that borrowing.

## **25 Cash and Near Cash**

25.1 Cash and near cash must not be retained in the Scheme Property except to the extent that, where this may reasonably be regarded as necessary in order to enable:

(a) the redemption of Units; or

(b) efficient management of the Trust in accordance with its investment objectives; or

(c) other purposes which may reasonably be regarded as ancillary to the investment objectives of the Trust.

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

## **26 General**

26.1 It is envisaged that the Trust will normally be fully invested but there may be times that it is appropriate not to be fully invested when the Manager reasonably regards this as necessary in order to enable the redemption of Units, efficient management of the Trust or any one purpose which may reasonably be regarded as ancillary to the investment objectives of the Trust.

26.2 Where the Trust invests in or disposes of units or shares in another collective investment scheme which is managed or operated by the Manager or an associate of the Manager, the Manager must pay to the Trust by the close of business on the fourth business day the amount of any preliminary charge in respect of a purchase, and in the case of a sale, any charge made for the disposal.

26.3 A potential breach of any of these limits does not prevent the exercise of rights conferred by investments held by the Trust but, in the event of a consequent breach, the Manager must then take such steps as are necessary to restore compliance with the investment limits as soon as practicable having regard to the interests of Unitholders.

## **27 Underwriting**

27.1 Underwriting and sub underwriting contracts and placings may also, subject to certain conditions set out in the COLL Sourcebook, be entered into for the account of the Trust.

## **28 Borrowing Powers**

28.1 The Trustee may, on the instructions of the Manager and subject to the COLL Sourcebook, borrow money from an Eligible Institution or an Approved Bank for the use of the Trust on terms that the borrowing is to be repayable out of the Scheme Property.

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

28.3 The Manager must ensure that borrowing does not, on any business day, exceed 10% of the value of the Trust.

28.4 These borrowing restrictions do not apply to “back to back” borrowing for currency hedging purposes (i.e. borrowing permitted in order to reduce or eliminate risk arising by reason of fluctuations in exchange rates).

## **29 Restrictions on Lending of Money**

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

29.2 Acquiring a debenture is not lending for the purposes of paragraph 29.1, nor is the placing of money on deposit or in a current account.

## **30 Restrictions on Lending of Property Other Than Money**

30.1 Scheme Property other than money must not be lent by way of deposit or otherwise.

30.2 Transactions permitted by paragraph 19 (Stock Lending) are not to be regarded as lending for the purposes of paragraph 30.1.

30.3 The Scheme Property must not be mortgaged.

30.4 Nothing in this paragraph prevents the Trustee at the request of the Manager from lending, depositing, pledging or charging Scheme Property for margin requirements where transactions in derivatives or forward transactions are used for the account of the Trust in accordance with COLL 5.

## **31 General Power to Accept or Underwrite Placings**

31.1 Any power in COLL 5 to invest in transferable securities may be used for the purpose of entering into transactions to which this section applies, subject to compliance with any restriction in the Trust Deed. This section applies, to any agreement or understanding: which is an underwriting or sub-underwriting

agreement, or which contemplates that securities will or may be issued or subscribed for or acquired for the account of the Trust.

31.2 This ability does not apply to an option, or a purchase of a transferable security which confers a right to subscribe for or acquire a transferable security, or to convert one transferable security into another.

31.3 The exposure of the Trust to agreements and understandings as set out above, on any business day be covered and be such that, if all possible obligations arising under them had immediately to be met in full, there would be no breach of any limit in the COLL Sourcebook.

## **32 Guarantees and Indemnities**

32.1 The Trustee for the account of the Trust must not provide any guarantee or indemnity in respect of the obligation of any person.

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

32.3 Paragraphs 32.1 and 32.2 do not apply to in respect of the Trust:

(a) any indemnity or guarantee given for margin requirements where the derivatives or forward transactions are being used in accordance with COLL 5; and

(b) an indemnity given to a person winding up a body corporate or other scheme in circumstances where those assets are becoming part of the Scheme Property by way of a unitisation.

## **33 Stock Lending**

The Trust may not enter into Stock lending transactions.

## APPENDIX V

### TYPICAL INVESTOR PROFILE(S)

Below is an indication of the target market of the Trust as required under MiFID II regulations. This is fully detailed in the EMT which should be made available to you before making an investment. If you do not believe you fit the target market of this Trust please seek advice from your professional adviser.

This Trust is suitable for all investor types of all levels of knowledge and experience coming into the Trust from all available distribution channels.

Investors should be seeking no capital guarantee and be able to bear losses up to their full investment.

The Trust seeks to increase capital and grow income over a long time period.

Please refer to the latest EMT or KIID for the Synthetic Risk Reward Indicator (SRRI).

## APPENDIX VI

### ADDITIONAL INFORMATION

Investment Fund Services Limited acts as authorised corporate director or authorised unit trust manager in respect of the following OEICs and unit trusts:

- ACUMEN OEIC
- IFSL AMR OEIC
- IFSL Avellemy OEIC
- IFSL Avellemy Multi-Manager OEIC
- IFSL Bowland Fund
- IFSL CAF Investment Fund
- IFSL CH Special Mandates Fund
- IFSL Church House Balanced Equity Income Fund
- IFSL Church House Esk Global Equity Fund
- IFSL Church House Investment Grade Fixed Interest Fund
- IFSL Church House UK Equity Growth Fund
- IFSL Equilibrium OEIC
- IFSL Hathaway Fund
- IFSL James Hambro Umbrella Fund
- IFSL Marlborough Balanced Fund
- IFSL Marlborough Bond Income Fund
- IFSL Marlborough Cautious Fund
- IFSL Marlborough Emerging Markets Trust
- IFSL Marlborough European Special Situations Fund
- IFSL Marlborough Extra Income Fund
- IFSL Marlborough Global Bond Fund
- IFSL Marlborough Global Fund
- IFSL Marlborough Global Innovation Fund
- IFSL Marlborough High Yield Fixed Interest Fund
- IFSL Marlborough Multi-Asset OEIC
- IFSL Marlborough Multi-Cap Growth Fund
- IFSL Marlborough No2 OEIC
- IFSL Marlborough OEIC
- IFSL Marlborough Special Situations Fund
- IFSL Marlborough UK Micro-Cap Growth Fund
- IFSL Marlborough US Multi-Cap Income Fund
- IFSL Optima Fund
- IFSL Ravenscroft OEIC
- IFSL RC Brown OEIC
- IFSL Rockhold OEIC
- IFSL Sanlam OEIC
- IFSL Signia OEIC
- IFSL SIM Junior Gold & Silver Miners Fund
- IFSL Tilney Bestinvest Multi Asset Portfolio
- IFSL Tilney Bestinvest Multi Asset Portfolio Series II
- IFSL Trade Union Unit Trust
- IFSL YOU Asset Management Funds
- Mazarin OEIC

## DIRECTORS OF THE MANAGER

The directors of Investment Fund Services Limited are:

**Andrew Staley**

In addition to his role as non-executive director of the Manager, Mr Staley also acts as managing director of Marlborough Investment Management Limited and is a director of Novia Global Limited, Marlborough Investment Management (UK) Limited, Marlborough Unit Trust Managers Limited, Marlborough Group Holdings Limited, UK Travel Limited and UFC Fund Management PLC.

**Allan Hamer** - Also a director of Marlborough Group Holdings Limited, Marlborough Fund Managers Ltd, MFM Unit Trust Managers Limited, IFSL Professional Services Limited, Marlborough International Management Limited and Marlborough International Fund PCC Limited.

**Helen Redmond** - Also a director of IFSL Professional Services Limited.

**Helen Derbyshire** - Also a director of Marlborough Group Holdings Limited and Marlborough Fund Managers Ltd.

**Sally Helston** - Executive director of the Manager.

**Guy Sears** - Independent non-executive director and Chair of the IFSL Board.

**Sarah Peaston** - Independent non-executive director - Also an independent non-executive director of IFSL Administration Limited.



## APPENDIX VII

### PAST PERFORMANCE

Below shows the historical performance of the Fund covered by the Prospectus. Where possible, discrete annual performance over 5 years is shown. However, where a Fund has been in existence for less than any of the annual periods, the performance since the launch of the Fund is shown, plus any of the 5 year figures, as applicable.

	01/07/2017 to 30/06/2018 %	01/07/2018 to 30/06/2019 %	01/07/2019 to 30/06/2020 %	01/07/2020 to 30/06/2021 %	01/07/2021 to 30/06/2022 %
IFSL Church House Balanced Equity Income Fund A Accumulation	5.32	4.36	-9.71	16.26	-6.39

Source: Morningstar

## APPENDIX VIII

### DIRECTORY

#### **The Trust and Head Office:**

IFSL Church House Balanced Equity Income Fund  
Marlborough House  
59 Chorley New Road  
Bolton, BL1 4QP

#### **Manager, Administrator & Registrar**

Investment Fund Services Limited

#### **Registered Office and Operating Address:**

Marlborough House  
59 Chorley New Road  
Bolton, BL1 4QP  
(Authorised and regulated by the Financial Conduct Authority)

#### **Trustee:**

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

#### **Principal Place of Business:**

NatWest Trustee & Depositary Services Limited  
House A, Floor 0  
Gogarburn  
175 Glasgow Road  
Edinburgh, EH12 1HQ  
(Authorised and regulated by the Financial Conduct Authority)

#### **Investment Manager:**

Church House Investments Limited  
York House, 6 Coldharbour  
Sherborne  
Dorset, DT9 4JW  
(Authorised and regulated by the Financial Conduct Authority)

#### **Auditors:**

Ernst & Young LLP  
Atria One  
144 Morrison Street  
Edinburgh, EH3 8EX

## APPENDIX IX

### LIST OF DEPOSITARY DELEGATES AND SUB-DELEGATES

<b>Depositary Delegate (The Custodian)</b>	
RBC Investor Services Trust, UK Branch	
<b>Depositary Sub-delegates (Sub-Custodians)</b>	
<b>Australia</b>	HSBC Bank Australia Limited
<b>Austria</b>	UniCredit Bank Austria AG
<b>Belgium</b>	BNP Paribas Securities Services
<b>Bulgaria</b>	UniCredit Bulbank AD
<b>Canada</b>	RBC
<b>Croatia</b>	UniCredit Bank Austria AG
<b>Cyprus</b>	HSBC Bank plc
<b>Czech Republic</b>	UniCredit Bank Czech Republic and Slovakia, a.s.
<b>Denmark</b>	Danske Bank A/S
<b>Estonia</b>	Swedbank AS
<b>Finland</b>	Nordea Bank Finland plc
<b>France</b>	Deutsche Bank AG
<b>Germany</b>	Deutsche Bank A.G.
<b>Greece</b>	HSBC Bank PLC Greece
<b>Hong Kong</b>	Standard Chartered Bank
<b>Hungary</b>	UniCredit Bank Hungary Zrt.
<b>India</b>	The Hongkong and Shanghai Banking Corporation Ltd
<b>Ireland</b>	RBC Investor Services Trust
<b>Italy</b>	BNP Paribas Securities Services
<b>Japan</b>	CitiBank Japan Ltd
<b>Latvia</b>	Swedbank AS
<b>Lithuania</b>	Swedbank AB
<b>Luxembourg</b>	Euroclear Bank
<b>Malaysia</b>	Standard Chartered Bank Malaysia Berhad
<b>Mexico</b>	Banamex S.A.
<b>Netherlands</b>	BNP Paribas Securities Services
<b>New Zealand</b>	The Hongkong and Shanghai Banking Corporation Limited
<b>Norway</b>	DNB Nor Bank ASA
<b>Philippines</b>	Standard Chartered Bank
<b>Poland</b>	Bank Polska Kasa Opieki S.A
<b>Romania</b>	UniCredit Bank S.A.
<b>Singapore</b>	DBS Bank Ltd
<b>Slovakia</b>	UniCredit Bank Slovakia a.s.
<b>Slovenia</b>	UniCredit Bank Austria AG
<b>South Africa</b>	Société Générale
<b>South Korea</b>	The Hongkong and Shanghai Banking Corporation Limited
<b>Spain</b>	RBC Investor & Treasury Services
<b>Sweden</b>	Skandinaviska Enskilda Banken AB (publ)
<b>Switzerland</b>	Credit Suisse AG
<b>Taiwan</b>	HSBC Bank (Taiwan) Limited
<b>Thailand</b>	Standard Chartered Bank (Thai) Pcl
<b>United Kingdom</b>	(1) RBC Investor & Treasury Services (2) Deutsche Bank A.G
<b>United States</b>	The Bank of New York Mellon