

PROSPECTUS

FOR

HBOS UK INVESTMENT FUNDS ICVC

An investment company with variable capital
incorporated with limited liability and registered
in England and Wales

Valid as at 7 August 2019

This document is prepared in accordance with the Collective Investment
Schemes Sourcebook.

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IMPORTANT NOTES

IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS PROSPECTUS, YOU SHOULD CONSULT YOUR FINANCIAL ADVISER.

This document constitutes the Prospectus for HBOS UK Investment Funds ICVC (the "Company"). It is dated and is valid as at 7 August 2019.

HBOS Investment Fund Managers Limited, the authorised corporate director of the Company, is the person responsible for the information contained in this Prospectus. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained herein does not contain any untrue or misleading statement or omit any matters required by the Sourcebook to be included in it. HBOS Investment Fund Managers Limited accepts responsibility accordingly.

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

Except for the information about itself as Depositary, the Depositary is not a person responsible for the information contained in this Prospectus and accordingly does not accept any responsibility for such information under the Sourcebook or otherwise.

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

The delivery of this Prospectus (whether or not accompanied by any reports) or the issue of Shares shall not, under any circumstances, create any implication that the affairs of the Company have not changed since the date hereof.

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

Distribution of this Prospectus in certain jurisdictions will require that this Prospectus be translated into the official language of those jurisdictions. Where such translation is required, the translated version of this Prospectus shall only contain the same information and shall only have the same meaning as in this Prospectus.

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

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

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

This Prospectus may be changed at any time subject to and having regard to the Sourcebook.

Where this Prospectus refers to any statute, statutory provision or regulation, these references extend to any modification, re-enactment or replacement of them.

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

The Shares which are described in this Prospectus have not been and will not be registered under the United States Securities Act of 1933, the United States Investment Company Act of 1940 or the securities laws of any of the states of the United States of America and may not be directly or indirectly offered or sold in the United States of America to or for the account or benefit of any U.S. Person, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the United States Securities Act of 1933, the United States Investment Company Act of 1940 and similar requirements of such state securities laws

Neither the Company nor the Funds have been or will be registered under the United States Investment Company Act of 1940, as amended.

Investment in Shares by or on behalf of US Persons is not permitted.

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

This Prospectus is governed by the laws of England and Wales.

GLOSSARY OF TERMS

ACD

HBOS Investment Fund Managers Limited (Registered in England and Wales, company number 941082) having its registered office at Trinity Road, Halifax, West Yorkshire HX1 2RG, the authorised corporate director of the Company.

Act

The Financial Services and Markets Act 2000.

Administration Address

For Retail Share Class A and the Institutional Share Class the ACD administration address is HIFML Administration, PO Box 30000, 15 Dalkeith Road, Edinburgh, EH16 9AT.

For Retail Share Classes B, C, D, E, F, G, H, K, P, Q, R and S the ACD's administration address is HIFML Administration, P.O. Box 28132, 15 Dalkeith Road, Edinburgh EH16 9BF.

Adventurous

Looking to maximise the potential return from investments in stocks and shares, these funds involve a significantly higher risk. The value can go up and potentially may be more severe and frequent from the Funds in the other risk categories.

Anticipated Tracking Error

A measure of estimated volatility of fund performance against the benchmark. Also known as "active risk" or "relative risk". In technical terms, it is defined as the forecast standard deviation of annual returns versus the benchmark. Anticipated tracking error is usually quoted ex-ante, with the ex-post measure of volatility of actual returns more usually being referred to as realised tracking error.

Approved Bank

In relation to a bank account opened by the Company:

- (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 a building society which offers, unrestrictedly, banking services; or
 - (iv) 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
- (c) a bank supervised by the South African Reserve Bank.

Approved Money-market Instrument

A money-market instrument which is normally dealt in on the money market, is liquid and has a value which can be accurately determined at any time.

Approved Security

As defined in Appendix C.

Cautious

A fund with a majority of its holdings in assets that may pay a fixed rate of income offering reasonable security. The level of income generated is likely to be attractive but potential for long term growth will be limited. The value can go up and down but dramatic short term moves are unlikely.

Cautious-Medium

A balance of investments offering some security with potential for long term growth/income. The value can go up and down.

Class or Classes

In relation to Shares means (according to the context) all of the Shares related to a single Fund or a particular class of Share related to a single Fund.

Company

HBOS UK Investment Funds ICVC.

Dealing Day

Monday to Friday (except for, unless the ACD otherwise decides, the last working day before Christmas and a public holiday in England and Wales and other days at the ACD's discretion with the approval of the Depositary).

Derivatives

An option, or a future, or a contract for differences.

Depositary

State Street Trustees Limited, the depositary of the Company.

Efficient Portfolio Management or EPM

The use of techniques and instruments which relate to transferable securities and approved money-market instruments and which fulfil the following criteria:

- (a) they are economically appropriate in that they are realised in a cost effective way; and
- (b) they are entered into for one or more of the following specific aims:
 - (i) reduction of risk;
 - (ii) reduction of cost;
 - (iii) generation of additional capital or income for the scheme with a risk level which is consistent with the risk profile of the scheme and the risk diversification rules laid down in the Sourcebook.

Eligible Derivatives Markets

Derivatives markets which the ACD, after consultation with the Depositary, has decided are appropriate for the purpose of investment of or dealing in the Scheme Property in accordance with the relevant criteria set out in the Sourcebook as more fully described in section 3.3 and Appendix B.

Eligible Institutions

One of certain credit institutions under the first Banking Consolidation Directive of the European Community (for example, a bank) authorised by its home state regulator or a MiFID Investment Firm.

The FCA

The Financial Conduct Authority

Fund(s)

Sub-fund(s) of the Company (being part of the Scheme Property of the Company which is pooled separately) and to which specific assets and liabilities of the Company may be allocated and which is invested in accordance with the investment objective applicable to such sub-fund(s).

GAPS

Government and public securities as defined in the Sourcebook.

Group

The group of companies consisting of the ultimate holding company of the ACD from time to time and each of the subsidiaries of that holding company from time to time.

Instrument of Incorporation

The instrument of incorporation of the Company, as amended from time to time, registered by the Company in accordance with the OEIC Regulations and the Sourcebook.

ISA Investor

A stocks and shares individual savings account provided by the ACD.

Medium

A balance of investments offering a wide spread of investments with the potential of long term growth/income. The value can go up and down.

Medium-Adventurous

Offering a narrower, spread of investment in such areas as UK Shares and international Shares, the value of the funds can go up and down and potentially by greater amounts than the Funds in the Medium category.

Net Asset Value or NAV

The value of the Scheme Property of the Company (or of any Fund, as the context requires) less the liabilities of the Company (or of the Fund concerned) as calculated in accordance with the Instrument of Incorporation.

New ISA Subscriptions

The amounts subscribed (before payment of any applicable preliminary charge) by a person via an ISA Investor to the Funds by way of a new or additional subscription or transfer from another ISA manager made at or following 20 February 2017. These amounts

subscribed will include (a) lump sum contributions made on or after 20 February 2017; (b) regular savings arrangements which commence on or after 20 February 2017, including any subsequent increases made to them; and (c) increases which are made on or after 20 February 2017 to any existing regular savings arrangements, and do not include any amounts subscribed as a result of switches from any other funds and/or products provided by any member of the Group.

Non ISA Subscriptions

amounts subscribed (before payment of any applicable preliminary charge) by a person, outside an ISA Investor, to the Funds by way of a new or additional subscription made at or following 20 February 2017. These amounts subscribed will include (a) lump sum contributions made on or after 20 February 2017; (b) regular savings arrangements which commence on or after 20 February 2017, including any subsequent increases made to them; and (c) increases which are made on or after 20 February 2017 to any existing regular savings arrangements, and do not include any amounts subscribed as a result of switches from any other funds and/or products provided by any member of the Group.

OEIC Regulations

The Open-Ended Investment Companies Regulations 2001 as amended or re-enacted from time to time.

Register

The register of Shareholders of the Company.

Registrar

The ACD.

Regulated Activities Order

The Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 as amended and re-enacted from time to time.

Regulations

The OEIC Regulations and the Sourcebook.

Scheme Property

The property of the Company or of a Fund (as the context requires) to be given for safekeeping to the Depositary in accordance with the Sourcebook.

Share or Shares

A share or shares in the Company (including larger denomination shares and smaller denomination shares).

Shareholder(s)

Holder(s) of registered Shares or bearer Shares in the Company.

Shares of a Fund

Shares relating to a particular Fund.

Sourcebook

The Collective Investment Schemes Sourcebook, as amended from time to time.

Switch

The exchange of Shares of one Class or Fund for Shares of another Class or Fund.

UCITS Directive

Means Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities as amended by Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014 as regards depositary functions, remuneration policies and sanctions.

UCITS Regulation

Means Commission Delegated Regulation version (C2015) 9160 final of 17.12.2015.

US

The United States of America (including any states thereof and the District of Columbia), its territories, possessions and all other areas subject to its jurisdiction.

US Person unless otherwise determined by the ACD:

- (i) a resident of the US;
- (ii) a partnership, limited liability company, corporation or other entity organised in or under the laws of the US or any state or other jurisdiction thereof or any entity taxed as such or required to file a tax return as such under the US Federal income tax laws;
- (iii) any estate of which any executor or administrator is a US Person;
- (iv) any trust of which any trustee, beneficiary or, if the trust is revocable, any settlor is a US Person;
- (v) any agency or branch of a foreign entity located in the US;
- (vi) any discretionary or non-discretionary account or similar account (other than an estate or trust) held by a dealer or fiduciary for the benefit or account of a resident of the US;
- (vii) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised or incorporated in the US, or (if an individual) a resident of the US;
- (viii) any employee benefit plan unless such employee benefit plan is established and administered in accordance with the laws of a country other than the US and the customary practices and documentation of such country;

and

- (ix) any person or entity whose ownership of Shares or solicitation for ownership of Shares the ACD through its officers or directors shall determine may violate any securities laws or banking laws of the US or any state or other jurisdiction thereof.

Except that a US Person shall not include corporations, partnerships or other entities which are organised or incorporated under the laws of any non-US jurisdiction, unless such corporation, partnership or other entity was formed by such US Person principally for the purpose of investing in securities not registered under the US Securities Act of 1933, as amended.

Valuation Point

The point, whether on a periodic basis or for a particular valuation, at which the ACD carries out a valuation of the Scheme Property for the Company or a Fund (as the case may be) for the purpose of determining the price at which Shares of a Class may be issued, cancelled, sold or redeemed.

DIRECTORY

HBOS UK Investment Funds ICVC

Trinity Road
Halifax
West Yorkshire
HX1 2RG

Authorised Corporate Director

HBOS Investment Fund Managers Limited
Trinity Road
Halifax
West Yorkshire
HX1 2RG

Address of Register of Shareholders

HBOS Investment Fund Managers Limited
15 Dalkeith Road
Edinburgh
EH16 5WL

Depositary

State Street Trustees Limited

Registered Office:
20 Churchill Place
Canary Wharf
London
E14 5HJ

Correspondence Address:
Quartermile 3,
10 Nightingale Way,
Edinburgh
EH3 9EG

Auditors

PricewaterhouseCoopers LLP
Atria One
144 Morrison Street
Edinburgh
EH3 8EX

Investment Adviser

Aberdeen Asset Investments Limited¹
Bow Bells House
1 Bread Street
London
EC4M 9HH

Administrators

Administration is delegated to Scottish Widows Administration Services and Diligenta Limited.

Scottish Widows Administration Services Limited
Registered Office: 25 Gresham Street
London EC2V 7HN.

¹ The Investment Adviser was previously known as Scottish Widows Investment Partnership Limited.

Diligenta Limited
Registered Office Lynch Wood,
Peterborough,
Cambridgeshire, PE2 6FY

The Administration Address for Retail Share Classes B, C, D, E, F, G, H, K, P, Q, R and S is HIFML Administration, PO Box 28132, 15 Dalkeith Road, Edinburgh EH16 9BF.

The Administration Address for Retail Share Class A and the Institutional Share Class is HIFML Administration, PO Box 30000, 15 Dalkeith Road, Edinburgh EH16 9AT.

Fund Accountant

State Street Bank & Trust Company
Registered Office:
20 Churchill Place
Canary Wharf
London
E14 5HJ

Regulatory body

The Financial Conduct Authority
12 Endeavour Square
London
E20 1JN

Part 1. THE COMPANY

1.1 General

The HBOS UK Investment Funds ICVC described in this Prospectus is an open ended investment company with variable capital, incorporated in England and Wales under the OEIC Regulations. It is governed by the OEIC Regulations, the Sourcebook and its Instrument of Incorporation. The registered number of the Company is IC82 and the FCA Product Reference ("PRN") is 192658. It is a UCITS scheme which complies with the Sourcebook and is an umbrella company as defined in the OEIC Regulations.

The Company is a collective investment scheme as defined in the Act. It is authorised by the FCA as complying with the conditions necessary for it to enjoy rights conferred by the EU Directive on Undertakings for Collective Investment in Transferable Securities.

The Company was authorised by the Financial Services Authority (which has since been succeeded by the FCA) on 20 September 2000 and its Instrument of Incorporation was registered with the Registrar of Companies on 27 September 2000. The Company has an unlimited duration.

The object of the Company is to invest the Scheme Property in transferable securities, money-market instruments, cash and near cash, Derivatives and forward transactions, deposits and units (as defined in the Sourcebook) of collective investment schemes in accordance with the Sourcebook with the aim of spreading investment risk and giving its Shareholders the benefit of the results of the management of that property. The Shareholders have no interest in the Scheme Property, and are not liable for the debts of the Company.

The registered office of the Company is Trinity Road, Halifax, West Yorkshire HX1 2RG.

The address of the head office of the Company is 1 Lovell Park Road, Leeds, West Yorkshire LS1 1NS. This is also the address where notices or other documents can be served.

The maximum size of the Company's issued share capital is £50,000,000,000. The minimum size of the Company's issued share capital is £100,000. Shares in the Company have no par value. The share capital of the Company at all times equals the Net Asset Value of the Company.

The base currency of the Company is currently Pounds Sterling.

The sole director of the Company is HBOS Investment Fund Managers Limited, which acts as the authorised corporate director.

1.2 The Structure of the Company

The Company is structured as an umbrella company, in that different Funds may be established from time to time by the ACD with the approval of the FCA. On the introduction of any new Fund, a revised prospectus will be prepared setting out the relevant details of each Fund.

The assets of each Fund are separate from those of every other Fund and are invested in accordance with the investment objective and investment policy applicable to that Fund.

The Funds currently available are detailed in Appendix B.

The assets of a Fund belong exclusively to that Fund and shall not be used or made available to discharge (directly or indirectly) the liabilities or, or claims against, any other person or body, including the Company and any other Fund and shall not be available for such purpose.

Subject to the above, each Fund will be charged with the liabilities, expenses, costs and charges of the Company attributable to that Fund. Any assets, liabilities, expenses, costs or charges not attributable to a particular Fund may be allocated by the ACD in a manner which is fair to the Shareholders of the Company generally, but they will normally be allocated to all Funds pro rata to the value of the net assets of the relevant Funds.

1.3 Shares

Classes of Share within the Funds

Several Classes of Share may be issued in respect of each Fund. Shares in the Funds are currently only available to be acquired, or Switched between funds or share classes by persons who are resident in the UK (unless the ACD agrees otherwise). The ACD is unable to accept business from persons who are US residents or subsequently become US residents.

The ACD may make available within each Class accumulation Shares, and Income Shares. The types of Shares currently available in respect of each Fund are set out in Appendix A.

A net income Share is one where income is distributed periodically to Shareholders net of any tax deducted or accounted for by the Company. A gross income Share is one in respect of which income is distributed periodically to Shareholders but in accordance with relevant tax laws without deduction or otherwise by the Company of some or any UK basic rate income tax.

Holders of income Shares are entitled to be paid the income attributed to such Shares of the appropriate Class on the interim and annual income allocation dates applying to the relevant Fund.

A net accumulation Share is one in respect of which income is credited periodically to capital net of any tax deducted or accounted for by the Company. Where Shareholders of net accumulation Shares are entitled to gross interest, the amount equivalent to income tax is used to purchase additional net accumulation Shares. A gross accumulation Share is one in respect of which income is credited periodically to capital but in accordance with relevant tax laws without deduction or otherwise by the Company of some or any UK basic rate income tax. For a further explanation of the funds tax impacts, please refer to section 9 below.

Holders of accumulation Shares are entitled to have the income attributed to such Shares of the appropriate Class credited to capital on the interim and annual income allocation dates applying to the relevant Fund.

Where a Fund has different Classes of Share, each Class may attract different charges and expenses and so monies may be deducted from Classes in unequal proportions. In these circumstances the proportionate interests of the Classes within a Fund will be adjusted in accordance with the terms of issue of Shares of those Classes. Also, each Class may have its own investment minima or other features, such as (in the case of the second or further Class of Shares in a Fund) restricted access, at the discretion of the ACD. Any such differences or features are set out in Appendix A.

The characteristics of Shares in the Company

Details of each Class and the rights attached to each Class in so far as they vary from the rights attached to other Classes are included in Appendix A. The type of Class available under each Fund is shown in Appendix B.

Shareholders are entitled (subject to certain restrictions) to Switch all or part of their Shares in a Class or a Fund for Shares in another Class within the same Fund or for Shares of the same or another Class within a different Fund. Details of this Switching facility and the restrictions are in section 4.3.7.

The Instrument of Incorporation provides for the issue of bearer Shares. However, currently the Company does not issue bearer Shares. When these are issued, they will be issued subject to the discretion of the ACD and subject to such conditions as the ACD may from time to time decide (including in respect of the multiples in which they may be issued).

There is no minimum denomination.

The title to registered Shares in the Company is evidenced by entry on the Register. Certificates are not issued to Shareholders in respect of registered Shares, but only in respect of bearer Shares. Details of a Shareholder's entry on the Register are available from the ACD on request. A statement of Shareholding in respect of Shares for which no certificates are issued will be sent to all Shareholders annually, but such a statement shall not constitute a document of title. If a Shareholder requires evidence of title to Shares, the Company will, upon such proof of identity as the ACD may reasonably require, supply that Shareholder with a certified copy of the entry in the Register relating to the Shareholding of Shares. The ACD reserves the right to charge the Shareholder concerned for the supply of such a certified copy.

The rights attaching to the Shares of each Class are expressed in two denominations, a larger denomination and a smaller denomination. The number of Shares of a Class held by any Shareholder shall be the total of:

$$N + \frac{n}{1,000}$$

Where N is the number of larger denomination Shares of that Class held and n is the number of smaller denomination Shares of that Class held. The Register and all documentation sent to the Shareholders will show the number of larger denomination

Shares and smaller denomination Shares of the same Class held as a single entry derived from the above formula.

If a Shareholder, at any time, has title to more than 1,000 of the smaller denomination Shares of any one Class, then sufficient smaller denomination Shares of that Class will be consolidated into larger denomination Shares of the same Class, in a ratio of 1,000 smaller denomination Shares to one larger denomination Share, so that he has title to less than 1,000 smaller denomination Shares of that Class.

The ACD may at any time for the purpose of effecting a transaction with a Shareholder in Shares, substitute that Shareholder's entitlement to one or more larger denomination Shares into an entitlement to smaller denomination Shares of the same Class in a ratio of one larger denomination Share to 1,000 smaller denomination Shares.

1.4 Changes to the Company

Where any changes are proposed to be made to the Company or a Fund the ACD will assess whether the change is fundamental, significant or notifiable in accordance with Rule 4.3 of the Sourcebook. If the change is regarded as fundamental, Shareholder approval will be required. If the change is regarded as significant, not less than 60 days' prior written notice will be given to Shareholders. If the change is regarded as notifiable, Shareholders will receive notice of the change in an appropriate manner and within appropriate timescales. The manner and timescale of notification will depend on the nature of the change.

Part 2. THE SERVICE PROVIDERS

2.1 The Authorised Corporate Director

The authorised corporate director is HBOS Investment Fund Managers Limited whose registered office is at Trinity Road, Halifax, West Yorkshire, HX1 2RG. Its head office is at 1 Lovell Park Road, Leeds, West Yorkshire LS1 1NS. The ACD is a private limited company with issued share capital of 8,000,000 "A" ordinary shares of £1, each fully paid. The company was incorporated under the laws of England and Wales on 24 October 1968 with Registered Number 941082. The ultimate holding company of the ACD is Lloyds Banking Group plc, a company incorporated in Scotland.

The ACD is authorised and regulated by the FCA.

The ACD is responsible for managing and administering the affairs of the Company in compliance with the Sourcebook. The ACD may delegate its management and administration functions to third parties including associates subject to the provisions of the Sourcebook. Please see pages 15, 16 and 17 for further details.

The ACD is also the authorised corporate director of four other open-ended investment companies, details of which are set out in Appendix E. Shareholders are able to switch between the Company and these OEICs as set out in 'Switching shares' in section 4.3.7.

At present, the Company has no directors other than the ACD.

Details of the directors of the ACD are given in Appendix D.

Terms of Appointment

The ACD has been appointed by the Company to provide the services of an authorised corporate director to the Company under the terms of an agreement between the ACD and the Company (the "ACD Agreement"). The duties of the ACD include the management, investment and reinvestment of the Scheme Property of each Fund in order to achieve their respective investment objectives.

The ACD Agreement may be terminated by either party giving to the other not less than three months' notice. In addition, each party may terminate the ACD Agreement at any time by written notice if the other party shall go into liquidation (except at voluntary liquidation for the purpose of reconstruction or amalgamation on terms previously agreed by the other party) or if a receiver is appointed over all or any substantial part of their assets or commits a material breach of the agreement without remedying such breach within 30 days.

The ACD is entitled to its pro rata fees and expenses to the date of termination and any additional expenses necessarily realised in setting or concluding any outstanding obligations. No compensation for loss of office is provided for in the ACD Agreement. The ACD Agreement provides indemnities to the ACD to the extent permitted by the Sourcebook.

The ACD is authorised to enter into stock lending transactions in relation to the Funds. The stock lending arrangements are described in Part 3. The arrangements in place by which the parties may receive a share of revenue (out of any gross lending income generated from a stock lending transaction) are set out in Part 5.

The ACD is under no obligation to account to the Depositary or the Shareholders for any profit on the issue or reissue of Shares or cancellation of Shares which it has redeemed. The fees to which the ACD is entitled are set out in Part 5.

Shareholders may inspect a copy of the ACD Agreement from the ACD at 1 Lovell Park Road, Leeds, West Yorkshire LS1 1NS. Shareholders may obtain a copy of the ACD Agreement from the ACD at its Administration Address. The ACD will send copies to Shareholders within ten days of receipt of their requests.

2.2 The Depositary

The depositary of the Company is State Street Trustees Limited a private company limited by shares (registered number 2982384) which was incorporated in England and Wales on 24 October 1994.

The registered office of the Depositary is at 20 Churchill Place, Canary Wharf, London E14 5HJ. Its Head Office (and the address which should be used for correspondence) is Quartermile 3, 10 Nightingale Way, Edinburgh EH3 9EG. The Depositary is an authorised person for the purposes of the Act and is authorised and regulated by the FCA.

The appointment of the Depositary was effected under the Depositary Agreement dated March 2016 between the Company, the ACD and the Depositary.

Depository's Functions

The Depository has been entrusted with following main functions:

- ensuring that the sale, issue, repurchase, redemption and cancellation of Shares are carried out in accordance with applicable law and the Instrument of Incorporation.
- ensuring that the value of the Shares is calculated in accordance with applicable law and the Instrument of incorporation.
- carrying out the instructions of the ACD unless they conflict with applicable law and the Instrument of Incorporation.
- ensuring that in transactions involving the assets of a Fund any consideration is remitted within the usual time limits.
- ensuring that the income of a Fund is applied in accordance with applicable law and the Instrument of Incorporation.
- monitoring of the Funds' cash and cash flows
- safe-keeping of the Funds' assets, including the safekeeping of financial instruments to be held in custody and ownership verification and record keeping in relation to other assets.

Depository's Liability

In carrying out its duties the Depository shall act honestly, fairly professionally, independently and solely in the interests of the Company and its Shareholders.

In the event of a loss of a financial instrument held in custody, determined in accordance with the UCITS Directive, and in particular Article 18 of the UCITS Regulation, the Depository shall return financial instruments of identical type or the corresponding amount to the Fund without undue delay.

The Depository shall not be liable if it can prove that the loss of a financial instrument held in custody has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary pursuant to the UCITS Directive.

In case of a loss of financial instruments held in custody, the Shareholders may invoke the liability of the Depository directly or indirectly through the ACD provided that this does not lead to a duplication of redress or to unequal treatment of the Shareholders.

The Depository will be liable to the Company for all other losses suffered by or in respect of a Fund as a result of the Depository's negligent or intentional failure to properly fulfil its obligations pursuant to the UCITS Directive.

The Depository shall not be liable for consequential or indirect or special damages or losses, arising out of or in connection with the performance or non-performance by the Depository of its duties and obligations.

Delegation

The Depositary has full power to delegate the whole or any part of its safe-keeping functions but its liability will not be affected by the fact that it has entrusted to a third party some or all of the assets in its safekeeping. The Depositary's liability shall not be affected by any delegation of its safe-keeping functions under the Depositary Agreement.

Information about the safe-keeping functions which have been delegated and the identification of the relevant delegates and sub-delegates are contained in Appendix F to the Prospectus.

Conflict of Interest

The Depositary is part of an international group of companies and businesses that, in the ordinary course of their business, act simultaneously for a large number of clients, as well as for their own account, which may result in actual or potential conflicts. Conflicts of interest arise where the Depositary or its affiliates engage in activities under the Depositary Agreement or under separate contractual or other arrangements. Such activities may include:

- (i) providing nominee, administration, registrar and transfer agency, research, agent securities lending, investment management, financial advice and/or other advisory services to the Company;
- (ii) engaging in banking, sales and trading transactions including foreign exchange, derivative, principal lending, broking, market making or other financial transactions with the Company either as principal and in the interests of itself, or for other clients.

In connection with the above activities the Depositary or its affiliates:

- (i) will seek to profit from such activities and are entitled to receive and retain any profits or compensation in any form and are not bound to disclose to, the Company or the ACD, the nature or amount of any such profits or compensation including any fee, charge, commission, revenue share, spread, mark-up, mark-down, interest, rebate, discount, or other benefit received in connection with any such activities;
- (ii) may buy, sell, issue, deal with or hold, securities or other financial products or instruments as principal acting in its own interests, the interests of its affiliates or for its other clients;
- (iii) may trade in the same or opposite direction to the transactions undertaken, including based upon information in its possession that is not available to the Company or the ACD;
- (iv) may provide the same or similar services to other clients including competitors of the Company and/or the ACD
- (v) may be granted creditors' rights by the Company which it may exercise.

The Investment Adviser may use an affiliate of the Depositary to execute foreign exchange, spot or swap transactions for the account of one or more of the Funds. In such instances the affiliate shall be acting in a principal capacity and not as a broker,

agent or fiduciary of the Fund. The affiliate will seek to profit from these transactions and is entitled to retain and not disclose any profit to the Company, the ACD or the Investment Adviser. The affiliate shall enter into such transactions on the terms and conditions agreed with the Investment Adviser for the account of the relevant Fund.

Where cash belonging to a Fund is deposited with an affiliate being a bank, a potential conflict arises in relation to the interest (if any) which the affiliate may pay or charge to such account and the fees or other benefits which it may derive from holding such cash as banker and not as trustee.

The ACD may also be a client or counterparty of the Depositary or its affiliates.

Potential conflicts that may arise in the Depositary's use of sub-custodians include four broad categories:

(1) conflicts from the sub-custodian selection and asset allocation among multiple sub-custodians influenced by (a) cost factors, including lowest fees charged, fee rebates or similar incentives and (b) broad two-way commercial relationships in which the Depositary may act based on the economic value of the broader relationship, in addition to objective evaluation criteria;

(2) sub-custodians, both affiliated and non-affiliated, act for other clients and in their own proprietary interest, which might conflict with clients' interests;

(3) sub-custodians, both affiliated and non-affiliated, have only indirect relationships with clients and look to the Depositary as its counterparty, which might create incentive for the Depositary to act in its self-interest, or other clients' interests to the detriment of clients; and

(4) sub-custodians may have market-based creditors' rights against client assets that they have an interest in enforcing if not paid for securities transactions.

In carrying out its duties the Depositary shall act honestly, fairly, professionally, independently and solely in the interests of a Fund and its Shareholders.

The Depositary has functionally and hierarchically separated the performance of its depositary tasks from its other potentially conflicting tasks. The system of internal controls, the different reporting lines, the allocation of tasks and the management reporting allow potential conflicts of interest and the Depositary issues to be properly identified, managed and monitored. Additionally, in the context of the Depositary's use of sub-custodians, the Depositary imposes contractual restrictions to address some of the potential conflicts and maintains due diligence and oversight of sub-custodians to ensure a high level of client service by those agents. The Depositary further provides frequent reporting on clients' activity and holdings, with the underlying functions subject to internal and external control audits. Finally, the Depositary internally separates the performance of its custodial tasks from its proprietary activity and follows a Standard of Conduct that requires employees to act ethically, fairly and transparently with clients.

Up-to-date information on the Depositary, its duties, any conflicts that may arise, the safe-keeping functions delegated by the Depositary, the list of delegates and sub-

delegates and any conflicts of interest that may arise from such a delegation will be made available to Shareholders on request.

The Depositary Agreement may be terminated by the Company or the Depositary giving not less than 12 months' written notice where the ACD remains a member of its current parent group or not less than 3 months' written notice in any other circumstances. However, until the expiry of the fifth anniversary of the Depositary Agreement, where the ACD remains a member of its current parent group, the Company can only terminate the Depositary Agreement on giving not less than twelve months' written notice if the Depositary has failed to provide the depositary services in accordance with the Sourcebook, the OEIC Regulations or the Depositary Agreement on not less than three occasions within any period of consecutive 730 days and the Company has given the Depositary written notice on each occasion. It also provides that in certain circumstances, the Depositary Agreement can be terminated forthwith on giving notice. No notice of termination shall take effect until the appointment of a successor depositary. The Depositary Agreement provides indemnities to the Depositary (except (a) in respect of the negligence, fraud, wilful default, certain breaches of the Depositary Agreement or failure to exercise due care and diligence by the Depositary, or any of its officers, directors, employees or associates or, in certain circumstances, agents or delegates and (b) where recovery is made from another person) and (to the extent permitted by the OEIC Regulations and the FCA Rules) exempts it from, inter alia, liability for special, indirect or consequential loss or damage and any loss in connection with any assets of the Company where it has exercised due care and diligence and has not committed fraud or wilful default.

The fees to which the Depositary is entitled and the expenses for which the Depositary will be reimbursed are set out in Part 5.

2.3 The Registrar

The Company has appointed the ACD to provide the functions of registrar to the Company. The Register is maintained at 15 Dalkeith Road, Edinburgh EH16 5WL, where it may be inspected during normal business hours by any Shareholder or any Shareholder's duly authorised agent. The plan register of investors in Retail Share Class A may be inspected during normal business hours at the same address.

The Register is prima facie evidence of entitlement to Shares except in the case of bearer Shares.

No notice of any trust shall be entered in the Register.

2.4 The Auditors

The auditors to the Company are PricewaterhouseCoopers LLP, Atria One, 144 Morrison Street, Edinburgh, EH3 8EX.

The Company does not hold Annual General Meetings and therefore the ACD will appoint the auditors.

2.5 The Investment Adviser

The Investment Adviser is Aberdeen Asset Investments Limited.² The Investment Adviser is authorised and regulated by the FCA and its principal activity is to provide fund management services.

The Investment Adviser, under the agreement with the ACD, invests the Company's assets at times and in a manner determined by the Investment Adviser, in order to meet the investment objectives of the Funds. The Investment Adviser has full authority and discretion, without prior reference to the ACD, to enter into investment transactions on behalf of the ACD subject to the objectives of each of the Funds.

The Investment Adviser has provided services to the Funds as an investment adviser since 2 November 2009. The Investment Adviser's services are currently provided pursuant to an agreement between the ACD and the Investment Adviser dated 31 March 2014 for an initial term of eight years. The agreement may be terminated by the Investment Adviser or the ACD giving twelve months' written notice to the other, in the case of the ACD giving notice the twelve months' notice period is not to expire before the end of the eight year initial term, and with immediate effect by the ACD where required to do so by the FCA Rules (which rules include a provision that the mandate must be withdrawn with immediate effect where it is in the interests of Shareholders to do so).

2.6 The ACD verifies with the Investment Advisers that they comply with the UK Stewardship Code in the exercise of voting rights in the investments they hold in relation to the Funds on behalf of the ACD

2.7 Transfer Agency and other Administration Services

The ACD has, under an administration services agreement, appointed Diligenta to provide the services of a transfer agent. Diligenta is a UK-based subsidiary of Tata Consultancy Services (TCS) and is authorised and regulated by the FCA (firm reference number (438831). The services undertaken by Diligenta include the processing of applications for buying and selling Shares, the servicing of certain investor requests and other administration services relating to the Company.

Additionally, the ACD has delegated certain other administration functions to Scottish Widows Administration Services Limited.

The administration address for Retail Share Classes B, C, D, E, F, G, H, K P, Q, R and S is HIFML Administration, PO Box 28132, 15 Dalkeith Road, Edinburgh EH16 9BF.

The administration address for Retail Share Class A and the Institutional Share Class is HIFML Administration, PO Box 30000, 15 Dalkeith Road, Edinburgh EH16 9AT.

2.8 Fund Accountant

The Fund Accountant is State Street Bank & Trust Company.

² Important Note: The Investment Adviser changed its name on 24 November 2014 from Scottish Widows Investment Partnership Limited, which was acquired by Aberdeen Asset Management PLC on 31 March 2014. Prior to this, the Investment Adviser was in the same group of companies at the ACD.

2.9 Custodian

The Depositary has delegated the custody of the assets of the Funds to State Street Bank & Trust Company ("SSBTC"). These arrangements prohibit SSBTC (or its delegates) as custodians from releasing documents evidencing title to such assets into the possession of a third party without the consent of the Depositary.

2.10 Conflicts of Interest

The ACD or any associate of it may, from time to time, act as investment advisor to other companies or funds which follow similar investment objectives to those of the Funds. It is therefore possible that the ACD and/or the other service providers may in the course of their business have potential conflicts of interest with the Company or a particular Fund. Each of the ACD and the other service providers will, however, have regard in such event to its obligations under the ACD Agreement and the agreements with the ACD respectively and, in particular, to their obligation to act in the best interest of the Company so far as practicable, having regard to their obligation to other clients when undertaking any investment where potential conflicts of interest may arise.

The Depositary may, from time to time, act as the Depositary of other companies or funds.

The Depositary, the ACD or any investment adviser or any associate of them may (subject to the Sourcebook) hold money on deposit from, lend money to, or engage in stock lending transactions in relation to the Company, so long as the services concerned are provided on arm's length terms (as set out in the Sourcebook) through a member of an investment exchange (acting as principal) who is an affected person in relation to the ACD.

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

Subject to compliance with the Sourcebook the ACD may be party to or interested in any contract, arrangement or transaction to which the Company is a party or in which it is interested. The ACD is entitled in its own discretion to determine the terms of its appointment as such and consequently to amend the terms of the ACD Agreement.

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

- (a) their acting as agent for the Company in the sale or purchase of property to or from the Funds; or
- (b) their part in any transaction or the supply of services permitted by the Sourcebook; or
- (c) their dealing in property equivalent to any owned by (or dealt in for the account of) the Company.

The ACD and other companies within the Lloyds Banking Group maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps to prevent conflicts of interest as detailed in the FCA Handbook from constituting or giving rise to a material risk of damage to the interests of its clients.

2.11 Best Execution and Client Order Handling

The ACD is required to ensure Shareholders' best interests are served when it, or the Investment Adviser, executes decisions to deal in the context of portfolio management or places orders to deal with securities dealing firms. The Investment Adviser on behalf of the ACD monitors the quality of the execution and client order handling arrangements they maintain with the brokers they use and promptly make any changes where they identify a need to do so. Further details relating to the ACD's policy are available by contacting the ACD.

Part 3. THE COMPANY'S INVESTMENT OBJECTIVES, POLICIES, POWERS AND RESTRICTIONS

3.1 The Investment Objectives and Policies

The investment objectives and policies of each Fund are in Appendix B. The profile of the typical investor for whom each Fund is designed and the past performance of each Fund are detailed in Appendix B.

3.2 The Investment Powers and Restrictions

Each Fund may use all of the investment and borrowing powers permitted by the Sourcebook but is subject to the restrictions set out in Chapter 5 of the Sourcebook relevant to UCITS schemes and those set out below and to each Fund's investment objectives and policy. These limits apply to each Fund as summarised below:

Prudent spread of risk: The ACD must ensure that, taking account of the investment objectives and policy of the Fund, the Scheme Property of the Fund aims to provide a prudent spread of risk.

The requirements on spread and investment in government and public securities do not apply until the expiry of a period of six months after the initial offer in respect of a Fund commences provided that the requirement to maintain a prudent spread of risk is complied with.

Transferable Securities: 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.

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.

In applying the above paragraph 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.

The Company may invest in transferable securities only to the extent that the transferable securities fulfil the criteria in the Sourcebook

The Scheme Property of the Fund must, except where otherwise provided in Chapter 5 of the Sourcebook, only consist of any or all of transferable securities.

Transferable securities held within the Fund must (subject to the paragraph below concerning unapproved securities) be admitted to or dealt on an Eligible Market as described below.

Unapproved securities: Not more than 10% in value of the Scheme Property of the Fund is to consist of transferable securities, which are not approved securities.

Eligible Markets regime: To protect investors the markets on which investments of the Fund 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.

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.

A market is eligible for the purposes of the rules if it is a regulated market or a market in an EEA State which is regulated, operates regularly and is open to the public or

- (a) if the ACD, after consultation with and notification to the Depositary, 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 Depositary has taken reasonable care to determine that adequate custody arrangements can be provided for the investment dealt in on that market and all reasonable steps have been taken by the ACD in deciding whether that market is eligible. In this paragraph, 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.

The Eligible Markets for all of the Funds are as set out under "Eligible Markets" in Appendix B.

Spread: general

This rule on spread does not apply to government and public securities (see below).

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.

Not more than 5% in value of the Scheme Property is to consist of transferable securities issued by any single body. The limit of 5% in this paragraph is raised to 10% in respect of up to 40% in value of the Scheme Property. In applying this

paragraph certificates representing certain securities are treated as equivalent to the underlying security.

Not more than 20% in value of the scheme is to consist of transferable securities issued by the same group (as referred to above).

In applying the limits above not more than 20% in value of the Scheme Property is to consist of any combination of two or more of the following:

- (a) transferable securities issued by; or
- (b) deposits (but only in so far as they relate to near cash) made with;

a single body.

Not more than 5% in value of the scheme is to consist of warrants.

Spread: Government and public securities

The above restrictions do not apply to Government and public securities. The restrictions in relation to transferable securities or approved money-market instruments issued by (a) an EEA State; (b) a local authority of an EEA State; (c) a non-EEA State; or (d) a public international body to which one or more EEA States belong ("**Such Securities**") are set out below.

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.

Investment in collective investment schemes: Up to 10% in value of the property of a Fund may be invested in units or shares in one or more other UCITS Schemes, certain recognised schemes as defined in section 272 of the Act, certain non-UCITS retail schemes, certain schemes authorised in another EEA state or certain schemes authorised by the competent authority of an OECD (Organisation for Economic Co-operation and Development) member country, provided in each case certain conditions are met and in particular that the second scheme has terms which prohibit more than 10% in value of the Scheme Property consisting of units in collective investment schemes.

Investment may only be made in other collective investment schemes managed by the ACD or an associate of the ACD if the instrument constituting those schemes states that their investment will be restricted or specialised in terms of a particular geographic area or economic sector and provided there is no double charging of the initial charge.

The Scheme Property attributable to a Fund may include shares in another Fund of the Company (the "Second Fund") provided that:

- (a) the Second Fund does not hold Shares in any other Fund;
- (b) the Fund's prospectus clearly states that it may enter into such investments and the rules on double charging contained in the Sourcebook are complied with; and

- (c) not more than 20% in value of the Scheme Property of the investing or disposing Fund is to consist of Shares in the Second Fund.

Investment in nil and partly paid securities: 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 Fund, at the time when payment is required, without contravening the rules in Chapter 5 of the Sourcebook.

Derivatives: The Funds will use Derivatives only for the purposes of EPM.

Significant influence

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

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

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

Concentration: A UCITS scheme:

- (a) must not acquire transferable securities (other than debt securities) which do not carry a right to vote on any matter at a general meeting of the body corporate that issued them and represent more than 10% of those securities issued by that body corporate;
- (b) must not acquire more than 10% of the debt securities issued by any single body;
- (c) must not acquire more than 10% of the units in a collective investment scheme;
- (d) must not acquire more than 10% of the Approved Money-market Instruments issued by any single issuing body; and

need not comply with the limits above if, at the time of acquisition, the net amount in issue of the relevant investment cannot be calculated.

Cash and near cash: Each Fund may hold cash and near cash to enable the redemption of Shares, the efficient management of the Fund in accordance with its objective or other purposes which may reasonably be regarded as ancillary to the objectives of the Fund and also during any initial offer period of the Fund. The ACD reserves the right to allow cash levels of each Fund to run up to 20% of the value of the property of the Fund in question if the ACD believes that this would best achieve

the objectives of the Fund and be in the Shareholders' best interests and to advise Shareholders in the next available report and accounts of the circumstances requiring unusually high levels of liquidity.

Cash forming part of the property of a Fund or standing to the credit of the distribution account may be placed in any current, deposit or loan account with the Depositary, the ACD or any investment advisor or any associate of any of them provided it is an Eligible Institution and the arrangements are at least as favourable to the Fund concerned as would be those of any comparable arrangements effected on normal commercial terms negotiated at arm's length between two independent parties.

Cover: Where the Sourcebook allows a transaction to be entered into or an investment to be retained only (for example, investment in warrants and 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 Chapter 5 of the Sourcebook, it must be assumed that the maximum possible liability of the Fund under any other of those rules has also to be provided for.

Where a rule in the 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 it must be assumed that in applying any of those rules, the Fund must also simultaneously satisfy any other obligation relating to cover and no element of cover must be used more than once.

Immovable and moveable property: It is not intended that the Company should have any interest in any immovable property or tangible movable property.

Borrowing: The ACD may, on the instructions of the Company and subject to the Sourcebook, borrow money from an Eligible Institution or an Approved Bank for the use of the Company on terms that the borrowing is to be repayable out of the Scheme Property. Borrowing must be on a temporary basis and borrowings must not be persistent and in any event a period of borrowing must not exceed 3 months without the prior consent of the Depositary, which may be given only on such conditions as appear appropriate to the Depositary to ensure that the borrowing does not cease to be on a temporary basis.

The ACD must ensure that borrowing does not exceed 10% of the Net Asset Value of the Fund (excluding 'back to back' borrowing for efficient portfolio management purposes).

Efficient Portfolio Management (EPM): The Company may use its property to enter into transactions for the purposes of EPM.

Permitted EPM transactions (excluding stock lending transactions) are transactions in Derivatives (i.e. options, futures or contracts for differences) dealt in or traded on an Eligible Derivatives Market; over the counter futures, options or contracts for differences, synthetic futures, or forward currency transactions.

The Eligible Derivatives Markets for each Fund are set out under "Eligible Markets" in Appendix B.

Any forward transactions must be with an approved counterparty (such as Eligible Institutions or Approved Banks). A Derivative or forward transaction which would or

could lead to delivery of Scheme Property to the Depositary in respect of the Company may be entered into only if such Scheme Property can be held by the Company, and the ACD reasonably believes that delivery of the property pursuant to the transaction will not lead to a breach of the Sourcebook.

There is no limit on the amount of the Scheme Property which may be used for EPM but the transactions must satisfy three broadly based requirements.

- (a) EPM may not include speculative transactions. Transactions for EPM purposes must be economically appropriate.
- (b) The purpose of an EPM transaction for the Company must be to achieve one of the following in respect of the Company.
 - (i) Reduction of risk.
 - (ii) Reduction of cost.
 - (iii) The generation of additional capital or income for the Company with a risk level which is consistent with the risk profile of the Company and the risk diversification rules laid down in the Sourcebook.

The generation of additional capital or income may arise out of taking advantage of price imperfections or from the receipt of a premium for writing covered call or covered put options (even if the benefit is obtained at the expense of the chance of yet greater benefit) or pursuant to stock lending as permitted by the Sourcebook.

The relevant purpose must relate to Scheme Property; property (whether precisely identified or not) which is to be or proposed to be acquired for the Company; and anticipated cash receipts of the Company, if due to be received at some time and likely to be received within one month.

- (c) Each EPM transaction must be fully covered globally (i.e. that a Fund's exposure does not exceed the net asset value of its Scheme Property, taking into account the value of the underlying assets, future market movements, counterparty risk and the time available to liquidate any position). The global exposure must be calculated on at least a daily basis. The ACD uses the commitment approach to calculate global exposure for all Funds. The commitment approach converts each derivative position into the market value of an equivalent position in the underlying asset of that derivative. The ACD has selected this method as being appropriate, taking into account the investment strategy of the Funds, the types and complexities of the derivatives and forward transactions used and the proportion of the Scheme Property comprising derivatives and forward transactions.

Scheme Property and cash can be used only once for cover. The lending transaction in a back to back currency borrowing does not require cover.

- (d) The ACD measures the creditworthiness of counterparties as part of the risk management process. The counterparties of these transactions will be highly rated financial institutions specialising in these types of transactions and approved by the Investment Manager. A counterparty may be an associate of the ACD or the Investment Manager which may give rise to a conflict of interest.

- (e) Any income or capital generated by EPM (net of direct or indirect costs) will be paid to the relevant Fund.

Stock lending: As an extension of efficient portfolio management techniques, the ACD on behalf of the Company (or the Depositary acting in accordance with the instructions of the ACD) may enter into certain stock lending transactions in respect of any Fund when it reasonably appears to the ACD to be appropriate to do so with a view to generating additional income for the Company with an acceptable degree of risk. The ACD has appointed State Street Bank & Trust Company ("SSBTC") to perform and enter into stock lending arrangements as agent of the Company in relation to the Funds. SSBTC is entitled to receive a fee for its role in the stock lending arrangements; details are set out on page 47, under Section 6 "Charges and Expenses".

Briefly, such stock lending transactions are those where the Depositary (at the request of the Company or the ACD) delivers securities which are the subject of the transaction in return for which it is agreed that securities of the same kind and amount should be redelivered to the Depositary at a later date and, at the time of initial delivery, the Depositary receives collateral to cover against the risk of the future redelivery not being completed.

Stock lending transactions must always comply with the relevant requirements of the Taxation of Chargeable Gains Act 1992, and may only be entered into if:

- all the terms of the agreement under which securities are to be reacquired by the Depositary for the account of the Company are in a form which is acceptable to the Depositary and are in accordance with good market practice;
- the counterparty* is:
 - an authorised person; or
 - a person authorised by a Home State regulator; or
 - a person registered as a broker-dealer with the Securities and Exchange Commission of the United States of America; or
 - a bank, or a branch of a bank, supervised and authorised to deal in investments as principal, with respect to OTC derivatives by at least one of the following federal banking supervisory authorities of the United States of America: the Office of the Comptroller of the Currency; the Federal Deposit Insurance Corporation; the Board of Governors of the Federal Reserve System; and the Office of Thrift Supervision; and
- (except for stock lending transactions made through Euroclear Bank SA/NV's Securities Lending and Borrowing Programme) high quality and liquid collateral is obtained to secure the obligation of the counterparty under the terms specified in the Sourcebook and the collateral is:
 - acceptable to the Depositary;
 - adequate; and
 - sufficiently immediate; and

- compliant with the requirements of ESMA Guidelines on ETFs and other UCITS issues (ESMA/2012/832EN).

*The counterparty for these purposes is the person who is obliged under the stock lending agreement to transfer to the Depositary the securities transferred by the Depositary under the stock lending arrangement or securities of the same kind.

The ACD and the stock lending agent have agreed minimum requirements for stock lending transactions. These requirements include (i) a list of eligible counterparties that can be transacted with; and (ii) minimum haircuts and credit rating requirements for acceptable collateral. In addition, the stock lending agent carries out a detailed credit evaluation of any proposed new counterparty in line with internally developed methodologies, including an assessment of the counterparty's credit rating, strengths, weaknesses, risk profile, financial metrics and balance sheet position, liquidity profile and external credit rating; and considers whether the counterparty is from an approved jurisdiction (as determined by the ACD and the stock lending agent from time to time in accordance with internal risk processes).

Subject to compliance with any other limits in this Prospectus or in COLL 5, there is no limit on the value of the Scheme Property which maybe the subject of repo contracts or stock lending transactions. **The expected amount of the scheme property which will be used for stock lending purposes for each Fund is between 0-20% of NAV.**

Collateral for Stock Lending

For the purposes of stock lending transactions, collateral is adequate only if it is:

- transferred to the Depositary or its agent;
- received under a title transfer arrangement; and
- at all times equal in value to the market value of the securities transferred by the Depositary plus a premium;

and the Depositary must ensure that the value of the collateral at all times meet these requirements. The duty to do so may be regarded as satisfied in respect of collateral the validity of which is about to expire or has expired where the Depositary takes reasonable care to determine that sufficient collateral will again be transferred at the latest by the close of business on the day of expiry.

Permitted types of collateral for stock lending are defined in the ACD's collateral management policy. Currently in terms of the policy the following types of collateral will be accepted:

- cash (USD, Euro and GBP);
- bonds issued by governments or their agencies, supranational entities, corporate bonds (including convertible bonds), and asset and mortgage-backed securities, in each case having a minimum investment grade rating of A-;
- money market instruments (being debt securities issued by financial institutions such as banks for short term borrowing purposes (which usually pay a fixed rate

of interest)(including commercial paper, treasury bills and certificates of deposit)); and

- equity securities from an agreed list of stock indices (such indices being made up of groups of shares traded on relevant stock markets which are grouped together due to their particular characteristics (for example, sector, market segment, geography, economy)).

Where the collateral is invested in units in a qualifying money market fund (being a fund which invests in money market instruments) managed or operated by (or, for an ICVC, whose authorised corporate director is) the ACD or an associate of the ACD, the conditions in paragraph 3.2, in the section entitled “Investment in collective investment schemes”, must be complied with.

Collateral is sufficiently immediate for the purposes of this section if:

- it is transferred before or at the time of the transfer of the securities by the Depositary; or
- the Depositary takes reasonable care to determine at the time referred to above that it will be transferred at the latest by the close of business on the day of the transfer.

Any agreement for transfer at a future date of securities or of collateral (or of the equivalent of either) under this paragraph may be regarded, for the purposes of valuation and pricing of the Company or this Part, as an unconditional agreement for the sale or transfer of property, whether or not the property is part of the property of the authorised fund.

Collateral transferred to the Depositary is part of the scheme property for the purposes of the FCA Rules, except in the following respects:

- it does not fall to be included in any calculation of NAV, because it is offset by an obligation to transfer; and
- it does not count as scheme property for the purpose of the FCA’s COLL Rules relating to investment and borrowing powers (other than those which relate to stock lending in COLL 5.2).

Collateral will be valued, and may be adjusted, on a daily basis, using available market prices. The valuation of collateral reflects the daily marked to market value and takes into account appropriate discounts which will be determined by the ACD for each asset class.

A summary of the ACD’s collateral management policy is set out on page 61 under Part 10, “General Information”.

Part 4. VALUATIONS, PRICING AND DEALING

4.1 Valuations

The price of a Share in the Company is calculated by reference to the Net Asset Value (or the relevant proportion of the Net Asset Value) of the Fund to which it relates. There shall be a single price for a Share in each class of a Fund of the

Company. Each Fund has a regular Valuation Point at 12 noon on each Dealing Day. The ACD may create an additional Valuation Point for any Fund at any time. Valuations may be carried out for effecting a scheme of amalgamation or reconstruction which do not create a Valuation Point for the purposes of dealings. Where permitted and subject to the Regulations, the ACD may in certain circumstances (for example where a significant event has occurred since the closure of a market) substitute a price with a more appropriate price which in its opinion reflects a fair and reasonable price for that investment.

The Scheme Property attributed to each Fund will be valued at each Valuation Point of that Fund and used to determine the proportion of the Net Asset Value attributable to each Class in that Fund for the purpose of calculating the price of each Class in that Fund.

The value of the Scheme Property attributed to the Fund will be the value of its assets less the value of its liabilities as determined in accordance with the following provisions.

- (a) Transferable securities are valued at their quoted price or, if separate buying and selling prices are quoted, the average of such prices. In the context of the Stock Exchange Electronic Trading Service (SETS), the official mid-market price, rather than the last trade price, will be used to provide an appropriate basis of valuation. In the case of collective investment schemes with separate buying and selling prices, such average is calculated by reference to such prices before the application of any initial, exit or redemption charges. If, in the opinion of the ACD, the price obtained on the foregoing basis in relation to any transferable security or collective investment scheme is unreliable or no recent traded price is available or if no price exists in relation to a transferable security or collective investment scheme, or if the most recent price available does not reflect the ACD's best estimate of the value of the transferable security or collective investment scheme such security will be attributed a value which, in the ACD's opinion, is fair and reasonable.
- (b) OTC Derivative products are valued in accordance with the method of valuation as has been agreed between the ACD and the Depositary.
- (c) Any other property will be valued at what the ACD considers a fair and reasonable mid market price.
- (d) Cash and amounts held in current and deposit accounts and in other time related deposits are valued at their nominal value.
- (e) In the case of contingent liability transactions, written options are valued after deduction of the net premium receivable, off exchange futures are valued at the mark to market value (in accordance with a valuation method agreed between the ACD and the Depositary) and any other forms of contingent liability transactions are valued at the net value of margins on closing out (whether as a positive or negative value), provided that the valuations of off exchange Derivatives will be carried out using a method agreed between the ACD and the Depositary.
- (f) Instructions given to issue or cancel Shares are assumed to have been carried out (and any cash paid or received).

- (g) Uncompleted arrangements for the unconditional sale or purchase of property are (with certain exceptions) assumed to have been completed and all consequential action taken. Such unconditional agreement need not be taken into account if made shortly before the valuation takes place and, in the opinion of the ACD, their omission will not materially affect the final net asset amount.
- (h) Deductions are made for anticipated tax liabilities and for an estimated amount of other liabilities payable out of Scheme Property attributable to the relevant Fund (including without limitation, commissions or other charges payable on the acquisition or disposal of any investment attributable to the Fund) and for outstanding borrowings whenever payable, together with accrued but unpaid interest.
- (i) Amounts are added in respect of estimated recoverable tax and any other amounts due to be paid into the Scheme Property attributable to the relevant Fund, including interest accrued or deemed to have accrued and such parts of the costs of authorising and incorporating the Company and any initial offer or issue of Shares as remains unamortised.
- (j) There shall be excluded from the value of investments or other property any fiscal charges, commissions or other charges that were paid or would be payable on the acquisition or disposal of the investments or other property.

Where there are difficulties regarding obtaining or processing data on securities or other relevant data, the ACD reserves the right to utilise validated market indices for pricing and connected purposes. This method of pricing known as 'indexation' would be used in the pricing of the Funds until such time as the ACD is reasonably satisfied that the difficulties regarding obtaining or processing data have been resolved.

Telephone calls and instructions may be recorded and monitored to check what was said and also to train our staff.

4.2 Price of Shares

The price of Shares in each Class is determined in the following way:

- (a) calculate the value of the Scheme Property (excluding the distribution account and the unclaimed payments account) attributable to Shares of the Class in question by reference to its most recent valuation;
- (b) calculate the number of Shares of the relevant Class in issue immediately before the valuation in (a);
- (c) divide the total at (a) by the number of Shares at (b).

The price of a larger denomination Share of any Class shall be calculated by taking the proportion of the value of Scheme Property attributable to all Shares of the Class in question, by reference to the most recent valuation of that Scheme Property and dividing it by the number of Shares (expressed in terms of the larger denomination Shares) of the relevant Class in issue immediately before the valuation. A smaller denomination Share has a price which is the appropriate proportion of the price of a larger denomination Share.

The price may be expressed in a currency other than that of the currency of designation of the Class of Shares in question if the ACD is satisfied that the rate of exchange between the two currencies is not likely to result in any material prejudice to the interests of Shareholders or potential Shareholders.

On purchase of a Share, the amount payable will equal the aggregate of:

- (a) the price of the Share calculated on the above basis; and
- (b) any initial charge.

On the redemption of a Share, the amount received will equal the price per Share calculated on the above basis less any redemption charge. Currently, the most recent prices of Shares in Retail Share Classes A, B, C, D, E, F, G, H, K, P, Q, R and S are available on our website – www.halifax.co.uk/investments/fundprices.asp – or by calling 0845 850 2976. The most recent prices of the Institutional Share Class are available on our website – www.fundlistings.com – or by calling 0870 901 0138.

Calls to 0845 and 0870 numbers will be charged at standard local rates by your telephone service provider. As these rates may vary from one provider to another, you should check with your own telephone service provider for details of the rates that will apply specifically to you. Please note that the prices published may not be the current prices as Shares are issued and redeemed on a forward pricing basis (by reference to the valuation at the next Valuation Point after the issue or redemption has been agreed) and not on the basis of the published prices. The ACD may use other methods of notification of share prices as it in its discretion shall determine from time to time.

4.3 Dealing in Shares

4.3.1 Dealing Prices

Shares may normally be dealt in with the ACD between 9.00 a.m. to 5.00 p.m. on any Dealing Day (or other times at the ACD's discretion). If requested, the ACD may deal as agent between the investor and the Company.

All dealing will be forward to the prices calculated at the next Valuation Point.

For lump sum investments and sales, a confirmation of the transaction will be dispatched by the close of business on the first working day after the Valuation Point at which the transaction was priced.

4.3.2 Dilution Adjustment

The Company may suffer dilution (reduction in the value of the Scheme Property as a result of the costs incurred in dealing in its underlying investments, taxes and any spread between the buying and the selling prices of such investments which is not reflected in the issue or redemption price paid by or to the Shareholder).

To mitigate the effects of dilution (which, if it is significant, disadvantages existing or continuing Shareholders), the ACD has discretion to make a dilution adjustment (also known as "swinging single pricing") on the purchase or redemption of Shares in a Fund in line with the rules in the Sourcebook. A dilution adjustment is an adjustment to the Share price. Any dilution adjustment will in percentage terms affect the price of a Share of each Share Class in a Fund identically.

The ACD may apply a dilution adjustment on any Dealing Day:

- where there is a net inflow or outflow at Fund level; or
- in any other case where the ACD is of the opinion that the interests of Shareholders require a dilution adjustment to be made.

On the occasions when the dilution adjustment is not applied, there may be an adverse impact on the total assets of the relevant Fund.

As dilution is directly related to the inflows and outflows of monies from the relevant Fund, it is not generally possible to predict accurately whether dilution will occur at any future point in time. Consequently it is also not generally possible to predict accurately how frequently the ACD will need to make such a dilution adjustment. However, for illustrative purposes, the ACD applied dilution adjustment over the period from 1 April 2018 to 31 March 2019, overall on 1265 occasions, broken down as follows:

Fund	Frequency of occasions on which dilution adjustment applied (total number of dealing days for the period is 253)
UK Equity Income Fund	253
FTSE 100 Index Tracking Fund	253
FTSE All-Share Index Tracking Fund	253
UK Growth Fund	253
Corporate Bond Fund	253

If there are net inflows into the relevant Fund the dilution adjustment will increase the prices of the Shares in that Fund and if there are net outflows the prices of Shares in that Fund will be decreased.

A typical adjustment to the Share price might range from 0.35% to 0.54% where the dilution relates to net inflows, and range from 0.06% to 0.33% where dilution relates to net outflows. This estimated range is based on future projections of movements within the Funds, and this can vary with underlying market conditions. Estimates of the amount of dilution adjustment based on securities held can be found in Appendix G.

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

4.3.3 Buying Shares

Subject to any restrictions regarding availability given in Appendix A, Shares may be bought through intermediaries or direct from the ACD as principal or agent. An

intermediary who recommends Shares in the Company to you may be entitled to receive commission from the ACD.

Subject to and in accordance with the Sourcebook, the issue or cancellation of Shares may take place through the Company directly.

Requests to buy Shares may be made in writing to the ACD's Administration Address on any Dealing Day. With the exception of Shares in Retail Share Class B of the UK Growth Fund, requests to buy Shares may also be made by telephone or, at the ACD's discretion, by fax or by any other means approved by the ACD with the agreement of the Depositary (including through approved electronic dealing platforms available to certain types of investor), to the ACD's Administration Address on any Dealing Day. However, unless the ACD agrees otherwise, it will not accept instructions to buy shares given by electronic mail. A purchase of Shares agreed in writing, by telephone, fax or any other means approved by the ACD with the agreement of the Depositary is a legally binding contract.

Payment for the purchase of Shares by telephone or by any other means approved by the ACD must reach the ACD within four working days of the purchase being effected. Subject to fulfilling this condition, for telephone and fax deals, or deals by any other method approved by the ACD, received at the ACD's Administration Address prior to 12 noon on any Dealing Day, the Shares concerned will be issued at a price based on that day's valuation; for deals received at or after 12 noon, the Shares will be issued at a price based on the valuation at the next Dealing Day.

For fax deals received at the ACD's Administration Address prior to 9 a.m. on any Dealing Day, the Shares concerned will be issued at a price based on that day's valuation; for deals received at or after 9 a.m., the Shares will be issued at a price based on the valuation at the next Dealing Day.

Where a request to purchase Shares is by post, it must be accompanied by a cheque or by a telegraphic transfer of monies for the total amount to be invested. For all Shares it may also be accompanied by authority to directly transfer monies for the total amount to be invested from certain Bank of Scotland plc accounts. Payment for the purchase of Shares may also be made by any other means approved by the ACD with the Agreement of the Depositary. The Shares will be issued at a price calculated by reference to the next Valuation Point following receipt of the application at the ACD's Administration Address. Where an application for Shares is received before the Valuation Point on a Dealing Day, the Shares concerned will be issued at a price based on that day's valuation and Shares to satisfy an application received at or after that time, or on a day which is not a Dealing Day, will be issued at a price based on the valuation made on the next Dealing Day.

Minimum investment amounts for each Share Class are given in Appendix A.

The ACD has the right to reject any application for Shares in whole or in part and in this event the ACD will return any monies sent, or the balance of such monies at the risk of the applicant.

Certain investors have the right to cancel their deal at any time during the 30 days after the date on which they receive a cancellation notice from the ACD. If such an investor decides to cancel the deal, and the value of their investment has fallen at the time the ACD receives their completed cancellation notice, the investor will not get a full refund; an amount equal to any fall in value will be deducted from the sum

originally invested. There is no right to cancel Shares sold by distance contract. However, the ACD has decided to provide such a right voluntarily in the same terms.

If a notice of the right to cancel a contract for the joint purchase of Shares is returned to the ACD within the prescribed period, signed by one or more of the purchasers, the ACD will accept that notice and cancel the contract in accordance with the rules made under the Conduct of Business Sourcebook.

Telephone calls and instructions may be recorded and monitored to check what was said and also to train our staff.

Shares may not be issued other than to a person who is resident in the UK (unless the ACD agrees otherwise) and who shall, to the ACD, (a) represent that they are not a US Person and are not purchasing the Shares for the account or benefit of a US Person and (b) agree to notify the ACD promptly if, at any time while they remain a holder of any shares, they should become a US Person or shall hold any Shares for the account or benefit of a US Person.

4.3.4 Selling Shares

Instructions for the sale of Shares may be given in writing to the ACD's Administration Address on any Dealing Day. Instructions to sell Shares may also be made by telephone or, at the ACD's discretion, by fax or any other means approved by the ACD with the agreement of the Depositary, directed to the ACD's Administration Address. The ACD may in future introduce the facility to request redemption of shares online. A sale of Shares agreed in writing, by telephone, fax or any other means approved by the ACD with the agreement of the Depositary is a legally binding contract.

The ACD may act as principal or agent.

Subject to the Sourcebook, the proceeds of a sale of Shares will be sent by the close of business four working days after the later of:

- the Valuation Point at which the price of for the sale of the Shares was determined; or
- the time when the ACD has received properly completed documentation at its Administration Address.

For fax deals received at the ACD's Administration Address prior to 9a.m. on any Dealing Day and for deals by any other ACD approved method (including telephone deals) received at the ACD's Administration Address prior to 12 noon on any Dealing Day, the Shares concerned will be sold at a price based on that day's valuation; for fax deals received at or after 9a.m. and for deals by any other ACD approved method (including telephone deals) received at or after 12 noon, the Shares will be sold at a price based on the valuation made on the next Dealing Day.

Where properly completed documentation is received in writing, the Shares concerned will be sold at a price calculated by reference to the next Valuation Point following receipt by the ACD at its Administration Address of the instructions. Where the instructions are received at the ACD's Administration Address before the Valuation Point on a Dealing Day, the Shares concerned will be sold at a price based on that day's valuation and where instructions are received at or after that time, or on

a day which is not a Dealing Day, the Shares will be sold at a price based on the valuation made on the next Dealing Day.

Redemption proceeds are normally payable to one or more of the registered Shareholders. The ACD may also agree to pay redemption proceeds by cheque. If the ACD agrees to do so, it will be paid by cheque to the first named Shareholder.

The ACD reserves the right, at all, times, to require a form of renunciation to be completed. If this is necessary, it will be issued with the confirmation. The ACD also reserves the right to send repurchase proceeds by cheque to the registered address.

Please note however that the ACD reserves the right to request additional information or proof of identity, in order to validate elements of the transaction and to comply with any relevant money laundering regulations. This may delay the despatch of any redemption proceeds to the Shareholder.

Until this proof is provided the ACD reserves the right to refuse to redeem shares or to delay processing and/or withhold any payments due to investors in respect of their investment and to discontinue any deals it is conducting on behalf of those investors.

The ACD will attempt to contact the Shareholder(s) to keep them informed of any additional information requirements by either telephone, email, text message or in writing.

Payment will be made by cheque or by direct credit via the BACS system.

The ACD will advise the shareholder via text message, email or telephone call if there is a change in the timescales for payments of monies as was notified to the Shareholder by the ACD at the time of the redemption request.

The minimum value of Shares which may be sold in any particular Class (regardless of Fund) is £250. At its discretion, the ACD may allow a Shareholder to sell a lesser amount. Unless the ACD agrees otherwise or the sale is of the entire Shareholding, no sale of Shares may be made which would result in a Shareholder holding Shares of a value that is less than the minimum holding in the Class or Fund concerned (see Appendix A for details). This does not apply to Shareholders who have an existing arrangement to make regular monthly purchases in respect of that Class or Fund. The ACD reserves the right to repurchase Shares in any Share Class or Fund if their value is less than the minimum holding and there is no existing arrangement to make regular monthly purchases in respect of that Class or Fund. The ACD will account to the Shareholder for the proceeds from the sale of such Shares.

Any Shares transferred directly to the Company, with the ACD acting as agent, will be cancelled.

Telephone calls and instructions may be recorded and monitored to check what was said and also to train our staff.

4.3.4A Exemption from the Financial Conduct Authority (FCA) client money rules

The ACD may choose to make use of the "Delivery Versus Payment" exemption within the FCA's client money and asset (CASS) rules. This means that when Shares are purchased or redeemed there could be a period of time (up to close of business the day after the ACD has received the proceeds from any such transaction) where the payment or redemption monies for these Shares is not

protected under the CASS rules. If in the unlikely event that the ACD became insolvent during this period, there is a risk that the impacted investor may not receive back the payment or redemption monies.

4.3.5 Issue of Shares in Exchange for in Specie Assets

The ACD may, at its discretion, arrange for the Company to issue Shares in exchange for assets valued in excess of £10,000 but will only do so where the Depositary has taken reasonable care to determine that the acquisition by the Company of those assets in exchange for the Shares concerned is not likely to result in any material prejudice to the interests of Shareholders or potential Shareholders.

The ACD will, by the close of business on the fourth business day after the issue of any Shares in exchange for assets as above, ensure transfer to the Depositary of the assets to be taken in exchange.

The ACD will ensure that the beneficial interest in the assets is transferred to the Company with effect from the issue of the Shares. The ACD will not issue Shares in any Fund in exchange for assets the holding of which would be inconsistent with the investment objective or policy of that Fund.

4.3.6 In Specie Redemptions and Cancellations of Shares

In specie redemptions and cancellations of Shares are allowed:

- (a) In the case of holdings valued at less than 5% of the value of the Scheme Property attributed to the Fund, at the request of the Shareholder, and at the discretion of the ACD.
- (b) In the case of holdings valued at 5% or greater of the value of the Scheme Property attributed to the Fund, at the request of the Shareholder, and at the discretion of the ACD, or if the ACD so demands by written notice to the Shareholder.

The ACD will give written notice to the Shareholder before the proceeds of the cancellation would otherwise become payable in cash. In lieu of such payment, the Company will transfer Scheme Property of the relevant Fund (or, if required by the Shareholder, the net proceeds of such Scheme Property) to the Shareholder.

The Scheme Property to be transferred (or, if required by the Shareholder, the net proceeds of such Scheme Property) is subject to the retention by the Company of Scheme Property or cash of a value or amount equivalent to any stamp duty reserve tax or stamp duty to be paid in relation to the cancellation of Shares.

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

4.3.7 Switching Shares

Subject to the restrictions set out below, a Shareholder in a Fund may at any time Switch all or some of his Shares of one Class linked to a Fund ("the Original Shares") for Shares of the same Class linked to a different Fund or for Shares of another Class, whether linked to the same or a different Fund ("the New Shares").

A Shareholder may not switch into Retail Share Class A Shares of any Fund from Shares of any other Class nor may they Switch out of Retail Share Class A Shares of any Fund into Shares of any other Class.

A Shareholder may Switch into Retail Share Class B of the Corporate Bond Fund from Shares in Retail Share Class E of the Corporate Bond Fund. Other than this, a Shareholder may not Switch into Retail Share Class B Shares of a Fund either from Retail Share Class B Shares in any other Fund or from Shares of any other Class.

A Shareholder may not Switch into Retail Share Class D Shares of the UK FTSE 100 Index Tracking Fund from Retail Share Class D Shares of the Corporate Bond Fund and UK Equity Income Fund nor from Shares of any other Class.

A Shareholder may Switch into Retail Share Class E shares of the Corporate Bond Fund from Retail Share Class B Shares in the Corporate Bond Fund. Other than this, a Shareholder may not Switch into Retail Share Class E Shares of the Corporate Bond Fund from Shares of any other Class.

A Shareholder may Switch into Retail Share Class S of the Corporate Bond Fund from Shares in Retail Share Class K of the Corporate Bond Fund. Other than this, a Shareholder may not Switch into Retail Share Class S Shares of the Corporate Bond Fund either from Retail Share Class S Shares in any other Fund or from Shares of any other Class.

A Shareholder may Switch into Retail Share Class K shares of the Corporate Bond Fund from Retail Share Class S Shares in the Corporate Bond Fund. Other than this, a Shareholder may not Switch into Retail Share Class K Shares of the Corporate Bond Fund from Shares of any other Class.

The minimum value of Shares which may be Switched in each Class of each Fund is £250. At its discretion, the ACD may allow a Shareholder to Switch a lesser amount.

A Shareholder wishing to Switch Shares should apply either in writing to the ACD or, at the ACD's discretion, by telephone, by fax or any other means approved by the ACD with the agreement of the Depositary, directed to the ACD'S Administration Address, after which written confirmation signed by all the Shareholders must be sent to the ACD's Administration Address. However, unless the ACD agrees otherwise, it will not accept instructions to Switch shares given by electronic mail. A Switch of Shares agreed in writing, by telephone, fax or any other means approved by the ACD with the agreement of the Depositary is a legally binding contract. For fax deals received at the ACD's Administration Address prior to 9 a.m. on any Dealing Day and for deals by any other ACD approved method (including telephone deals) received at the ACD's Administration Address prior to 12 noon on any Dealing Day, the Switch of Shares will take place at a price based on that day's valuation; for fax deals received at or after 9 a.m. and for deals by any other ACD approved method (including telephone deals) received at or after 12 noon, the Switch of Shares will take place at a price based on the valuation made on the next Dealing Day.

The current fees on Switching are detailed for each Class in Appendix A. Valuations for determining the number of New Shares to be issued take place at the first Valuation Point in each Class after the Switching request is received at the ACD's Administration Address.

If a Switch would result in the Shareholder holding a number of Original Shares or New Shares of a value which is less than the minimum holding in the Class

concerned, the ACD may, if it thinks fit, convert the whole of the applicant's holding of Original Shares to New Shares or refuse to effect any Switch of the Original Shares. No Switch will be made during any period when the right of Shareholders to require the redemption of their Shares is suspended. The general provisions on procedures relating to redemption apply equally to a Switch.

If the ACD has reasonable grounds for doing so, the ACD may refuse to issue New Shares to an investor. If the ACD decides that it can apply this rule to a Shareholder who requests to Switch, it will carry out the instruction to redeem Original Shares but will not issue New Shares as part of that request. The ACD will pay the Shareholder the proceeds from the sale of the Original Shares in line with paragraph 4.3.4.

The ACD may adjust the number of New Shares to be issued in order to reflect the imposition of any Switching fee together with any other charges or levies in respect of the issue or sale of the New Shares or repurchase or cancellation of the Original Shares as may be permitted pursuant to the Sourcebook.

Please note that a Switch of Shares in one Fund for Shares in any other Fund is treated by HM Revenue and Customs as a redemption and sale, and therefore will for individuals subject to United Kingdom taxation, be a disposal for the purposes of capital gains taxation. For UK resident corporate Shareholders, it will be a realisation for the purposes of taxation of chargeable gains, apart from any exchange of Shares in the Corporate Bond Fund where any shareholding is usually treated as a creditor relationship and an authorised mark to market basis of accounting should usually be used for corporation tax purposes.

Shareholders may convert all or part of their holding of accumulation Shares to income Shares and vice versa at any time, provided that the Fund in which they are invested contains both types of Shares. Such a conversion of Shares within the same Fund does not constitute a disposal for capital gains tax purposes provided that no consideration is given or received in addition to the exchange for Original Shares for New Shares. The New Shares would be treated as having the same date of acquisition and the same cost as the Original Shares for capital tax purposes. Any holding created regular investments can be converted to income Shares, but continuing regular investments will need to be reinvested in accumulation Shares.

The ACD may, upon appropriate notice to affected Shareholders, effect a compulsory conversion of Shares in one Class of a Fund for another Class of the same Fund. Such compulsory conversion shall be conducted as described above in this section. A compulsory conversion will only be undertaken where the ACD reasonably considers it is in the best interests of affected Shareholders. By way of example, the ACD may effect a compulsory conversion where the ACD reasonably believes it is in the best interests of Shareholders to reduce the number of available Classes.

Currently the power to carry out such a compulsory conversion may only be used by the ACD to effect a conversion of certain Shares issued between 1 October 2012 and 31 March 2017 in:

- Class B, C, D and E of the Corporate Bond Fund to Shares in Class S, P, H and K respectively of such Fund;
- Class B, C, D, E, F and G of the UK Equity Income Fund to Shares in Class S, P, H, K, Q and R respectively in such Fund;

- Class C, F and G of the UK Growth Fund to Shares in Class P, Q and R respectively in such Fund;
- Class B, C and F of the UK FTSE 100 Index Tracking Fund to Shares in Class S in such Fund; and
- Class C, F and G of the UK FTSE All-Share Index Tracking Fund to Shares in Class P in such Fund,

each of which conversions are proposed to take place by 30 June 2017 or such other date as the ACD and the Depositary shall agree. Such compulsory conversion activity described immediately above only applies for certain impacted Shareholders whose investment product(s) were arranged and advised via a Lloyds Banking Group authorised representative and who have received appropriate notice of the compulsory conversion from the ACD.

Please refer to Appendix A (Share Classes) for details of automatic Switches which apply to Retail Share Classes C, D, E, F, H, K, P, Q and R in certain circumstances.

Telephone calls or instructions may be recorded and monitored to check what was said and also to train our staff.

4.3.8 The ACD dealing as principal

Where the ACD deals as principal in the Shares of the Company, any profits or losses arising from such transactions shall accrue to the ACD and not to the relevant Fund of the Company.

The ACD is under no obligation to account to the Depositary, or to Shareholders for any profit it makes on the issue or re-issue of Shares or cancellation of Shares which it has redeemed.

4.3.9 Money Laundering

The ACD or Depositary may require evidence of the identity of and other relevant information about an applicant for, Shareholder or transferee of, Shares or any other person to comply with statutory, regulatory or EC obligations. The ACD reserves the right to refuse to sell Shares and, if it does sell Shares, to refuse to pay out the proceeds of the sale of Shares when the ACD considers it necessary or appropriate to carry out or complete such identification and other relevant procedures, and the ACD or the Depositary may on the same grounds decline to make or alter any entry in the register or to accept any transfer. Similarly, the Depositary may refuse to distribute the proceeds of realisation on a winding-up to a Shareholder. If Shares are bought after a delay, the price of those Shares could be less favourable to the Shareholder than that at the time the ACD received the application to buy Shares.

4.3.10 Restrictions and Compulsory Transfer and Redemption

The ACD may from time to time impose such restrictions, as it may think necessary for the purpose of ensuring that no Shares are acquired or held by any person in circumstances (the “relevant circumstances”):

1. which constitutes a breach of the law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory; or

2. which would require the Company, the ACD or the investment manager to be registered under any law or regulation of any country or territory or cause the Company to apply for registration or comply with any registration requirements in respect of any of its Shares whether in the US or any other jurisdiction in which it is not currently registered; or
3. which would (or would if other Shares were acquired or held in like circumstances), in the opinion of the ACD, result in the Company, any of its Shareholders, the ACD or the investment manager incurring any liability to taxation or suffering any other legal, regulatory, pecuniary or other adverse consequence which it or they might not have otherwise suffered; or
4. where such person is a US Person or is holding the Shares for the account or benefit of a US Person.

For the purposes of the "relevant circumstances" above, "investment manager" shall include the Investment Adviser and any other person appointed by the ACD and/or the Company to provide investment management and/or investment advisory services in respect of the Scheme Property of the Company or in respect of the Funds.

In this connection, the ACD may, inter alia, reject at its discretion any application for the purchase, sale or Switching of Shares.

If it comes to the notice of the ACD that any Shares ("affected Shares") are owned directly or beneficially in any of the relevant circumstances or if it reasonably believes this to be the case, the ACD may give notice to the holder(s) of the affected Shares requiring the transfer of such Shares to a person who is qualified or entitled to own them or the Switch, where possible, of the affected Shares for other Shares in the Company the holding of which would not fall within the relevant circumstances or that a request in writing be given for the repurchase of such Shares in accordance with the Sourcebook. If any person on whom such a notice is served does not within thirty days after the date of such notice transfer his affected Shares to a person qualified to own them or Switch his Shares for other Shares the holding of which would not fall within any of the relevant circumstances or establish to the satisfaction of the ACD (whose judgement is final and binding) that he or the beneficial owner is qualified and entitled to own the affected Shares, he shall be deemed on the expiration of that thirty day period to have given a request in writing for the redemption of all the affected Shares pursuant to the Sourcebook.

If the Company or the ACD becomes aware that the holder of Shares in respect of which income is allocated or paid without deduction of UK income tax ("gross paying Shares") has failed or ceased to be entitled to have income so allocated or paid, then the Company shall, without delay, treat the Shareholder concerned as if he had served on the Company a Switching notice requesting Switching of all gross paying Shares owned by such Shareholder for Shares in respect of which income is allocated or paid net of tax ("net paying Shares") of the Class or Classes which, in the opinion of the ACD, most nearly equates to the Class or Classes of gross paying Shares held by that Shareholder.

A person who becomes aware that he is holding or owns affected Shares in any of the relevant circumstances, shall forthwith, unless he has already received a notice as aforesaid, either transfer all his affected Shares to a person qualified to own them or, where possible, Switch the affected Shares for other Shares in the Company the

holding of which would not fall within any of the relevant circumstances or give a request in writing for the redemption of all of his affected Shares in accordance with the Sourcebook.

If a Shareholder who holds gross paying Shares fails or ceases to be entitled to have income so allocated or paid without deduction of UK income tax, then he shall, without delay, give notice thereof to the Company and the Company shall, upon receipt of such a notice treat the Shareholder concerned as if he had served on the Company a Switching notice requesting Switching of all gross paying Shares owned by such Shareholder for net paying Shares of the Class or Classes which, in the opinion of the ACD, most nearly equates to the Class or Classes of gross paying Shares held by that Shareholder.

4.3.11 Suspension of Dealings in the Company

The ACD may, with the prior agreement of the Depositary, or must if the Depositary so requires, temporarily suspend the issue, cancellation, sale and redemption of Shares, where due to exceptional circumstances it is in the interests of all the Shareholders. This suspension may be restricted to any single Fund or Class within that Fund.

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

On suspension, the ACD, or the depositary, if it has required the ACD to suspend dealings in Shares, must immediately inform the FCA, stating its reasons and, as soon as practicable, give written confirmation of the suspension and the reasons for it to the FCA. The ACD must also ensure that a notification of the suspension is made to Shareholders as soon as practicable after the suspension commences. The ACD must ensure that it publishes (on its website or by other general means) sufficient details to keep Shareholders appropriately informed about the suspension including, if known, its likely duration.

The ACD and the depositary must formally review the suspension at least every 28 days and inform the FCA of the results of this review and any change to the information provided to them. The ACD must notify the FCA of the proposed restart of any dealings in Shares and immediately after the restart must confirm this by giving notice to them.

The ACD may agree, during the suspension, to deal in Shares in which case all deals accepted during, and outstanding prior to, the suspension will be undertaken at a price calculated at the first Valuation Point after the restart of dealings in Shares.

4.3.12 Governing Law

All deals in Shares are governed by the laws of England and Wales.

Part 5. CHARGES AND EXPENSES

5.1 The ACD's Initial and Switching Charges

The ACD may make an initial charge on the sale or issue of Shares. For all Share Classes except Retail Share Class A, the level of the initial charge is expressed as a percentage of the price of the Shares being acquired. For Retail Share Class A, the

level of the initial charge is calculated as a percentage of the initial subscription and is deducted from the subscription amount before investment.

The ACD may also make a charge on Switches between Shares of one Fund and Shares of another Fund. For all Share Classes except Retail Share Class A, the level is expressed as a percentage of the price of the Shares being acquired. For Retail Share Class A, the level is calculated as a percentage of the amount being Switched and is deducted from this before investment.

The current initial charges and Switching charges for each Class of Shares of each Fund are given in Appendix A.

5.2 The ACD's Redemption Charges

The ACD may make a charge on the redemption of Shares. The current redemption charge for each Class of Share for each Fund is detailed in Appendix A.

5.3 Payments by the Company to the ACD

- (a) An annual management charge may be paid to the ACD by the Company. This charge accrues daily and is reflected in the price of each Class of each Fund daily. Payment to the ACD is made monthly in arrears. For all Funds except the UK Equity Income Fund, this charge is paid out of the income of the Fund (subject to b. below). In the case of the UK Equity Income Fund, the whole of this charge is paid out of capital instead of income. This may increase the amount of income available for distribution to Shareholders in the Fund but may constrain capital growth.

The level of these charges may vary for different Classes and for different Funds and is expressed as a percentage of the value of the Scheme Property attributed to each Fund or Class, as appropriate.

The current annual management charge for each Share Class of each Fund is shown in Appendix A. Value added tax will be added to these payments, where applicable.

On a winding up of the Company or a Fund or on the redemption of a Class of a Fund the ACD is entitled to its pro rata fees and expenses to the date of termination and any additional expenses necessarily realised in settling or receiving any outstanding obligations. No compensation for loss of office is provided for in the ACD Agreement.

- (b) In the case of any Fund in which the investment objective is to treat the generation of income as a higher priority than capital growth, or the generation of income and capital growth have equal priority, all or part of the fees of the ACD, any investment adviser and/ or any administrator may be charged against capital instead of against income. The treatment of the fees would increase the amount of income available for distribution to Shareholders in the Fund but may constrain capital growth. This will be done with the approval of the Depositary. Currently the only Fund in which the fees of the ACD are charged against capital instead of against income is the UK Equity Income Fund.

5.4 Remuneration Policy

The ACD has in place a remuneration policy (the “Remuneration Policy”) that satisfies the requirements of SYSC 19E of the FCA Handbook (UCITS Remuneration Code) and is governed by the Remuneration Committee (the “Committee”). The Committee comprises Non-Executive Directors from a wide background to provide a balanced and independent view on remuneration matters.

The Remuneration Policy is designed to ensure that the ACD’s remuneration practices are:

- a. consistent with and promote sound and effective risk management;
- b. provide a clear link between pay and performance;
- c. attract and retain staff of the highest calibre;
- d. do not encourage risk taking and are consistent with the risk profiles, the Instrument of Incorporation or Prospectus of the UCITS funds it manages;
- e. do not impair the ACD’s compliance with its duty to act in the best interests of those UCITS; and
- f. include fixed and variable components of remuneration including salaries and discretionary pension benefits (although the policy is not to offer discretionary pension benefits).

The ACD considers the Remuneration Policy to be appropriate to the size, internal organisation and the nature, scope and complexity of the ACD’s activities.

The Remuneration Policy is in line with the long-term business strategy, business objectives, risk appetite, values and interests of:

- the ACD;
- the UCITS it manages; and
- the Shareholders;

and includes measures to avoid conflicts of interest.

The matters covered by the Remuneration Policy include:

- the Group “Reward Principles”
- the restrictions on the awarding of guaranteed variable remuneration;
- the criteria for setting fixed and variable remuneration;
- details of long term incentive plans; and
- reference is also made to managing deferral and performance adjustment.

The Remuneration Policy will apply to the fixed and variable (if any) remuneration received by the staff covered by the Remuneration Policy (known as Remuneration Code Staff).

Up-to-date details of the Remuneration Policy are available to be viewed at the following location:

[group remuneration policy](#)

Details of the Remuneration Committee are available in the most recent Directors' Remuneration Report, contained within the Annual report and available via the link below:

[2016 Annual report](#)

Paper copies of these documents will be made available free of charge on request.

5.5 Depository's Fees, Charges and Expenses

5.5.1 The Depository is entitled to receive out of the property of each Fund, by way of remuneration, a periodic charge which will accrue daily and will be paid monthly in arrears.

5.5.2 The current charges payable to the Depository are 1.18 basis points for the first £50 million in value of each Fund, 0.68 basis points on the next £100 million in value of each Fund and 0.43 basis points thereafter, though currently Funds in excess of the following are only subject to a further Depository fee of an 0.18 basis points in value of each Fund in excess of the following thresholds:

- UK Growth Fund - £2 billion
- Corporate Bond Fund - £2 billion
- UK FTSE 100 Index Tracking Fund - £700 million
- UK Equity Income Fund - £700 million
- UK FTSE All-Share Index Tracking Fund - £600 million

One basis point is one hundredth of one percent. The first accrual in relation to any Fund takes place in respect of the period beginning on the day on which the first valuation of that Fund is made.

5.5.3 The valuation of each Fund used shall be its net asset value calculated in accordance with the Company's Instrument of Incorporation at the first or only Valuation Point applicable to that Fund or, if there is no Valuation Point occurring on that day, then the last Valuation Point applicable to that Fund to occur prior to that day. Value Added Tax on the amount of the periodic charge will be paid out of each Fund in addition.

5.5.4 In the event that any periodic charge payable to the Depository for a calendar month is less than any fixed amount which has been agreed between the Company and Depository from time to time, the Depository shall be entitled to receive an additional amount of periodic charge which is equivalent to the difference between that calculated and that agreed minimum.

5.5.5 On a winding up of the Company or the termination of a Fund, the Depository will be entitled to its pro rata fees, charges and expenses to the date of the final distribution in the termination of Fund, or in the case of a termination following the passing of an extraordinary resolution approving a scheme of amalgamation or a scheme of reconstruction in relation to a Fund, down to and including the final day on which the termination of the Fund commences, the value of the Scheme Property being the net asset value of the Fund as at the beginning of such day.

5.5.6 In addition to a periodic charge the Depositary may also be paid by way of remuneration custody fees where it acts as custodian and other transaction and bank charges. The amount of such fees and charges shall be as agreed from time to time by the Company and the Depositary in accordance with the FCA Rules. At present the Depositary does not itself act as custodian.

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

- (a) The charges and expenses payable to any person to whom the Depositary has delegated the function of custody of the Scheme Property, such charges being the subject of agreement between the Depositary, the Company and the delegatee (subject to the Sourcebook) from time to time. The remuneration for acting as custodian is calculated at such rate and/or amount as the ACD, the Depositary and the delegatee may from time to time agree. In addition the custodian makes a transaction charge determined by the territory, or country in which the transaction is effected.

The cost of custody generally depends upon the market value of the stock involved. As from 11 August 2012, the range of custody charges applicable to each Fund will range from £2.61 to £118.75 per cash transaction and from 0.0009% to 0.4275% per annum plus VAT (if any) on the value of the assets.

- (b) all charges imposed by, and any expenses payable to, any agents appointed by the Depositary to assist in the discharge of its duties.
- (c) all charges and expenses incurred in connection with the collection, allocation and distribution of income.
- (d) all charges and expenses incurred in relation to the preparation of the Depositary's annual report to Shareholders.
- (e) all charges and expenses incurred in connection with any transaction in relation to Scheme Property (including but not limited to any stock lending transaction) entered into for the account of the Company.
- (f) fees and expenses payable to any professional adviser advising or assisting the Depositary, when deemed necessary in connection with the proper performance of its duties (except to the extent that such advice is required as a result of any failure by the Depositary or its officers, directors, employees or delegates to perform its duties under the Depositary Agreement or applicable law or regulation).

The Depositary's fees, charges and expenses (as set out above) in relation to Retail Share Class B and S (except the UK FTSE 100 Index Tracking Fund), Retail Share Class C and P, Retail Share Class D and H and Retail Share Classes E, F, G, K, Q and Rare paid out of the Scheme Property attributed to each Fund and Class, as appropriate.

For the Institutional Share Class and Retail Share Class A in all Funds and Retail Share Classes B, D and S of the UK FTSE 100 Index Tracking Fund, the Depository's fees, charges and expenses (as set out above) are currently paid to the Depository by the ACD who will draw them from the annual management charge levied against the relevant Fund or Class, as appropriate.

5.6 Investment Advisers' Fees

Share Classes A, B, C, D, E, F, G, H, K, P, Q, R and S

Where, in respect of any relevant Funds, a separate investment advisory fee is payable to any investment adviser appointed from time to time, the ACD will meet this from the annual management charge levied against the relevant Funds.

Institutional Share Class

The Investment Adviser's fee in relation to the Institutional Share Class is met in whole by the ACD out of the fees levied by the ACD against the relevant Fund.

5.7 Administrator's Fee

Where, in respect of any relevant Funds, a separate administration fee is payable to any administrator appointed from time to time, the level of this fee for each Class, where applicable, is set out in Appendix B. Where this occurs, the ACD will meet this from the annual management charge levied against the relevant Funds.

5.8 Fund Accountant

Where, in respect of any relevant Fund, a separate fund accounting fee is payable to any fund accountant appointed from time to time, the ACD will meet this from the fees levied against the relevant Fund.

5.9 Stock Lending Income

All revenue arising from Stock Lending, net of direct and indirect operational costs, is paid to the particular Fund involved in such transaction. This generally equates to 75% of the gross revenue. The ACD has engaged State Street Bank & Trust Company (SSBTC), who is a related party to the Depository, to carry out stock lending activity and services on behalf of the Funds. SSBTC will receive 20% of the revenue generated to cover direct operational costs. The ACD also receives 5% of this sum to cover their own operational costs for arranging this activity. Any other income or capital generated by efficient portfolio management techniques will be paid to the relevant Fund.

5.10 Other Expenses Payable out of the Scheme Property

Other expenses incurred by or on behalf of the Company may also be paid out of the Scheme Property, including (but not limited to):

- (a) Broker's commission, fiscal charges and any other disbursements which are necessarily incurred in effecting transactions for the Company and which are normally shown in contract notes, confirmation notes and difference accounts, as appropriate. This includes expenses incurred in acquiring and disposing of investments including legal fees and expenses, whether or not the acquisition or disposal is carried out.

- (b) Any costs incurred in modifying the Instrument of Incorporation or Prospectus.
- (c) Any costs incurred in respect of meetings of the Shareholders (including meetings of Shareholders in any particular Fund or Class).
- (d) Any costs incurred in establishing and maintaining the Company's Register of Shareholders and the plan register, if any, and related matters. The current charge for maintenance of the register of holders of Shares in Retail Share Classes B and D and Retail Share Classes C, E, F and G is £10.56 per holder per annum. It is increased in February each year to reflect the latest annual increase in the Retail Prices Index and shareholders will be notified of the amount of such charge in the next available report after its determination. The charge is accrued daily and paid monthly in arrears. The actual amount charged in respect of registration fees for the latest financial period is shown in the report and accounts that can be requested from the ACD. There is currently no charge for maintenance of the register of holders of Shares in the Institutional Share Class, Retail Share Class A, H, K, P, Q, R and S or Retail Share Classes B or D of the UK FTSE 100 Index Tracking Fund.
- (e) Interest on borrowings permitted under the Instrument of Incorporation or the Prospectus and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings.
- (f) Taxation and duties payable in respect of the Scheme Property, the Instrument of Incorporation, the Prospectus or the creation, issue, redemption or cancellation of Shares.
- (g) The fees of the Auditors and the tax, legal and other professional advisers to the Company and to the ACD and the Depositary properly payable and any proper expenses of the Auditors, tax, legal and other professional advisers to the Company and to the ACD and the Depositary. The Auditors will be paid a fee for each Fund in payment for carrying out its duties as Auditor. Any such fees are subject to annual review and any change in fee is subject to review and agreement with the ACD in advance. Increases may reflect inflation (limited in line with increases to the Retail Prices Index), volume of audit work required for each fund and any extended testing required by regulation or accounting standards. For the accounting year 2018 - 2019 the fees (including VAT) were as follows:

UK Equity Income Fund	£8,280
FTSE 100 Index Tracking Fund	£8,940
FTSE All-Share Index Tracking Fund	£9,540
UK Growth Fund	£9,540
Corporate Bond Fund	£10,020

- (h) All reasonable, properly vouched, out of pocket expenses incurred by the ACD in the performance of its duties these may include legal and professional expenses of the ACD in relation to the proper performance of the ACD's duties under the ACD Agreement, or related to documents amending the ACD Agreements, all postage and communication costs incurred in the proper performance of duties under the ACD Agreement and all expenses incurred in notarising documents.

- (i) The fees of the FCA, or any corresponding periodic fee of any regulatory authority in a country or territory outside the United Kingdom in which Shares are or may be marketed.
- (j) Any expenses properly incurred by the Depositary in performing duties imposed upon it (or exercising powers conferred on it) by the OEIC Regulations or the Sourcebook. The relevant duties include (but are not limited to) the delivery of stock to the Depositary, the custody of assets, the collection of income, the submission of tax returns, the handling of tax claims, the preparation of the Depositary's annual report and any other duties the Depositary is required to perform by law.
- (k) Fees in respect of the publication and circulation of details of the prices and yields of Shares, and other such information which the ACD is required by law to publish.
- (l) The costs of printing and distributing reports, accounts, the Prospectus (except the costs and expenses of distributing any simplified prospectus or key investor information document or supplementary investor information document) and any other promotional material relating to the Company or any Fund and of any marketing activities undertaken by the ACD in relation to the Company or any Fund.
- (m) Insurance which the Company may purchase and/ or maintain for the benefit of and against any liability incurred by any directors of the Company in the performance of their duties.
- (n) Liabilities on amalgamation or reconstruction arising where the property of a body corporate or another collective investment scheme is transferred to the Depositary in consideration for the issue of Shares to the Shareholders in that body or to participants in that other scheme, provided that any liability arising after the transfer could have been paid out of that other property had it arisen before the transfer and, in the absence of any express provision in the Instrument of Incorporation forbidding such payment, the ACD is of the opinion that proper provision was made for meeting such liabilities as were known or could reasonably have been anticipated at the time of transfer.
- (o) It is not currently proposed to seek a listing for the Shares on any stock exchange, but if a listing is sought in future, the fees connected with the listing will be payable by the Company.
- (p) Any costs incurred in forming a Fund. Such costs will be amortised over a period not exceeding five years.
- (q) Any other costs or expenses that may be taken out of the Company's property in accordance with the Sourcebook.

Where the expenses are attributable to a particular Share Class or Fund, they are paid out of the Scheme Property attributable to that Share Class or Fund; save that:

- for Retail Share Class A and the Institutional Share Class, the ACD is currently reimbursed out of the Scheme Property attributed to that Class only in respect of the costs and expenses set out in a., e., and f. above;

- for Retail Share Class B and S of the UK FTSE 100 Index Tracking Fund, the ACD is reimbursed out of the Scheme Property attributed to that Class of that Fund only in respect of any costs and expenses that may be reimbursed out of the Scheme Property in compliance with the latest published CAT standards; and.
- for Retail Share Class D of the UK FTSE 100 Index Tracking Fund, the ACD is reimbursed out of the Scheme Property attributed to that Class of that Fund only in respect of any costs and expenses that may be reimbursed out of the Scheme Property in compliance with the requirements of the Child Trust Fund Regulations 2004 (as amended from time to time) applicable to stakeholder Child Trust Funds.

5.11 Allocation of Charges and Expenses between Funds

All of the above fees, duties and expenses (other than those borne by the ACD) would be charged to the Fund in respect of which they were incurred but where an expense is not considered to be attributable to any one Fund, the expense would normally be allocated daily at the relevant Valuation Point to all Funds pro rata to the Net Asset Value of the Fund, although the ACD has discretion to allocate fees and expenses in a manner which it considers fair to Shareholders generally.

5.12 Retention of interest on client money

In certain circumstances (for example, pending the clearance of a cheque where a potential holder has exercised a right to cancel an agreement for the purchase of Shares), the ACD will hold client money as defined by the Glossary to the FCA Handbook. In such a case, the ACD will retain any interest accruing in respect of that client money for its own benefit. Provided that the ACD has complied with the FCA Handbook, the ACD may cease to treat as client money any unclaimed cash balance that the ACD holds for a person where there has been no movement in the balance for a period of at least 6 years and the ACD can demonstrate that it has taken reasonable steps to trace that person and to return the balance.

5.13 Changes to charges and expenses

Any change to a fee or expense of the Company may be made only in accordance with the Sourcebook.

Part 6. DETERMINATION AND DISTRIBUTION OF INCOME

The accounting reference date of the Company (being the date on which the Company's annual accounting period is to end in each year) is 31 January and the interim accounting date (being the date on which the Company's interim accounting period, which commences on 1 February in each year, is to end in each year) is 31 July. The first accounting reference date was 31 January 2002 and the first interim accounting date was 31 July 2001. For the UK Equity Income Fund and the Corporate Bond Fund, there will be additional interim accounting dates on 30 April and 31 October. The annual and interim income allocation dates for each Fund, if any, are given in Appendix B. Allocations of income will be made on or before the relevant income allocation due date in respect of the income available for allocation in each accounting period (whether annual or interim).

Where income is paid to Shareholders, it is paid by direct credit to each Shareholder's bank or building society account. The ACD may also agree to pay income by cheque. If the ACD agrees to do so, it will be paid by cheque to the first named Shareholder when the

distribution is paid. Where income is paid by direct credit to a Shareholder's bank or building society account, the Shareholder must ensure that this account continues to be able to receive income payments. If it ceases to be able to do so, the Shareholder must nominate another account. If they do not do so, the ACD may stop paying income to the Shareholder and, for Retail Share Class A and the Institutional Share Class, automatically reinvest any income to buy more Shares for the Shareholder or, for all other Share Classes, Switch their Shares to another Share Class within the same Fund that is an accumulation type Share Class with equivalent terms (other than in relation to the payment of income) to their previous Share Class.

The amount available for distribution or accumulation in any accounting period is calculated by taking the proportion of the aggregate of the income received or receivable for the account of the relevant Fund in respect of that period attributable to the relevant Class and deducting the charges and expenses of the relevant Class paid or payable out of income in respect of that accounting period. The ACD then makes such other adjustment as it considers appropriate (and after consulting with the Auditors as appropriate) in relation to taxation, income equalisation, income unlikely to be received within twelve months following the relevant income allocation date, income which should not be accounted for on an accruals basis because of lack of information as to how it accrues, transfers between the income and capital account, the ACD's best estimate of the tax reliefs on charges and expenses and any other adjustments (including those for authorisation) which the ACD considers appropriate.

A new accounting treatment for debt securities that requires the calculation of the income yield of individual securities on an effective yield basis was introduced for the first accounting period beginning on or after the 1st January 2007. Therefore all debt securities held by the Funds operated this new accounting treatment from 1 February 2007.

With effect from 23 March 2007, the Financial Services Authority (which has since been succeeded by the FCA) amended the Sourcebook so that authorised funds can continue to distribute income from debt securities on a coupon yield basis or start to distribute on an effective yield basis, although coupon distributions are only allowed where they are at least equal to those calculated on an effective yield basis. For all Funds except the Corporate Bond Fund any income from debt securities will be distributed on an effective yield basis. The Corporate Bond Fund will continue to distribute on a coupon basis where the coupon yield is at least equal to the effective yield. If the effective yield basis is more than the equivalent coupon yield basis, the distribution will be made on an effective yield basis.

In the event that a distribution is made on an effective yield basis the capital value of the Corporate Bond Fund will be reduced by an amount equal to the difference between the effective yield and coupon yield amounts.

The Company applies income equalisation. An allocation of income (whether annual or interim) to be made in respect of each Share issued by the Company or sold by the ACD during the accounting period in respect of which that income allocation is made shall be of the same amount as the allocation to be made in respect of the other Shares of the same class issued in respect of the same Fund but shall include a capital sum ("income equalisation") representing the ACD's best estimate of the amount of income included in the price of that Share. The amount of income equalisation in respect of any Share shall be an amount arrived at by taking the aggregate of the amounts of income included in the price in respect of Shares of that class issued or sold in the annual or interim accounting period in question and dividing that aggregate amount by the number of such Shares and applying the resultant average to each of the Shares in question.

Income earned in an interim accounting period need not be distributed immediately and may instead be retained and used to ensure that distributions paid throughout the year are broadly similar. This policy is known as "smoothing".

Any distribution payment of a Fund which remains unclaimed after a period of six years from the date of payment, will be forfeited and will be transferred to and become part of that Fund's capital property. Thereafter, neither the Shareholder nor any successor will have any rights to it except as part of the capital property.

Annual & Half-Yearly Reports

Annual reports of the Company will be published by 31 March and half-yearly reports are published by 30 September each year. Long report and accounts covering all Funds of the Company are available on request.

Part 7. SHAREHOLDERS' VOTING RIGHTS

7.1 General Meetings

The ACD and the Depositary may convene a general meeting at any time.

Shareholders may also requisition a general meeting of the Company. A requisition by Shareholders must state the objects of the meeting, be dated, be signed by Shareholders not representing less than one tenth in value of all Shares of the Company then in issue and the requisition must be deposited at the head office of the Company. The ACD must convene a general meeting no later than eight weeks after receipt of such requisition.

Prior to each general meeting an individual must be nominated to act as chairman by the Depositary. If that person is not present within fifteen minutes (which shall be deemed a reasonable time) after the time appointed for holding the meeting or is not willing to act, the shareholders present shall choose one of their number to be chairman of the meeting.

7.2 Notice and Quorum

Shareholders will receive at least 14 days' notice of a Shareholders' meeting (other than an adjourned meeting when a shorter period of notice is permitted) and are entitled to be counted in the quorum and vote at such meeting either in person or by proxy. The quorum for a meeting is two Shareholders, present in person or by proxy, if after a reasonable time from the time set for an adjourned meeting there is not two Shareholders present in person or by proxy, the quorum for an adjourned Meeting shall be one Shareholder entitled to be counted in a quorum present at the meeting. Notices of the Meetings and Adjourned Meetings will be sent to the Shareholders at their registered address.

7.3 Voting Rights

At a meeting of Shareholders, on a show of hands every Shareholder who (being an individual) is present in person or (being a corporation) is present by its representative properly authorised in that regard, has one vote.

On a poll vote, a Shareholder may vote either in person or by proxy. The voting rights attaching to each Share are such proportion of the voting rights attached to all Shares in issue as the price of the Share bears to the aggregate price(s) of all the

Shares in issue at the date selected by the ACD which is a reasonable time before the notice of meeting is sent or, where any Share is a participating security, at a date not more than twenty one days before the notice of meeting is sent.

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

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

Except where the Sourcebook or the Instrument of Incorporation require an extraordinary resolution (which needs 75% of the votes cast at the meeting to be in favour if the resolution is to be passed) any resolution required by the Sourcebook will be passed by a simple majority of the votes validly cast for and against the resolution. The ACD may not be counted in the quorum for a meeting and neither the ACD nor any associate (as defined in the Sourcebook) of the ACD is entitled to vote at any meeting of the Company except in respect of Shares which the ACD or an associate holds on behalf of or jointly with a person who, if the registered Shareholder, would be entitled to vote and from whom the ACD or associate has received voting instructions.

“Shareholders” in this context means Shareholders entered on the register at a time to be determined by the ACD and stated in the notice of the meeting which is a reasonable time before the notices of the relevant meeting are sent out.

Where a resolution, including an extraordinary resolution is required to conduct business at a meeting of Shareholders and every Shareholder is prohibited under Rule 4.4.8R(4) of the Sourcebook from voting, with the written agreement of the Depositary to the process, the resolution may instead be passed with the written consent of Shareholders representing 50% or more, or for an extraordinary resolution, 75% of the Shares in issue.

7.4 Fund and Class Meetings

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

7.5 Annual General Meeting

The ACD has elected to dispense with the holding of an annual general meeting. This election had effect for 2005 and for all subsequent years.

Shareholders may inspect a copy of the ACD Agreement from the ACD at 1 Lovell Park Road, Leeds, West Yorkshire LS1 1NS. Shareholders may obtain a copy of the ACD Agreement from the ACD at its Administration Address. The ACD will send copies to Shareholders within ten days of receipt of their requests.

Part 8. WINDING UP AND TERMINATION

Winding up of the Company or the termination of a Fund of the Company

The Company shall not be wound up except as an unregistered company under Part V of the Insolvency Act 1986 or under Chapter 7 of the Sourcebook. A Fund may only be terminated under the Sourcebook.

Where the Company is to be wound up or a Fund is to be terminated under the Sourcebook, such winding up or termination may only be commenced following approval by the FCA. The FCA may only give such approval if the ACD provides a statement (following an investigation into the affairs of the Company) either that the Company will be able to meet its liabilities within twelve months of the date of the statement or state that such confirmation cannot be given. The Company may not be wound up under the Sourcebook if there is a vacancy in the position of the ACD at the relevant time.

Subject to the foregoing, the Company may be wound up or a Fund may be terminated under the Sourcebook if:

- (a) an extraordinary resolution to that effect is passed by Shareholders; or
- (b) the period (if any) fixed for the duration of the Company or a particular Fund by the Instrument of Incorporation expires, or the event (if any) occurs on the occurrence of which the Instrument of Incorporation provides that the Company is to be wound up or a particular Fund is to be terminated (for example, if the share capital of the Company is below its prescribed minimum) or (in relation to any Fund) the Net Asset Value of the Fund is less than £1,000,000, or if a change in the laws or regulations of any country means that, in the ACD's opinion, it is desirable to terminate the Fund;
- (c) on the date of effect stated in any agreement by the FCA to a request by the ACD for the revocation of the authorisation order in respect of the Company or the relevant Fund;
- (d) on the effective date of a duly approved scheme of arrangement which is to result in the Company or in a Fund ceasing to hold any Scheme Property; or
- (e) in the case of the Company, on any date on which all of the Funds fall within (d) above or have otherwise ceased to hold any Scheme Property, notwithstanding that the Company may have assets and liabilities which are not attributable to any particular Fund.

On the occurrence of any of the above:

- (a) Rules 6.2, 6.3 and Chapter 5 of the Sourcebook relating to Pricing and Dealing and Investment and Borrowing will cease to apply to the Company or the particular Fund;
- (b) the Company will cease to issue and cancel Shares in the Company or the particular Fund and the ACD shall cease to sell or redeem Shares or to arrange for the Company to issue or cancel them for the Company or the particular Fund;
- (c) no transfer of a Share shall be registered and no other change to the Register shall be made without the sanction of the ACD;
- (d) where the Company is being wound up, the Company shall cease to carry on its business except in so far as it is beneficial for the winding up of the Company; and

- (e) the corporate status and powers of the Company and, subject to the preceding provisions of a. to d. above, the powers of the ACD shall remain until the Company is dissolved.

If the ACD has not previously notified Shareholders of the proposal to wind up or terminate, give written notice of the commencement of the winding up or termination to each Shareholder.

The ACD shall, as soon as practicable after the Company falls to be wound up or the Fund falls to be terminated, realise the assets and liabilities of the Company and, after paying out or retaining adequate provision for all liabilities properly payable and retaining provision for the costs of winding up or termination, provided that there are sufficient liquid funds available, arrange for the Depositary to make one or more interim distributions out of the proceeds to Shareholders proportionately to their rights to participate in the Scheme Property of the Company or the Fund. When the ACD has caused all the Scheme Property to be realised and all of the liabilities of the Company or the particular Fund to be realised, the ACD shall arrange for the Depositary to make a final distribution to Shareholders on or prior to the date on which the final account is sent to Shareholders of any balance remaining in proportion to their holdings in the Company or the particular Fund.

As soon as is reasonably practicable after the completion of the winding up of the Company or the termination of the particular Fund, the Depositary shall notify the FCA that it has done so.

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

Following the completion of a winding up of either the Company or termination of a Fund, the ACD must prepare a final account showing how the winding up or termination took place and how the Scheme Property was distributed. The Auditors shall make a report in respect of the final account stating their opinion as to whether the final account has been properly prepared. This final account and the Auditors' report must be sent to the FCA and to each Shareholder within four months of the conclusion of the termination of the winding up or termination.

Part 9. TAXATION

The information given under this heading is for general guidance only and does not constitute legal or tax advice. Prospective investors should consult their own professional advisers as to the implications of subscribing for, purchasing, holding, Switching or disposing of Shares under the laws of the jurisdiction in which they are resident for tax purposes.

The Company

Each Fund is exempt from UK tax on dividends received from UK companies and, with effect from 1 July 2009, this exemption has been extended to dividends received from overseas companies (subject to certain conditions). Each Fund can choose to elect to tax particular overseas dividends and, where it makes such an election, these dividends will be included in the taxable income of the Fund. Most other sources of income (e.g. interest income) will also constitute taxable income of each Fund. Each Fund will be subject to corporation tax at 20% on its taxable income after deducting allowable expenses and interest distributions (see below) and subject to relief for any foreign tax suffered in respect of that taxable income.

Gains and losses on creditor relationships (e.g. loan stocks, corporate bonds, gilts) will not be taxable if they are included in the accounts as 'net gains/losses on investments' or 'other gains/losses'.

Capital gains realised on the disposal of the investments held by any of the Funds are not subject to UK corporation tax. However, in certain circumstances, income may be deemed to arise for tax purposes in respect of certain investments (e.g. interests in limited partnerships and material interests in offshore funds) notwithstanding that the income concerned has not been received as such by the Fund.

The Funds may be subject to overseas tax and the extent of this tax charge will be dependent on the countries the fund invests into, the types of investments held and any double tax treaties in place between the UK and overseas territory. These local tax laws are subject to change.

*Stamp Duty/SDRT**

Stamp duty or SDRT may be payable by the Company on the purchase of investments or in respect of any transfers of assets between Funds.

Shareholders

Allocations of income to Shareholders are treated as taxable distributions regardless of whether the income is retained within the Fund or actually paid to Shareholders.

Income – dividend distributions

Any dividend distribution made by a Fund will be treated as if it were a dividend from a UK company. No deduction of UK income tax is made from a dividend distribution, however, a £5000 exemption on dividend income will be provided. Any income in excess of this will be subject to an additional rate depending on whether the individual shareholder is a basic, higher or an additional rate tax payer. Individual shareholders in this position should consult their own professional tax advisors or local tax office for current rates applicable.

Shareholders within the charge to UK corporation tax will receive dividend distributions "streamed" into franked and unfranked components depending on the amount of underlying income of the Fund, if any, which has been charged to corporation tax. The franked stream is treated as franked investment income in the hands of the corporate shareholder. The unfranked stream is treated as an annual payment received after deduction of tax at a rate equal to the basic rate of income tax. This tax deducted may be repayable in full or be available for offset against any Shareholder UK corporation tax liability.

Both the proportions of a dividend distribution that are to be treated as franked and unfranked investment income and the Shareholder's proportion of the Fund's net UK corporation tax liability, if any, will be shown on tax vouchers accompanying dividend distributions.

For corporate Shareholders, an investment in any fund which holds more than 60% of its assets in qualifying investments at any time while the corporate holder invests in the fund, will be treated as a loan relationship asset. If it makes a dividend distribution, as from 27 February 2012, the amount streamed as franked investment income will be treated as loan

* As of 30 March 2014, the SDRT charge on surrenders of interests in UK unit trusts and open-ended investment companies in Part 2 of Schedule 19 to the Finance Act 1999 has been abolished. There is a principal charge that applies for in specie redemptions when non-pro-rated.

relationship income with no tax credit. The amount streamed as unfranked investment income will be treated as above.

Income – interest distributions

A Fund for which the market value of its "qualifying investments" (mainly interest generating assets) exceeds 60% of the market value of all its investments throughout the distribution period (a "Bond" fund for UK tax purposes) may make an interest distribution instead of a dividend distribution. The amount of the interest distribution derived from taxable income is deductible in computing the Fund's income for corporation tax purposes. The type of distribution currently paid by each Fund is detailed below and details of whether a particular Fund is currently a Bond fund for UK tax purposes are set out in Appendix D.

In 2016, tax rules were introduced allowing for a personal savings allowance of up to £1000 for basic rate tax payers or £500 for higher rate tax payers. Additional rate tax payers do not qualify for the allowance. Interest distributions from UK bond funds qualify under the personal savings allowance.

From 6 April 2017, bond funds are no longer required to withhold basic rate tax on interest distributions (which, prior to that date, would have been withheld at a rate of 20%). Where basic rate income tax has been withheld for interest distributions received prior to 6 April 2017 Shareholders may be due a tax refund or they may have additional tax to pay.

Any gross interest distributions received on or after 6 April 2017 will not have any basic rate tax credit associated. Shareholders may be required to file a tax return where the interest distributions are not covered by the personal savings allowance.

These changes apply to both income and accumulation share classes.

UK companies are subject to UK corporation tax on gross interest distributions, whether paid or allocated to them.

The type of distribution currently paid by each Fund is as follows: Fund Name	Interest/Dividend Distribution
UK Growth Fund	Dividend
UK FTSE 100 Index Tracking Fund	Dividend
UK Equity Income Fund	Dividend
UK FTSE All-Share Index Tracking Fund	Dividend
Corporate Bond Fund	Interest

Capital Gains

Shareholders who are resident in the UK for tax purposes may be liable to capital gains tax or, where the Shareholder is a company, corporation tax, in respect of gains arising from the sale, exchange or other disposal of Shares (including Switches between Funds but not Switches between classes in respect of the same Fund).

Capital gains made by individual Shareholders on disposals from all chargeable sources of investment will be tax free if the net gain (after deduction of allowable losses) falls within an individual's annual capital gains exemption. Where an individual's annual exemption has been utilised, there may be tax considerations on disposals and investors should consult their own professional tax advisers or their tax office. Shareholders chargeable to UK

corporation tax must include all chargeable gains realised on the disposal of Shares in their taxable profits. The amount chargeable will be reduced by indexation allowance.

A life insurance company investing in a Fund may in certain circumstances be treated as realising an annual chargeable gain based on the deemed disposal of its Shares for the purposes of corporation tax on capital gains. Any gain or allowable loss arising on the deemed disposal is brought into account for tax purposes as to one-seventh in the accounting period of disposal, and one-seventh (reduced pro rata if an accounting period is less than 12 months) in respect of each of the six subsequent accounting periods.

The amount representing the income equalisation element of the Share price is a return of capital and is not taxable as income in the hands of Shareholders. This amount should be deducted from the cost of Shares in computing any capital gain realised on a subsequent disposal.

Investor Reporting

US Foreign Account Tax Compliance Act ("FATCA")

The U.K. has entered into an inter-governmental agreement ("IGA") with the U.S. to facilitate FATCA compliance. Under this agreement, FATCA compliance will be enforced under U.K. local tax legislation and reporting. The Company may require additional information from shareholders in order to comply with relevant obligations, and the non-provision of such information may result in mandatory redemption of Shares or other appropriate action taken by the ACD at its discretion in accordance with the constitutional documents of the Company. Each prospective investor should consult its own tax advisers on the requirements applicable to it under FATCA.

The 30% withholding tax regime could apply if there is a failure to provide certain required information and these rules apply to such payments made after 1 July 2014.

UK International Tax Compliance Agreements ("ITC")

In addition to the agreement signed by the UK with the US to implement the Foreign Account Tax Compliance Act ("FATCA"), the UK has now signed additional agreements ("IGAs") with a number of other jurisdictions. Details of the jurisdictions and agreements can be found at <http://www.hmrc.gov.uk/fatca/index.htm>.

These additional IGAs, as transposed into UK law, require UK Financial Institutions, to report to HMRC the details of relevant taxpayers holding assets with those Financial Institutions so the UK can exchange this information with the relevant jurisdiction on an automatic basis. The IGAs are effective on or after 1 July 2014 and include the Company as a UK Financial Institution, and require the Company to obtain mandatory evidence as to the tax residency(s) of any individual, or in the case of non-individuals, their ITC classification. The Company is also required to identify any existing Shareholder as a relevant taxpayer or in the case of non-individuals to identify what their ITC classification is, within the meaning of the IGAs based on the records the Company holds.

Further, under UK law implementing the IGAs the Company is required to disclose such information as maybe required under the IGAs to HMRC on any Shareholder who is considered to have become a relevant taxpayer, within the meaning of the IGA. Investors should consult their own tax advisers regarding any potential obligations that the IGAs may impose on them.

Common Reporting Standard ("CRS")

The UK and a number of other jurisdictions have also agreed to enter into multilateral arrangements modelled on the Common Reporting Standard for Automatic Exchange of Financial Account Information published by the Organisation for Economic Co-operation and Development (OECD). These agreements and arrangements, as transposed into UK law, may require the Company to provide certain information to HMRC about shareholders from the jurisdictions which are party to such arrangements (which information will in turn be provided to the relevant tax authorities). The Company as a UK Financial Institution has complied with the requirements of CRS since 1 January 2016.

In light of the above, shareholders in the Company may be required to provide certain information to the Company to comply with the terms of the UK regulations.

The foregoing statements are based on UK law and HMRC practice as known at the date of this Prospectus and are intended to provide general guidance only. Shareholders and applicants for Shares are recommended to consult their professional advisers if they are in any doubt about their tax position.

Part 10. GENERAL INFORMATION

Documents of the Company

Copies of the Instrument of Incorporation, the prospectus and the annual and half yearly reports and the material contracts referred to below are kept and may be inspected at and obtained from the ACD at 1 Lovell Park Road, Leeds, West Yorkshire LS1 1NS.

Complaints

The ACD has a procedure for the effective investigation of all complaints made by Shareholders, a copy of which may be obtained by writing to the ACD at its Administration Address. If you wish to make a complaint about the operation of the Company you should contact the ACD at its Administration Address or, if preferred, direct to the Financial Ombudsman Service, Exchange Tower, London, E14 9SR or www.financial-ombudsman.org.uk.

Material Contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into and are, or may be, material:

- (a) the ACD Agreement, dated 11 October 2000, between the Company and the ACD;
- (b) the Depositary Agreement between the ACD, the Company and the Depositary which commenced on 11 August 2012 and which was superseded by an Agreement effective March 2016; and
- (c) the Agreement with Aberdeen Asset Investments Limited which commenced on 31 March 2014.

Details of the above contracts are given under the heading "The Service Providers" in Part 2.

Risk management

The ACD uses a risk management process, as reviewed by the Depositary, enabling it to monitor and measure as frequently as appropriate the risk of a Fund's positions and their contribution to the overall risk profile of the Fund. A copy of the risk management process is available on request from the ACD.

The ACD will provide upon the request of a Shareholder further information relating to:

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

Collateral Management policy

The ACD is required to have a collateral management policy and to keep that policy under regular review. The policy defines "eligible" types of collateral which the Funds may receive to mitigate counterparty exposure (including any applicable haircuts). A haircut is a reduction to the market value of the collateral in order to allow for a cushion in case the market value of that collateral falls. Criteria for acceptable collateral vary depending on whether the collateral is being used with respect to derivative trades or for securities lending transactions. In general, for derivative trades, collateral will be of high quality and liquid e.g. cash and government securities. For securities lending transactions, a wider set of collateral is permissible including equities and corporate bonds with haircuts that appropriately reflect any additional risks associated with these asset classes. The policy also includes additional restrictions deemed appropriate by the ACD.

Collateral criteria are also designed to maintain regulatory compliance. Regulations may impact the types of collateral that are acceptable for different types of transactions, may specify minimum haircuts and may require that the ACD ensures sufficient diversification of collateral (i.e. use of different counterparties and acceptance of different types of assets). Collateral will be subject to a "haircut" depending on the class of assets received and lent. The haircut policy depends on the quality of assets received or lent, their price volatility, together with the outcome of any stress tests performed under normal and exceptional market conditions. The ACD accepts collateral in the form of different asset types including but not limited to: cash, government securities, certificates of deposit, bonds or commercial paper issued by "relevant institutions". These assets can be from different issuers both in the UK and overseas and covering government, supranational and corporate institutions. The maturity and liquidity profile can vary but any additional risk from longer dated and slightly less liquid assets are mitigated by imposing additional haircuts. In general, the ACD seeks to use collateral that is well diversified by specifying a maximum amount of collateral from one issuer or of one type and by setting collateral criteria that minimise the correlation (or link) between collateral received and the default risk of the counterparty.

Where cash collateral is received, it will be reinvested in accordance with the requirements of ESMA's Guidelines on ETFs and other UCITS issues (ESMA/2012/832EN). Where a Fund re-invests cash collateral in one or more permitted types of investment, there is a risk that the investment will earn less than the interest that is due to the counterparty in respect of that cash and that it will return less than the amount of cash that was invested.

Transfer of Client Money

If transferring all or part of its business to a third party, the ACD may also transfer any client money balances to the same third party (where the client money relates to the business being transferred). Such monies will either be held by the third party in accordance with the FCA's client money rules, or the ACD will exercise all due skill, care and diligence in assessing whether the third party will apply adequate measures to protect these monies.

Part 11. RISK WARNINGS

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

RISK FACTORS APPLYING TO ALL FUNDS

11.1 General

The investments of the Funds are subject to normal market fluctuations and other risks inherent in investing in securities, including the performance and/or financial strength of the issuer of the security; investor and market sentiment; and wider economic, political, tax and regulatory environment. If a Fund invests outside of the UK it will be impacted by the economic, political, tax and social environment of that overseas jurisdiction. This means the value of a Fund's investments and any income derived from them may fall as well as rise, and investors in that Fund may not get back the original amount they invested.

There is no guarantee that the investment objective of any Fund will be achieved.

Tax levels, bases and reliefs can change. Any tax rates referred to in this Prospectus are those which applied at the date of publication of this Prospectus.

The impact of inflation on any growth in the Funds must be considered. Inflation will reduce the value of such growth in real terms.

Past performance is not a guide to future performance, or rates of return.

11.2 Effect of Initial Charge

Where an initial charge (also referred to as an 'entry charge') applies, an investor who sells Shares after a short period of time may not (even where the value of the relevant investments has not fallen) get back the amount originally invested. Therefore, the Shares should be viewed as a long-term investment (at least 10 years).

11.3 Cancellation of Shares

If you decide to use your right to cancel a lump sum investment within the first 30 days and the value of the Shares purchased by that investment has fallen by the time we receive your instructions at our administration unit, the amount you will receive will be less than the amount you invested.

11.4 Regular Withdrawal Facility

If you choose to use the Regular Withdrawal facility you should be aware that these payments constitute a withdrawal of capital and should growth of your investment be insufficient to cover the payments, you will suffer some capital erosion.

11.5 Deferred Redemptions

In times of high redemption, to protect the interests of continuing Shareholders, the ACD may defer redemptions at a particular Valuation Point to the next Valuation Point where requested redemptions exceed a specified percentage of a Fund's value.

This will allow the ACD to match the sale of Scheme Property to the level of redemption, thereby reducing the impact of dilution on the Fund. Requests for redemption in these circumstances will be treated on a pro rata basis to ensure the consistent treatment of all Shareholders. At the next such Valuation Point all deals relating to an earlier Valuation Point will be completed before those relating to the later Valuation Point are considered.

11.6 Suspension of Dealings in Shares

Investors are reminded that in certain circumstances their right to sell their Shares may be suspended as described under "Suspension of Dealings in the Company" in section 4.3.11.

This could occur if a stock exchange or derivatives market suspends or limits trading in the securities or derivatives which it lists. Such a suspension could render it impossible for a Fund to liquidate positions and, accordingly, expose a Fund to losses and delays in its ability to redeem Shares

11.7 Liabilities of the Company and the Funds

Under the OEIC Regulations, the assets of each Fund can only be used to meet the liabilities of, or claims against, that Fund. This is known as segregated liability. Provisions for segregated liability between Funds were introduced in the OEIC Regulations in 2012. Where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known whether a foreign court would recognise the segregated liability and cross-investments provisions contained in the OEIC Regulations. Therefore, it is not possible to be certain that the assets of a Fund will always be completely protected from the liabilities of another Fund of the Company in every circumstance.

Shareholders are not liable for any debts of the Company. A Shareholder is not liable to make any further payment to the Company after the purchase price has been paid for the Shares.

11.8 Use of Derivatives and Efficient Portfolio Management (EPM) techniques

The use of derivatives may from time to time expose a particular Fund to increased fluctuations in value. Derivative transactions are used by the Funds solely for the purposes of Efficient Portfolio Management (as described below) and are not intended to increase the risk profile of the Funds or the Company.

The Funds may use EPM techniques provided they are economically appropriate and

aim to:

1. reduce risk and/or
2. reduce costs and/or
3. provide additional capital or income in the Funds consistent with the risk profile of the Fund and the FCA's rules.

In doing so the Funds may hedge against price or currency fluctuations (this aims to reduce the effect of fluctuations in the exchange rates between the currency of an asset and the currency of the Fund).

It is not intended that using derivatives for EPM will increase the volatility of the Funds and indeed EPM is intended to reduce volatility. In adverse situations, however, a Fund's use of EPM techniques may be ineffective and that Fund may suffer losses as a result. The Funds' ability to use EPM strategies may be limited by market conditions, regulatory limits and tax considerations.

There is no guarantee that a Fund will achieve the objective for which it entered into a transaction in relation to EPM.

To generate additional capital or income for the Company Funds may, for example, engage in stock lending and reverse repurchase (repo) transactions. A Fund may enter into stock lending (also known as securities lending) to generate income by receiving a fee for making its investments available to the borrower. A repo transaction involves a short-term exchange of assets.

Further details on efficient portfolio management and stock lending (also known as securities lending) can be found in Part 3 above.

Counterparty risk and collateral

EPM techniques may involve a Fund entering into derivative transactions, securities lending or repo transactions with a counterparty. There may be a risk that a counterparty will be unable to honour its contractual obligations (default) for example due to bankruptcy or insolvency and a Fund will be exposed to the credit risk of the counterparty. In this event, the Fund could experience delays in recovering the loaned securities, may not be able to recover the loaned securities, and/or may incur a capital loss which might result in a reduction in the net asset value of the Fund. To mitigate that risk, the counterparties to these transactions may be required to provide collateral to the Fund. This is then used to reduce the overall exposure to the derivative or securities lending transaction as the collateral is used to set against the risk of a counterparty default.

The counterparty will forfeit its collateral if it defaults on the derivative, securities lending, or repo transaction. If the collateral is in the form of securities, there is a risk that when it is sold it will provide insufficient cash to settle the counterparty's liability to the Fund. This may result in losses for investors in the Fund.

To manage this risk, the ACD has in place a collateral management policy which details the eligible categories of acceptable collateral and the haircuts which will typically be applied when valuing certain categories of collateral received. A "haircut" is a reduction to the market value of the collateral in order to allow for a cushion in case the market value of that collateral falls. Please see Section 10 above for further information on the collateral management policy.

In relation to Funds which use securities lending, there is an indemnity provided by State Street Bank & Trust Company (SSBTC) which provides additional protection in the event of a counterparty default, and reduces the risk of loss from securities lending as a result of default.

Collateral Risks

- In relation to securities lending, if a counterparty defaults and fails to return equivalent securities to those loaned, the Fund may suffer a loss equal to the shortfall between the value of the realised collateral and the market value of the replacement securities.
- There might be a shortfall in the amount of Collateral as a result of inaccurate pricing of the collateral, unfavourable market movements in its value, or a lack of liquidity in the market on which it is traded.
- If the relevant transaction with a counterparty is not fully collateralised, then the Fund's credit exposure to the counterparty in such circumstances will be higher than if the transaction had been fully collateralised.
- Where a Fund reinvests cash collateral, there is a risk that the investment will earn less interest than is due to the counterparty in respect of that cash and/or that capital losses mean the Fund will return less cash than was invested. In such circumstances the Fund suffer a loss.

For stock lending or repo purposes, a schedule of permitted collateral will be agreed with the stock lending agent and this will be reviewed regularly to assess for risks such as liquidity and credit risks.

Where the review highlights concerns on either of these risks, the relevant asset will be removed from the schedule of permitted collateral.

Other risks linked to the management of collateral, such as operational and legal risks, will be identified, managed and mitigated in accordance with the ACD's risk management policy. Operational risk around collateral management for stocklending and repos is greatly reduced since it is managed by the Depositary, which has processes in place.

The legal risks are reduced by the ACD ensuring that appropriate contractual arrangements are in place with third parties.

Custody Risks

The ACD manages custody risk by ensuring that the Depositary has contractual arrangements in place with the collateral custodian. Custody risk is reduced by the ACD ensuring a process whereby all assets taken as collateral are appropriate. The ACD receives and reviews a controls report from SSBTC on a semi-annual basis that includes information on SSBTC's global operations, including without limitation custody operations. The ACD maintains regular oversight of SSBTC's operations and regularly reviews its processes and controls to ensure such processes and controls operate as expected. The Depositary also maintains oversight of the custodian's operations and processes and reports to the ACD on a monthly basis. The custodian maintains appropriate oversight of any sub-custodians that are appointed, including without limitation reviewing their suitability on an annual basis.

The legal risks are reduced by the ACD ensuring that appropriate contractual arrangements are in place with third parties.

11.9 Smaller Companies

The nature and size of smaller companies means that their shares might trade less frequently and with smaller volumes and so be less liquid than those of larger companies and that their share prices may be more volatile. Securities in smaller companies may possess greater potential for capital appreciation, but also involve risks such as limited product lines, markets and financial or managerial resources.

Where a Fund invests in smaller companies, such investment is likely, therefore, to involve greater risk than investment in larger companies.

ADDITIONAL RISK FACTORS APPLYING TO SOME FUNDS

The following risks apply to the Funds as set out in the table below. Details of the risks follow the table.

Risk	Corporate Bond Fund	UK Equity Income Fund	UK FTSE 100 Index Tracking Fund	UK FTSE All-Share Index Tracking Fund	UK Growth Fund
11.10 Default Risk	√	X	X	X	X
11.11 Credit Rating	√	X	X	X	X
11.12 Interest Rate Fluctuations	√	X	X	X	X
11.13 High Yield	√	X	X	X	X
11.14 Charges to Capital	X	√	X	X	X
11.15 Anticipated Tracking Error	X	X	√	√	X
11.16 Equities	X	√	√	√	√
11.17 Index Strategy	X	√	X	X	√
11.18 Currency Exchange Rates	√	X	X	X	X

11.10 Corporate Bond/Fixed Interest Security Default Risk

Corporate bonds and other types of fixed interest securities are designed to make interest payments (known as coupon payments) and repay the capital at the end of their term. Issuers of the bonds/fixed interest securities might fail to make the

interest payments and/or repay capital to the Fund (default). The value of the Fund will fall should an issuer default.

N.B. Unlike the income from a single fixed interest security, the level of income (yield) from an OEIC fund is not fixed and may go up and down.

11.11 Credit Ratings Risk

Fixed-interest securities are given ratings by credit rating agencies. The ability, or perceived ability, of an issuer to make payments will affect its credit rating. If the credit rating of an issuer falls, this could have an adverse effect on the value of its securities, which could reduce the value of the Fund.

Liquidity risk exists when particular investments are difficult to buy or sell. Securities with substantial market and/or credit risk tend to have greater liquidity risk.

11.12 Interest Rate Fluctuations

The value of fixed interest securities are affected by changes in interest rates. The capital value of Funds with a high concentration of fixed interest or index linked securities, is likely to be affected by fluctuations in interest rates. If long term interest rates rise, the capital value of an investor's Shares in such a Fund is likely to fall, conversely when interest rates decline the capital value of fixed interest securities is likely to rise.

11.13 High Yield Fixed Interest Securities

The Fund may invest in lower rated, potentially higher yielding fixed interest securities. Generally, lower rated securities may pay higher yields than more highly rated securities to compensate investors for the increased risk that the issuer will not make interest or capital payments to holders of the securities. The value of a Fund will fall should an issuer default and the Fund may be subject to greater fluctuations in value than Funds which invest in higher rated securities.

11.14 Charges to Capital

Most Funds take charges from the income produced by the assets within the Fund. Where the ACD and the Depositary agree, and subject to FCA rules, all or part of the payments to the ACD and any other charges and expenses of the Company may be taken from capital instead of income. While this might allow more income to be distributed it may reduce capital growth.

11.15 Index Tracking Error

The Fund is structured as an index tracking fund which has the objective of performing in line with an index. Where a Fund seeks to perform in line with an index there is the risk that performance might be below the index. Factors which can lead performance to differ from the index include, but are not limited to, transaction costs, differences in the weights held in individual securities to that of the index, subscriptions and redemptions, small amounts of cash not being invested in securities and efficient portfolio management techniques.

11.16 Equities

Company shares ('equities') generally offer higher long term growth potential than some other asset classes. However, values can fluctuate considerably for various reasons, for example as a result of changes in investor sentiment; the management, profit or loss of the company; changes in the economy; political factors; or the performance of the sector in which the company operates. There is, therefore, a greater risk, than investing in, say, fixed interest securities, that an investor might get back less than the amount they invested.

11.17 Index Strategy

The investment policy of the Fund is to invest predominantly in a portfolio of companies which are part of an Index. While the Fund aims to deliver performance in excess of the Index, before charges, performance might be less than the Index. The Investment Adviser may only take limited positions away from the Index and performance may fall and rise with the Index.

11.18 Currency Exchange Rates

Investments which are denominated in a different currency to that of the Fund will be subject to currency exchange rates which may adversely affect their value. There is a risk of losses to a Fund as a result of fluctuations in exchange rates.

APPENDIX A

SHARE CLASSES

Several Classes of Share may be issued in respect of each Fund. The current Classes of Share in each Fund are set out below. These Classes are distinguished by their criteria for subscription and charging structure.

In Retail Share Classes B and S, except for the Corporate Bond Fund and the UK Equity Income Fund, Retail Share Class D of the UK FTSE 100 Index Tracking Fund, Retail Share Classes C and P, except for the Corporate Bond Fund, and Retail Share Classes F, G, Q and R, Net Accumulation Shares only are currently issued.

In Retail Share Classes A, B, D, E, H, K, S and the Institutional Share Class of the UK Equity Income Fund, Net Income Shares only are currently issued.

In Retail Share Classes B, C, P and S of the Corporate Bond Fund, Gross Accumulation Shares only are currently issued and in the Institutional Share Class and Retail Share Classes D, E, H and K of the Corporate Bond Fund, Gross Income Shares only are currently issued.

In Retail Share Class A and the Institutional Share Class of the UK Growth Fund, UK FTSE 100 Index Tracking Fund and UK FTSE All-Share Index Tracking Fund, Net Income Shares only are currently issued.

Class I:

Institutional Share Class.

The Institutional Share Class is available in each Fund.

This Class is available for the direct purchase of Shares where the total Shareholding amongst all Funds managed by the ACD has a value in excess of £25 million. Provided that the ACD may, in respect of any corporate entity which appears to be a financial institution that has the potential to invest in excess of £25 million, waive or set a lower limit than £25 million.

The Institutional Share Class currently has no initial charge and no annual management charge.

A fee is payable by the Shareholder to the ACD outside the Fund. Fees will be agreed and payable in a manner as mutually agreed between the ACD and the Shareholder.

Any unpaid fees outstanding one month after the agreed payment date will be met by a redemption of Shares equal to the value of the unpaid fees at that date.

A redemption charge based on the value of the Shares sold will be levied on the sale of Shares within the Institutional Share Class. The level of the charge will be agreed and payable in a manner as mutually agreed between the ACD and the Shareholder.

No additional Switch charge is currently payable on Shares within the Institutional Share Class.

Retail Share Classes

Class A:

Retail Share Class A is available in all Funds except the Corporate Bond Fund.

This Class is available to existing investors as at 16 September 2002 who continue to hold Shares in this Share Class.

This Share Class currently has an initial charge of 4 % subject to stepped reduction to reflect the contribution size. The current scale of charges is shown below:

Current Initial charge under Retail Share Class A.

Contribution	Charge
less than £10,000	4%
£10,000 - £24,999	3%
£25,000 - £49,999	2.75%
£50,000 - £74,999	2.5%
£75,000 - £99,999	2.25%
£100,000 - £200,000	2%
over £200,000	2% on the first £200,000, plus 1% on the excess.

The initial charge is waived for the purchase of Shares in this Share Class through Individual Savings Accounts approved by the ACD and for transfers into Personal Equity Plans approved by the ACD.

The current minimum additional investment amount for lump sum investments is £500 or £40 per month for regular direct debit payments. These minimum amounts may be varied from time to time at the discretion of the ACD.

For this Share Class, the minimum holding amongst all Funds managed by the ACD is £500. This does not apply to Shareholders who have an existing arrangement to make regular monthly purchases of this Share Class. At its discretion, the ACD may allow a Shareholder to hold a lesser amount.

There is currently an annual management charge of 0.5% p.a.

Switches within Retail Share Class A amongst Funds of open-ended investment companies managed by the ACD currently incur an effective Switch charge of 1%.

There is currently a redemption charge of 0% on the sale of Shares in this Share Class.

Class B:

Retail Share Class B is only available in the UK Growth Fund, the UK FTSE 100 Index Tracking Fund, UK Equity Income Fund and the Corporate Bond Fund.

The availability of Shares in this Share Class, investment minima and other features are detailed below in relation to each Fund.

If the ACD agrees that shares in retail share class B are available through the Collective Investment Plan (CIP) then for Shares held in Collective Investment Plans

there is currently a redemption charge of 0% on the sale of Shares in this Share Class.

In respect of this Share Class, the redemption charges that previously applied for Shares held in Collective Investment Plans which started on or after 29 June 2009 were removed by the ACD with effect from 25 September 2017.

A redemption charge of 0% on the sale of Shares in this Share Class will also apply in the following situations:

- Withdrawals where the Funds are held in an Individual Savings Account (ISA) approved by the ACD
- Where the plan holder exercises their right to cancel within the cancellation period
- Regular withdrawals up to a maximum annual limit of 7.5%
- Distributions of the income received from the funds
- Withdrawals from the UK Growth, UK FTSE 100 Index Tracking or Corporate Bond Funds

The ACD reserves the right to waive any redemption charge from time to time at its sole discretion.

UK Growth Fund

Unless the ACD agrees otherwise, Shares in Retail Share Class B in the UK Growth Fund will only be available to existing investors as at 12 September 2002 who continue to hold Shares in this Share Class of this Fund and only for purchases of Shares through investments made into an ISA Investor or in the circumstances set out in the section headed "ISA Investor and Halifax Home Plan" below. Existing Shareholders as at 12 September 2002 can continue to hold Shares in this Class of this Fund.

This Share Class currently has an initial charge of 5%.

There is currently an annual management charge of 0.5% p.a.

There is currently a charge of 0% for Switches of Shares in Retail Share Class B of the UK Growth Fund for Shares of Retail Share Class C whether linked to the same or a different sub-fund of open-ended investment companies (including the Company) managed by the ACD.

The minimum holding for Shares in this Class in the UK Growth Fund is £100,000. At its discretion, the ACD may allow a Shareholder to hold a lesser amount. This does not apply to Shareholders who have an existing arrangement to make regular monthly purchases.

- **ISA Investor and Halifax Home Plan**

An ISA Investor is a stocks and shares individual savings account managed by the ACD. A Halifax Home Plan is a product which combines Shares in Retail Share Class B of the UK Growth Fund and a life assurance plan. A planholder may buy Shares in Retail Share Class B of the UK Growth Fund for a Halifax Home Plan through investments made into an ISA Investor. A planholder may also buy and hold such Shares registered in that planholder's name in the following circumstances.

- If, before 6 April 1999, a planholder applied for a mini ISA Investor to be part of an existing Halifax Home Plan and wished to invest above the mini ISA limit but did not complete and return a maxi ISA application to our Administration Address in sufficient

time before their monthly investments began, that part of the investment in excess of the mini ISA limit was used to buy units in the Halifax Accumulation Trust in that planholder's name. Following the amalgamation of the Halifax Accumulation Trust into the UK Growth Fund on 12 September 2002, these units were exchanged for Shares in Retail Share Class B of the UK Growth Fund. Subsequent monthly investments in excess of the mini ISA limit will purchase Shares in Retail Share Class B of the UK Growth Fund registered in that planholder's name.

- If, before 6 April 1999, a planholder was making monthly investments in a Halifax PEP which forms part of their Halifax Home Plan and either did not apply for an ISA Investor before 6 April 1999 or withdrew their application for an ISA Investor before it started, the planholder's monthly investments continued on or after 6 April 1999 and purchased units of the Halifax Accumulation Trust registered in that planholder's name. Following the amalgamation of the Halifax Accumulation Trust into the UK Growth Fund on 12 September 2002, these units were exchanged for Shares in Retail Share Class B of the UK Growth Fund. Subsequent monthly investments will purchase Shares in Retail Share Class B of the UK Growth Fund registered in that planholder's name.
- If a planholder is making monthly investments in an ISA Investor and these exceed the relevant ISA limit for that tax year, that part of the investment in excess of the relevant ISA limit will be used to purchase Shares registered in that planholder's name.
- If a planholder is making monthly investments in an ISA Investor and that ISA Investor is made void, or that planholder becomes ineligible to invest in an ISA Investor, the planholder's monthly investments will purchase Shares registered in that planholder's name. In the case of Shares already held in an ISA Investor that is made void, those Shares will be registered in the planholder's name.
- Any other circumstances in which the ACD agrees that a planholder may purchase Shares registered in the planholder's name and that those Shares will be dealt with in accordance with this section.

Following the amalgamation of the Halifax Accumulation Trust into the UK Growth Fund on 12 September 2002, units were exchanged for Shares in Retail Share Class B of the UK Growth Fund. Under the Halifax Home Plan conditions, the ACD agrees with the planholder that certain Shares purchased for their Halifax Home Plan will be designated as mortgage shares and that all other such Shares will be designated as savings shares. At the commencement of the Halifax Home Plan and from time to time, the ACD will agree with the planholder the amount that may be used to purchase shares that will be designated as mortgage shares. Shares purchased in the circumstances set out in this section will be designated as mortgage shares and savings shares in accordance with that agreement. Shares held in an ISA Investor (as part of a Halifax Home Plan) that is made void and which are registered in the planholder's name will continue to be designated as mortgage shares and savings shares (as appropriate).

The purchase of Shares in the circumstances described above will be regarded as an existing arrangement to make regular monthly purchases. For Shares purchased or held in the circumstances described in this section, the minimum aggregate sale value will be £250. The minimum holding will be £500 and will be deemed to include the Shares purchased or held in the circumstances described in this section and all Shares in any Fund purchased on behalf of the planholder by the ACD and held under an ISA Investor.

In the event that any Shares purchased or held in the circumstances described in this section are registered other than in the sole name of the planholder, this section will, at the ACD's discretion, no longer apply to those Shares.

On the death of a planholder, the ACD will deal with Shares purchased or held in the circumstances described in this section in the terms set out within the ISA Investor conditions.

UK FTSE 100 Index Tracking Fund

Unless the ACD agrees otherwise, Shares in Retail Share Class B in the UK FTSE 100 Index Tracking Fund will only be available from 16 September 2002 through an ISA Investor³ and to those investors whose total contributions to the Funds via an ISA Investor rather than any increase in the value of such Shares due to market movements is £75,000 or more except that such Shares are not available for New ISA Subscriptions. Existing Shareholders as at that date can continue to hold Shares in this Class of this Fund.

This Share Class currently has an initial charge of 0%.

There is currently an annual management charge of 1% p.a.

The current minimum investment amount is £20 for a first investment and £20 for each investment after that. These minimum amounts may be varied from time to time at the discretion of the ACD.

The minimum holding in this Share Class of the UK FTSE 100 Index Tracking Fund is £20 except that for a Shareholder who also holds Shares in Retail Share Class C, F and/or S, this minimum holding requirement may be satisfied by such a Shareholder's cumulative holdings in Retail Share Classes B, C, F and S amongst all Funds managed by the ACD. At its discretion, the ACD may allow a Shareholder to hold a lesser amount.

There is currently a charge of 0% for Switches of Shares in Retail Share Class B of the UK FTSE 100 Index Tracking Fund for Shares of Retail Share Class C whether linked to the same or a different sub-fund of open-ended investment companies (including the Company) managed by the ACD.

UK Equity Income Fund

Unless the ACD agrees otherwise, Shares in Retail Share Class B of the UK Equity Income Fund are only available through an ISA Investor⁴ to those investors whose total contributions to the Funds via an ISA Investor rather than any increase in the value of such Shares due to market movements is £75,000 or more except that such Shares are not available for New ISA Subscriptions. This minimum amount may be varied at the discretion of the ACD.

The current minimum investment amount is £20 for a first investment and £20 for each investment after that. This minimum amount may be varied at the discretion of the ACD.

This Share Class currently has an initial charge of 0%.

There is currently an annual management charge of 1 % p.a.

³ Please refer to the Glossary to this Prospectus for the definition of this term.

⁴ Please refer to the Glossary to this Prospectus for the definition of this term.

For this Share Class, the minimum holding amongst all Funds managed by the ACD is £20 except that for a Shareholder who also holds Shares in Retail Share Class S (and/or Retail Share Classes C and/or F in the case of the UK FTSE 100 Index Tracking Fund only) this minimum holding requirement may be satisfied by such a Shareholder's cumulative holdings in Retail Share Classes B and S (and also Retail Share Classes C and F in the case of the UK FTSE 100 Index Tracking Fund only) amongst all Funds managed by the ACD. At its discretion, the ACD may allow a Shareholder to hold a lesser amount.

There is currently a charge of 0% for Switches of Shares in Retail Share Class B of the UK Equity Income Fund for Shares in Retail Share Class G in any Fund of open-ended investment companies (including the Company) managed by the ACD or for Shares in Retail Share Class B of the UK FTSE 100 Index Tracking Fund.

Corporate Bond Fund

Unless the ACD agrees otherwise, Shares in Retail Share Class B in the Corporate Bond Fund will not be available to investors from 16 September 2002 but can continue to be held by existing Shareholders as at that date. However, the ACD agrees that existing Shareholders as at 16 September 2002 whose shares were automatically switched to Retail Share Class E Shares in the Corporate Bond Fund on 1 May 2007 can switch those Shares back into Retail Share Class B of this Fund at any time.

This Share Class currently has an initial charge of 3%.

There is currently an annual management charge of 0.75% p.a.

The minimum holding in this Share Class of the Corporate Bond Fund is £500 except that for a Shareholder who also holds Shares in Retail Share Class S, this minimum holding requirement may be satisfied by such a Shareholder's cumulative holdings in Retail Share Classes B and S amongst all Funds managed by the ACD. At its discretion, the ACD may allow a Shareholder to hold a lesser amount.

There is currently a charge of 0% for Switches of Shares in Retail Share Class B of the Corporate Bond Fund for Shares of Retail Share Class D or E of the Corporate Bond Fund, for Shares of Retail Share Class D of the UK Equity Income Fund and for Shares of Retail Share Class C whether linked to the same or a different Fund of companies managed by the ACD.

Class C

Retail Share Class C is available in all Funds. Shares in Retail Share Class C are available to all investors except that such Shares are not available for New ISA Subscriptions⁵ and Non ISA Subscriptions⁶.

This Share Class currently has an initial charge of 0%.

There is currently an annual management charge of 1.35% p.a. for the UK Growth Fund and the UK Equity Income Fund. There is currently an annual management charge of 1% p.a. for the Corporate Bond Fund, UK FTSE 100 Index Tracking Fund and UK FTSE All-Share Index Tracking Fund.

⁵ Please refer to the Glossary to this Prospectus for the definition of this term.

⁶ Please refer to the Glossary to this Prospectus for the definition of this term.

For investments made via the Collective Investment Plan, the current minimum investment amount for lump sum investments is £30,000 for a first investment and £500 for each investment after that. The current minimum investment amount for regular monthly investments by direct debit is £50 per month. For investments made via an ISA Investor⁷ the current minimum investment amount for lump sum investments is £20 for a first investment and £20 for each investment after that. These minimum amounts may be varied from time to time at the discretion of the ACD.

At its discretion, the ACD may restrict the number of Funds into which Shareholders can invest at any one time as part of an arrangement to make regular monthly purchases.

For this Share Class, for investments made via the Collective Investment Plan, the minimum holding amongst all Funds managed by the ACD is £500 except that for a Shareholder who also holds Shares in Retail Share Class P, this minimum holding requirement may be satisfied by such a Shareholder's cumulative holdings in Retail Share Classes C and P amongst all Funds managed by the ACD. Also this minimum holding amount does not apply to Shareholders who have an existing arrangement to make regular monthly purchases. For investments made via the ISA Investor, the minimum holding amongst all Funds managed by the ACD is £20 except that for a Shareholder who also holds Shares in Retail Share Class P (and /or (i) Retail Share Classes B, F and/or S in the case of the UK FTSE 100 Index Tracking Fund only; and (ii) Retail Share Classes F and/or G in the case of the U.K. FTSE All-Share Index Tracking Fund only), this minimum holding requirement may be satisfied by such a Shareholder's cumulative holdings in Retail Share Classes C and P (and also (i) Retail Share Classes B, F and S in the case of the UK FTSE 100 Index Tracking Fund only; and (ii) Retail Share Classes F and G in the case of the U.K. FTSE All-Share Index Tracking Fund only) amongst all Funds managed by the ACD. At its discretion, the ACD may allow a Shareholder to hold a lesser amount.

If a Shareholder holds Shares in Retail Share Class C of any Fund (other than the Corporate Bond Fund), through an ISA Investor and their total contributions to the Funds rather than any increase in the value of such Shares due to market movements is £25,000 or more, the ACD will Switch all Shares in Retail Share Class C held by that Shareholder into Retail Share Class F of the same Fund. The ACD will make this Switch using the first available Valuation Point in accordance with sections 4.3.3 and 4.3.7 above. Retail Share Class F will have a current annual management charge of 1.25% (except for Retail Share Class F of the UK FTSE 100 Index Tracking Fund and UK FTSE All-Share Index Tracking Fund which will have a current annual management charge of 1%). Any subsequent contributions to the Funds (other than the Corporate Bond Fund) via an ISA Investor (other than New ISA Subscriptions) by that Shareholder after the date of the Switch will be used to purchase Shares in Retail Share Class F.

If a Shareholder holds Shares in Retail Share Class C of any Fund (other than the Corporate Bond Fund or the UK FTSE 100 Index Tracking Fund) through an ISA Investor and their total contributions to the Funds rather than any increase in the value of such Shares due to market movements is £75,000 or more, the ACD will Switch all Shares in Retail Share Class C held by that Shareholder into Retail Share Class G of the same Fund. The ACD will make this Switch using the first available Valuation Point in accordance with sections 4.3.3 and 4.3.7 above. Retail Share Class G will have a current annual management charge of 1%. Any subsequent contributions to the Funds (other than the Corporate Bond Fund or the UK FTSE 100 Index Tracking Fund) via an ISA Investor (other than New ISA Subscriptions) by that Shareholder after the date of the Switch will be used to purchase Shares in Retail Share Class G.

⁷ Please refer to the Glossary to this Prospectus for the definition of this term.

If a Shareholder holds Shares in Retail Share Class C of the UK FTSE 100 Index Tracking Fund through an ISA Investor and their total contributions to the Funds rather than any increase in the value of such Shares due to market movements is £75,000 or more, the ACD will Switch all Shares in Retail Share Class C of the UK FTSE 100 Index Tracking Fund held by that Shareholder into Retail Share Class B of the same Fund. The ACD will make this Switch using the first available Valuation Point in accordance with sections 4.3.3 and 4.3.7 above. Retail Share Class B will have a current annual management charge of 1%. Any subsequent contributions to the UK FTSE 100 Index Tracking Fund via an ISA Investor⁸ (other than New ISA Subscriptions⁹) by that Shareholder after the date of the Switch will be used to purchase Shares in Retail Share Class B.

Examples of how such automatic switching provisions will operate are set out below.

There is currently a charge of 0% for Switches of Shares in Retail Share Class C for Shares of the same Class or for Shares in Retail Share Classes F or G in a different sub-fund of open-ended investment companies (including the Company) managed by the ACD or for shares in Retail Share Class D of the Corporate Bond Fund or for Shares in Retail Share Classes B, D and E of the UK Equity Income Fund or for Shares in Retail Share Class B of the UK FTSE 100 Index Tracking Fund or for Shares in Retail Share Classes F and G in the same Fund.

For Shares held in Collective Investment Plans there is currently a redemption charge of 0% on the sale of Shares in this Share Class. In respect of this Share Class, the redemption charges that previously applied for Shares held in Collective Investment Plans which started on or after 29 June 2009 were removed by the ACD with effect from 25 September 2017.

A redemption charge of 0% on the sale of Shares in this Share Class will also apply in the following situations:

- Withdrawals where the Funds are held in an Individual Savings Account (ISA) approved by the ACD
- Where the plan holder exercises their right to cancel within the cancellation period
- Regular withdrawals up to a maximum annual limit of 7.5%
- Distributions of the income received from the funds

The ACD reserves the right to waive any redemption charge from time to time at its sole discretion.

Class D

Retail Share Class D is currently only available in the UK FTSE 100 Index Tracking Fund, the Corporate Bond Fund and the UK Equity Income Fund.

The availability of Shares in this Share Class, investment minima and other features are detailed below in relation to each Fund.

In relation to the Corporate Bond Fund and the UK Equity Income Fund, for Shares held in Collective Investment Plans there is currently a redemption charge of 0% on the sale of Shares in this Share Class.

⁸ Please refer to the Glossary to this Prospectus for the definition of this term.

⁹ Please refer to the Glossary to this Prospectus for the definition of this term.

In respect of this Share Class, the redemption charges that previously applied for Shares held in Collective Investment Plans which started on or after 29 June 2009 were removed by the ACD with effect from 25 September 2017. A redemption charge of 0% on the sale of Shares in this Share Class will also apply in the following situations:

- Withdrawals where the Funds are held in an Individual Savings Account (ISA) approved by the ACD
- Where the plan holder exercises their right to cancel within the cancellation period
- Regular withdrawals up to a maximum annual limit of 7.5%
- Distributions of the income received from the funds
- Withdrawals from the UK FTSE 100 Index Tracking Fund

The ACD reserves the right to waive any redemption charge from time to time at its sole discretion.

UK FTSE 100 Index Tracking Fund

Unless the ACD agrees otherwise, Shares in Retail Share Class D in the UK FTSE 100 Index Tracking Fund will only be available from 6 April 2005 through a Child Trust Fund managed by the ACD.

This Share Class currently has an initial charge of 0%.

To comply with the requirements for stakeholder Child Trust Funds under the Child Trust Fund Regulations 2004, there is currently an annual management charge of 1%.

The current minimum investment for lump sum investments for purchases of Shares to be held through a Child Trust Fund is £10 for the first investment and each investment after that. The current minimum investment for regular monthly investments for purchases of Shares to be held through a Child Trust Fund is £10 per month. These minimum amounts may be varied from time to time at the discretion of the ACD.

There is currently a charge of 0% for Switches of Shares in Retail Share Class D for Shares of the same Class in a different Fund of companies managed by the ACD and for Switches of Shares in Retail Share Class D for Shares of Retail Share Class C whether linked to the same or a different Fund of companies managed by the ACD.

Corporate Bond Fund

Shares in Retail Share Class D of the Corporate Bond Fund are available to all investors except that such Shares are not available for New ISA Subscriptions¹⁰ and Non ISA Subscriptions¹¹.

This Share Class currently has an initial charge of 0%.

There is currently an annual management charge of 1% p.a.

For investments made via the Collective Investment Plan, the current minimum investment amount is £500 for a first investment and for each investment after that. For investments made via an ISA Investor¹² the current minimum investment amount for lump sum

¹⁰ Please refer to the Glossary to this Prospectus for the definition of this term.

¹¹ Please refer to the Glossary to this Prospectus for the definition of this term.

¹² Please refer to the Glossary to this Prospectus for the definition of this term.

investments is £20 for a first investment and £20 for each investment after that. These minimum amounts may be varied from time to time at the discretion of the ACD. Regular monthly investments by direct debit are not allowed.

Income arising from interest distributions is paid to Shareholders. Income cannot be automatically reinvested to buy further Shares.

For investments made via the Collective Investment Plan, the minimum holding in this Share Class of the Corporate Bond Fund is £500 except that for a Shareholder who also holds Shares in Retail Share Class H, this minimum holding requirement may be satisfied by such a Shareholder's cumulative holdings in Retail Share Classes D and H amongst all Funds managed by the ACD. For investments made via the ISA Investor, the minimum holding amongst all Funds managed by the ACD is £20 except that for a Shareholder who also holds Shares in Retail Share Class H, this minimum holding requirement may be satisfied by such a Shareholder's cumulative holdings in Retail Share Classes D and H amongst all Funds managed by the ACD. At its discretion, the ACD may allow a Shareholder to hold a lesser amount.

There is currently a charge of 0% for Switches of Shares in Retail Share Class D of the Corporate Bond Fund for Shares of the same Class in the UK Equity Income Fund and for Retail Share Class C Shares in the Corporate Bond Fund and any other fund of open-ended investment companies (including the Company) managed by the ACD.

UK Equity Income Fund

Shares in Retail Share Class D of the UK Equity Income Fund are available to all investors except that such Shares are not available for New ISA Subscriptions¹³ and Non ISA Subscriptions¹⁴.

This Share Class currently has an initial charge of 0%.

There is currently an annual management charge of 1.35% p.a.

For investments made via the Collective Investment Plan, the current minimum investment amount is £500 for a first investment and for each investment after that. This minimum amount may be varied from time to time at the discretion of the ACD. For investments made via an ISA Investor¹⁵ the current minimum investment amount for lump sum investments is £20 for a first investment and £20 for each investment after that. Regular monthly investments by direct debit are not allowed.

Income arising from distributions is paid to Shareholders. Income cannot be automatically reinvested to buy further Shares.

For investments made via the Collective Investment Plan, the minimum holding in this Share Class of the UK Equity Income Fund is £500 except that for a Shareholder who also holds Shares in Retail Share Class H, this minimum holding requirement may be satisfied by such a Shareholder's cumulative holdings in Retail Share Classes D and H amongst all Funds managed by the ACD. For investments made via the ISA Investor, the minimum holding amongst all Funds managed by the ACD is £20 except that for a Shareholder who also holds Shares in Retail Share Class H, this minimum holding requirement may be satisfied by such

¹³ Please refer to the Glossary to this Prospectus for the definition of this term.

¹⁴ Please refer to the Glossary to this Prospectus for the definition of this term.

¹⁵ Please refer to the Glossary to this Prospectus for the definition of this term.

a Shareholder's cumulative holdings in Retail Share Classes D and H amongst all Funds managed by the ACD. At its discretion, the ACD may allow a Shareholder to hold a lesser amount.

If a Shareholder holds Shares in Retail Share Class D of the UK Equity Income Fund through an ISA Investor and their total contributions to the Funds rather than any increase in the value of such Shares due to market movements is £25,000 or more, the ACD will Switch all Shares in Retail Share Class D of the UK Equity Income Fund to Retail Share Class E of that Fund. The ACD will make this Switch using the first available Valuation Point in accordance with sections 4.3.3 and 4.3.7 above. Retail Share Class E of the UK Equity Income Fund will have a current annual management charge of 1.25%. Any subsequent contributions to the UK Equity Income Fund via an ISA Investor (other than New ISA Subscriptions) by that Shareholder after the date of the Switch will be used to purchase Shares in Retail Share Class E.

If a Shareholder holds Shares in Retail Share Class D of the UK Equity Income Fund through an ISA Investor and their total contributions to the Funds rather than any increase in the value of such Shares due to market movements is £75,000 or more, the ACD will Switch all Shares in Retail Share Class D of the UK Equity Income Fund held by that Shareholder into Retail Share Class B of the same Fund. The ACD will make this Switch using the first available Valuation Point in accordance with sections 4.3.3 and 4.3.7 above. Retail Share Class B of the UK Equity Income Fund will have a current annual management charge of 1%. Any subsequent contributions to the UK Equity Income Fund via an ISA Investor (other than New ISA Subscriptions) by that Shareholder after the date of the Switch will be used to purchase Shares in Retail Share Class B.

Examples of how such automatic switching provisions will operate are set out below.

There is currently a charge of 0% for Switches of Shares in Retail Share Class D of the UK Equity Income Fund for Shares of the same Class in the Corporate Bond Fund and for Shares in Retail Share Class B and E in the UK Equity Income Fund and Retail Share Classes C, F and G of any fund of open-ended investment companies (including the Company) managed by the ACD.

Class E

Retail Share Class E is currently only available in the Corporate Bond Fund and UK Equity Income Fund.

The availability of Shares in this Share Class, investment minima and other features are detailed below in relation to each Fund.

If the ACD agrees that Shares in Retail Share Class E are available through the Collective Investment Plan (CIP) then for Shares held in Collective Investment Plans there is currently a redemption charge of 0% on the sale of Shares in this Share Class.

In respect of this Share Class, the redemption charges that previously applied for Shares held in Collective Investment Plans which started on or after 29 June 2009 were removed by the ACD with effect from 25 September 2017.

A redemption charge of 0% on the sale of Shares in this Share Class will also apply in the following situations:

- Withdrawals where the Funds are held in an Individual Savings Account (ISA) approved by the ACD
- Where the plan holder exercises their right to cancel within the cancellation period
- Regular withdrawals up to a maximum annual limit of 7.5%
- Distributions of the income received from the funds
- Withdrawals from the Corporate Bond Fund

The ACD reserves the right to waive any redemption charge from time to time at its sole discretion.

Corporate Bond Fund

Unless the ACD agrees otherwise, Shares in Retail Share Class E in the Corporate Bond Fund will only be available for Switches from Retail Share Class B Shares in the Corporate Bond Fund.

For investments made via the Collective Investment Plan, the current minimum investment amount for lump sum investments is £500 for a first investment and £500 for each investment after that. For investments made via an ISA Investor¹⁶ the current minimum investment amount for lump sum investments is £20 for a first investment and £20 for each investment after that. These minimum amounts may be varied from time to time at the discretion of the ACD. Regular monthly investments by direct debit are not allowed.

This Share Class currently has an initial charge of 3%.

There is currently an annual management charge of 0.75% p.a.

For investments made via the Collective Investment Plan, the minimum holding in this Share Class of the Corporate Bond Fund is £500 except that for a Shareholder who also holds Shares in Retail Share Class K, this minimum holding requirement may be satisfied by such a Shareholder's cumulative holdings in Retail Share Classes E and K amongst all Funds managed by the ACD. For investments made via the ISA Investor, the minimum holding

¹⁶ Please refer to the Glossary to this Prospectus for the definition of this term.

amongst all Funds managed by the ACD is £20 except that for a Shareholder who also holds Shares in Retail Share Class K, this minimum holding requirement may be satisfied by such a Shareholder's cumulative holdings in Retail Share Classes E and K amongst all Funds managed by the ACD. At its discretion, the ACD may allow a Shareholder to hold a lesser amount.

Income arising from interest distributions is paid to Shareholders. Income cannot be automatically reinvested to buy further Shares of this Share Class of this Fund.

There is currently a charge of 0% for Switches of Shares in Retail Share Class E of the Corporate Bond Fund for Shares of Retail Share Class B or D of the Corporate Bond Fund, for Shares of Retail Share Class D of the UK Equity Income Fund or for Shares of Retail Share Class C whether linked to the same or a different sub-fund of open-ended investment companies (including the Company) managed by the ACD.

UK Equity Income Fund

Unless the ACD agrees otherwise, Shares in Retail Share Class E of the UK Equity Income Fund are only available through an ISA Investor¹⁷ to those investors whose total contributions to the Funds rather than any increase in the value of such Shares due to market movements is £25,000 or more except that such Shares are not available for New ISA Subscriptions¹⁸. This minimum amount may be varied at the discretion of the ACD. Regular monthly investments by direct debit are not allowed.

The current minimum subsequent investment amount is £20 for lump sum investments. This minimum amount may be varied at the discretion of the ACD.

This Share Class currently has an initial charge of 0%.

There is currently an annual management charge of 1.25% p.a.

For this Share Class, the minimum holding amongst all Funds managed by the ACD is £20 except that for a Shareholder who also holds Shares in Retail Share Class K, this minimum holding requirement may be satisfied by such a Shareholder's cumulative holdings in Retail Share Classes E and K amongst all Funds managed by the ACD. At its discretion, the ACD may allow a Shareholder to hold a lesser amount.

If a Shareholder holds Shares in Retail Share Class E of the UK Equity Income Fund through an ISA Investor and their total contributions to the Funds rather than any increase in the value of such Shares due to market movements is £75,000 or more, the ACD will Switch all Shares in Retail Share Class E of the UK Equity Income Fund held by that Shareholder into Retail Share Class B of the same Fund. The ACD will make this Switch using the first available Valuation Point in accordance with sections 4.3.3 and 4.3.7 above. Retail Share Class B of the UK Equity Income Fund will have a current annual management charge of 1%. Any subsequent contributions to the UK Equity Income Fund via an ISA Investor (other than New ISA Subscriptions) by that Shareholder after the date of the Switch will be used to purchase Shares in Retail Share Class B.

Examples of how such automatic switching provisions will operate are set out below.

¹⁷ Please refer to the Glossary to this Prospectus for the definition of this term.

¹⁸ Please refer to the Glossary to this Prospectus for the definition of this term.

There is currently a charge of 0% for Switches of Shares in Retail Share Class E of the UK Equity Income Fund for Shares in Retail Share Class F and G in any sub-fund of open-ended investment companies (including the Company) managed by the ACD or for Switches to Shares in Retail Share Class B of either the UK FTSE 100 Index Tracking Fund or the UK Equity Income Fund.

Class F

Retail Share Class F is available in all Funds except the Corporate Bond Fund.

Unless the ACD agrees otherwise, Shares in Retail Share Class F are only available through an ISA Investor¹⁹ to those investors whose total contributions to the Funds rather than any increase in the value of such Shares due to market movements is £25,000 or more, except that such Shares are not available for New ISA Subscriptions²⁰. This minimum amount may be varied at the discretion of the ACD.

The current minimum subsequent investment amount is £20 for lump sum investments and £20 per month for regular monthly investments by direct debit. These minimum amounts may be varied at the discretion of the ACD.

This Share Class currently has an initial charge of 0%.

There is currently an annual management charge of 1.25% p.a. (except for the UK FTSE 100 Index Tracking Fund and UK FTSE All-Share Index Tracking Fund where the annual management charge is currently 1% p.a.).

At its discretion, the ACD may restrict the number of Funds into which Shareholders can invest at any one time as part of an arrangement to make regular monthly purchases.

For this Share Class, the minimum holding amongst all Funds managed by the ACD is £20 except that for a Shareholder who also holds Shares in Retail Share Class Q (and/or (i) Retail Share Classes B, C and/or S in the case of the UK FTSE 100 Index Tracking Fund only; and (ii) Retail Share Classes C, G and/or P in the case of the U.K. FTSE All-Share Index Tracking Fund only), this minimum holding requirement may be satisfied by such a Shareholder's cumulative holdings in Retail Share Classes F and Q (and also (i) Retail Share Classes B, C and S in the case of the UK FTSE 100 Index Tracking Fund only; and (ii) Retail Share Classes C, G and P in the case of the U.K. FTSE All-Share Index Tracking Fund only) amongst all Funds managed by the ACD. At its discretion, the ACD may allow a Shareholder to hold a lesser amount.

If a Shareholder holds Shares in Retail Share Class F of any Fund (other than the Corporate Bond Fund or the UK FTSE 100 Index Tracking Fund) through an ISA Investor and their total contributions to the Funds rather than any increase in the value of such Shares due to market movements is £75,000 or more, the ACD will Switch all Shares in Retail Share Class F held by that Shareholder into Retail Share Class G of the same Fund. The ACD will make this Switch using the first available Valuation Point in accordance with sections 4.3.3 and 4.3.7 above. Retail Share Class G will have a current annual management charge of 1%. Any subsequent contributions to the Funds (other than the Corporate Bond Fund or the UK FTSE 100 Index Tracking Fund) via an ISA Investor (other than New ISA Subscriptions) by that Shareholder after the date of the Switch will be used to purchase Shares in Retail Share Class G.

¹⁹ Please refer to the Glossary to this Prospectus for the definition of this term.

²⁰ Please refer to the Glossary to this Prospectus for the definition of this term.

If a Shareholder holds Shares in Retail Share Class F of the UK FTSE 100 Index Tracking Fund through an ISA Investor and their total contributions to the Funds rather than any increase in the value of such Shares due to market movements is £75,000 or more, the ACD will Switch all Shares in Retail Share Class F of the UK FTSE 100 Index Tracking Fund held by that Shareholder into Retail Share Class B of the same Fund. The ACD will make this Switch using the first available Valuation Point in accordance with sections 4.3.3 and 4.3.7 above. Retail Share Class B will have a current annual management charge of 1%. Any subsequent contributions to the UK FTSE 100 Index Tracking Fund via an ISA Investor (other than New ISA Subscriptions) by that Shareholder after the date of the Switch will be used to purchase Shares in Retail Share Class B.

Examples of how such automatic switching provisions will operate are set out below.

There is currently a charge of 0% for Switches of Shares in Retail Share Class F for Shares of the same Class or for Shares in Retail Share Class G in any sub-fund of the open-ended investment companies (including the Company) managed by the ACD or for Switches to Retail Share Classes B and E of the UK Equity Income Fund or for Switches to Shares in Retail Share Class B of the UK FTSE 100 Index Tracking Fund.

If the ACD agrees that Shares in Retail Share Class F are available through the Collective Investment Plan (CIP) then for Shares held in Collective Investment Plans there is currently a redemption charge of 0% on the sale of Shares in this Share Class. In respect of this Share Class, the redemption charges that previously applied for Shares held in Collective Investment Plans which started on or after 29 June 2009 were removed by the ACD with effect from 25 September 2017.

A redemption charge of 0% on the sale of Shares in this Share Class will also apply in the following situations:

- Withdrawals where the Funds are held in an Individual Savings Account (ISA) approved by the ACD
- Where the plan holder exercises their right to cancel within the cancellation period
- Regular withdrawals up to a maximum annual limit of 7.5%
- Distributions of the income received from the funds

The ACD reserves the right to waive any redemption charge from time to time at its sole discretion.

Class G

Retail Share Class G is available in all Funds except the Corporate Bond Fund and the UK FTSE 100 Index Tracking Fund.

Unless the ACD agrees otherwise, Shares in Retail Share Class G are only available through an ISA Investor²¹ to those investors whose total contributions to the Funds rather than any increase in the value of such Shares due to market movements is £75,000 or more, except that such Shares are not available for New ISA Subscriptions²². This minimum amount may be varied at the discretion of the ACD.

²¹ Please refer to the Glossary to this Prospectus for the definition of this term.

²² Please refer to the Glossary to this Prospectus for the definition of this term.

The current minimum subsequent investment amount is £200 for lump sum investments and £20 per month for regular monthly investments by direct debit. These minimum amounts may be varied at the discretion of the ACD.

This Share Class currently has an initial charge of 0%.

There is currently an annual management charge of 1% p.a.

At its discretion, the ACD may restrict the number of Funds into which Shareholders can invest at any one time as part of an arrangement to make regular monthly purchases.

For this Share Class, the minimum holding amongst all Funds managed by the ACD is £20 except that for a Shareholder who also holds Shares in Retail Share Class R (and/or Retail Share Classes C, F and/or P in the case of the U.K. FTSE All-Share Index Tracking Fund only), this minimum holding requirement may be satisfied by such a Shareholder's cumulative holdings in Retail Share Classes G and R (and Retail Share Classes C, F and P in the case of the U.K. FTSE All-Share Index Tracking Fund only) amongst all Funds managed by the ACD. At its discretion, the ACD may allow a Shareholder to hold a lesser amount.

There is currently a charge of 0% for Switches of Shares in Retail Share Class G for Shares of the same Class in a different sub-fund of open-ended investment companies (including the Company) managed by the ACD or for Switches to Retail Share Class B of each of the UK Equity Income Fund and UK FTSE 100 Index Tracking Fund.

If the ACD agrees that Shares in Retail Share Class G are available through the Collective Investment Plan (CIP) then for Shares held in Collective Investment Plans there is currently a redemption charge of 0% on the sale of Shares in this Share Class.

In respect of this Share Class, the redemption charges that previously applied for Shares held in Collective Investment Plans which started on or after 29 June 2009 were removed by the ACD with effect from 25 September 2017.

A redemption charge of 0% on the sale of Shares in this Share Class will also apply in the following situations:

- Withdrawals where the Funds are held in an Individual Savings Account (ISA) approved by the ACD
- Where the plan holder exercises their right to cancel within the cancellation period
- Regular withdrawals up to a maximum annual limit of 7.5%
- Distributions of the income received from the funds

The ACD reserves the right to waive any redemption charge from time to time at its sole discretion.

Class H

Retail Share Class H is currently only available in the Corporate Bond Fund and the UK Equity Income Fund.

The availability of Shares in this Share Class, investment minima and other features are detailed below in relation to each Fund.

Corporate Bond Fund

Shares in Retail Share Class H of the Corporate Bond Fund are available to all investors who are making New ISA Subscriptions²³ and/or Non ISA Subscriptions²⁴.

This Share Class currently has an initial charge of 0%.

There is currently an annual management charge of 0.5% p.a.

For investments made via the Collective Investment Plan, the current minimum investment amount is £500 for a first investment and for each investment after that. For New ISA Subscriptions, the current minimum investment amount for lump sum investments is £20 for a first investment and £20 for each investment after that. These minimum amounts may be varied from time to time at the discretion of the ACD. Regular monthly investments by direct debit are not allowed.

Income arising from interest distributions is paid to Shareholders. Income cannot be automatically reinvested to buy further Shares.

For this Share Class of the Corporate Bond Fund, for investments made via the Collective Investment Plan, the minimum holding amongst all Funds managed by the ACD is £500 except that for a Shareholder who also holds Shares in Retail Share Class D, this minimum holding requirement may be satisfied by such a Shareholder's cumulative holdings in Retail Share Classes D and H amongst all Funds managed by the ACD. For investments made via the ISA Investor²⁵, the minimum holding for this Share Class amongst all Funds managed by the ACD is £20 except that for a Shareholder who also holds Shares in Retail Share Class D, this minimum holding requirement may be satisfied by such a Shareholder's cumulative holdings in Retail Share Classes D and H amongst all Funds managed by the ACD. At its discretion, the ACD may allow a Shareholder to hold a lesser amount.

There is currently a charge of 0% for Switches of Shares in Retail Share Class H of the Corporate Bond Fund for Shares of the same Class in the UK Equity Income Fund and for Retail Share Class P Shares in the Corporate Bond Fund and any other sub-fund of open-ended investment companies (including the Company) managed by the ACD.

UK Equity Income Fund

Shares in Retail Share Class H of the UK Equity Income Fund are available to all investors who are making New ISA Subscriptions²⁶ and/or Non ISA Subscriptions²⁷.

This Share Class currently has an initial charge of 0%.

There is currently an annual management charge of 0.85% p.a.

For investments made via the Collective Investment Plan, the current minimum investment amount is £500 for a first investment and for each investment after that. For New ISA Subscriptions, the current minimum investment amount for lump sum investments is £20 for a first investment and £20 for each investment after that. These minimum amounts may be

²³ Please refer to the Glossary to this Prospectus for the definition of this term.

²⁴ Please refer to the Glossary to this Prospectus for the definition of this term.

²⁵ Please refer to the Glossary to this Prospectus for the definition of this term.

²⁶ Please refer to the Glossary to this Prospectus for the definition of this term.

²⁷ Please refer to the Glossary to this Prospectus for the definition of this term.

varied from time to time at the discretion of the ACD. Regular monthly investments by direct debit are not allowed.

Income arising from distributions is paid to Shareholders. Income cannot be automatically reinvested to buy further Shares.

For this Share Class of the UK Equity Income Fund, for investments made via the Collective Investment Plan, the minimum holding amongst all Funds managed by the ACD is £500 except that for a Shareholder who also holds Shares in Retail Share Class D, this minimum holding requirement may be satisfied by such a Shareholder's cumulative holdings in Retail Share Classes D and H amongst all Funds managed by the ACD. For investments made via the ISA Investor, the minimum holding for this Share Class amongst all Funds managed by the ACD is £20 except that for a Shareholder who also holds Shares in Retail Share Class D, this minimum holding requirement may be satisfied by such a Shareholder's cumulative holdings in Retail Share Classes D and H amongst all Funds managed by the ACD. At its discretion, the ACD may allow a Shareholder to hold a lesser amount.

If a Shareholder holds Shares in Retail Share Class H of the UK Equity Income Fund through an ISA Investor²⁸ and their total contributions to the Funds rather than any increase in the value of such Shares due to market movements is £25,000 or more, the ACD will Switch all Shares in Retail Share Class H of the UK Equity Income Fund held by that Shareholder into Retail Share Class K of the same Fund. The ACD will make this Switch using the first available Valuation Point in accordance with sections 4.3.3 and 4.3.7 above. Retail Share Class K of the UK Equity Income Fund will have a current annual management charge of 0.75%. Any New ISA Subscriptions to the UK Equity Income Fund by that Shareholder after the date of the Switch will be used to purchase Shares in Retail Share Class K.

If a Shareholder holds Shares in Retail Share Class H of the UK Equity Income Fund through an ISA Investor and their total contributions to the Funds rather than any increase in the value of such Shares due to market movements is £75,000 or more, the ACD will Switch all Shares in Retail Share Class H of the UK Equity Income Fund held by that Shareholder into Retail Share Class S of the same Fund. The ACD will make this Switch using the first available Valuation Point in accordance with sections 4.3.3 and 4.3.7 above. Retail Share Class S of the UK Equity Income Fund will have a current annual management charge of 0.5%. Any New ISA Subscriptions to the UK Equity Income Fund by that Shareholder after the date of the Switch will be used to purchase Shares in Retail Share Class S.

Examples of how such automatic switching provisions will operate are set out below.

There is currently a charge of 0% for Switches of Shares in Retail Share Class H of the UK Equity Income Fund for Shares of the same Class in the Corporate Bond Fund and for Shares in Retail Share Class S and K in the UK Equity Income Fund and Retail Share Classes P, Q and R of any sub-fund of open-ended investment companies (including the Company) managed by the ACD.

Class K

Retail Share Class K is currently only available in the Corporate Bond Fund and UK Equity Income Fund.

²⁸ Please refer to the Glossary to this Prospectus for the definition of this term.

The availability of Shares in this Share Class, investment minima and other features are detailed below in relation to each Fund.

Corporate Bond Fund

Unless the ACD agrees otherwise, Shares in Retail Share Class K in the Corporate Bond Fund will only be available for (i) Switches from Retail Share Class S Shares in the Corporate Bond Fund; and (ii) existing holders of Shares in Retail Share Class E who are making New ISA Subscriptions²⁹ and/or Non ISA Subscriptions³⁰.

For investments made via the Collective Investment Plan the current minimum investment amount for lump sum investments is £500 for a first investment and £500 for each investment after that. For investments made via an ISA Investor³¹, the current minimum investment amount for lump sum investments is £20 for a first investment and £20 for each investment after that. These minimum amounts may be varied from time to time at the discretion of the ACD. Regular monthly investments by direct debit are not allowed.

This Share Class currently has an initial charge of 0%.

There is currently an annual management charge of 0.25% p.a.

For this Share Class of the Corporate Bond Fund, for investments made via the Collective Investment Plan, the minimum holding amongst all Funds managed by the ACD is £500 except that for a Shareholder who also holds Shares in Retail Share Class E, this minimum holding requirement may be satisfied by such a Shareholder's cumulative holdings in Retail Share Classes E and K amongst all Funds managed by the ACD. For investments made via the ISA Investor³², the minimum holding for this Share Class amongst all Funds managed by the ACD is £20 except that for a Shareholder who also holds Shares in Retail Share Class E, this minimum holding requirement may be satisfied by such a Shareholder's cumulative holdings in Retail Share Classes E and K amongst all Funds managed by the ACD. At its discretion, the ACD may allow a Shareholder to hold a lesser amount.

Income arising from interest distributions is paid to Shareholders. Income cannot be automatically reinvested to buy further Shares of this Share Class of this Fund.

There is currently a charge of 0% for Switches of Shares in Retail Share Class K of the Corporate Bond Fund for Shares of Retail Share Class S or H of the Corporate Bond Fund, for Shares of Retail Share Class H of the UK Equity Income Fund or for Shares of Retail Share Class P whether linked to the same or a different sub-fund of open-ended investment companies (including the Company) managed by the ACD.

UK Equity Income Fund

Unless the ACD agrees otherwise, Shares in Retail Share Class K of the UK Equity Income Fund are only available through an ISA Investor³³ to those investors (i) whose total contributions to the Funds, rather than any increase in the value of such Shares due to

²⁹ Please refer to the Glossary to this Prospectus for the definition of this term.

³⁰ Please refer to the Glossary to this Prospectus for the definition of this term.

³¹ Please refer to the Glossary to this Prospectus for the definition of this term.

³² Please refer to the Glossary to this Prospectus for the definition of this term.

³³ Please refer to the Glossary to this Prospectus for the definition of this term.

market movements, is £25,000 or more; and (ii) who are making New ISA Subscriptions³⁴. This minimum amount may be varied at the discretion of the ACD.

The current minimum subsequent investment amount is £20 for lump sum investments. This minimum amount may be varied at the discretion of the ACD.

This Share Class currently has an initial charge of 0%.

There is currently an annual management charge of 0.75% p.a.

For this Share Class, the minimum holding amongst all Funds managed by the ACD is £20 except that for a Shareholder who also holds Shares in Retail Share Class E, this minimum holding requirement may be satisfied by such a Shareholder's cumulative holdings in Retail Share Classes E and K amongst all Funds managed by the ACD. At its discretion, the ACD may allow a Shareholder to hold a lesser amount.

If a Shareholder holds Shares in Retail Share Class K of the UK Equity Income Fund through an ISA Investor and their total contributions to the Funds rather than any increase in the value of such Shares due to market movements is £75,000 or more, the ACD will Switch all Shares in Retail Share Class K of the UK Equity Income Fund held by that Shareholder into Retail Share Class S of the same Fund. The ACD will make this Switch using the first available Valuation Point in accordance with sections 4.3.3 and 4.3.7 above. Retail Share Class S of the UK Equity Income Fund will have a current annual management charge of 0.5%. Any New ISA Subscriptions to the UK Equity Income Fund by that Shareholder after the date of the Switch will be used to purchase Shares in Retail Share Class S.

Examples of how such automatic switching provisions will operate are set out below.

There is currently a charge of 0% for Switches of Shares in Retail Share Class K of the UK Equity Income Fund for Shares in Retail Share Class Q and R in any sub-fund of open-ended investment companies (including the Company) managed by the ACD or for Switches to Shares in Retail Share Class S of either the UK FTSE 100 Index Tracking Fund or the UK Equity Income Fund.

Class P

Retail Share Class P is available in all Funds except the UK FTSE 100 Index Tracking Fund. Unless the ACD agrees otherwise, Shares in Retail Share Class P are available to all investors who are making New ISA Subscriptions³⁵ and/or Non ISA Subscriptions³⁶.

This Share Class currently has an initial charge of 0%.

There is currently an annual management charge of 0.85% p.a. (except for the Corporate Bond Fund and UK FTSE All-Share Index Tracking Fund where the annual management charge is currently 0.5% p.a.).

For investments made via the Collective Investment Plan the current minimum investment amount for lump sum investments is £30,000 for a first investment (except for Shareholders who hold Shares in Retail Share Class C for whom this amount is £500) and £500 for each

³⁴ Please refer to the Glossary to this Prospectus for the definition of this term.

³⁵ Please refer to the Glossary to this Prospectus for the definition of this term.

³⁶ Please refer to the Glossary to this Prospectus for the definition of this term.

investment after that. The current minimum investment amount for regular monthly investments by direct debit is £50 per month. For investments made via an ISA Investor³⁷, the current minimum investment amount for lump sum investments is £20 for a first investment and £20 for each investment after that. These minimum amounts may be varied from time to time at the discretion of the ACD.

At its discretion, the ACD may restrict the number of Funds into which Shareholders can invest at any one time as part of an arrangement to make regular monthly purchases.

For this Share Class, for investments made via the Collective Investment Plan, the minimum holding amongst all Funds managed by the ACD is £500 except that for a Shareholder who also holds Shares in Retail Share Class C, this minimum holding requirement may be satisfied by such a Shareholder's cumulative holdings in Retail Share Classes C and P amongst all Funds managed by the ACD. Also this minimum holding amount does not apply to Shareholders who have an existing arrangement to make regular monthly purchases. For investments made via the ISA Investor, the minimum holding for this Share Class amongst all Funds managed by the ACD is £20 except that for a Shareholder who also holds Shares in Retail Share Class C (and/or Retail Share Classes F and/or G in the case of the U.K. FTSE All-Share Index Tracking Fund only), this minimum holding requirement may be satisfied by such a Shareholder's cumulative holdings in Retail Share Classes C and P (and also Retail Share Classes F and G in the case of the U.K. FTSE All-Share Index Tracking Fund only) amongst all Funds managed by the ACD. At its discretion, the ACD may allow a Shareholder to hold a lesser amount.

If a Shareholder holds Shares in Retail Share Class P of any Fund (other than the Corporate Bond Fund or the UK FTSE All-Share Index Tracking Fund), through an ISA Investor and their total contributions to the Funds rather than any increase in the value of such Shares due to market movements is £25,000 or more, the ACD will Switch all Shares in Retail Share Class P held by that Shareholder into Retail Share Class Q of the same Fund. The ACD will make this Switch using the first available Valuation Point in accordance with sections 4.3.3 and 4.3.7 above. Retail Share Class Q will have a current annual management charge of 0.75%. Any New ISA Subscriptions to the Funds (other than the Corporate Bond Fund or the UK FTSE All-Share Index Tracking Fund) by that Shareholder after the date of the Switch will be used to purchase Shares in Retail Share Class Q.

If a Shareholder holds Shares in Retail Share Class P of any Fund, (other than the Corporate Bond Fund or the UK FTSE All-Share Index Tracking Fund) through an ISA Investor and their total contributions to the Funds rather than any increase in the value of such Shares due to market movements is £75,000 or more, the ACD will Switch all Shares in Retail Share Class P held by that Shareholder into Retail Share Class R of the same Fund. The ACD will make this Switch using the first available Valuation Point in accordance with sections 4.3.3 and 4.3.7 above. Retail Share Class R will have a current annual management charge of 0.5%. Any New ISA Subscriptions to the Funds (other than the Corporate Bond Fund or the UK FTSE All-Share Index Tracking Fund) by that Shareholder after the date of the Switch will be used to purchase Shares in Retail Share Class R.

Examples of how such automatic switching provisions will operate are set out below.

There is currently a charge of 0% for Switches of Shares in Retail Share Class P for Shares of the same Class or for Shares in Retail Share Classes Q or R in a different sub-fund of open-ended investment companies (including the Company) managed by the ACD or for

³⁷ Please refer to the Glossary to this Prospectus for the definition of this term.

shares in Retail Share Class H of the Corporate Bond Fund or for Shares in Retail Share Classes S, H and K of the UK Equity Income Fund or for Shares in Retail Share Class S of the UK FTSE 100 Index Tracking Fund or for Shares in Retail Share Classes Q and R in the same Fund.

Class Q

Retail Share Class Q is available in all Funds except the Corporate Bond Fund, the UK FTSE All-Share Index Tracking Fund and the UK FTSE 100 Index Tracking Fund.

Unless the ACD agrees otherwise, Shares in Retail Share Class Q are only available through an ISA Investor³⁸ to those investors (i) whose total contributions to the Funds, rather than any increase in the value of such Shares due to market movements is £25,000 or more; and (ii) who are making New ISA Subscriptions³⁹. This minimum amount may be varied at the discretion of the ACD.

The current minimum subsequent investment amount is £20 for lump sum investments and £20 per month for regular monthly investments by direct debit. These minimum amounts may be varied at the discretion of the ACD.

This Share Class currently has an initial charge of 0%.

There is currently an annual management charge of 0.75% p.a.

At its discretion, the ACD may restrict the number of Funds into which Shareholders can invest at any one time as part of an arrangement to make regular monthly purchases.

For this Share Class, the minimum holding amongst all Funds managed by the ACD is £20 except that for a Shareholder who also holds Shares in Retail Share Class F, this minimum holding requirement may be satisfied by such a Shareholder's cumulative holdings in Retail Share Classes F and Q amongst all Funds managed by the ACD. At its discretion, the ACD may allow a Shareholder to hold a lesser amount.

If a Shareholder holds Shares in Retail Share Class Q of any Fund, (other than the Corporate Bond Fund or the UK FTSE All-Share Index Tracking Fund) through an ISA Investor and their total contributions to the Funds rather than any increase in the value of such Shares due to market movements is £75,000 or more, the ACD will Switch all Shares in Retail Share Class Q held by that Shareholder into Retail Share Class R of the same Fund. The ACD will make this Switch using the first available Valuation Point in accordance with sections 4.3.3 and 4.3.7 above. Retail Share Class R will have a current annual management charge of 0.5%. Any New ISA Subscriptions to the Funds (other than the Corporate Bond Fund or the UK FTSE All-Share Index Tracking Fund) by that Shareholder after the date of the Switch will be used to purchase Shares in Retail Share Class R.

Examples of how such automatic switching provisions will operate are set out below.

There is currently a charge of 0% for Switches of Shares in Retail Share Class Q for Shares of the same Class or for Shares in Retail Share Class R in any sub-fund of the open-ended investment companies (including the Company) managed by the ACD or for Switches to

³⁸ Please refer to the Glossary to this Prospectus for the definition of this term.

³⁹ Please refer to the Glossary to this Prospectus for the definition of this term.

Retail Share Classes S and K of the UK Equity Income Fund or for Switches to Shares in Retail Share Class S of the UK FTSE 100 Index Tracking Fund.

Class R

Retail Share Class R is available in all Funds except the Corporate Bond Fund, the UK FTSE All-Share Index Tracking Fund and the UK FTSE 100 Index Tracking Fund.

Unless the ACD agrees otherwise, Shares in Retail Share Class R are only available through an ISA Investor⁴⁰ to those investors (i) whose total contributions to the Funds, rather than any increase in the value of such Shares due to market movements is £75,000 or more; and (ii) who are making New ISA Subscriptions⁴¹. This minimum amount may be varied at the discretion of the ACD.

The current minimum subsequent investment amount is £20 for lump sum investments and £20 per month for regular monthly investments by direct debit. These minimum amounts may be varied at the discretion of the ACD.

This Share Class currently has an initial charge of 0%.

There is currently an annual management charge of 0.5% p.a.

At its discretion, the ACD may restrict the number of Funds into which Shareholders can invest at any one time as part of an arrangement to make regular monthly purchases.

For this Share Class, the minimum holding amongst all Funds managed by the ACD is £20 except that for a Shareholder who also holds Shares in Retail Share Class G, this minimum holding requirement may be satisfied by such a Shareholder's cumulative holdings in Retail Share Classes G and R amongst all Funds managed by the ACD. At its discretion, the ACD may allow a Shareholder to hold a lesser amount.

There is currently a charge of 0% for Switches of Shares in Retail Share Class R for Shares of the same Class in a different sub-fund of open-ended investment companies (including the Company) managed by the ACD or for Switches to Retail Share Class S of each of the UK Equity Income Fund and the UK FTSE 100 Index Tracking Fund.

Class S:

Retail Share Class S is only available in the UK FTSE 100 Index Tracking Fund, UK Equity Income Fund and the Corporate Bond Fund.

The availability of Shares in this Share Class, investment minima and other features are detailed below in relation to each Fund.

UK FTSE 100 Index Tracking Fund

Unless the ACD agrees otherwise, Shares in Retail Share Class S in the UK FTSE 100 Index Tracking Fund are available to all investors who are making New ISA Subscriptions⁴² and/or Non ISA Subscriptions⁴³.

⁴⁰ Please refer to the Glossary to this Prospectus for the definition of this term.

⁴¹ Please refer to the Glossary to this Prospectus for the definition of this term.

⁴² Please refer to the Glossary to this Prospectus for the definition of this term.

⁴³ Please refer to the Glossary to this Prospectus for the definition of this term.

This Share Class currently has an initial charge of 0%.

There is currently an annual management charge of 0.5% p.a.

For investments made via the Collective Investment Plan the current minimum investment amount for lump sum investments is £30,000 for a first investment (except for Shareholders who hold Shares in Retail Share Class B for whom this amount is £500) and £500 for each investment after that. The current minimum investment amount for regular monthly investments by direct debit is £50 per month. For investments made via an ISA Investor⁴⁴, the current minimum investment for lump sum investments for purchases of Shares to be held through an ISA Investor is £20 for the first investment and each investment after that. These minimum amounts may be varied from time to time at the discretion of the ACD.

For this Share Class of the UK FTSE 100 Index Tracking for investments made via the Collective Investment Plan, the minimum holding amongst all Funds managed by the ACD is £500 except that for a Shareholder who also holds Shares in Retail Share Class B (and/or Retail Share Class C in the case of the UK FTSE 100 Index Tracking Fund only), this minimum holding requirement may be satisfied by such a Shareholder's cumulative holdings in Retail Share Classes B and S (and also Retail Share Class C in the case of the UK FTSE 100 Index Tracking Fund only) amongst all Funds managed by the ACD. Also this minimum holding amount does not apply to Shareholders who have an existing arrangement to make regular monthly purchases. For investments made via the ISA Investor, the minimum holding for this Share Class amongst all Funds managed by the ACD is £20 except that for a Shareholder who also holds Shares in Retail Share Class B (and/or Retail Share Classes C and/or F in the case of the UK FTSE 100 Index Tracking Fund only), this minimum holding requirement may be satisfied by such a Shareholder's cumulative holdings in Retail Share Classes B and S (and also Retail Share Classes C and F in the case of the UK FTSE 100 Index Tracking Fund only) amongst all Funds managed by the ACD. At its discretion, the ACD may allow a Shareholder to hold a lesser amount.

There is currently a charge of 0% for Switches of Shares in Retail Share Class S of the UK FTSE 100 Index Tracking Fund for Shares of Retail Share Class P linked to a different sub-fund of open-ended investment companies, (including the Company), managed by the ACD.

UK Equity Income Fund

Unless the ACD agrees otherwise, Shares in Retail Share Class S of the UK Equity Income Fund are only available through an ISA Investor⁴⁵ to those investors (i) whose total contributions to the Funds, rather than any increase in the value of such Shares due to market movements, is £75,000 or more; and (ii) who are making New ISA Subscriptions⁴⁶. This minimum amount may be varied at the discretion of the ACD.

The current minimum subsequent investment amount is £20 for lump sum investments. This minimum amount may be varied at the discretion of the ACD.

This Share Class currently has an initial charge of 0%.

There is currently an annual management charge of 0.5 % p.a.

⁴⁴ Please refer to the Glossary to this Prospectus for the definition of this term.

⁴⁵ Please refer to the Glossary to this Prospectus for the definition of this term.

⁴⁶ Please refer to the Glossary to this Prospectus for the definition of this term.

For this Share Class, the minimum holding amongst all Funds managed by the ACD is £20 except that for a Shareholder who also holds Shares in Retail Share Class B (and/or Retail Share Classes C and/or F in the case of the UK FTSE 100 Index Tracking Fund only), this minimum holding requirement may be satisfied by such a Shareholder's cumulative holdings in Retail Share Classes B and S (and/or Retail Share Classes C and/or F in the case of the UK FTSE 100 Index Tracking Fund only) amongst all Funds managed by the ACD. At its discretion, the ACD may allow a Shareholder to hold a lesser amount.

There is currently a charge of 0% for Switches of Shares in Retail Share Class S of the UK Equity Income Fund for Shares in Retail Share Class R in any sub-fund of open-ended investment companies (including the Company) managed by the ACD or for Shares in Retail Share Class S of the UK FTSE 100 Index Tracking Fund.

Corporate Bond Fund

Unless the ACD agrees otherwise, Shares in Retail Share Class S in the Corporate Bond Fund will only be available for Switches from Retail Share Class E Shares in the Corporate Bond Fund.

This Share Class currently has an initial charge of 0%.

There is currently an annual management charge of 0.25% p.a.

The minimum holding in this Share Class of the Corporate Bond Fund is £500 except that for a Shareholder who also holds Shares in Retail Share Class B, this minimum holding requirement may be satisfied by such a Shareholder's cumulative holdings in Retail Share Classes B and S amongst all Funds managed by the ACD. At its discretion, the ACD may allow a Shareholder to hold a lesser amount. At its discretion, the ACD may allow a Shareholder to hold a lesser amount.

There is currently a charge of 0% for Switches of Shares in Retail Share Class S of the Corporate Bond Fund for Shares of Retail Share Class H or K of the Corporate Bond Fund, for Shares of Retail Share Class S of the UK Equity Income Fund and for Shares of Retail Share Class P whether linked to the same or a different sub-fund of open-ended investment companies (including the Company) managed by the ACD.

Examples of automatic Switching for relevant Funds⁴⁷

UK Growth Fund and UK Equity Income Fund (net accumulation shares)

Original investment amount made prior to 20 February 2017	Share class	New ISA Subscription	Total	Effect on Class for original investment	Class for New ISA Subscription
£15,000	£15,000 Class C at 1.35% AMC	£9,000	£24,000	£15,000 stays in Class C at 1.35% AMC	£9,000 Class P at 0.85% AMC
£15,000	£15,000 Class C at 1.35% AMC	£30,000	£45,000	£15,000 moves to Class F at 1.25% AMC	£30,000 Class Q at 0.75% AMC
£15,000	£15,000 Class C at 1.35% AMC	£65,000	£80,000	£15,000 moves to Class G at 1.00% AMC	£65,000 Class R at 0.50% AMC

Original investment amount made post 20 February 2017	Share class	New ISA Subscription	Total	Effect on Class for original investment	Class for New ISA Subscription
£15,000	£15,000 Class P at 0.85% AMC	£9,000	£24,000	£15,000 stays in Class P at 0.85% AMC	£9,000 Class P at 0.85% AMC
£15,000	£15,000 Class P at 0.85% AMC	£30,000	£45,000	£15,000 moves to Class Q at 0.75% AMC	£30,000 Class Q at 0.75% AMC
£15,000	£15,000 Class P at 0.85% AMC	£65,000	£80,000	£15,000 moves to Class R at 0.50% AMC	£65,000 Class R at 0.50% AMC

UK Equity Income Fund (net income shares)

Original investment amount made prior to 20 February 2017	Share class	New ISA Subscription	Total	Effect on Class for original investment	Class for New ISA Subscription
£15,000	£15,000 Class D at 1.35% AMC	£9,000	£24,000	£15,000 stays in Class D at 1.35% AMC	£9,000 Class H at 0.85% AMC
£15,000	£15,000 Class D at 1.35% AMC	£30,000	£45,000	£15,000 moves to Class E at 1.25% AMC	£30,000 Class K at 0.75% AMC
£15,000	£15,000 Class D at 1.35% AMC	£65,000	£80,000	£15,000 moves to Class B at 1.00% AMC	£65,000 Class S at 0.50% AMC

⁴⁷ Please note that no examples are provided in relation to the UK FTSE 100 Index Tracking Fund or the UK FTSE All-Share Index Tracking Fund as automatic Switching in these Funds does not have any effect on shareholders as the AMC for the relevant share classes are the same. .

Original investment amount made post 20 February 2017	Share class	New ISA Subscription	Total	Effect on Class for original investment	Class for New ISA Subscription
£15,000	£15,000 Class H at 0.85% AMC	£9,000	£24,000	£15,000 stays in Class H at 0.85% AMC	£9,000 Class H at 0.85% AMC
£15,000	£15,000 Class H at 0.85% AMC	£30,000	£45,000	£15,000 moves to Class K at 0.75% AMC	£30,000 Class K at 0.75% AMC
£15,000	£15,000 Class H at 0.85% AMC	£65,000	£80,000	£15,000 moves to Class S at 0.50% AMC	£65,000 Class S at 0.50% AMC

APPENDIX B

FUND DETAILS

UK GROWTH FUND

FCA Product Reference (“PRN”): 632613

Investment objectives

To achieve capital growth by investing in shares of U.K. companies.

The benchmark index for the Fund is the FTSE All-Share Index (the “Index”). The Investment Adviser seeks to outperform the Index by 0.75%* per annum on a rolling 3 year basis, before deduction of fees.

Investment policy

At least 80% of the Fund will be invested in a portfolio of companies which are part of the Index. This will involve investing in shares and may also include preference shares**.

The majority of these companies are those which are incorporated, or domiciled, or have a significant part of their business in the UK.

The Investment Adviser may only take limited positions away from the Index. This means there are limitations on the extent to which the Fund’s investment in various sectors*** may differ to the Index. These limited positions can be more than is held in the Index (overweight) or less than is held in the Index (underweight).

These limitations help to deliver a level of portfolio diversification and risk management. The limitations also help to achieve an appropriate balance between the extent to which the Fund’s composition can diverge from the Index and providing the Investment Adviser with flexibility to seek outperformance relative to the Index. As a result, the Fund’s performance may differ from the Index.

The Fund may also invest in collective investment schemes, including those managed by the ACD and its associates, hold cash and cash like investments.

Derivatives and stock lending may be used for the purpose of managing the Fund in a way that is designed to reduce risk or cost and/or generate extra income or growth (often referred to as efficient portfolio management).

* Note: there are Share Classes in the Fund where fees exceed the Fund’s outperformance target relative to the Index. For those Share Classes, the Fund will underperform the Index after deduction of fees even if its outperformance target is achieved.

** A preference share usually issues a fixed dividend payment which takes priority over payments of ordinary shares.

*** A sector is a business area, industry or economy which shares the same characteristics. Company shares are typically grouped into different sectors depending on the company’s business.

The FTSE All-Share Index has been selected as an appropriate benchmark as it provides a

representation of the returns of shares in the UK equity market.

Index Administrator

The Index is administered by FTSE International Limited who are listed in the register of administrators and benchmarks maintained by the European Securities and Markets Authority.

More details on the Index can be found at <http://www.ftse.com/products/indices/uk>

Allocation of income

Allocations of income are made on 31 March and 30 September in each year.

Eligible Markets

Subject to the investment objectives, the Fund can invest through or deal on:

Eligible Securities Markets

1. Any market in an EEA State on which transferable securities are admitted to official listing.
2. Any market in an EEA State on which transferable securities are not admitted to official listing in accordance with the following list:

United Kingdom Alternative Investment Market

“EEA State” is defined as a state which is within the European Economic Area.

Eligible Derivatives Markets

United Kingdom Euronext Liffe
ICE Futures Europe

Risks

The UK Growth Fund is a Cautious Medium risk fund. The Fund is likely to be a core holding in any portfolio where investment in the U.K.'s larger capitalisation stocks is required.

Type of Shares offered: Retail Share Classes B, C, F, G, P, Q and R - Net Accumulation only
Retail Share Classes A and Institutional - Net Income only

Available Share Classes: Retail Share Classes A, B, C, F, G, P, Q, R and Institutional

Profile of typical investor

This Fund is designed for retail and institutional investors who should have regard to the investment objectives and policy of the Fund and the risks (see above) and should be prepared to invest for at least five years.

Past Performance of the Fund

Percentage Growth

	28/02/2014 to 28/02/2015	28/02/2015 to 28/02/2016	28/02/2016 to 28/02/2017	28/02/2017 to 28/02/2018	28/02/2018 to 28/02/2019
UK Growth-Fund Share Class C	3.59	-7.32	21.26	4.56	-0.26
FTSE All Share Index	5.56	-7.32	22.88	4.4	1.7

The Index and the Fund performance are shown on an annual basis. In practice the Investment Adviser's outperformance target applies over rolling 3 year periods, as explained in the 'Investment objectives' section of the Fund. In addition the Index performance is calculated before deduction of charges whereas Fund performance is calculated after deduction of charges.

Past performance is not a guide to future performance. The value of your investment will go up and down and you may get back less than invested.

The figures for the UK Growth Fund are based on income reinvested, net of charges and tax.

The figures for the FTSE All-Share Index are total return net of tax.

Source: Financial Express Limited.

U.K. FTSE 100 INDEX TRACKING FUND

FCA Product Reference ("PRN"): 632615

Investment objectives

The investment objective of the U.K. FTSE 100 Index Tracking Fund is to aim to match as closely as possible, before deduction of fees, the performance of the FTSE 100 Index (the "Index").

Investment policy

The Fund aims to invest in shares of all of the companies within the Index. This is often referred to as a 'full replication' approach.

Where the ACD believes it can provide an advantage to the Fund in managing costs, to achieve a more efficient way of tracking the Index, or where there are exceptional market circumstances, the Fund may include or exclude specific shares and/or other security types which are representative of a share in the Index (such as depositary receipts).

The Fund may also invest in collective investment schemes to gain exposure to the Index.

Derivatives and stock lending may be used for the purpose of managing the Fund in a way that is designed to reduce risk or cost and/or generate extra income or growth (often referred to as efficient portfolio management).

The FTSE 100 Index provides a representation of the returns of securities in the UK equity market.

Benchmark Index: FTSE 100 Index

Information on the Benchmark Index: The Index is a market-capitalisation weighted index whereby the weight of each company in the index is driven by the size of the company. This means that the larger the company the greater the weighting it has in the index. The Index captures the performance of the 100 largest companies traded on the London Stock Exchange that pass screening for size and liquidity. As at 28 February 2019 the Index contained 101 constituents and had a net market capitalisation of £1,782,900m. The Index is calculated in GBP and is published by FTSE.

More details on the Index can be found at <http://www.ftse.com/products/indices/uk>

Information on the Anticipated Tracking Error: The Fund has an Anticipated Tracking Error not exceeding 0.2 % per annum (in normal market conditions)

Factors which are likely to affect the ability of the Fund to track the performance of the Index include, but are not limited to, transaction costs (from Index turnover), portfolio weightings not being exactly the same as the Index, small amounts of cash not being invested in stock, Efficient Portfolio Management, and illiquid components.

Note: The Fund will underperform the Index after deduction of fees.

Index Administrator

The Index is administered by FTSE International Limited who are listed in the register of administrators and benchmarks maintained by the European Securities and Markets Authority.

Allocation of income

Allocations of income are made on 31 March and 30 September in each year.

Eligible Markets

Subject to the investment objectives, the Fund can invest through or deal on:

Eligible Securities Markets

Any market in an EEA State on which transferable securities are admitted to official listing.

"EEA State" is defined as a state which is within the European Economic Area.

Eligible Derivatives Markets

United Kingdom	Euronext Liffe
	ICE Futures Europe

Efficient Portfolio Management

For efficient portfolio management (EPM) reasons only, the Fund can invest in FTSE 100 Index futures.

Risks

The U.K. FTSE 100 Index Tracking Fund is a Cautious Medium risk fund.

Note

The UK FTSE 100 Index Tracking Fund is not in any way sponsored, endorsed, sold or promoted by FTSE International Limited ("FTSE") or by the London Stock Exchange Plc (the "Exchange") or by The Financial Times Limited ("FT") and neither FTSE nor Exchange nor FT makes any warranty or representation whatsoever, expressly or impliedly, either as to the results to be obtained from the use of the FTSE 100 Index ("the Index") and/or the figure at which the said Index stands at any particular time on any particular day or otherwise. The Index is compiled and calculated by FTSE. However, neither FTSE nor Exchange nor FT shall be liable (whether in negligence or otherwise) to any person for any error in the Index and neither FTSE or Exchange or FT shall be under any obligation to advise any person of any error therein."

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Type of Shares offered: Retail Share Classes B, C, D, F and S – Net Accumulation only
Retail Share Class A and Institutional - Net Income only

Available Share Classes: Retail Share Classes A, B, C, D, F, S and Institutional

Profile of typical investor

This Fund is designed for retail and institutional investors who should have regard to the investment objectives and policy of the Fund and the risks (see above) and should be prepared to invest for at least five years.

Past Performance of the Fund

Percentage Growth

	28/02/2014 to 28/02/2015	28/02/2015 to 28/02/2016	28/02/2016 to 28/02/2017	28/02/2017 to 28/02/2018	28/02/2018 to 28/02/2019
U.K. FTSE 100 Index Tracking Fund Share Class C	4.65	-9.81	23.12	3.08	0.5
FTSE 100 Index	5.61	-8.74	24.15	3.44	2.15

Past performance is not a guide to future performance. The value of your investment will go up and down and you may get back less than invested.

The figures for the U.K. FTSE 100 Index Tracking Fund are based on income reinvested, net of charges and tax.

The figures for the FTSE 100 Index are total return net of tax.

Source: Financial Express Limited.

UK EQUITY INCOME FUND

FCA Product Reference (“PRN”): 632616

Investment objectives

To provide income, together with prospects of capital growth, by investing in shares of U.K. companies.

Investments are selected by the Investment Adviser which, collectively, aim to deliver an income of 110% of the dividend yield* of the FTSE All-Share Index (the “Index”) on a rolling 3 year basis, before deduction of fees, and outperform the Index on a rolling 3 year basis, before deduction of fees.

Investment policy

At least 80% of the Fund will be invested in a portfolio of companies which are part of the Index. This will involve investing in shares and may also include preference shares**. The majority of these companies are those which are incorporated, or domiciled, or have a significant part of their business in the UK.

The Investment Adviser identifies companies that are forecast to provide higher than average dividend yields* and to achieve capital growth. The Fund seeks to hold more in these companies in comparison to the Index. Therefore, while the Fund will hold a large number of shares in common with the Index, the weighting of any one share may be significantly different to the Index.

The Fund is limited in the extent to which it can hold more (overweight) or less (underweight) in sectors*** relative to the Index, but it aims to be overweight in sectors which are expected to provide a higher than average dividend yield.

These limitations help to deliver a level of portfolio diversification and risk management. The limitations also help to achieve an appropriate balance between the extent to which the Fund’s composition can diverge from the Index and providing the Investment Adviser with flexibility to seek outperformance relative to the Index. As a result, the Fund’s performance may differ from the Index.

The Fund may also invest in collective investment schemes, including those managed by the ACD and its associates, hold cash and cash like investments.

Derivatives and stock lending may be used for the purpose of managing the Fund in a way that is designed to reduce risk or cost and/or generate extra income or growth (often referred to as efficient portfolio management).

* The dividend yield is calculated by dividing the annual dividend paid in respect of a security by its share price.

** A preference share usually issues a fixed dividend payment which takes priority over payments of ordinary shares.

*** A sector is a business area, industry or economy which shares the same characteristics. Company shares are typically grouped into different sectors depending on the company’s business.

The FTSE All-Share Index has been selected as an appropriate benchmark as it provides a representation of the returns of shares in the UK equity market.

Index Administrator

The Index is administered by FTSE International Limited who are listed in the register of administrators and benchmarks maintained by the European Securities and Markets Authority.

More details on the Index and dividend yield can be found at <http://www.ftse.com/products/indices/uk>

Allocation of income

Allocations of income are made 31 March, 30 June, 30 September and 31 December in each year.

The ACD charges the annual management charge to the capital of the fund. This may have the effect of eroding capital or restraining future growth.

Eligible Markets

Subject to the investment objectives, the Fund can invest through or deal on:

Eligible Securities Markets

1. Any market in an EEA State on which transferable securities are admitted to official listing.
2. Any market in an EEA State on which transferable securities are not admitted to official listing in accordance with the following list:

United Kingdom Alternative Investment Market

“EEA State” is defined as a state which is within the European Economic Area.

Eligible Derivatives Markets

United Kingdom Euronext Liffe
ICE Futures Europe

Risks

The UK Equity Income Fund is a Cautious Medium risk fund. It aims to achieve above-average yield, in relation to the FTSE All-Share Index, from predominantly larger capitalisation stocks. This is typically a core holding in any portfolio, and may be expected to be less vulnerable during bear markets to capital depreciation when compared to the Index as a whole.

Type of Shares offered: Retail Share Class C, F, G, P, Q, R - Net Accumulation only
Retail Share Classes A, B, D, E, H, K, S and Institutional – Net Income only

Available Share Classes: Retail Share Classes A, B, C, D, E, F, G, H, K, P, Q, R, S and Institutional

Profile of typical investor

This Fund is designed for retail and institutional investors who should have regard to the investment objectives and policy of the Fund and the risks (see above) and should be prepared to invest for at least five years.

Past Performance of the Fund

Percentage Growth

	28/02/2014 to 28/02/2015	28/02/2015 to 28/02/2016	28/02/2016 to 28/02/2017	28/02/2017 to 28/02/2018	28/02/2018 to 28/02/2019
UK Equity Income Fund Share Class C	2.78	-8.31	20.84	3.66	0.37
FTSE All-Share Index	5.56	-7.32	22.88	4.4	1.7

Past performance is not a guide to future performance. The value of your investment will go up and down and you may get back less than invested.

The figures for the UK Equity Income Fund are based on income reinvested, net of charges and tax.

The figures for the FTSE All-Share Index are total return net of tax.

Source: Financial Express Limited.

U.K. FTSE ALL-SHARE INDEX TRACKING FUND

FCA Product Reference (“PRN”): 632614

Investment Objectives

The investment objective of the U.K. FTSE All-Share Index Tracking Fund is to aim to match as closely as possible, before deduction of fees, the performance of the FTSE All-Share Index (the “Index”).

Investment Policy

The Fund aims to invest in shares of all of the companies within the Index. This is often referred to as a ‘full replication’ approach.

Where the ACD believes it can provide an advantage to the Fund in managing costs, to achieve a more efficient way of tracking the Index, or where there are exceptional market circumstances, the Fund may include or exclude specific shares and/or other security types which are representative of a share in the Index (such as depositary receipts).

The Fund may also invest in collective investment schemes to gain exposure to the Index.

Derivatives and stock lending may be used for the purpose of managing the Fund in a way that is designed to reduce risk or cost and/or generate extra income or growth (often referred to as efficient portfolio management).

The FTSE All-Share Index provides a representation of the returns of securities in the UK equity market.

Benchmark Index: FTSE All-Share Index

Information on the Benchmark Index: The Index is a market-capitalisation weighted index whereby the weight of each company in the index is driven by the size of the company. This means that the larger the company the greater the weighting it has in the index. The Index captures 98% to 99% of the UK's market capitalisation and represents the performance of all eligible companies listed on the London Stock Exchange's main market. As at 28 February 2019, the Index contained 636 constituents and had a net market capitalisation of £2,216,289m. The Index is calculated in GBP and is published by FTSE.

More details on the Index can be found at: <http://www.ftse.com/products/indices/uk>

Information on the Anticipated Tracking Error: The Fund has an Anticipated Tracking Error not exceeding 0.2 % per annum (in normal market conditions).

Factors which are likely to affect the ability of the Fund to track the performance of the Index include, but are not limited to, transaction costs (from Index turnover), portfolio weightings not being exactly the same as the Index, small amounts of cash not being invested in stock, Efficient Portfolio Management, and illiquid components.

Note: The Fund will underperform the Index after deduction of fees.

Index Administrator

The Index is administered by FTSE International Limited who are listed in the register of administrators and benchmarks maintained by the European Securities and Markets Authority.

Allocations of income

Allocations of income are made on 31 March and 30 September in each year.

Eligible Markets

Subject to the investment objectives, the Fund can invest through or deal on:

Eligible Securities Markets

Any market in an EEA State on which transferable securities are admitted to official listing.

"EEA State" is defined as a state which is within the European Economic Area.

Eligible Derivatives Markets

United Kingdom	Euronext Liffe
	ICE Futures Europe

Efficient Portfolio Management

For efficient portfolio management (EPM) reasons only the Fund can invest in FTSE 100 Index futures.

Risks

The U.K. FTSE All-Share Index Tracking Fund is a Cautious Medium risk fund.

Note

The UK FTSE All-Share Index Tracking Fund is not in any way sponsored, endorsed, sold or promoted by FTSE International Limited ("FTSE") or by the London Stock Exchange Plc (the "Exchange") or by The Financial Times Limited ("FT") and neither FTSE nor Exchange nor FT makes any warranty or representation whatsoever, expressly or impliedly, either as to the results to be obtained from the use of the FTSE All-Share Index ("the Index") and/or the figure at which the said Index stands at any particular time on any particular day or otherwise. The Index is compiled and calculated by FTSE. However, neither FTSE nor Exchange nor FT shall be liable (whether in negligence or otherwise) to any person for any error in the Index and neither FTSE or Exchange or FT shall be under any obligation to advise any person of any error therein."

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Type of Shares offered: Retail Share Class C, F, G and P– Net Accumulation only
Retail Share Class A and Institutional - Net Income only

Available Share Classes: Retail Share Classes A, C, F, G, P and Institutional

Profile of typical investor

This Fund is designed for retail and institutional investors who should have regard to the investment objectives and policy of the Fund and the risks (see above) and should be prepared to invest for at least five years.

Past Performance of the Fund

Percentage Growth

	28/02/2014 to 28/02/2015	28/02/2015 to 29/02/2016	29/02/2016 to 28/02/2017	28/02/2017 to 28/02/2018	28/02/2018 to 28/02/2019
U.K. FTSE All-Share Index Tracking Fund Share Class C	4.64	-8.42	22.03	4.11	0.15
FTSE All-Share Index	5.56	-7.32	22.81	4.4	1.7

Past performance is not a guide to future performance. The value of your investment will go up and down and you may get back less than invested.

The figures for the U.K. FTSE All-Share Index Tracking Fund are based on income reinvested, net of charges and tax.

The figures for the FTSE All-Share Index are total return net of tax.

Source: Financial Express Limited.

CORPORATE BOND FUND

FCA Product Reference (“PRN”): 632617

Investment objectives

To provide an income from a diversified portfolio of Sterling denominated investment grade corporate bonds.

The Fund is actively managed by the Investment Adviser who selects a portfolio to provide a running yield* with the aim of outperforming the gross redemption yield** of the iBOXX Sterling Corporate and Collateralised Index (the “Index”) by 0.5% per annum on a rolling 3 year basis, before deduction of fees.

* A running yield represents annual income from bonds in the Fund as a percentage of its current value.

** The gross redemption yield represents the total return from a bond (income plus any growth), assuming the bonds are held to their maturity date.

Investment policy

At least 70% of the Fund will be invested in Sterling denominated investment grade corporate bonds*.

The Fund may also invest in non-Sterling investment grade corporate bonds, government bonds, non-investment grade corporate bonds** and asset backed securities such as securitised loans.

The Fund’s investments will predominantly be denominated in or hedged back to Sterling. (This involves the use of the derivatives to offset the effect of currency exchange rates.)

In selecting bonds for the Fund the Investment Adviser may consider the issuers’ credit worthiness, valuation and risks. Regional and global economic factors and monetary policy may also be taken into account.

The ACD limits the extent to which the Fund’s composition can differ relative to the market for corporate bonds (as represented by the Benchmark Index). These limits help to deliver a level of portfolio diversification and risk management. The limits also help to achieve an appropriate balance between the extent to which the Fund’s composition can diverge from the Benchmark Index and providing the Investment Adviser with flexibility to seek outperformance relative to the Benchmark Index. As a result, the Fund’s performance may differ substantially from the Benchmark Index.

In addition the Fund may invest in cash, cash like investments and covered bonds.

The Fund may also invest in collective investment schemes including those managed by the ACD and its associates.

Derivatives and stock lending may be used for the purpose of managing the Fund in a way that is designed to reduce risk or cost and/or generate extra income or growth (often referred to as efficient portfolio management).

* Credit ratings indicate the likelihood that an issuer will be able to make their payments. Investment grade bonds have achieved or exceeded a minimum credit rating awarded by a

credit rating agency. Therefore they are considered lower risk than bonds with a lower credit rating.

** Non-investment grade bonds, also known as high yield bonds, have a lower credit rating than investment grade bonds, and so are considered higher risk.

The iBOXX Sterling Corporate and Collateralised Index has been selected as an appropriate benchmark as it provides a representation of the returns of securities in the sterling investment grade corporate bond market.

Index Administrator

The Index is administered by IHS Markit Benchmark Administration Limited who are listed in the register of administrators and benchmarks maintained by the European Securities and Markets Authority.

Allocation of income

Allocations of income are made 31 March, 30 June, 30 September and 31 December in each year.

The ACD reserves the right to charge some or all of the annual management charge to the capital of the trust. This may have the effect of eroding capital or restraining future growth.

Eligible Markets

Subject to the investment objectives, the Fund can invest through or deal on:

Eligible Securities Markets

Any market in an EEA State on which transferable securities are admitted to official listing.

"**EEA State**" is defined as a state which is within the European Economic Area.

Eligible Derivatives Markets

United Kingdom	Euronext Liffe
	ICE Futures Europe

Risks

The Corporate Bond Fund is a cautious medium risk fund. It aims to achieve above-average yield, in relation to the iBOXX Sterling Corporate and Collateralised Index, from primarily investment grade interest bearing securities. The inclusion of up to 20% non-investment grade securities will potentially reduce the value of capital in a bear market.

Type of Shares offered: Retail Share Classes B, C, P and S Gross Accumulation only
Retail Share Classes D, E, K, H and Institutional - Gross Income only

Available Share Classes: Retail Share Classes B, C, D, E, H, K, P, S and Institutional

Profile of typical investor

This Fund is designed for retail and institutional investors who should have regard to the investment objectives and policy of the Fund and the risks (see above) and should be prepared to invest for at least five years.

Past Performance of the Fund

Percentage Growth

	28/02/2014 to 28/02/2015	28/02/2015 to 28/02/2016	28/02/2016 to 28/02/2017	28/02/2017 to 28/02/2018	28/02/2018 to 28/02/2019
Corporate Bond Fund Share Class C	9.24	-2.81	12.17	1.78	1.41
iBOXX Sterling Corporate and Collateralised Index	11.96	-1.27	13.87	1.2	1.81

The Index and the Fund performance are shown on an annual basis. In practice the Investment Adviser's outperformance target applies over rolling 3 year periods, as explained in the 'Investment objectives' section of the Fund. In addition the Index performance is calculated before deduction of charges whereas Fund performance is calculated after deduction of charges.

Past performance is not a guide to future performance. The value of your investment will go up and down and you may get back less than invested.

The figures for the Corporate Bond Fund are based on income reinvested, net of charges and tax.

Source: Financial Express Limited.

APPENDIX C

APPROVED SECURITIES

An Approved Security is a transferable security which is:

admitted to the official listing in a country within the European Economic Area; or

traded on or under the rules of an Eligible Securities Market (otherwise than by virtue of specific permission of the market authority).

An Eligible Securities Market is:

a securities market established in a country within the European Economic Area on which transferable securities admitted to the official listing in that country are dealt in or traded; or

depending on individual Funds, one of the securities markets listed below (listed individually for Funds in Appendix B):

Europe

Switzerland	Swiss Exchange
Turkey	Istanbul Stock Exchange
United Kingdom	Alternative Investment Market

Americas

Brazil	Bolsa de Valores de Rio de Janeiro Sao Paulo Stock Exchange
Canada	Toronto Stock Exchange TSX Venture Exchange Montreal Stock Exchange
Mexico	Mexican Stock Exchange
USA	Any exchange registered with the SEC as a National Stock Exchange NASDAQ and the Over-the-Counter Markets regulated by the National Association of Securities Dealers Inc

Far East

Australia	Australian Stock Exchange
China	Shenzhen Stock Exchange Shanghai Stock Exchange
Hong Kong	Hong Kong Stock Exchange
Indonesia	Jakarta Stock Exchange, Surabaya Stock Exchange
Japan	Tokyo Stock Exchange Osaka Stock Exchange Nagoya Stock Exchange Sapporo Stock Exchange Hercules Standard
Korea	Korean Stock Exchange
Malaysia	Bursa Malaysia
New Zealand	New Zealand Exchange Limited
Philippines	Philippines Stock Exchange
Singapore	Singapore Exchange
Taiwan	Taiwan Stock Exchange
Thailand	Stock Exchange of Thailand.

APPENDIX D

DETAILS OF THE DIRECTORSHIPS OF THE DIRECTORS OF THE ACD

Gavin MacNeill Stewart

Directorships of:

HBOS Investment Fund Managers Limited
Scottish Widows Administration Services Limited
Scottish Widows Administration Services (Nominees) Limited
Scottish Widows' Fund and Life Assurance Society
Scottish Widows Unit Trust Managers Limited

Sean William Lowther

Directorships of:

Clerical Medical Financial Services Limited
Clerical Medical Finance plc
Clerical Medical International Holdings BV
Clerical Medical Managed Funds Limited
Clerical Medical Investment Fund Managers Limited
General and Reversionary Investment Company
Halifax Financial Brokers Limited
Halifax Investment Services Limited
Halifax Life Limited
Halifax Financial Services (Holdings) Limited
Halifax Financial Services Limited
Halifax Equitable Limited
HBOS Investment Fund Managers Limited
HBOS International Financial Services Holdings Limited
HBOS Financial Services Limited
Legacy Renewal Company Limited
Pensions Management (S.W.F) Limited
Scottish Widows Administration Services Limited
Scottish Widows Administration Services (Nominees) Limited
Scottish Widows Auto Enrolment Services Limited
Scottish Widows Unit Trust Managers Limited
Scottish Widows Unit Funds Limited
St Andrews Life Assurance plc
SW Funding plc
Scottish Widows Annuities Limited – in liquidation
Scottish Widows Services Limited
Scottish Widows Property Management Limited

Catriona Margaret Herd

Directorships of:

HBOS Investment Fund Managers Limited
Scottish Widows Administration Services (Nominees) Limited
Scottish Widows Unit Trust Managers Limited
Scottish Widows Administration Services Limited

APPENDIX E

OTHER OPEN ENDED INVESTMENT COMPANIES MANAGED BY THE ACD

HBOS Property Investment Funds ICVC

HBOS Specialised Investment Funds ICVC

HBOS Actively Managed Portfolio Funds ICVC

HBOS UK & Fixed Interest Investment Funds ICVC

APPENDIX F**THIRD PARTIES APPOINTED BY THE DEPOSITARY (GLOBAL CUSTODY NETWORK)**

The Depositary has delegated those safekeeping duties set out in Article 22(5)(a) of the UCITS Directive to State Street Bank and Trust Company with registered office at Copley Place 100, Huntington Avenue, Boston, Massachusetts 02116, USA, with an office at 20 Churchill Place, Canary Wharf, London E14 5HJ, UK, whom it has appointed as its global sub-custodian.

At the date of this prospectus State Street Bank and Trust Company as global sub-custodian has appointed local sub-custodians within the State Street Global Custody Network as listed below.

MARKET	SUBCUSTODIAN
Albania	Raiffeisen Bank sh.a.
Argentina	Citibank, N.A., Buenos Aires
Australia	The Hong Kong and Shanghai Banking Corporation Limited
Austria	Deutsche Bank AG
	UniCredit Bank Austria AG
Bahrain	HSBC Bank Middle East Limited (as delegate of The Hong Kong and Shanghai Banking Corporation Limited)
Bangladesh	Standard Chartered Bank
Belgium	Deutsche Bank AG, Netherlands (operating through its Amsterdam branch with support from its Brussels branch)
Benin	via Standard Chartered Bank Côte d'Ivoire S.A., Abidjan, Ivory Coast
Bermuda	HSBC Bank Bermuda Limited
Federation of Bosnia and Herzegovina	UniCredit Bank d.d.
Botswana	Standard Chartered Bank Botswana Limited
Brazil	Citibank, N.A.
Bulgaria	Citibank Europe plc, Bulgaria Branch
	UniCredit Bulbank AD
Burkina Faso	via Standard Chartered Bank Côte d'Ivoire S.A., Abidjan, Ivory Coast
Canada	State Street Trust Company Canada
Chile	Banco Itaú Chile S.A.
People's Republic of China	HSBC Bank (China) Company Limited (as delegate of The Hong Kong and Shanghai Banking Corporation Limited)
	China Construction Bank Corporation (for A-share market only)
	Citibank N.A. (for Shanghai – Hong Kong Stock Connect market only)

	The Hong Kong and Shanghai Banking Corporation Limited (for Shanghai – Hong Kong Stock Connect market only)
	Standard Chartered Bank (Hong Kong) Limited (for Shanghai – Hong Kong Stock Connect market)
Colombia	Cititrust Colombia S.A. Sociedad Fiduciaria
Costa Rica	Banco BCT S.A.
Croatia	Privredna Banka Zagreb d.d.
	Zagrebacka Banka d.d.
Cyprus	BNP Paribas Securities Services, S.C.A., Greece (operating through its Athens branch)
Czech Republic	Československá obchodní banka, a.s.
	UniCredit Bank Czech Republic and Slovakia, a.s.
Denmark	Nordea Bank AB (publ), Sweden (operating through its subsidiary, Nordea Bank Danmark A/S)
	Skandinaviska Enskilda Banken AB (publ), Sweden (operating through its Copenhagen branch)
Egypt	HSBC Bank Egypt S.A.E. (as delegate of The Hong Kong and Shanghai Banking Corporation Limited)
Estonia	AS SEB Pank
Finland	Nordea Bank AB (publ), Sweden (operating through its subsidiary, Nordea Bank Finland Plc.)
	Skandinaviska Enskilda Banken AB (publ), Sweden (operating through its Helsinki branch)
France	Deutsche Bank AG, Netherlands (operating through its Amsterdam branch with support from its Paris branch)
Republic of Georgia	JSC Bank of Georgia
Germany	State Street Bank GmbH
	Deutsche Bank AG
Ghana	Standard Chartered Bank Ghana Limited
Greece	BNP Paribas Securities Services, S.C.A.
Guinea-Bissau	via Standard Chartered Bank Côte d'Ivoire S.A., Abidjan, Ivory Coast
Hong Kong	Standard Chartered Bank (Hong Kong) Limited
Hungary	Citibank Europe plc Magyarországi Fióktelepe
	UniCredit Bank Hungary Zrt.
Iceland	Landsbankinn hf.
India	Deutsche Bank AG
	The Hong Kong and Shanghai Banking Corporation Limited
Indonesia	Deutsche Bank AG
Ireland	State Street Bank and Trust Company, United Kingdom branch
Israel	Bank Hapoalim B.M.

Italy	Deutsche Bank S.p.A.
Ivory Coast	Standard Chartered Bank Côte d'Ivoire S.A.
Jamaica	Scotia Investments Jamaica Limited
Japan	Mizuho Bank, Limited
	The Hong Kong and Shanghai Banking Corporation Limited
Jordan	Standard Chartered Bank
Kazakhstan	JSC Citibank Kazakhstan
Kenya	Standard Chartered Bank Kenya Limited
Republic of Korea	Deutsche Bank AG
	The Hong Kong and Shanghai Banking Corporation Limited
Kuwait	HSBC Bank Middle East Limited (as delegate of The Hong Kong and Shanghai Banking Corporation Limited)
Latvia	AS SEB banka
Lebanon	HSBC Bank Middle East Limited (as delegate of The Hong Kong and Shanghai Banking Corporation Limited)
Lithuania	AB SEB bankas
Malawi	Standard Bank Limited
Malaysia	Deutsche Bank (Malaysia) Berhad
	Standard Chartered Bank Malaysia Berhad
Mali	via Standard Chartered Bank Côte d'Ivoire S.A., Abidjan, Ivory Coast
Mauritius	The Hong Kong and Shanghai Banking Corporation Limited
Mexico	Banco Nacional de México, S.A.
Morocco	Citibank Maghreb
Namibia	Standard Bank Namibia Limited
Netherlands	Deutsche Bank AG
New Zealand	The Hong Kong and Shanghai Banking Corporation Limited
Niger	via Standard Chartered Bank Côte d'Ivoire S.A., Abidjan, Ivory Coast
Nigeria	Stanbic IBTC Bank Plc.
Norway	Nordea Bank AB (publ), Sweden (operating through its subsidiary, Nordea Bank Norge ASA)
	Skandinaviska Enskilda Banken AB (publ), Sweden (operating through its Oslo branch)
Oman	HSBC Bank Oman S.A.O.G. (as delegate of The Hong Kong and Shanghai Banking Corporation Limited)
Pakistan	Deutsche Bank AG
Panama	Citibank, N.A.
Peru	Citibank del Perú, S.A.
Philippines	Deutsche Bank AG
Poland	Bank Handlowy w Warszawie S.A.

	Bank Polska Kasa Opieki S.A
Portugal	Deutsche Bank AG, Netherlands (operating through its Amsterdam branch with support from its Lisbon branch)
Puerto Rico	Citibank N.A.
Qatar	HSBC Bank Middle East Limited (as delegate of The Hong Kong and Shanghai Banking Corporation Limited)
Romania	Citibank Europe plc, Dublin – Romania Branch
Russia	AO Citibank
Saudi Arabia	HSBC Saudi Arabia Limited (as delegate of The Hong Kong and Shanghai Banking Corporation Limited)
Senegal	via Standard Chartered Bank Côte d'Ivoire S.A., Abidjan, Ivory Coast
Serbia	UniCredit Bank Serbia JSC
Singapore	Citibank N.A.
	United Overseas Bank Limited
Slovak Republic	UniCredit Bank Czech Republic and Slovakia, a.s.
Slovenia	UniCredit Banka Slovenija d.d.
South Africa	FirstRand Bank Limited
	Standard Bank of South Africa Limited
Spain	Deutsche Bank S.A.E.
Sri Lanka	The Hong Kong and Shanghai Banking Corporation Limited
Republic of Srpska	UniCredit Bank d.d.
Swaziland	Standard Bank Swaziland Limited
Sweden	Nordea Bank AB (publ)
	Skandinaviska Enskilda Banken AB (publ)
Switzerland	Credit Suisse AG
	UBS Switzerland AG
Taiwan - R.O.C.	Deutsche Bank AG
	Standard Chartered Bank (Taiwan) Limited
Tanzania	Standard Chartered Bank (Tanzania) Limited
Thailand	Standard Chartered Bank (Thai) Public Company Limited
Togo	via Standard Chartered Bank Côte d'Ivoire S.A., Abidjan, Ivory Coast
Tunisia	Union Internationale de Banques
Turkey	Citibank, A.Ş.
	Deutsche Bank A.Ş.
Uganda	Standard Chartered Bank Uganda Limited
Ukraine	PJSC Citibank

United Arab Emirates Dubai Financial Market	HSBC Bank Middle East Limited (as delegate of The Hong Kong and Shanghai Banking Corporation Limited)
United Arab Emirates Dubai International Financial Center	HSBC Bank Middle East Limited (as delegate of The Hong Kong and Shanghai Banking Corporation Limited)
United Arab Emirates Abu Dhabi	HSBC Bank Middle East Limited (as delegate of The Hong Kong and Shanghai Banking Corporation Limited)
United Kingdom	State Street Bank and Trust Company, United Kingdom branch
Uruguay	Banco Itaú Uruguay S.A.
Venezuela	Citibank, N.A.
Vietnam	HSBC Bank (Vietnam) Limited (as delegate of The Hong Kong and Shanghai Banking Corporation Limited)
Zambia	Standard Chartered Bank Zambia Plc.
Zimbabwe	Stanbic Bank Zimbabwe Limited (as delegate of Standard Bank of South Africa Limited)

APPENDIX G**DILUTION ADJUSTMENT ESTIMATES****HBOS UK Investment Funds ICVC****Dilution adjustment estimates**

Fund	Estimate of dilution adjustment applicable to sales (%)	Estimate of dilution adjustment applicable to redemption's (%)
UK Equity Income Fund	0.54	0.07
FTSE 100 Index Tracking Fund	0.54	0.06
FTSE All Share Index Tracking Fund	0.51	0.08
UK Growth Fund	0.52	0.07
Corporate Bond Fund	0.35	0.33

Rates correct as at 29 March 2019

HBOS Investment Fund Managers Limited (Registered in England No 941082). Registered Office: Trinity Road, Halifax, West Yorkshire, HX1 2RG. Authorised and regulated by the Financial Conduct Authority.