

TOTAL CLARITY

A

UK Authorised Investment Company with Variable Capital

This document constitutes the Prospectus for Total Clarity (referred to as the "Company") which has been prepared in accordance with the rules contained in the COLL Sourcebook (the "FSA Regulations") published by the Financial Services Authority ("FSA") as part of the Handbook made under the Financial Services and Markets Act 2000. The Company is an umbrella open-ended investment company with variable capital classified as a non-UCITS Retail Scheme.

The Prospectus is dated and is valid as at 20 October 2010.

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

If you are in any doubt about the contents of this Prospectus you should consult your professional or financial adviser. The Prospectus is based on information, law and practice at the date hereof. The Company is not bound by any out of date prospectus when it has issued a new prospectus and potential investors should check that they have the most recently published version.

Phoenix Fund Services (UK) Ltd, the Authorised Company Director of the Company, is 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 FSA Regulations to be included in it.

This document is only available in English.

NOTICE

This Prospectus is intended for distribution in the United Kingdom. The distribution of this Prospectus and the offering of shares in the Company may be restricted in other jurisdictions. Potential investors are required to inform themselves of the legal requirements and restrictions of their own jurisdiction and act accordingly. This Prospectus does not amount to a solicitation or offer by any person in any jurisdiction in which such solicitation or offer would be unauthorised or unlawful.

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

The Company is offering Shares in its Sub-Funds on the basis of the information contained in this Prospectus. No person has been authorised by the Company to give any information or to make any representations in connection with the offering of the Shares other than those contained in this Prospectus, and, if given or made, such information or representations must not be relied upon.

The delivery of this Prospectus 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 or that the information contained herein is correct as of any time subsequent to this date.

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 Phoenix Fund Services (UK) Ltd that this is the most recently published prospectus. Further copies of this Prospectus are available, free of charge from Phoenix Fund Services (UK) Ltd.

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.

IMPORTANT: If you are in any doubt about the contents of this Prospectus you should consult your own financial adviser.

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1. Definitions

"ACD" means	Phoenix Fund Services (UK) Ltd, the authorised corporate director (ACD) of the Company;
"ACD Agreement" means	the agreement between the Company and the ACD dated 8 October 2010
"Administrator" means	Phoenix Fund Services (UK) Ltd or such other entity as is appointed to act as administrator to the Company from time to time;
"Administration Centre" means	2nd Floor, Springfield Lodge, Colchester Road, Chelmsford. CM2 5PW
"Annual Management Charge" means	the periodic fee paid to the ACD and calculated as set out in Section 31;
"Applied Charge" means	Target TER less Underlying TER;
"Auditor" means	Shipleys LLP, or such other entity as is appointed to act as auditor to the Company from time to time;
"Base Currency" means	Pounds Sterling;
"Business Day" means	means a day on which banks in the United Kingdom are open for normal banking business.
"the COLL Sourcebook" means	the rules contained in the Collective Investment Schemes Sourcebook published by the FSA as part of their Handbook of rules made under the Act;
"Company" means	Total Clarity, a UK authorised investment company with variable capital (ICVC) incorporated in England and Wales under registered number IC000829 ;
"Custodian" means	Bank of New York Mellon Inc or any company the Depositary appoints from time to time to act as custodian for the Scheme Property;
"Dealing Day" means	Monday to Friday excluding UK public and bank holidays or any day on which the London Stock Exchange plc is not open for the normal full duration of its trading hours;
"Depositary" means	the person to whom is entrusted the safekeeping of all of the scheme property of the Company (other than certain scheme property designated by the FSA Rules), being BNY Mellon Trust & Depositary (UK) Limited or such other entity as is appointed to act as Depositary;
"Depositary Agreement"	the agreement dated 8 October 2010 between the

means	Company, the ACD and the Depositary;
"Directors" means	the director or directors of the Company for the time being (including the ACD) or, as the case may be, the directors assembled as a board (including any committee of such board) from time to time;
"EEA State" means	a member state of the European Union and any other state which is within the European Economic Area;
"Eligible Market" means	any securities or derivatives market set out in Appendix 2 to this Prospectus;
"FDI" means	financial derivative instruments;
"FSA" means	the Financial Services Authority, 25 The North Colonnade, Canary Wharf, London, E14 5HS, United Kingdom;
"FSA Regulations" means	the rules contained in the COLL Sourcebook of the FSA Rules as amended, excluding, for the avoidance of doubt, any guidance or evidential provisions;
"FSA Rules" means	the FSA handbook of rules as amended made under the Financial Services and Markets Act 2000 excluding, for the avoidance of any doubt, any guidance or evidential provisions;
"Growth Share(s)" means	Shares (of whatever class), denominated in the Base Currency, of the Sub-Funds of the Company as may be in issue from time to time in respect of which income allocated thereto is credited periodically to capital pursuant to the FSA Rules;
"HMRC" means	HM Revenue and Customs;
"ICVC" means	an investment company with variable capital;
"Income Shares" means	Shares (of whatever class), denominated in the Base Currency, of the Sub-Funds of the Company as may be in issue from time to time in respect of which income allocated thereto is distributed periodically to the holders thereof pursuant to the FSA Rules;
"Instrument of Incorporation" means	the Instrument of Incorporation for the Company dated 21 September 2010, as amended from time to time;
"ISA" means	an Individual Savings Account;
"Investment Adviser" means	an investment adviser acting for a Sub-Fund on the basis of an agreement with the ACD as set out in the appendix for each Sub-Fund;
"Net Asset Value" or "NAV"	the value of the Scheme Property of the Company (or of

means	any Sub-Fund as the context requires) less the liabilities of the Company (or of the Sub-Fund concerned) as calculated in accordance with that Company's Instrument of Incorporation;
"OEIC Regulations" means	the Open-Ended Investment Companies Regulations 2001 as amended;
"TCF Fund Managers" means	TCF Fund Managers LLP, authorised and regulated by the FSA;
"Register" means	the register of Shareholders of the Company;
"Registrar" means	Phoenix Fund Services (UK) Ltd or such other entity as is appointed to act as Registrar to the Company from time to time;
"Regulated Activities Order" means	the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 as amended from time to time;
"Scheme Property" means	the cash, securities or any other asset of the Company, or a Sub-Fund as the case may be, required under the COLL Sourcebook to be held for safekeeping by the Depositary;
"SDRT" means	Stamp Duty Reserve Tax;
"Second Scheme" means	a collective investment scheme in compliance with Appendix 1 Section 4 (<i>Investments in collective investment schemes</i>);
"Section" means	any section in this Prospectus;
"Share" or "Shares" means	a share in a Sub-Fund;
"Share Class(es)" means	a particular class of Shares;
"Shareholder" means	a registered holder of Shares;
"Sub-Fund" or "Sub-Funds" means	a Sub-Fund 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 that Sub-Fund;
"switch" or "switching" means	the exchange where permissible of Shares of one Class or Sub-Fund for Shares of another Class or Sub-Fund;
"Target TER" means	the value given by the table in Section 31;
"TER" means	the total expense ratio as calculated in accordance with the COLL Sourcebook;

"Transfer Agent" means	Phoenix Fund Services (UK) Ltd;
"UCITS" means	an Undertaking for Collective Investment in Transferable Securities within the meaning of Article 1(2) of Council Directive 85/611/EEC of 20 December 1985, as amended;
"UCITS Directive" means	the EC Council Directive of 20 December 1985 (No 85/611/EEC), as amended, on the coordination of laws, regulations and administrative provisions relating to UCITS (No 85/611/EEC);
"Underlying Fund" means	a collective investment scheme forming part of the Scheme Property;
"Underlying TER" means	the weighted average of the TERs of the individual Underlying Funds with the weights being the proportion of the total scheme property represented by each Underlying Fund, the TER of each Underlying Fund being the latest figure published in respect of the relevant Fund adjusted for any discounts to reflect the net cost of investing in the Underlying Fund;
"US law" means	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;
"UK" means	the United Kingdom of Great Britain and Northern Ireland;
"Valuation Point" means	the point, whether on a periodic basis or for a particular valuation, at which the ACD carries out a valuation of the Scheme Property or a Sub-Fund (as the case may be) for the purpose of determining the price at which Shares of a class may be issued, cancelled, sold, redeemed or exchanged; and
"VAT" means	value added tax.

2. The Company and Company Structure

Total Clarity is an umbrella open-ended investment company with variable capital incorporated in England on 21 September 2010 under registered number IC000829. Each Sub-Fund would be a non-UCITS retail scheme if it had a separate authorisation order. The Company was authorised by the FSA as a non-UCITS Retail Scheme pursuant to an authorisation order dated 21 September 2010 and has an unlimited duration. The Company was launched on 20 October 2010.

The head office of the Company is at 2nd Floor, Springfield Lodge, Colchester Road, Chelmsford, CM2 5PW. The head office is also the address for service on the Company of notices or other documents. The maximum share capital of the Company is currently £100,000,000,000 and the minimum is £100. Shares in the Company have no par value and therefore the share capital at all times equals the Company's current Net Asset Value.

Shareholders in a Sub-Fund of the Company are not liable for the debts of the Company.

The Company is a collective investment scheme in which each investor's funds in a given Sub-Fund are pooled with all other investors' funds in that Sub-Fund. The ACD takes reasonable steps to ensure that each investment transaction carried out within a Sub-Fund is suitable for a Sub-Fund, having regard to the investment objective and policy of the relevant Sub-Fund.

Different Sub-Funds may be formed by the ACD, subject to approval from the FSA. On the establishment of a new Sub-Fund or Share Class an updated prospectus will be prepared setting out the relevant information concerning the new Sub-Fund.

Each Sub-Fund within the Company has a specific portfolio of assets and investments, and its own liabilities, and investors should view each Sub-Fund as a separate investment entity.

Investors should however be aware that the Sub-Funds of the Company are not ring-fenced and, a Sub-Fund's creditors may look to all the Company's assets for payment regardless of the Sub-Fund in respect of which the debt has arisen. Assets may be re-allocated to and from other Sub-Funds within the Company if it is necessary to do so to satisfy any creditor proceeding against that Sub-Fund. In the event that any assets are so re-allocated, the ACD will advise shareholders of that Company in the next report to shareholders.

Each Sub-Fund will be charged with the liabilities, expenses, costs and charges of the Company attributable to that Sub-Fund. Any assets, liabilities, expenses, costs or charges not attributable to a particular Sub-Fund of the Company may be allocated by the ACD within the Company in a manner which is fair to shareholders as a whole and will normally be allocated to all Sub-Funds pro rata to the value of the net assets of the relevant Sub-Funds.

Details of the Sub-Funds of the Company, including their investment objectives and policies, are set out in Appendix 4.

Details of the investment powers of the Company and the Sub-Funds, and limitations on such powers, are set out in Appendix 1.

Historical performance figures for the Sub-Funds are not yet available.

3. Shares

The Share Classes presently available for each Sub-Fund within the Company are set out in the Appendix for that Sub-Fund. Further Share Classes for each Sub-Fund may be made available in due course in accordance with the FSA Rules.

Shares issued by the Company are Income Shares and Growth Shares. Holders of Growth Shares do not receive payment of income. Any income arising in respect of an Growth Share is automatically accumulated and added to the assets of the Sub-Fund and is reflected in the price of each Growth Share.

Income arising in respect of Income Shares is paid to Shareholders.

Details of Share classes currently in issue for each Sub-Fund are detailed in the Appendix for that Sub-Fund. Shareholders are entitled (subject to certain restrictions) to switch all or part of their Shares in one Sub-Fund for Shares in a different Sub-Fund. Details of this switching facility and the restrictions are set out in Sections 16 and 17.

The Shares are not listed, or dealt in, on any Stock Exchange.

The Shares will be valued in the base currency of the Fund being Pounds Sterling.

Initial Offer Period

Details (if applicable) to the initial offer period for each Sub-Fund are included in the Appendix for that Sub-Fund.

4. The ACD

The authorised corporate director of the Company is Phoenix Fund Services (UK) Ltd (the "ACD"), a private company limited by shares with registration number 6252939 and authorised and regulated by the FSA. The ACD was incorporated in England under the Companies Act 1985 to 2006 on 18 May 2007. The ACD is the sole director of the Company.

The ACD also serves as authorised corporate director or authorised unit trust manager to other funds and companies. The ACD currently acts as a manager or authorised corporate director of the authorised funds set out in Appendix 5.

The ACD may in the future provide management, investment management and/or administration services to other funds and clients.

The ACD is responsible for managing and administering the Company's affairs in compliance with the FSA Regulations.

Directors

The directors of the ACD are:

Steven King

Mr. King trained in accountancy and established Phoenix Administration Ltd in June 1998. He began work in the investment industry in 1981 with the Britannia Group and moved to GT Asset Management PLC (now INVESCO Perpetual Limited) in 1982 leaving in 1998 to form Phoenix Administration Services Ltd. At GT Asset Management he was responsible for the

building and development of their global proprietary asset administration system. At the time of leaving GT Asset Management he was Head of Business Administration including oversight of the authorised fund administration business. Mr. King is the Managing Director of Phoenix Administration Services Limited.

Stuart Mathieson

Mr. Mathieson is a Fellow of the Institute of Chartered Accountants in England and Wales and has worked in financial services for over thirty five years. Until joining Phoenix Fund Services (UK) Ltd in 2007 he worked as an independent consultant to review the third party provision of services of Fund Management Groups. From 1994 to 2005 he was Deputy Managing Director for International Fund Managers UK Ltd with responsibility for Operations and Business Development. Until 1994 he was Finance & Administration Director at Sun Life Trust Management Ltd and joined this newly formed Unit Trust Management Company to establish and run the Operational areas; including Finance, Fund Valuation & Accounting, Dealing, Registration and IT. He also helped establish offshore operations in the Isle of Man and a Private Portfolio Management Service in the UK. From 1972 to 1985 he was Group Accountant at Save & Prosper Group.

Registered office and Head office

The ACD's registered office is at 2nd Floor, Springfield Lodge, Colchester Road, Chelmsford. CM2 5PW, United Kingdom.

Share Capital

Authorised capital: £1,000,000

Issued and paid up: 500,000 ordinary shares at a price of £1.00 each.

Terms of Appointment

The terms of the ACD Agreement between the Company and the ACD provide that the ACD is appointed to provide management, investment management and administration services to the Company in accordance with the terms of the FSA Regulations, the OEIC Regulations, the Instrument of Incorporation and this Prospectus. The ACD Agreement may be terminated upon 6 months' prior written notice expiring on the last Dealing Day in March, June, September or December of any year by either the ACD or the Company. In certain circumstances the ACD Agreement may be terminated forthwith by notice in writing by the ACD to the Company or the Depositary, or by the Depositary or the Company to the ACD. Termination cannot take effect until the FSA has approved the appointment of another authorised corporate director in place of the retiring authorised corporate director.

The ACD is entitled to its pro rata fees and expenses to the date of termination and any additional expenses necessarily realised in settling or realising any outstanding obligations including those referred to in Section 31. No compensation for loss of office is provided for in the ACD Agreement. To the extent allowed by the FSA Regulations, the ACD Agreement provides indemnities to the ACD other than for matters due to its negligence, bad faith, wilful default or fraud of or by the ACD in the performance or non performance of its duties under the ACD Agreement or by reason of the reckless disregard of its duties and obligations under the ACD Agreement or by reason of the ACD being in breach of the ACD Agreement.

The ACD will provide Shareholders with a copy of the ACD Agreement on request.

The ACD is under no obligation to account to the Depositary or the shareholders for any profit it makes on the issue or re-issue of shares or cancellation of shares which it has redeemed. The fees to which the ACD is entitled are set out in Sections 30 and 31.

5. The Depositary

BNY Mellon Trust & Depositary (UK) Limited is the Depositary of the Company. The Depositary is a private company with limited liability authorised and regulated by the FSA and incorporated in England and Wales on June 25 1998 with registered number 3588038. The ultimate parent company of the Depositary is Bank of New York Mellon Inc. Subject to the FSA Regulations and the OEIC Regulations, the Depositary is responsible for the safekeeping of the property of the Company entrusted to it and has a duty to take reasonable care to ensure that the Company is managed in accordance with the provisions of the FSA Regulations relating to the pricing of, and dealing in, shares of the Company and the allocation of the income of the Company. The appointment of the Depositary has been made under the Depositary Agreement.

Registered office and Principal Place of Business

Registered office: 160 Queen Victoria Street, London, EC4 4LA

Principal business activity

The principal business of the Depositary is that of acting as trustee of authorised unit trusts, acting as depositary of open-ended investment companies and acting as trustee or depositary in relation to recognised schemes.

Terms of appointment

The terms of the Depositary Agreement between the Company, the ACD and the Depositary provide that the Depositary be engaged to perform all of the general duties of the depositary of the Company and be responsible for the control of the Scheme Property as described in COLL 6.6 of the FSA Regulations (as applicable to depositaries) and also to exercise all other duties, functions, powers and discretions as are required of or conferred on depositaries by the OEIC Regulations and the FSA Regulations.

Subject to the FSA Regulations, the Depositary has full power under the Depositary Agreement to delegate (and authorise its delegate to sub-delegate) all or any part of its duties as depositary. The Depositary has appointed Bank of New York Mellon Inc. to act as Custodian for the Scheme Property.

The Depositary Agreement may be terminated on 6 months' written notice by the Depositary, the Company or the ACD, provided that the Depositary may not retire voluntarily except upon the appointment of a new depositary. To the extent allowed by the OEIC Regulations and the FSA Regulations, the Depositary Agreement contains indemnities by the Company in favour of the Depositary against (other than in certain circumstances) any liability incurred by the Depositary as a consequence of its safe keeping of any of the Scheme Property of the Company or incurred by it as a consequence of the safe keeping of any of the Scheme Property by anyone retained by it to assist it to perform its function of the safekeeping of the Scheme Property and also (in certain circumstances) exempts the Depositary from liability. The fees to which the Depositary is entitled are set out in Section 32.

6. The Investment Adviser

The ACD is responsible for the overall investment management and administration of the Company. The ACD has delegated responsibility for investment management of each Fund to the Investment Adviser, TCF Fund Managers LLP.

The Investment Adviser is a limited liability partnership and was incorporated in England and Wales on 8 September 2003 with registered number OC305442.

Registered office and Principal Place of Business

The Investment Adviser's registered office is at 1st Floor, 7 Bligh's Walk, Sevenoaks, Kent TN13 1DB, United Kingdom.

Principal business activity

The principal business of the Investment Adviser is that of acting as investment manager. In addition to the Company, the Investment Adviser is investment adviser to the Rutherglen Capital Global Media Fund.

Members

The members of the Investment Adviser are as follows:

Gary Mairs

Mr. Mairs joined the investment industry in 1988 after studying Economics at Trinity College Cambridge. After an early career as a fund manager he moved into senior executive management for a number of large asset management firms. He was Chief Executive of Insight Investment's retail investment business.

David Norman

Mr. Norman moved into financial services in 1986 after an early career with GEC having studied Chemistry. He held a number of senior sales and marketing roles with both life companies and asset managers, and was Chief Executive Officer of Credit Suisse Asset Management (UK & Ireland). He is an associate of the Chartered Institute for Securities and Investment and a fellow of the Chartered Institute of Marketing.

John Kenny

Mr. Kenny has over twenty years experience of the investment industry. His previous roles include Director of BZW and head of its specialist media team, founding partner of independent broking firm Gerrard Vivian Gray, and Director of Dresdner Kleinwort Benson and of ABN Amro. Mr Kenny founded Rutherglen Capital LLP in 2003.

Terms of Appointment

Under an agreement between the ACD and the Investment Adviser dated 8 October 2010, the Investment Adviser has the authority of the ACD and the Company in respect of Total Clarity to exercise discretionary management powers in respect of the Sub Funds in accordance with the investment objective of each Sub-Fund, including the power to effect such investments and reinvestments on behalf of each Sub-Fund as it considers appropriate. The agreement may be terminated on 3 months' written notice by the Investment Adviser or immediately by

the ACD, when the ACD considers it is in the best interests of shareholders to do so. The Investment Adviser will receive a fee paid by the ACD.

The fees to which the Investment Adviser is entitled are set out in Section 31.

The ACD may from time to time appoint other Investment Advisers in relation to one or more of the Sub-Funds.

7. The Auditor

The auditor of the Company is Shipleys LLP, registered auditor, whose address is 10 Orange Street, Haymarket, London WC2H 7DQ, United Kingdom.

8. Administrator and Registrar

The ACD will act as registrar to the Company and provide certain administration functions; such as fund accounting and pricing.

The register of shareholders for the Company is maintained at the address of the Administrator's registered office as noted in Appendix 3, and may be inspected (together with the plan registers) at that address between 8.30am and 4.30pm on each Dealing Day by any shareholder or any shareholder's duly authorised agent.

9. Conflicts of interest

The ACD, the Depositary and the Investment Adviser or any affected person are or may be involved in other financial, investment and professional activities which may, on occasion, cause conflicts of interest with the management of the Company or the Sub-Funds.

The ACD will seek to identify the types of conflicts that may arise between the interests of the Company and those of their own with reference to: the likelihood of making a financial gain or avoiding a loss at the expense of the Company; whether the ACD has an interest in the outcome of a service or transaction it provides to the Company; whether there is a financial or other incentive to favour the interest of the ACD over the interests of the Company; and whether there are inducements deriving from sources in relation to the services the ACD provides to the Company, in the form of monies, goods or services, other than standard commission or fees for the service(s) in question. Where a potential conflict arises, the ACD is committed to managing these to prevent them from constituting or giving rise to a material risk of damage to the interests of the Company and to ensure that transactions and services are effected on terms which are not materially less favourable to the Company had the potential conflict not existed. The circumstances in which conflicts of interest might arise include where the ACD acts for other investors with an interest in such investments or where the transactions are in shares of another fund for which the ACD is the authorised corporate director or investment advisor. The ACD is required to identify, manage, record and, where relevant, disclose actual or potential conflicts of interest between its self and other clients and between one client and another and to have a written policy in place.

Further detail of the ACD's conflicts of interest policy is available on request.

10. Profile of a Typical Investor

The Company is designed to be marketable to retail and institutional investors. The choice of the Company and Sub-Fund should be determined by the attitude to risk, wish for income and/or growth, and intended length of time for investment and in the context of the investor's

overall portfolio. The ACD recommends that investors always seek professional advice before making any investment decisions.

11. Buying, selling and switching shares

The dealing office of the ACD is open on each Dealing Day from 8.30am to 4.30pm to receive requests for the buying, selling and switching of shares in the Sub-Funds, which will be effected at prices determined at the next Valuation Point following receipt of such request.

12. Buying shares

Procedure

All orders will be dealt at a forward price; this being the price calculated by reference to the next Valuation Point after the order is received by the ACD.

Shares can be bought by sending a completed application form and payment to the Administration Centre of the ACD. Applications forms are available from the ACD's web site www.phoenixfundservice.com. Alternatively, the buying of Shares may be effected by telephone on 0845 3054213 and/or Fax No: 0845 2800109. Telephone conversations of all dealers, staff in the administration department and client services may be recorded for mutual protection.

The ACD has the right to reject, without providing an explanation, any application for Shares in whole or part, and in this event the ACD will return any money sent, or the balance of such monies, at the risk of the applicant. In addition the ACD may reject any application previously accepted if the applicant has paid by cheque and that cheque subsequently fails to be cleared. The ACD reserves the right to add other forms of dealing at its discretion. Any subscription monies that remain after a whole number of shares have been issued will not be returned to the applicant. Instead, smaller denomination shares will be issued equal to a fraction of a whole share.

Documents the buyer will receive

A contract note or letter of acknowledgement as appropriate giving details of the Shares purchased and the price used will be issued by the end of the business day following the Valuation Point by reference to how the purchase price is determined, together with, where appropriate, a notice of the applicant's right to cancel. In addition, statements of holdings as at 31 December and 30 June will be sent to all shareholders on or before 31 January and 31 July each year.

All sales will be made on a cash basis and payment for Shares must be made on receipt, by the purchaser, of the contract note or letter of acknowledgement. Share certificates will not be issued in respect of Shares. Ownership of Shares will be evidenced by an entry on the Company's register of shareholders. Entries are made after the later of the date the payment clears and any cancellation rights expire. Statements in respect of periodic allocations of income in each Sub-Fund will show the number of Shares held by the shareholder in the Sub-Fund in respect of which the allocation is made. Individual statements of a shareholder's (or, when Shares are jointly held, the first named holder's) Shares will also be issued annually and at any other time on request by that registered shareholder.

Minimum purchases and holdings

Minimum initial investment limits as well as for any subsequent top up investments for each Share Class are stated in the respective Appendix for each Sub-Fund. The ACD may at its absolute discretion accept subscriptions lower than the minimum amount. If a holding is below the minimum holding the ACD has discretion to require redemption of the entire holding.

13. Selling shares

Procedure

Every shareholder has the right to require that the Company buys back his/her Shares on any Dealing Day unless this would reduce the value of his/her shareholding below the required minimum for the relevant Share Class. Requests to sell Shares may be directed to the ACD by telephone: 0845 3054213 and/or Fax No: 0845 2800109 or in writing using the appropriate form to the Administration Centre: PFS Total Clarity, PO Box 10809, Chelmsford, Essex CM1 9QJ.

Documents the seller will receive:

A contract note giving details of the number and price of Shares sold will be sent to the selling shareholder (the first named, in the case of joint shareholders) and/or their duly authorised agent together (if sufficient written instructions have not already been given) with a form of renunciation, for joint holders, for completion and execution by the shareholder (and, in the case of a joint holding, by all the joint holders) not later than the end of the business day following the Valuation Point by reference to which the redemption price is determined. Cheques in satisfaction of the redemption monies will be issued within four business days after the later of:

- i. receipt by the ACD of the form of renunciation (or other sufficient written instructions) duly signed by all the relevant shareholders and completed as to the appropriate number of Shares, together with any other appropriate evidence of title; and
- ii. the Valuation Point following receipt by the ACD of the request to sell.

Minimum sales and holdings

The ACD reserves the right to refuse a sale request if the value of the Shares of any Sub-Fund of the Company to be sold would result in a shareholder holding less than the minimum holding as detailed in the Appendix for that Sub-Fund. The shareholder may be required to sell his/her entire holding.

In specie redemption

If a shareholder requests the sale of Shares, the ACD may, if in its sole discretion it considers the deal substantial in relation to the total size of the Sub-Fund concerned, arrange for the Company to cancel the Shares and transfer Scheme Property to the shareholder instead of paying the price of the Shares in cash, or, if required by the shareholder, pay the net proceeds of sale of the relevant Scheme Property to the shareholder. A deal involving Shares representing 5% or more in value of a Sub-Fund will normally be considered substantial, although the ACD may at its discretion agree an in specie redemption with a shareholder whose selling Shares represent less than 5% in value of the Sub-Fund concerned. Before the

proceeds of cancellation of the Shares become payable, the ACD will give written notice to the shareholder that relevant Scheme Property (or the proceeds of sale of that relevant Scheme Property) will be transferred to that shareholder. The ACD will select the property to be transferred (or sold) in consultation with the Depositary. They must ensure that the selection is made with a view to achieving no greater advantage or disadvantage to the redeeming shareholder than to continuing shareholders. Any such redemption as set out above may be subject to a retention by the Depositary from that property (or proceeds), for the value (or amount) of any Stamp Duty Reserve Tax to be paid on the cancellation of Shares and any relevant transaction costs.

14. Buying shares for children

Minors may not be registered as shareholders, but Shares may be bought on their behalf and registered in an adult shareholder's name and designated with the child's initials, e.g. John Smith a/c A.N.S. The holding(s) may be transferred into the name of the child when the child reaches 18 years upon receipt of a properly completed stock transfer form, which is available from the ACD.

15. Buying shares on behalf of a trust

A trust cannot be registered as a shareholder and therefore any Shares bought on behalf of a trust are registered in the names of the individual trustees (maximum 4). Any appointment of new trustees or resignation of existing trustees should be notified to the ACD in writing as soon as possible after the change. It will be necessary to complete a stock transfer form in order to reflect the change on the register of shareholders. Failure to do this may result in a delay in releasing the proceeds of any sale of Shares. The Sub-Funds are 'wider range' investments under the Trustee Investments Act 1961.

16. Switching

If applicable, a holder of Shares in a Sub-Fund may at any time switch all or some of those Shares ("Old Shares") for Shares of another Sub-Fund ("New Shares") in the Company. The number of New Shares issued will be determined by reference to the respective prices of New Shares and Old Shares at the next Valuation Point applicable when the Old Shares are repurchased and the New Shares are issued. In addition, a holder of Shares of a particular Share Class in a Sub-Fund ("Old Class Shares") may at any time switch all or some of their Shares for Shares of another class in the same Sub-Fund ("New Class Shares"). The number of New Class Shares issued will be determined by reference to the respective prices of New Class Shares and Old Class Shares at the next Valuation Point after the instruction to switch is received.

Switching may be effected either by contacting the ACD by telephone: 0845 3054213 and/or Fax No: 0845 2800109 or in writing to the Administration Centre (marked for the attention of 'PFS Total Clarity') and the shareholder may be required to complete written instructions to switch (which, in the case of joint shareholders must be signed by all the joint holders). A switching shareholder must be eligible to hold the Shares into which the switch is to be made. The ACD may at its discretion charge a fee on the switching of Shares between Share Classes and between Sub-Funds. These fees are set out in Section 17.

If the switch would result in the shareholder holding a number of Old Shares, New Shares, Old Class Shares or New Class Shares of a value which is less than the applicable minimum holding, the ACD may, at its discretion, convert the whole of the applicant's holding of Old Shares to New Shares or of Old Class Shares to New Class Shares or refuse to effect any switch of the Old Shares or Old Class Shares. No switch will be made during any period when

the right of shareholders to require the sale of their Shares is suspended. The general provisions on selling Shares shall apply equally to a switch. The ACD may adjust the number of New Shares or New Class Shares to be issued to reflect the imposition of any switching fee together with any other charges or levies in respect of the issue or purchase of the New Shares or New Class Shares or the sale or cancellation of the Old Shares or Old Class Shares as may be permitted pursuant to the FSA Regulations. Please note that, under current tax law, a switch of Shares in one Sub-Fund for Shares in any other Sub-Fund in the same Company or a different company is treated as a sale and purchase and will, for persons subject to UK tax, be a realisation for the purposes of capital gains tax although a switch between different Share Classes in the same Sub-Fund will not be deemed a realisation for the purposes of capital gains tax. A switch of Shares between Share Classes may be subject to income equalisation as referred to in Section 39.

A shareholder who switches Shares in one Sub-Fund for shares in any other Sub-Fund or for Shares in any other Share Class of the same Sub-Fund will not be given a right by law to withdraw from or cancel the transaction.

Electronic Communications

Transfers of title to Shares may not, at present, be effected on the authority of an electronic communication.

17. Dealing charges

Preliminary charge

The ACD may impose a charge on the buying of Shares by investors. There is, at present, no preliminary charge. If a preliminary charge is imposed it will be payable to the ACD and details will be set out in the details of the relevant Sub-Fund in Appendix 4.

Switching fee

On the switching of Shares of a Sub-Fund for Shares of another Sub-Fund within the Company the Instrument of Incorporation authorises the Company to impose a switching fee. The fee will not exceed an amount equal to the then prevailing preliminary charge for the Sub-Fund or Share Class, as appropriate, into which Shares are being switched. The fee for switching between Sub-Funds and Share Classes is currently NIL of the value of the Shares being switched. If such a Switching Fee is introduced in the future, the switching fee will be payable to the ACD and a period of 60 days notice will be given to all shareholders.

Redemption fee

There is currently no charge for redeeming Shares in any of the Share Classes. If such a Redemption Fee is introduced in the future, the Redemption Fee will be payable to the ACD and a period of 60 days notice will be given to all shareholders.

18. Other dealing information

Dilution adjustment

The basis on which the Company's investments are valued for the purpose of calculating the buying and selling price of Shares as stipulated in the FSA Regulations and the Company's Instrument of Incorporation is summarised in Sections 24 and 25. The total proceeds of sale of a Sub-Fund's investments may be less than, and the total purchase price of a Sub-Fund's

investments may be more than, the mid-market value used in calculating the share price - for example, due to dealing charges, or through dealing at prices other than the mid-market price. Under certain circumstances (for example, large volumes of deals) this may have an adverse effect on the shareholders' interest in a Sub-Fund. In order to mitigate this effect, called dilution, the ACD has the power to apply a dilution adjustment, as defined in the FSA Regulations on the issue and/or redemption of Shares in a Sub-Fund. A dilution adjustment is an adjustment to the share price. The ACD shall comply with COLL 6.3.8R of the FSA Regulations in its application of any such dilution adjustment. The dilution adjustment will not exceed 1% of the amount redeemed based on future projections.

The dilution adjustment for each Sub-Fund will be calculated by reference to the estimated costs of dealing in the underlying investments of that Sub-Fund, including any dealing spread, commission and transfer taxes. The need to apply a dilution adjustment will depend on the volume of sales (where they are issued) or redemptions (where they are cancelled) of Shares. The ACD may apply a dilution adjustment on the issue and redemption of such Shares if, in its opinion, the existing shareholders (for sales) or remaining shareholders (for redemptions) might otherwise be adversely affected. A dilution adjustment must, so far as practicable, be fair to all shareholders and potential shareholders. In particular, the dilution adjustment may be applied in the following circumstances for all Sub-Funds in the Company:

- i. where over a dealing period a Sub-Fund has experienced a large level of net issues or redemptions relative to its size. For these purposes a large level of net dealing is defined as 5% or more of the Net Asset Value of the Sub-Fund in question (as calculated at the last valuation point); or
- ii. where over a dealing period, there has been net issues or redemptions which could lead to dilution of the Sub-Fund, regardless of whether this is below 5% of the Net Asset Value of the Sub-Fund; or
- iii. where the ACD considers it necessary to protect the interests of the shareholders of the Company.

The ACD may alter its current dilution policy either by shareholder consent pursuant to the passing of a resolution to that effect at a properly convened meeting of shareholders and by amending this Prospectus or by giving shareholders notice and amending the Prospectus at least 60 days before the change to the dilution policy is to take effect. On the occasions that the dilution adjustment is not applied there may be an adverse impact on the total assets of the Sub-Fund which may otherwise constrain the future growth of the Sub-Fund in question. It should be noted that as dilution is directly related to the inflows and outflows of monies from the Sub-Fund it is not possible to predict accurately whether or not dilution will occur at any particular future point in time, and how frequently the ACD will need to make such a dilution adjustment, however the ACD expects to apply a dilution adjustment on most dealing days where there is a net flow into or out of the Sub-Fund.

19. Anti-Money laundering

Under current laws, firms conducting investment business are required to maintain procedures to combat money laundering and other financial crime. Under these laws the ACD is legally obliged to carry out customer due diligence for anti-money laundering purposes. This means that, in certain circumstances shareholders or potential shareholders may be asked to provide some proof of their identity. Such proof may involve the ACD obtaining information directly from (potential) shareholders or from a third party such as a credit reference agency. Where the ACD seeks proof of identity on a sale or redemption, proceeds will not normally be paid until the ACD has received appropriate verification. The ACD

reserves the right to reverse the transaction or to refuse to sell shares if it is not satisfied as to the identity of the applicant.

20. Restrictions and compulsory transfer and sale

The ACD may from time to time impose such restrictions as it may think necessary for the purpose of ensuring that no Shares in the Company are acquired or continue to be held by any person in breach of the law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory. In this connection, the ACD may, inter alia, reject in its discretion any application for the purchase, sale, transfer or switching of Shares. The ACD has the ability to cancel the buying of Shares without notice in the event of default by an applicant or his agent. The ACD will in those circumstances hold the applicant liable or, if applicable, jointly and severally liable with his financial advisor, for any loss sustained by the ACD.

21. Suspension or deferrals of dealings

Suspension

The ACD may, with the prior agreement of the Depositary, and must without delay, if the Depositary so requires, temporarily suspend the issue, cancellation, sale and redemption of Shares in any or all of the Sub-Funds of the Company, if the ACD or the Depositary is of the opinion that due to exceptional circumstances there is good and sufficient reason to do so having regard to the interests of shareholders or potential shareholders. Re-calculation of the share price for the purpose of sales and purchases will commence on the next relevant Valuation Point following the ending of the suspension.

On suspension, the ACD, or the depositary if it has required the ACD to suspend dealings in Shares, will immediately inform the FSA, stating the reason for its action and as soon as practicable give written confirmation of the suspension and the reasons for it to the FSA and the Home State regulator in each EEA State in which the ACD holds itself out as willing to sell or redeem Shares.

The ACD will ensure that a notification of the suspension is made to shareholders of the Sub-Fund as soon as practicable after suspension commences drawing Shareholders' particular attention to the exceptional circumstance which resulted in the suspension. The notice of suspension must be clear, fair and not misleading.

The ACD will publish (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 suspension of dealings in Shares will cease as soon as practicable after the exceptional circumstances have ceased. The ACD and the Depositary will formally review the suspension at least every 28 days and inform the FSA of the results of this review and any change to the information previously provided. The ACD and the Depositary will ensure that the suspension is only allowed to continue for as long as it is justified having regard to the interests of the Shareholders.

Re-calculation of the Share price, for the purposes of sales and purchases, will commence on the next relevant Valuation Point following the end of the suspension.

During any suspension, the ACD will exercise its discretion to permit a Shareholder to withdraw their redemption notice provided that this withdrawal is in writing and is received before the period of suspension ends. Any notice not withdrawn will be dealt with on the next Dealing Day following the end of the suspension.

Deferred Redemption

Each Sub-Fund permits deferral of redemptions at the Valuation Point to the next Valuation Point where the requested redemptions exceed 10% of the Sub-Fund's value. Redemptions not processed at a Valuation Point will be processed at the next Valuation Point, up to the 10% net asset value limit. Available Shares to be redeemed will be bought back pro rata (up to the amounts requested) across all shareholders who have sought to redeem Shares at any Valuation Point at which redemptions are deferred. All deals relating to an earlier Valuation Point will be completed before those relating to a later Valuation Point are considered.

22. Market Timing Policy

The ACD does not knowingly allow investments which are associated with market timing activities, as these may adversely affect the interests of shareholders. In general, market timing refers to the investment behaviour of a person or group of persons buying, selling or switching Shares on the basis of predetermined market indicators. Market timing may also be characterised by transactions that seem to follow a timing pattern or by frequent or large transactions in Shares.

Accordingly, the ACD reserves the right to reject any application for switching and/or subscription of Shares from investors whom it considers to be associated with market timing activity. In this connection the ACD may combine Shares which are under common ownership or control for the purposes of ascertaining whether investors can be deemed to be involved in such activities.

23. Governing law

All share dealings are governed by English law.

24. Valuation of the Company

The Net Asset Value per Share of a Sub-Fund is currently calculated at 12.00 noon on each Dealing Day (the Valuation Point). Subject to the FSA Regulations the ACD may at any time carry out an additional valuation if the ACD considers it desirable to do so. Where a Sub-Fund is invested in stocks or markets which are closed at the time of the fund valuation, there is a risk that the quoted prices of those stocks may be out of date and unreliable. In accordance with the FSA regulations, the ACD may make adjustments to the value of any investments which may be materially impacted by out of date prices through a technique known as fair value pricing.

25. Calculation of the Net Asset Value

There is only a single price for any Share as determined from time to time by reference to a particular Valuation Point. The value of the Scheme Property of the Company or of a Sub-Fund (as the case may be) shall be the value of its assets less the value of its liabilities determined in accordance with the Company's Instrument of Incorporation. The Shares will be valued in the base currency of the Fund being Pounds Sterling.

All the Scheme Property (including receivables) of the Company (or the Sub-Fund) is to be included, subject to the following provisions.

25.1 Scheme Property which is not cash (or other assets dealt with below) or a contingent liability transaction shall be valued as follows:

a) Units or shares in a collective investment scheme:

- i. if a single price for buying and selling units or shares is quoted, at the most recent such price; or
- ii. if separate buying or selling prices are quoted, at the average of the two prices provided the buying price has been reduced by any preliminary charge included therein and the selling price has been increased by any exit or redemption charge attributable thereto; or
- iii. if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no price exists or if the most recent price available does not reflect the ACD's best estimate of the value of the units or shares, at a value which in the opinion of the ACD reflects a fair and reasonable price for that investment.

b) Any other transferable security:

- i. if a single price for buying and selling the security is quoted, at that price; or
- ii. if separate buying and selling prices are quoted, the average of those two prices; or
- iii. if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no price exists or if the most recent price available does not reflect the ACD's best estimate of the value of the units or shares, at a value which in the opinion of the ACD reflects a fair and reasonable price for that investment.

c) Property other than that described in the Sections above:

- i. a value which, in the opinion of the ACD, represents a fair and reasonable mid-market price.

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

25.3 Property which is a contingent liability transaction shall be treated as follows:

- i. if it is a written option (and the premium for writing the option has become part of the Scheme Property), the amount of the net valuation of premium receivable shall be deducted.
- ii. if it is an off-exchange future, it will be included at the net value of closing out in accordance with a valuation method agreed between the ACD and the Depositary;
- iii. if the property is an off-exchange derivative, it will be included at a valuation method agreed between the ACD and Depositary;
- iv. if it is any other form of contingent liability transaction, it will be included at the net value of margin on closing out (whether as a positive or negative value).

25.4 Any outstanding borrowings, whenever payable and any accrued but unpaid interest thereto shall be deducted

- 25.5 In determining the value of the Scheme Property, all instructions given to issue or cancel shares shall be assumed to have been carried out (and any cash paid or received) whether or not this is the case.
- 25.6 Agreements for the unconditional sale or purchase of property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and, in the opinion of the ACD, their omission will not materially affect the final net asset amount.
- 25.7 Futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under this Section.
- 25.8 All agreements are to be included under this Section which are, or ought reasonably to have been, known to the person valuing the property.
- 25.9 An estimated amount for anticipated tax liabilities at that point in time including (as applicable and without limitation) capital gains tax, income tax, corporation tax, value added tax, stamp duty and stamp duty reserve tax will be deducted.
- 25.10 An estimated amount for any liabilities payable out of the Scheme Property and any tax thereon treating periodic items as accruing from day to day will be deducted.
- 25.11 An estimated amount for accrued claims for tax of whatever nature which may be recoverable will be added. Any other credits or amounts due to be paid into the Scheme Property will be added.
- 25.12 A sum representing any income accrued due or deemed to have accrued but not received and any stamp duty reserve tax provision anticipated to be received will be added.
- 25.13 Currency or values in currencies other than the Base Currency shall be converted at a rate of exchange that is not likely to result in any material prejudice to the interests of shareholder or potential shareholders.

26. Price per Share in each Sub-Fund and each Share Class

The price of a Share in a Sub-fund is calculated by reference to the Net Asset Value of the Sub-Fund to which it relates. The price at which Shares may be bought or sold is the Net Asset Value of the respective Share and is to be quoted in pence to two decimal places. In addition a preliminary charge may be charged when buying shares, which is also quoted to two decimal places. There may also, for both buying and selling, be a dilution adjustment and Stamp Duty Reserve Tax, as described in Sections 18 and 37 respectively.

The income available for allocation in relation to a Sub-Fund (either by distribution in the case of Income Shares or accumulation in the case of Growth Shares) is determined in accordance with the COLL Sourcebook. Broadly it comprises all sums deemed by the Company to be in the nature of income received or receivable for the account of the Company and attributable to the Sub-Fund in respect of the accounting period concerned, after deducting net charges and expenses paid or payable out of such income and after making such adjustments as the ACD considers appropriate, following consultation with the auditors in accordance with the COLL Sourcebook, in relation to taxation and other matters. Each allocation of income made in respect of any Sub-Fund at a time when more than one Share Class is in issue in respect of

that Sub-Fund, shall be effected by reference to the relevant holder's proportionate interest in the scheme property of the Sub-Fund in question.

27. Pricing basis

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

28. Publication of prices

The most recent prices of Shares will appear daily on the TCF Fund Manager's website (www.tcfinvestment.com) and the Investment Management Association website (www.investmentuk.org). This is the primary method of price publication. The prices of Shares may also be obtained by calling the ACD by telephone: 0845 3054213 and / or Fax No: 0845 2800109.

29. Risk factors

Potential investors should consider the following risk factors before investing in the Company and the Sub-Funds. Further risk factors relating to a specific Sub-Fund is included in the relevant Sub-Fund Appendix.

General

An investment in one or more of the Sub-Funds of the Company will involve exposure to those risks normally associated with investment in stocks and shares. As such, the price of shares and the income from them can go down as well as up and an investor may not get back the full amount he has invested. There is no assurance that investment objectives of any Sub-Fund will actually be achieved. The Sub-Funds of the Company may have significant investments in smaller companies, in which there may be no established market for the shares, or the market may be highly illiquid. Because of this potential illiquidity in the investments of certain Sub-Funds, such Sub-Funds may not be appropriate for all investors, including those who are not in a position to take a long-term view of their investment. Shares in all the Sub-Funds should generally be regarded as long-term investments. Details of specific risks in addition to the Risk Factors set out below; any additional risk factors relating to particular Sub-Funds are set out in the relevant Sub-Fund Appendix.

Charges to Capital

Charges in respect of certain Sub-Funds may be taken against capital rather than income. Where insufficient income is available to meet those charges, all or part of the charges, may also be taken from the capital of the Fund, which may constrain capital growth of the Sub-Fund in question.

Emerging Markets

The Company may invest in emerging markets. Investing in emerging markets involves additional risks and special considerations not typically associated with investing in other more established economies or securities markets. Such risks may include: (i) increased risk of nationalisation or expropriation of assets or confiscatory taxation; (ii) greater social, economic and political uncertainty, including war; (iii) higher dependence on exports and the corresponding importance of international trade; (iv) greater volatility, less liquidity and smaller capitalisation of securities markets whereby the purchase and sale of investments may take longer than in developed markets and transactions may need to be

conducted at unfavourable prices; (v) greater volatility in currency exchange rates; (vi) greater risk of inflation; (vii) greater controls on foreign investment and limitations on repatriation of invested capital and on the ability to exchange local currencies for Pounds Sterling; (viii) increased likelihood of governmental decisions to cease support of economic reform programmes or to impose centrally planned economies; (ix) differences in auditing and financial reporting standards which may result in the unavailability of material information about issuers; (x) less extensive regulation of the securities markets; (xi) longer settlement periods for securities transactions and less reliable clearance and custody arrangements; and (xii) less stringent corporate laws regarding fiduciary duties of officers and directors and less developed mechanisms for the protection of investors.

Global Economic and Market Conditions

The Company will invest in currencies, securities and instruments traded in various markets throughout the world, including in global emerging markets, some of which are highly controlled by governmental authorities. Such investments require consideration of certain risks typically not associated with investing in currencies or securities of developed markets. Such risks include, among other things, trade balances and imbalances and related economic policies, unfavourable currency exchange rate fluctuations, imposition of exchange control regulation by governments, withholding taxes, limitations on the removal of funds or other assets, policies of governments with respect to possible nationalisation of their industries, political difficulties, including expropriation of assets, confiscatory taxation and social, economic or political instability in foreign nations. These factors may affect the level and volatility of securities prices and the liquidity of a Sub-Funds' investments. Unexpected volatility or illiquidity could impair a Sub-Funds' profitability, or result in losses. The economies of countries differ in such respects as growth of gross domestic product, rate of inflation, currency depreciation, asset reinvestment, resource self-sufficiency and balance of payments position. Further, certain economies are heavily dependent upon international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures impose or negotiated by the countries with which they trade. The economies of certain countries may be based, predominantly, on only a few industries and may be vulnerable to changes in trade conditions and may have higher levels of debt or inflation.

Political Risk

The value of the Company's assets may be affected by uncertainties such as international political developments, changes in government policies, taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of the countries to which the Company is exposed.

Market Risks

The investments of the Company are subject to normal market fluctuations and the risks inherent in investment in equity securities and similar instruments and there can be no assurance that appreciation will occur. The price of Shares can go down as well as up and investors may not realize their initial investment.

Liabilities of the Company

As mentioned in Section 2, although each Sub-Fund so far as possible will be treated as bearing the liabilities, expenses, costs and charges attributable to it, if its assets are not sufficient the ACD may re-allocate assets, liabilities, expenses, costs and charges between the

other Sub-Funds of the Company in a manner which is fair to the shareholders of the Company generally. The ACD would normally expect any such re-allocation to be effected on a *pro rata* basis having regard to the Net Asset Values of the relevant Sub-Funds. If there is any such re-allocation the ACD will advise shareholders of it in the succeeding annual or interim report to shareholders. Shareholders are not, however, liable for the debts of the Company. A shareholder is not liable to make any further payment to the Company after paying the purchase price of shares.

International Investing

Investments on an international basis involve certain risks, including fluctuations in foreign exchange rates, future political and economic developments and the possible imposition of exchange controls or other governmental laws or restrictions. Prices of securities in different countries are subject to different economic, financial, political and social factors. Since the Company will invest in securities denominated in various currencies, changes in foreign currency exchange rates will affect the values of securities held by the Company. In addition, investments held by the Company may be subject to non-recoverable withholding taxes. Inflation in some countries in which investments are made may affect performance.

Investment and Trading Risks in general

All securities investments present a risk of loss of capital. The ACD believes that the Company's investment policy for each Sub-Fund moderates this risk through a careful selection of securities and other financial instruments.

Investing in Smaller Companies

Investments in smaller companies may involve greater risks and thus may be considered speculative. Investment in a Sub-Fund investing in smaller companies should be considered long term and not as a vehicle for seeking short-term profits, nor should an investment in such Sub-Fund be considered a complete investment programme. Many small companies' stocks trade less frequently and in smaller volume and may be subject to more abrupt or erratic price movements than stocks of larger companies. The securities of small companies may also be more sensitive to market changes than the securities of large companies.

Restrictions on Foreign Investment

Substantial limitations may exist in certain countries with respect to a Sub-Fund's ability to repatriate investment income, capital or the proceeds of sales of securities by foreign investors. A Sub-Fund could be adversely affected by delays in, or a refusal to grant, any required governmental approval for repatriation of capital, as well as by the application to the Company of any restriction on investments.

Counterparty and Broker Risk

The Company will be subject to counterparty risk with respect to transactions, whether due to the insolvency or bankruptcy of counterparties or brokers or other causes.

Currency Risk and Hedging

Although shares in the Company are denominated in the Base Currency, the Company may invest its assets in securities denominated in a wide range of currencies, some of which may not be freely convertible. The Net Asset Value of the Sub-Fund as expressed in its Base Currency will fluctuate in accordance with the changes in the foreign exchange rate between

the currency and the currencies in which the Company investments are denominated. The Sub-Fund may therefore be exposed to a foreign exchange / currency risk exposure. The ACD may enter into hedging transactions at its sole discretion and solely for the purposes of efficient portfolio management.

Transactions in Derivatives

The value of derivative transactions may fluctuate and while they may in certain circumstances reduce or eliminate risk they may also limit the potential for capital appreciation. The use of derivatives may lead to higher volatility of the net asset value. In general the possible effect on the Company's or a Sub-Fund's risk profile from the use of derivatives will be to reduce volatility when used for hedging or efficient portfolio management and could increase volatility if used to take additional market or securities exposure.

None of the Sub-Funds currently uses derivatives for investment purposes, but the ACD has the power to do so, subject to giving at least 60 days notice to Shareholders.

If derivatives are used for investment purposes, the net asset value of the Sub-Funds may in consequence be highly volatile at times and the risk profile of the Sub-Funds may be increased.

Forward foreign exchange contracts may be used for hedging purposes. There can be no assurance that the objective sought to be attained from the use of these instruments will be achieved.

Investment Techniques and Instruments for Efficient Portfolio Management

The Company will not invest in Financial Derivative Instruments ("FDIs") for investment purposes unless otherwise described in the specific Appendix for a particular Sub-Fund. It may engage in transactions in FDIs for efficient portfolio management purposes, or hedging, (including foreign exchange transactions which alter the currency characteristics of transferable securities and money market instruments held by the Sub-Fund).

The ACD will employ a risk management process which will enable it to monitor and measure the risks attached to FDI positions and details of this process will be provided to the FSA.

Financial Derivatives, Techniques and Instruments Risks

The prices of derivative instruments, including futures, options and swap prices, are highly volatile. Price movements of forward contracts, futures contracts and other derivative contracts are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly markets in currencies and interest rate related futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, amongst other things, interest rate fluctuations. The use of these techniques and instruments also involves certain special risks, including (1) dependence on the ability to predict movements in the prices of securities being hedged and movements in interest rates, (2) imperfect correlation between the price movements of the derivatives and price movements of related instruments, (3) the fact that skills needed to use these instruments are different from those needed to select the securities owned by any of the Sub-Funds, (4) the possible absence of a

liquid market for any particular instrument at any particular time; which may result in possible impediments to effective portfolio management or the ability to meet redemption. Each Sub-Fund may invest in certain derivative instruments, which may involve the assumption of obligations as well as rights and assets. Assets deposited as margin with brokers may not be held in segregated accounts by the brokers and may therefore become available to the creditors of such brokers in the event of their insolvency or bankruptcy.

Each Sub-Fund may from time to time utilise both exchange traded and over the counter credit derivatives, such as collateralised debt obligations or credit default swaps for hedging purposes and, if expressly permitted in the Appendix for a particular Sub-Fund, as part of that Sub-Fund's investment policy. These instruments may be volatile, involve certain special risks and expose investors to a high risk of loss. The low initial margin deposits normally required to establish a position in such instruments permit a high degree of leverage. As a result, a relatively small movement in the price of a contract may result in a profit or a loss that is high in proportion to the amount of the funds actually placed as initial margin and may result in unlimited further loss exceeding any margin deposited. Furthermore, when used for hedging purposes there may be an imperfect correlation between these instruments and the investment or market sectors being hedged. Transactions in over the counter derivatives, such as credit derivatives, may involve additional risk as there is no exchange market on which to close out an open position.

The aim of any derivative or forward used for the purposes of Efficient Portfolio Management (including hedging) is not to materially alter the risk profile of the Sub-Fund, rather their use is to assist the ACD in meeting the investment objectives of each Sub-Fund by:

- i. reducing risk and/or
- ii. reducing cost, and/or
- iii. generating additional income or capital for each Sub-Fund with a risk level which is consistent with the risk profile of each Sub-Fund and the risk diversification rules laid down in COLL.

The aim of reducing risks or costs will allow the ACD to enter into exposures on permissible assets or currencies using derivatives or forwards as an alternative to selling or purchasing underlying assets or currencies. These exposures may continue for as long as the ACD considers that the use of derivatives continues to meet the original aim.

The aim of generating additional income allows the ACD to write options on existing assets where it considers the transaction will result in the Sub-Fund deriving a benefit, even if the benefit obtained results in the surrendering the chance of greater benefit in the future.

The aim of generating additional capital allows the ACD to take advantage of any pricing imperfections in relation to the acquisition and disposal (or disposal and acquisition) of rights relating to assets the same as, or equivalent to which the Sub-Fund holds or may hold.

Potential Conflicts of Interest

The ACD and the Investment Advisers and any of their directors, officers, employees, agents and affiliates and the directors or any officer or agent of the Company, and any person or

company with whom they are affiliated or by whom they are employed may be involved in other financial, investment or other professional activities which may cause conflicts of interest with the Company.

The ACD and the Investment Advisers (and their affiliates, employees and agents) may promote, manage, advise or otherwise be involved in other collective investment schemes with similar or overlapping investment policies to the Company and, in particular, there could arise conflicts of interest relating to the allocation of investments or realisation opportunities between any Sub-Fund and also between a Sub-Fund and such other collective investment schemes or other clients of the ACD or the Investment Advisers. In such circumstances the ACD and the Investment Advisers will allocate such opportunities equitably. The ACD and the Investment Advisers shall manage any conflicts of interest that arise on an equitable basis having regard to their contractual obligations to the Company, to the ACD (in the case of the Investment Advisers), and to other clients.

In addition, the ACD and the Investment Advisers may provide to other entities services similar to those provided to the Company and shall not be liable to account for any profit earned from such services.

Related Party Transactions

The ACD and the Investment Advisers, the Depositary, and the Custodian and/or their affiliates may have dealings in the assets of the Company provided that any such transactions are effected on normal commercial terms negotiated at arm's length and provided that each such transaction complies with any of the following:

- (i) A certified valuation of such transaction is provided by a person approved by the ACD as independent and competent;
- (ii) The transaction has been executed on best terms, on and under the rules of an organised investment exchange; or

Where neither i) or ii) is practical;

- (iii) Where the ACD is satisfied that the transaction has been executed on normal commercial terms negotiated at arm's length.

Past Performance Information

Market conditions and trading approaches are continually changing and the fact that any adviser or investment manager happened to be successful in the past may largely be irrelevant to its prospects for future profitability. Past results are not necessarily indicative of future performance and no assurance can be given that profits will be achieved or that substantial losses will not be incurred.

Inadequate Return

There can be no assurance that the returns on the Company's investment will be commensurate with the risk of an investment therein. Investors should not commit money to the Company unless they have the resources to sustain the loss of their entire investment in the Company.

Liquidity

There is a risk with all securities that they may not be realisable in the event of sale. There is also the risk that the price at which they are realisable at is below the price that it is valued at. This could be due to a lack of liquidity in the relevant market or security.

30. Fees and expenses

General

The Company may pay out of its property charges and expenses incurred by it, which will include the following expenses:

- i. the costs of authorising new Sub-Funds of the Company;
- ii. the costs of preparing the Prospectus and Simplified Prospectus, but does not include the dissemination of the Simplified Prospectus;
- iii. the total amount of any cost relating to the application for authorisation and incorporation of the Company and its initial offer or issue of shares;
- iv. the fees and expenses payable to the ACD and to the Depositary (as detailed in Section 31 and 32 below); broker's commission, fiscal charges (including stamp duty and/or Stamp Duty Reserve Tax) and other disbursements which are necessarily incurred in effecting transactions for the Sub-Funds and normally shown in contract notes, confirmation notes and difference accounts as appropriate; fees and expenses in respect of establishing and maintaining the register of shareholders and any sub-register of shareholders, any costs incurred in or about the listing of shares in that Company on any Stock Exchange, and the creation, conversion and cancellation of shares;
- v. any costs incurred by the Company in publishing the price of the shares in a national or other newspaper;
- vi. any costs incurred in producing and dispatching any payments made by the Company, or the annual and interim reports of the Company;
- vii. any fees, expenses or disbursements of any legal or other professional adviser of the Company;
- viii. any costs incurred in taking out and maintaining any insurance policy in relation to the Company;
- ix. any costs incurred in respect of meetings of shareholders convened for any purpose including those convened on a requisition by shareholders not including the ACD or an associate of the ACD;
- x. liabilities on amalgamation or reconstruction including certain liabilities arising after transfer of property to the Sub-Funds in consideration for the issue of shares as more fully detailed in the FSA Regulations;
- xi. taxation and duties payable in respect of the property of the Sub-Funds or the issue or redemption of shares;

- xii. the audit fees of the Auditor (including VAT) and any expenses of the Auditor;
- xiii. the fees of the FSA as detailed in the FEES sourcebook of the FSA Rules, together with any corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which shares in that Company are or may be marketed;
- xiv. any expense incurred in relation to company secretarial duties including the cost of maintenance of minute books and other documentation required to be maintained by the Company;
- xv. any payments otherwise due by virtue of the FSA Regulations; and
- xvi. any value added or similar tax relating to any charge or expense set out herein.

Allocation of charges and expenses

Expenses are allocated between capital and income in accordance with the FSA Regulations. The applicable policy for each Sub-Fund is set out in the Appendix of each Sub-Fund. Where expenses are deducted in the first instance from income, if and only if, this is insufficient, deductions will be made from capital (save for any charge made in respect of SDRT under the Section "Stamp Duty Reserve Tax" in this Prospectus).

If deductions were made from capital, this could have an adverse effect on a Sub-Fund's capital and constrain growth.

31. Charges payable to the ACD

The ACD will be entitled to a periodic charge, "the Annual Management Charge", which will accrue and be calculated daily and will be payable monthly in respect of each calendar month as soon as practicable after the month end. This will be capped at 0.40% p.a. of each Sub-Fund's net asset value.

The Annual Management Charge will be paid to the ACD. The ACD will, from the Annual Management Charge, pay the Investment Adviser in accordance with the agreement between the ACD and the Investment Adviser.

The Annual Management Charge is structured to provide Shareholders with the benefit of a reducing charge, as a proportion of the Net Asset Value of the Sub-Funds, as the Sub-Funds increase in size. This is designed to allow Shareholders to participate in the economies of scale achieved by a larger Sub-Fund.

The objective is to achieve a result in which the overall cost, before any value added tax, to Shareholders of the total of the Annual Management Charge, Depositary Fees, Custody Fees (safe custody aspects only; fees associated with investment transactions will be deducted from the Sub-Fund property), Audit Fee, FSA Fees, Registrar and Administrator's fees, costs of updating the Prospectus, costs of setting up the OEIC, costs of producing and dispatching distributions and reports & accounts, and the cost of the Underlying Fund investments is given by the following table:

<i>Fund Size (Net Asset Value)</i>	<i>Target TER</i>
For that part of the Sub-Fund where size is less than or equal to £100	0.80% p.a.

million	
For that part of the Sub-Fund where size is greater than £100 million and less than or equal to £200 million	0.75% p.a.
For that part of the Sub-Fund where size is greater than £200 million and less than or equal to £400 million	0.70% p.a.
For that part of the Sub-Fund where size is greater than £400 million and less than or equal to £800 million	0.65% p.a.
For that part of the Sub-Fund where size is greater than £800 million	0.60% p.a.

The following procedure is used to calculate the Annual Management Charge to be accrued on a particular day.

Each day the Underlying TER will be calculated. The ACD will maintain a schedule of the latest published TER for each Underlying Fund. For a particular Underlying Fund let its TER be represented by U. This is defined to be the latest TER published by the Underlying Fund adjusted for any discounts to reflect the net cost of investing in the Underlying Fund. Let the proportion of a Sub-Fund's net assets represented by Underlying Fund be N. The Underlying TER of the Sub-Fund is then given by calculating the sum of U multiplied by N for each of the Underlying Funds in a Sub-Fund.

For the purposes of the fee calculation the TER of directly invested assets (for example, shares or fixed interest securities, but not the investments in collective investment schemes) is deemed to be zero.

The fee payable to the ACD is reduced to the extent that any investment is made into funds which incur a charge (as measured by the investee fund's TER). When investments are held directly then the ACD's fee is higher as, in this case, the ACD bears the extra costs of direct investment. (For example, research and portfolio management, and for the avoidance of doubt, this extra cost does not include the transactions costs which will be payable out of the fund property as with investment into funds).

The Target TER is determined by the Net Asset Value of the Sub-Fund according to the table above. The Applied Charge is then calculated by subtracting the Underlying TER from the Target TER.

The Applied Charge is then reduced by the amount separately accrued for the Depositary's fee, Custodian's Fee (safe custody aspects only and not fees associated with investment transactions), Auditor's fee, FSA Fees, Registrar and Administrator's fees, costs of updating the Prospectus, costs of setting up the OEIC and the costs of producing and dispatching distributions and reports and accounts. If, following these reductions, the resultant Applied Charge is negative then the Annual Management Charge is deemed to be zero. As an additional benefit to Shareholders, if the resultant Applied Charge is greater than 0.40% then it will be capped at 0.40%.

The Applied Charge which results from the calculations above is used to determine the Annual Management Charge which is calculated daily based on the Net Asset Value of each Sub-Fund on the previous business day. The valuation used for each day which is not a business day will be the value calculated on the previous business day.

To provide greater clarity, examples of the calculation are shown at the end of this section.

The intended effect is that the TER of the Sub-Fund, where possible, (by reducing the Annual Management Charge accrued for a particular day) broadly equates to the Target TER.

Details of the TER of each Sub-Fund when available will be set out in each annual update of this Prospectus and in the TCF Fund Manager's website (www.tcfinvestment.com).

In addition, Value Added Tax, where appropriate, on the amount of the Annual Management Charge. Depositary Fees, Custody Fees (safe custody aspects only; fees associated with investment transactions will be deducted from the Sub-Fund property), Audit Fee, FSA Fees, Registrar and Administrator's fees, costs of updating the Prospectus, costs of setting up the OEIC, costs of producing and dispatching distributions and reports and accounts, and the cost of the Underlying Fund investments will be paid out of each Sub-Fund.

The ACD is entitled to reimbursement of all reasonable, properly vouched, out of pocket expenses incurred in the performance of its duties, including stamp duty and Stamp Duty Reserve Tax on transactions in shares.

The ACD may not increase the current rate or amount of its remuneration payable out of the Scheme Property of the Company or the Preliminary charge unless, not less than 60 days before the increase, it gives notice in writing of the increase and the date of its commencement to all relevant shareholders and has revised and made available the Prospectus to reflect the introduction of the new rate and the date of its commencement.

Any increase or an introduction of a new category of remuneration by the ACD will be carried out in accordance with the FSA Regulations.

Further charges and fees are payable to the ACD and are set out in Section 17 of this Prospectus. In summary, these are:

- i. Preliminary charge
- ii. Switching fee
- iii. Redemption fee

Example 1 Calculation

Assume that the scheme assets of a Sub-Fund are as given in the following table, together with the TERs of the underlying funds (Column 3).

Sub-fund Holding	% of Sub-Fund	TER	'U' multiplied by 'N'
	'N'	'U'	
A	9.727	0	0
B	8.248	46	3.79408

C	8.413	45	3.78585
D	7.151	26	1.85926
E	5.879	37	2.17523
F	4.922	25	1.2305
G	4.884	65	3.1746
H	4.906	28	1.37368
I	4.918	33	1.62294
J	4.16	32	1.3312
K	4.075	41	1.67075
L	3.789	48	1.81872
M	3.796	65	2.4674
N	3.789	55	2.08395
O	3.738	20	0.7476
P	3.654	45	1.6443
Q	3.494	32	1.11808
R	3.522	35	1.2327
S	3.467	38	1.31746
T	3.469	28	0.97132

100.00

35.42

In this example, the Underlying TER is calculated as 35.42 basis points (to 3 decimal places).
1 basis point = 0.01%.

If the Sub-Fund is £150 million in size (i.e. Net Assets of £150 million) then, from the table of Target TERs, the Target TER is 78.333 basis points to 3 decimal places (i.e. (0.80% on £100 million and 0.75% on £50 million)/£150 million).

Subtracting the Underlying TER from the Target TER gives the Applied Charge of 42.913 basis points (i.e. 78.333 minus 35.42).

With a Sub-Fund size of £150 million, the Depositary Fee is 3.133 basis points to 3 decimal places and the Transfer Agents / Administrators Fee is 8.667 basis points to 3 decimal places.

Assume that the safe-keeping custody rate applying to the portfolio is 1.5 basis points.

Further, assume for the purposes of the example that the total of the fixed costs of the Audit Fee, FSA Fees, costs of updating the Prospectus, any recovery of the costs of setting up the OEIC, costs of producing and dispatching distributions and reports & accounts is £20,000 or 1.333 basis points to 3 decimal places.

The Applied Charge is reduced by these other fees i.e.

Applied Charge		42.913
Less:	Depositary Fee	3.133
	Transfer Agency / Administrator Fee	8.667

	Safe Custody Fee	1.500
	Other fixed fees	1.333
Resultant Applied Charge		28.280

Therefore the Annual Management Charge is calculated for the day at the rate of 0.2828%.

Therefore the Annual Management Charge is calculated for the day at the annual rate of 0.2828% i.e. $0.2828 / 365 = 0.000775\%$ is accrued for the Annual Management Charge for the day.

Example 2 calculation

In this example, assume that the Sub-Fund is made up of the same assets but that its Net Assets amount to £10 million.

In this case, from the Target TER table, the Target TER is 80 basis points.

The Applied Charge is therefore $80 - 35.420 = 44.58$ basis points.

The Depositary Fee is 4 basis points, but as this, with a Sub-Fund size of £10 million, will give rise to an annual fee of £4,000 (or 0.04% of £10 million) which is less than the minimum fee charged by the Depositary, then a minimum Depositary Fee of £6,000 will be accrued for this Sub-Fund and is included in the fixed costs below.

The Transfer Agents / Administrators fee is 10 basis points.

As in example 1, the safe custody fees are assumed to be 1.5 basis points.

In this example, as in example 1, the total of the fixed costs of the Audit Fee, FSA Fees, costs of updating the Prospectus, any recovery of the costs of setting up the OEIC, costs of producing and dispatching distributions and reports & accounts is assumed to be £20,000. To this we need to add the fixed Depositary cost of £6,000 given a total of fixed costs of £26,000. £26,000 represents or 26.000 basis points to 3 decimal places.

The Applied Charge is reduced by these other fees i.e.

Applied Charge		44.580
Less:		
	Transfer Agency / Administrator Fee	10.000
	Safe Custody Fee	1.500
	Other fixed fees	26.000
Resultant Applied Charge		7.080

Therefore the Annual Management Charge is calculated for the day at the annual rate of 0.0708% i.e. $0.0708 / 365 = 0.000194\%$ is accrued for the Annual Management Charge for the day.

In example 2, the amount (as a % and as a monetary amount) paid to the ACD is reduced compared with example 1. This shows that the ACD is absorbing the impact of the fixed costs of the Sub-Fund. The ACD's fee will be reduced to zero in the event that the other costs of the Sub-Fund, in total, exceed the Target TER.

32. Depositary's, Transfer Agent/Administrator's fee and expenses

Depositary's fees

The Depositary is entitled to receive out of the property of each Sub-Fund by way of remuneration, a periodic charge which will accrue and be calculated daily and will be payable monthly in respect of each calendar month as soon as practicable after the month end. The rate or rates and/or amounts of the Depositary's periodic charge in respect of each Sub-Fund shall be agreed between the ACD and the Depositary from time to time, subject to any approval by and/or notification to the FSA and/or shareholders that may be required under the OEIC Regulations or the FSA Regulations.

The rate of the Depositary's periodic charge in respect of each Sub-Fund is currently:

0.04% per annum	on the first £70 million of the Net Asset Value of each Sub-Fund, then
0.03%	on the next £30 million, then
0.02%	on the next £50 million, and
0.01%	on the remainder of the property of the Sub-Fund

subject to a minimum fee of £6,000 per annum, per Sub-Fund.

The Depositary's periodic charge is calculated daily on the Net Asset Value of each Sub-Fund on the previous business day. The valuation used for each day which is not a business day will be the value calculated on the previous business day. In addition Value Added Tax on the amount of the periodic charge will be paid out of each Sub-Fund.

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

The Depositary Agreement between the Company and the Depositary provides that 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.

At present the Depositary delegates the function of custody of the Scheme Property to Bank of New York Mellon Inc. The remuneration for acting as custodian is calculated at such rate, rates and/or amounts as may be agreed from time to time.

The current remuneration ranges from between 0.01% per annum to 0.12% per annum of the value of the property of each Sub-Fund, plus VAT (if any) represented by the Net Asset Value of the Sub-Fund calculated on the last business day of each month. The valuation used for each day which is not a business day will be the value calculated on the previous business

day. The current range of transaction charges is between £5.00 and £250.00 per transaction plus VAT (if any). Custody and transaction charges will be payable monthly out of the property of each Sub-Fund in arrears.

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

- (i) charges and expenses payable to BNY Mellon Trust & Depositary (UK) Limited or to any person (whether or not an associate of the Depositary) to whom any function of custody or control in relation to Scheme Property is delegated or whose services are retained to assist in the performance of any such function;
- (ii) all charges imposed by, and any expenses of, any agents appointed by the Depositary to assist in the discharge of its duties;
- (iii) all charges and expenses incurred in connection with the collection and distribution of income;
- (iv) all charges and expenses incurred in relation to the preparation of the Depositary's annual report to shareholders;
- (v) all charges and expenses incurred in relation to stock lending or other transactions;
- (vi) fees and expenses payable to any professional advisors advising or assisting the Depositary.

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

Registrar / Administrators' fees

The Registrar/Administrator is entitled to receive out of the property of each Sub-Fund by way of remuneration, a periodic charge which will accrue and be calculated daily and will be payable monthly in respect of each calendar month as soon as practicable after the month end. The rate or rates and/or amounts of the Registrar/Administrator's periodic charges in respect of each Sub-Fund are, based on the value of the property of the Sub-Funds in aggregate, as follows:

£0 - £49,999,999	0.10%
£50,000,000 - £99,999,999	0.09%
£100,000,000 – £199,999,999	0.07%
>£200,000,000	0.04%

33. Exemption from Liability to Account for Profits

The ACD, Investment Advisers, Depositary and Custodian or any affected persons in accordance with the FSA Regulations are not liable to account to the shareholders of any Sub-

Fund for any profits or benefits they make or receive that are derived from or in connection with:

- i. dealings in the Shares of a Sub-Fund,
- ii. any transaction in Sub-Fund property, and/or
- iii. the supply of services to the Sub-Fund.

34. Allocation of fees and expenses between Sub-Funds and Share Classes

All the above fees, duties and charges will be charged to the Sub-Fund or Share Class in respect of which they were incurred. Where an expense is not considered to be attributable to any one Sub-Fund or Share Class, the expense will normally be allocated to all Sub-Funds or Share Classes *pro rata* to the Net Asset Value of the Sub-Funds or Share Classes, although the ACD has discretion, after consultation with the Depositary and Auditor, to allocate these fees and expenses in a manner which it considers fair to shareholders generally.

35. Shareholder meetings and voting rights

Annual General Meetings ("AGM")

No AGMs will be held. A copy of the ACD Agreement will be provided to shareholders on request.

Requisitions of Extraordinary General Meetings

The ACD or the Depositary may requisition an extraordinary general meeting at any time.

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

Notice and quorum

Shareholders will receive at least 14 days' notice of a shareholders' meeting and are entitled to be counted in the quorum and vote at such meeting either in person or by proxy. The quorum for a meeting is two shareholders, present in person or by proxy. The quorum for an adjourned meeting is two shareholders present in person or by proxy although this may be reduced to one if two shareholders are not present after 15 minutes (which shall be deemed to be a reasonable time). Notices of meetings and adjourned meetings will be sent to shareholders at their registered addresses.

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 the shares in issue that the price of the share bears to the

aggregate price(s) of all the shares in issue at the date seven days before the notice of meeting is deemed to have been served. 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. For joint shareholders only the vote of the first named in the register of shareholders, being the most senior of the joint shareholders, can be taken. Except where the FSA Regulations or the Instrument of Incorporation of the Company requires 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 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 FSA Rules) of the ACD is entitled to vote at any meeting of the Company except in respect of shares which the ACD or associate holds on behalf of or jointly with a person who, if the registered shareholder, would be entitled to vote and from whom the ACD or associate has received voting instructions. "Shareholders" in this context means shareholders on the date seven days before the notice of the relevant meeting was deemed to have been served.

36. Sub-Fund and Share Class meetings

The above provisions, unless the context otherwise requires, apply to meetings of Sub-Funds and Share Classes as they apply to general meetings of shareholders.

Variation of Sub-Fund and Share Class rights

The rights attached to a Sub-Fund or Share Class may not be varied without the sanction of an extraordinary resolution passed at a meeting of shareholders of that Share Class or Sub-Fund (which needs 75% of the votes cast at the meeting to be in favour if the resolution is to be passed).

37. Taxation

The following summary is based on current United Kingdom law and HMRC practice. It is intended to offer information on UK taxation of the Sub-Funds. However, it should not be regarded as definitive nor as removing the desirability of taking separate professional advice. Any investor or potential investors must consult their professional taxation adviser. Levels and bases of, and reliefs from, taxation are subject to change in the future.

Each Sub-Fund is taxed as if it were a separate company. The tax issues relating to the Sub-Funds and the investors within them are treated separately in this Section.

Taxation of Sub-Funds

Tax on capital gains

As funds of an open-ended investment company, the Equity Sub-Funds are not subject to UK taxation on capital gains arising on the disposal of their investments. In the unlikely event that a Sub-Fund should be considered to be trading in securities for tax purposes, however, any gains made will be treated as income and taxed accordingly.

Tax on income

Each Equity Sub-Fund will be liable to corporation tax at a rate equal to the lower rate of income tax, currently 20%, on its income after relief for expenses (which include fees payable to the ACD and to the Depositary). Dividends and similar income distributions from UK resident and overseas companies should fall within an exemption from UK corporation tax subject to certain exclusions and specific anti-avoidance rules.

From 1 September 2009, the Company may elect for a Sub-Fund to become a "Tax Elected Fund" ("TEF"), subject to certain exclusions. The effect of such an election means that a fund will not pay tax on its investment income and the point of taxation on such income will shift to the investors in the fund. The Company reserves the right to elect as a "TEF" in respect of any Sub-Fund.

Relief for foreign withholding taxes

To the extent that an Equity Sub-Fund receives income from, or realises gains on disposal of investments in, foreign countries it may be subject to foreign withholding tax or other taxation in those jurisdictions. To the extent it relates to income, this foreign tax may be able to be treated as an expense for UK corporation tax purposes, or it may be treated as a credit against the UK corporation tax charge (up to the amount of tax so chargeable in the year on each foreign source).

Stamp Duty Reserve Tax

Stamp Duty Reserve Tax ("SDRT") is only applicable to Sub-Funds which invest wholly or in part in UK equities. (The following can be ignored for any Sub-Funds that do not invest in such investments). SDRT is charged at the rate of 0.5% of the value of the shares surrendered in a weekly charging period. The amount of SDRT is reduced by the proportion by which sales of shares are less than surrenders, by number, in that week and the following week. The charge is also reduced by the proportion of the fund that is invested in exempt assets – that is those other than UK equities. In simple terms, this has the effect of charging a 0.5% tax on the value of each surrender of shares, where those shares are subsequently sold to another investor, and in proportion to how much of that fund invests in UK equities. The ACD settles this liability from the assets of the particular Sub-Fund itself. This will obviously reduce the assets of the Sub-Fund. It is the ACD's estimate that the effect of this will be immaterial compared to the total assets of the Sub-Fund. To compensate the Sub-Fund for this liability, the ACD is entitled to charge a "provision" against SDRT to both buyers and sellers of shares. This provision would be added to the purchase price of shares when they are bought, or deducted from the sales proceeds when sold. It would then be paid to that Sub-Fund. This would cause the purchase price to the investor to rise, or the sales proceeds to fall. It is not the ACD's intention to charge a Provision against SDRT to buyers or sellers of shares on normal transactions. However, the ACD reserves the right to charge a SDRT provision of up to 0.5% of its value, on a deal in any of the following circumstances:

- On a single deal which exceeds 5% of the value of a Sub-Fund itself, and in the estimation of the ACD, is likely to cause a significant liability to SDRT falling on the Sub-Fund;
- On a non *pro rata* in specie redemption; and
- On a third party transfer of shares.

The ACD has also reserved the right, at its discretion, on transactions greater than £500,000 in value, to require the buyer and/or seller of shares (including transferors and/or transferees) to pay to the Sub-Fund from the redemption proceeds/purchase cost (or value of transfer), an amount of SDRT provision of up to 0.5% as a contribution towards the SDRT payable. This would have the effect of reducing the proceeds payable to shareholders on the sale of shares by up to a maximum of 0.5% and/or increasing the purchase cost of shares by up to a maximum of 0.5%.

38. Taxation treatment – the shareholders

The Shareholder – Equity Sub-Funds

Income distributions

Distributions of income (hereinafter 'distributions'), which are by way of payment to shareholders in the case of Income Shares and by way of accumulations in the case of Growth Shares (see Section 3), comprise income for UK tax purposes. Except for shareholders within the charge to corporation tax (as explained below), distributions carry a tax credit equivalent to 10% of the aggregate of the distributions and the tax credit (i.e. one-ninth of the amount accumulated). UK resident individuals and (the trustees of) certain trusts liable to UK income tax will be taxable on the sum of their distributions and associated tax credits but will be entitled to set the tax credits against their UK income tax liability. Associated tax credits will satisfy the liability to income tax of basic rate taxpayers. Higher rate taxpayers who are individuals will have additional tax to pay, the distributions and associated tax credits being taxed at a special rate of 32.5% with the offset of a 10% tax credit.

From 6 April 2010 dividends forming a part of an individual's taxable income in excess of £150,000 are taxable at a new 42.5% dividend rate, subject to the 10% tax credit. If the total income of a shareholder who is an individual is less than his/her personal allowances, the associated tax credits applicable to accumulations cannot be repaid.

Revenue on a sliding scale

Distributions to shareholders within the charge to corporation tax are deemed to comprise two elements. Where an equity Sub-Fund's gross income is not wholly derived from franked investment income, part of any distribution will be deemed to be reclassified as an annual payment received by such shareholders after deduction of income tax at the lower rate, currently 20% ("deemed tax deducted"). Such shareholders will be subject to corporation tax on the grossed-up amount of the annual distributions but will be entitled to offset the deemed tax deductible against any corporation tax liability. Where there is no corporation tax liability repayment is restricted to the lower of the deemed tax and the shareholder's share of the equity Sub-Fund's corporation tax liability (after double tax relief on overseas income) for the period; and the remainder, which comprises franked investment income after grossing up the net distribution for the 10% tax credit. Such franked investment income, as it is known, is exempt from UK corporation tax. Details of the proportions of distributions comprising franked investment income and annual payments will be shown on the tax voucher of the Sub-Fund concerned. These rules do not apply to life companies to the extent that income is referable to pensions and ISA business, life reinsurance business and overseas life assurance business, where such income (net of the 10% credit) is taxed when it falls due.

Capital gains

Shareholders who are resident or ordinarily resident in the UK may be liable to UK taxation on capital gains arising from the sale or other disposal, including redemption, of shares.

Individuals and certain trusts compute their gains by deducting from the net sale proceeds the capital gains base cost in respect of shares. Exempt shareholders, which include UK charities, and UK approved pension funds would not normally be expected to be liable to capital gains tax on their disposal of shares. Shareholders within the charge to corporation tax are taxed on the capital gain made computed on the basis of the rules described above. Special rules apply to life assurance companies who beneficially own Shares:

- i. to the extent that such gains are referable to basic life and general annuity business, the shareholding in each Sub-Fund is deemed to be realised at the end of the investors' corporation tax accounting period and immediately reacquired; however, capital gains and losses may be spread on a seven year basis; or
- ii. to the extent that such gains are referable to pensions and ISA business, life reinsurance business and overseas life assurance business, gains (or losses) are taxed (or relieved) on the mark to market method (which entails holdings being valued at the end of each accounting period and unrealised gains being recognised/taxed and unrealised losses being recognised/relieved).

Inheritance tax

A gift by a shareholder of his shareholding in a Sub-Fund or the death of a shareholder may give rise to a liability to inheritance tax, even if the shareholder is neither domiciled in the UK, nor deemed to be domiciled there under special rules relating to long residence or previous domicile in the UK. For these purposes, a transfer of a shareholding at less than the full market value may be treated as a gift.

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

Investment returns may be affected by changes in the basis of taxation.

39. Income equalisation

Income equalisation, as explained below, may apply in relation to each Sub-Fund in the Company. Part of the purchase price of a share reflects the relevant share of accrued income received or to be received by a Sub-Fund. This capital sum is returned to a shareholder with the first allocation of income in respect of a share issued during a distribution period. The amount of income equalisation is either the actual amount of income included in the issue price of that share or is calculated by dividing the aggregate of the amounts of income included in the price of shares issued or sold to shareholders in an annual or interim distribution period by the number of those shares and applying the resultant average to each of the shares in question.

40. Winding up of the Company or a Sub-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, if solvent, under the FSA Regulations. A Sub-Fund may only be wound up under the FSA Regulations. Where the Company or a Sub-Fund is to be wound up

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

The Company or a Sub-Fund may be wound up under the FSA Regulations if:

- i. an extraordinary resolution to that effect is passed by shareholders; or
- ii. the period (if any) fixed for the duration of that Company or a particular Sub-Fund by the Instrument of Incorporation expires, or an event (if any) occurs on the occurrence of which the Instrument of Incorporation provides that the Company or a particular Sub-Fund is to be wound up (for example, if in relation to any Sub-Fund the Net Asset Value of the Sub-Fund is less than £1,000,000); or
- iii. on the effective date stated in an agreement by the FSA in response to a request from the ACD for the revocation of the authorisation order in respect of the Company or for the termination of the Sub-Fund;
- iv. On the occurrence of any of the above:
- v. the FSA Regulations relating to valuation and pricing and investment and borrowing powers will cease to apply to the Company or the Sub-Fund;
- vi. The Company will cease to issue and cancel Shares in the Company or the Sub-Fund and the ACD shall cease to buy or sell Shares or arrange for the Company to issue or cancel them for the Company or the Sub-Fund;
- vii. No transfer of a Share shall be registered and no other change to the register shall be made without the sanction of the ACD;
- viii. 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;
- ix. The corporate status and powers of the Company and, subject to the provisions above, the powers of the ACD shall remain until the Company is dissolved.

The ACD shall, as soon as practicable after the Company or the Sub-Fund falls to be wound up, realise the assets and meet the liabilities of the Company or the Sub-Fund and, after paying out or retaining adequate provision for all liabilities properly payable and retaining provision for the costs of winding up, arrange for the Depositary to make one or more interim distributions out of the proceeds remaining (if any) to shareholders proportionately to their rights to participate in the Scheme Property of the Company or the Sub-Fund. When the ACD has caused all of the Scheme Property to be realised and all of the liabilities of the Company or the Sub-Fund to be realised, the ACD shall arrange for the Depositary to make a final distribution to shareholders (if any Scheme Property remains to be distributed) 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 Sub-Fund. As soon as reasonably practicable after completion of the winding up of the Company or the Sub-Fund, the ACD shall notify the FSA.

On completion of a winding up of the Company, the Company will be dissolved and any money (including unclaimed distributions) standing to the account of the Company, will be paid into court within one month of dissolution. Following the completion of the winding up of the Company, the ACD shall notify the Registrar of Companies and shall notify the FSA that it has done so. Following the completion of a winding up of either the Company or a Sub-Fund, the ACD must prepare a final account showing how the winding up took place and how the Scheme Property was distributed. The auditors of the Company shall make a report in respect of the final account stating their opinion as to whether the final account has been properly prepared. This final account and the auditors' report must be sent to the FSA, to each shareholder and, in the case of the winding up of the Company, to the Registrar of Companies within two months of the termination of the winding up. As the Company is an umbrella scheme any liabilities attributable or allocated to a Sub-Fund under the FSA Regulations shall be met first out of the Scheme Property attributable or allocated to that Sub-Fund. If the liabilities of a Sub-Fund are greater than the proceeds of the realisation of the Scheme Property attributable or allocated to the Sub-Fund, the deficit shall be met out of the Scheme Property attributable or allocated to Sub-Funds in respect of which the proceeds of realisation exceed liabilities and will be divided between the Sub-Funds in a manner which is fair to shareholders in those Sub-Funds.

41. General information

Accounting periods and Income Allocations

The ACD will, within four months after the end of each annual accounting period ending on 31 May and two months after the end of each half-yearly accounting period ending on 30 November respectively, send a short report to each shareholder (or the first named shareholder) entered on the register. Long form report and accounts for each period will also be available, free of charge, on request. The amount of income available for allocation in any accounting period is calculated by taking the aggregate of the income received or receivable for the account of the relevant Sub-Fund in respect of that period, and deducting the charges and expenses of the relevant Sub-Fund paid or payable out of income in respect of that accounting period. The ACD then makes such other adjustments as it considers appropriate (and after consulting the Auditor as appropriate) in relation to taxation, income equalisation, income unlikely to be received within 12 months following the relevant income allocation date, income which should not be accounted for on an accrual basis because of lack of information as to how it accrues, transfers between the income and capital account and any other adjustments which the ACD considers appropriate after consulting the Auditor.

Any distribution that remains unclaimed for a period of 6 years after the distribution became due for payment will be forfeited and shall revert to the Company.

The amount of income allocated to Growth Shares becomes part of the capital property. Allocation statements and tax vouchers will be sent to holders of Growth Shares.

Documents of the Company

The following documents may be inspected free of charge, between 9.00am and 5.00pm on each Dealing Day at the offices of the ACD at 2nd Floor, Springfield Lodge, Colchester Road, Chelmsford. CM2 5PW:

- i. The most recent annual and interim reports of the Company;
- ii. The Instrument of Incorporation (and any amending instrument of incorporation);
and

- iii. This Prospectus for the Company and Sub-Funds.

Copies may be obtained on request from the ACD at the above address. The ACD may make a charge at its discretion for copies of documents, except for copies of long form accounts and the Prospectus which can be obtained free of charge.

Complaints

If you have a complaint you should write to the ACD, at 2nd Floor, Springfield Lodge, Colchester Road, Chelmsford CM2 5PW, United Kingdom. If your complaint is not resolved by us to your satisfaction, you may be entitled to refer it to the Financial Ombudsman Service at South Quay Plaza, 183 Marsh Wall, London E14 9SR, UK. We will inform you of your rights when answering your complaint. A summary of our internal process for dealing with complaints is available upon request. The Financial Services Compensation Scheme offers compensation when an authorised firm is unable to pay claims against it, usually because the firm has gone out of business. Phoenix Fund Services (UK) Ltd is covered by the Financial Services Compensation Scheme. You may be entitled to compensation from the scheme if we cannot meet our obligations. Most types of investment business are covered by 100% of the first £30,000 and 90% of the next £20,000, so the maximum compensation is £48,000. Details of the Scheme are included in a leaflet that you can request from us. Further information is available from the Financial Services Authority and the Financial Services Compensation Scheme.

Investors outside the UK

The distribution of this Prospectus and the offering or purchase of Shares in any of the Sub-Funds may be restricted in certain jurisdictions. No persons receiving a copy of this Prospectus in any such jurisdiction may treat this Prospectus as constituting an invitation to them to subscribe for Shares unless, in the relevant jurisdiction, such an invitation could lawfully be made to them. Accordingly this Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation. It is the responsibility of any persons in possession of this Prospectus and any persons wishing to apply for Shares in any of the Sub-Funds to inform themselves of and to observe all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for Shares in any of the Sub-Funds should inform themselves as to legal requirements of so applying and any applicable exchange control regulations and taxes in the countries of their respective citizenship, residence or domicile. The ACD therefore reserves the right to reject applications in Shares of any of the Sub-Funds from any non-UK investor. The Shares in the Company and in the Sub-Funds which are described in this Prospectus and the respective Appendixes have not been and will not be registered under US law 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 US law. The ACD reserves the right not to accept applications for Shares until all appropriate checks, including money laundering verification, have been completed.

Client classification

According to FSA Conduct of Business rules the ACD may classify investors either as retail clients or professional clients. Retail clients that are not individuals, or individuals that represent entities, may not necessarily have rights under the Financial Ombudsman Service or the Financial Services Compensation Scheme.

Appropriateness

The ACD is not required to assess the suitability of the investment or service provided or offered and, as a result, the investors will not benefit from the protection of the FSA Rules on assessing suitability. Therefore, the ACD will not assess whether:

- i. the investment or service meets the investors' investment objectives;
- ii. the investor is able financially to bear the risk of any loss that the investment or service may cause; and
- iii. the investor has the necessary knowledge and experience to understand the risks involved.

Best Execution

When dealing in securities within the Sub-Funds, the ACD and/or Investment Adviser will endeavour to achieve the best result. The Investment Advisers will review the arrangements that they have in place with counterparties from time to time to assess their ability to provide "best execution" of such dealing on a consistent basis. A variety of factors will be considered to ensure that the best possible result is achieved. These include, but will not be limited to, price, cost, size of order, nature of order and speed and likelihood of execution and settlement. Where the ACD or Investment Adviser considers these are not met on a consistent basis they will cease placing orders with that counterparty. Details of the Investment Advisers' best execution arrangements are included in their trade execution policy which is available upon request from the ACD.

Use of Dealing Commission Arrangements

The level of equity securities trading on relevant Sub-Funds is determined by portfolio management decisions and the main impact on the relevant Sub-Funds from this trading is the buying and selling values of trades. It is the Investment Advisor's intention that buying and selling values of securities always meet current best execution regulations. Commissions are paid to brokers for these trades. The Company will not enter into any Dealing Commission arrangements.

Data Protection Act

The ACD will use, analyse and assess information held about investors in servicing its relationship with them and in providing them with information. If you do not wish to receive this information please tick the 'opt-out' box on the application form.

European Savings Directive

The EU Council Directive 2003/048/EC on taxation of savings income (the "Directive") came into force on 1 July 2005. Member States of the European Union ("Member States") are required to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person who is a "paying agent" to an individual (or certain entities) resident in another Member State. Austria, Belgium and Luxembourg will apply a withholding tax for a transitional period, unless during such period they elect otherwise. For a collective investment scheme income may include distributions or dividends whether paid or accumulated, together with income arising as a result of the sale or redemption of shares. Investors resident in prescribed territories outside of the EU may also

be included in the exchange of information. Information on these territories can be obtained from HM Revenue & Customs or your professional adviser.

Direct debit guarantee

The guarantee is offered by all banks and building societies that take part in the direct debit scheme. The efficiency and security of the scheme is monitored and protected by your own bank or building society. If the amounts to be paid or the payment date changes, we will notify you within 10 working days in advance of your account being debited or as otherwise agreed. If an error is made by us or your bank or building society, you are guaranteed a full and immediate refund from your branch of the amount paid. You can cancel a direct debit at any time by writing to your bank or building society.

APPENDIX 1

INVESTMENT POWERS AND RESTRICTIONS

Investment of the assets of each of the Sub-Funds of the Company must comply with the FSA Regulations and its own investment objective and policy. Details of the Sub-Funds' investment objectives and policies are set out in each Sub-Fund Appendix with other information, including available Share Classes, charges, minimum investment levels and distribution dates. The property of each Sub-Fund of the Company will be invested with the aim of achieving the investment objective of that Sub-Fund as contained in the relevant Sub-Fund Appendix.

Important note:

Please remember that the value of investments and the income from them can go down as well as up (this may partly be the result of exchange rate fluctuations in investments which have an exposure to foreign currencies) and investors may not get back the full amount invested. Past performance is not necessarily a guide to the future and cannot provide a guarantee of the future returns of a Sub-Fund. Investment returns may be affected by changes in the basis of taxation.

The assets of each of the Sub-Funds of the Company will be invested with the aim of achieving the investment objectives of each Sub-Funds but subject to any limits set out in a Sub-Fund's investment policy and the investment and borrowing set out in Chapter 5 of the COLL Sourcebook applicable to Non-UCITS Retail Schemes which are summarised in this Appendix.

The scheme property of a Non-UCITS Retail Scheme must be invested to provide a prudent spread of risk. There are also strict limits on both the spread and concentration of investments held by the Company as outlined below.

1. The Scheme Property

The Scheme Property of the Sub-Funds can only consist of:

- (a) transferable securities;
- (b) permitted money market instruments;
- (c) units in permitted collective investment schemes;
- (d) permitted derivatives, warrants and forwards.
- (e) deposits held with an approved bank, cash or near cash;

The Scheme Property of the Company will not include an interest in any moveable or immoveable property or gold.

The ACD intends that the Sub-Funds will normally be fully invested, but Scheme Property may be held in the form of cash or near cash when the ACD reasonably regards this as necessary in order to enable the pursuit of the Sub-Fund's investment objectives, the redemption of units, efficient management of a Sub-Fund in accordance with its investment objectives or any other purpose which may reasonably be regarded as ancillary to the investment objectives of a Sub-Fund.

No Sub-Fund may invest in the Shares of another Sub-Fund of the Company.

2. Transferable Securities

Transferable Securities are:

- (a) shares in companies and other securities equivalent to shares in companies
- (b) debentures;
- (c) government and public securities;
- (d) warrants; and
- (e) certificates representing certain securities,,

Transferable securities held by the Company must be either:

- (i) approved securities, that is, admitted to or dealt on an eligible market where there are accurate, reliable and regular prices which are either market prices or prices available by valuation systems independent from issuers. Approved securities admitted to or dealt on an eligible market must remain so until disposed of by the Company. If not admitted to, or dealt in on an eligible market, where there is a valuation on a periodic basis derived from information from the issuer of the transferable securities, or from a competent investment research. Up to 20% in value of the Scheme Property may consist of transferable securities which are not approved securities. If a market ceases to be an eligible market, investments on that market cease to be approved securities and must then be included in the calculation of the 20% restriction on investing in non approved securities; or
- (ii) be recently issued transferable securities, provided that the terms of issue include an undertaking that application will be made to be admitted to an eligible market and admission secured within a year of issue.

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 (which does not include the issuing body corporate or any members or debenture holders of it).

Also an investment is not a transferable security unless the liability of the holder of it to contribute to the debts of the issuer is limited to any amount for the time being unpaid by the holder of it in respect of the investment.

3. Money Market Instruments

A Sub-Fund may invest in money market instruments provided that they are approved money market instruments. An approved money market instrument is 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.

A money-market instrument is regarded as normally dealt in on the money market if it:

- a) has a maturity at issuance of up to and including 397 days;
- b) has a residual maturity of up to and including 397 days;
- c) undergoes regular yield adjustments in line with money market conditions at least every 397 days; or
- d) has a risk profile, including credit and interest rate risks, corresponding to that of an instrument which has a maturity as set out in (a) or (b) or is subject to yield adjustments as set out in (c).

A money-market instrument is regarded as liquid if it can be sold at limited cost in an adequately short time frame, taking into account the obligation of the ACD to redeem shares at the request of any qualifying shareholder.

A money-market instrument is regarded as having a value which can be accurately determined at any time if accurate and reliable valuations systems, which fulfil the following criteria, are available:

- (a) enabling the ACD to calculate a net asset value in accordance with the value at which the instrument held in the portfolio could be exchanged between knowledgeable willing parties in an arm's length transaction; and
- (b) based either on market data or on valuation models including systems based on amortised costs.

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

Except as set out below, approved money-market instruments held by the Company must be admitted to or dealt in an eligible market.

Not more than 20% in value of the scheme property is to consist of money-market instruments, which are not:

- a) listed on or normally dealt on an eligible market; or
- b) liquid and whose value can accurately be determined at any time, provided the money market instrument is:
 - i) issued or guaranteed by a central, regional or local authority, a central bank of an EEA State, the European Central Bank, the European Union or the European Investment Bank, a non-EEA State or, in the case of a

federal state, by one of the members making up the federation, or by a public international body to which one or more EEA States belong; or

- ii) issued by a body, any securities of which are dealt on an eligible market; or
- iii) issued or guaranteed by an establishment subject to prudential supervision in accordance with criteria defined by European Union law or by an establishment which is subject to and complies with prudential rules considered by the FSA to be at least as stringent as those laid down by Community law.

Eligible Markets

The markets upon which transferable securities and money market instruments are traded must meet certain criteria laid down in the FSA Rules.

Eligible markets are markets which the ACD, after consultation with and notification of the Depositary, has decided are appropriate for the purpose of investment or, or dealing in the scheme property with regard to the relevant criteria set out in the FSA Rules and the guidance on eligible markets issued by the FSA (as amended from time to time).

Eligible markets include any market established in a member of state of the European Economic Area ('member state') on which transferable securities and money market instruments admitted to official list in the member state are dealt in, or traded.

In the case of all other markets, in order to qualify as an eligible market, the ACD, after consultation with the Depositary, must be satisfied that the relevant market:

- i. is regulated;
- ii. operates regularly;
- iii. is recognised;
- iv. is open to the public;
- v. is adequately liquid; and
- vi. has adequate arrangements for unimpeded transmission of income and capital to, or to the order, of investors.

See Appendix 2 for details of the Eligible Markets of the Company.

4. Spread: Corporates and other Collective Investment Schemes

The specific limits are set out in the following paragraphs (for the limits on Government and Public Securities see Section 5 below).

- (a) Not more than 20% of the Scheme Property can be deposits held with a single body. This limit includes amounts held in cash (except cash representing distributable income or credited to a distribution account);

- (b) A Sub-Fund can invest up to 10% of the Scheme Property in transferable securities, or money market instruments issued by any single body. This limit rises to 25% in value of the Scheme Property in respect of covered bonds. For these purposes certificates representing certain securities are treated as equivalent to the underlying security;
- (c) Not more than 20% of the Scheme Property can consist of transferable securities and money market instruments issued by the same group.
- (d) A Sub-Fund's exposure to OTC derivatives must not exceed 10% of the Scheme Property. The exposure may be offset to the extent that the Sub-Fund holds collateral which meets the conditions set out in the COLL Sourcebook.
- (e) A Sub-Fund's holdings in any combination of transferable securities, money market instruments, deposits or OTC derivatives issued by a single body must not exceed 20% of the Scheme Property overall (after accounting for approved collateral held by the Company to offset the exposure to OTC derivatives);
- (f) Up to 100% of the Scheme Property can be invested in other collective investment schemes provided that any such scheme is itself a Non-UCITS Retail Scheme, a UCITS Scheme, a recognised scheme, or an overseas scheme with investment restrictions at least equivalent to a Non-UCITS Retail Scheme. A Sub-Fund can invest in another scheme not meeting these conditions up to 20% (including any non-approved transferable securities) in value of the Scheme Property.

Schemes in this paragraph must operate on the principle of prudent spread of risk and must themselves be prohibited from having more than 15% in value of their property consisting of units in collective investment schemes. Investors must be entitled to redeem units in any such scheme at a redemption price that relates to the net asset value of the scheme in accordance with the scheme. Where such scheme is an umbrella scheme, these limits apply to each sub-fund as if it were a separate scheme.

A Sub-Fund may invest in the units of schemes meeting the conditions in this paragraph which are operated by the ACD or for which the ACD acts as authorised corporate director, or the authorised fund manager subject to the requirements of the COLL Sourcebook.

- (g) Up to 35% in value of the Scheme Property can consist of units in any one collective investment scheme.
- (h) Where Scheme Property consists of warrants, the exposure created by the exercise of the right conferred by those warrants must not cause the Company to exceed the limits set out above.
- (i) A Sub-Fund must not invest in nil and partly paid securities unless it is reasonably foreseeable that the amount of the uncalled sum could be paid by the Sub-Fund at the time the sum is called and without breaching any rule in the COLL Sourcebook.

5. Spread: Government and Public Securities

Where no more than 35% of the Scheme Property is invested in Government or Public 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.

A Sub-Fund is permitted to invest more than 35% of the Scheme Property in the securities of any one body provided that the ACD and Depositary agree that the investment would be appropriate and:

- (a) no more than 30% is invested in any one issue;
- (b) the investment consists of at least six different issues.

The Governments and bodies in which a Sub-Fund is permitted to invest, over 35% of the Scheme Property in these circumstances are the Government of the United Kingdom or any other EEA State.

6. Derivatives

The Company's Instrument of Incorporation permits the use of derivatives. However, it is not currently intended that derivatives will be used for any purpose other than for hedging or the Efficient Portfolio Management of the Sub-Fund.

The use of derivatives for investment purposes may be applied, in the future, provided the Manager obtains and maintains the requisite permissions from the FSA under the Financial Services and Markets Act 2000 and gives not less than 60 days' notice to Shareholders in the Sub-Funds. If derivatives are used for the purpose of meeting the investment objective of the Sub-Fund it is not intended that the use of derivatives would significantly raise the risk profile.

If derivatives are used for investment purposes, the net asset value of the Sub-Funds may in consequence be highly volatile at times and the risk profile of the Sub-Funds may be increased.

A Sub-Fund may make transactions in approved derivatives (which include futures, options, contracts for differences (CFDs) and forwards), but will only do so for the purpose of hedging the Sub-Fund's investments in order to manage the risk profile of the Scheme Property, reduce costs and generate additional capital or income.

The transactions must be in line with the Sub-Fund's investment objectives and be sufficiently covered by the Scheme Property to the extent permitted by the COLL Sourcebook.

Transactions in approved derivatives must be made on or under the rules of an eligible derivatives market. Eligible derivatives markets are regulated markets which the ACD, after consultation and notification with the Depositary, has decided are appropriate for the purpose of investment of or dealing in the Scheme Property with regard to the relevant criteria set out in the COLL Sourcebook and the Guidance on eligible markets issued by FSA as amended from time to time.

The eligible derivatives markets for the Company are set out in Appendix 2.

The underlying of a transaction in a derivative must consist of any one or more of the permitted investments for a Non-UCITS Retail Scheme (as listed in Section 1 of this Appendix and;

- (a) financial indices;
- (b) interest rates;
- (c) foreign exchange rates; and
- (d) currencies.

Derivatives of financial indices will be permitted if they satisfy the following criteria:

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

The ACD will have regard to the FSA guidance in the COLL Sourcebook in determining whether these criteria are met. Exposure of the Scheme Property to the underlying asset of a derivative must not cause the Sub-Fund to exceed the limits for investment in such assets as set out in this Appendix and the COLL Sourcebook.

The addition of new eligible derivatives markets for a Sub-Fund requires the approval by resolution of Shareholders unless the ACD and the Depositary have agreed in writing that the addition is of minimal significance to the investment strategy of the Sub-Fund concerned, or the ACD has, not less than 60 days before the change, given notice in writing as set out above in the case of additional eligible securities markets.

Each derivative transaction must be fully covered by Scheme Property sufficient in value or amount to match the exposure arising from a derivative obligation to which the Sub-Fund is committed. Exposure includes the principal or notional principal created by the transaction taking into account the value of the underlying assets, any reasonably foreseeable market movements, counterparty risk and the time available to liquidate any positions. A Sub-Fund may not enter into a derivative position which would result in the Sub-Fund's global exposure exceeding the net value of its Scheme Property.

Generally scheme property is not available for cover if it is the subject of a stocklending transaction, unless the ACD has taken reasonable care to determine that such Scheme Property is redelivered in time to meet the obligation for which cover is required.

In the case of off exchange (OTC) derivatives, which may only be futures, options or CFDs, the transaction in an OTC derivative must be:

1. with an approved counterparty. A counterparty to a transaction in derivatives is approved only if the counterparty is:
 - a. an eligible institution or an approved bank; or

- b. a person whose permission (including any requirements or limitations), as published in the FSA Register, or whose Home State authorisation, permits it to enter into the transaction as principal off-exchange;
- 2. on approved terms. The terms of the transaction in derivatives are approved only if the ACD:
 - a. carries out, at least daily, a reliable and verifiable valuation in respect of that transaction corresponding to its fair value and which does not rely only on market quotations by the counterparty; and
 - b. can enter into one or more further transactions to sell, liquidate or close out that transactions at any time, at its fair value;
- 3. capable of reliable valuation; a transaction in derivatives is capable of reliable valuation only if the ACD having taken reasonable care determines that, throughout the life of the derivative (if the transaction is entered into), it will be able to value the investment concerned with reasonable accuracy:
 - a. on the basis of an up-to-date market value which the ACD and the Depositary have agreed is reliable; or
 - b. if the value referred to in (a) is not available, on the basis of a pricing model which the ACD and the Depositary have agreed uses an adequate recognised methodology; and
- 4. subject to verifiable valuation; a transaction in derivatives is subject to verifiable valuation only if, throughout the life of the derivative (if the transaction is entered into) verification of the valuation is carried out by:
 - a. an appropriate third party which is independent from the counterparty of the derivative, at an adequate frequency and in such a way that the ACD is able to check it; or
 - b. a department within the ACD which is independent from the department in charge of managing the scheme property and which is adequately equipped for such a purpose.

For the purposes of paragraph (2)(a) above, "fair value" is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The Depositary must take reasonable care to ensure that the ACD has systems and controls that are adequate to ensure compliance with paragraphs (1) to (4) above.

7. Efficient Portfolio Management (EPM)

A Sub-Fund may invest in derivatives for the purposes of hedging or EPM which means that the transactions must satisfy the following broad requirements:

- (a) A transaction must be reasonably believed by the ACD to be economically appropriate to the efficient portfolio management of the Sub-Fund in that they are realised in a cost effective way. This means that for transactions undertaken to reduce risk or cost (or both), the transaction alone or in combination will

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diminish a risk or cost of a kind or level which it is sensible to reduce and, for a transaction undertaken to generate additional capital or income, the Sub-Fund is likely (barring events which are not reasonably foreseeable) to derive a benefit from the transaction.

(b) EPM may not include speculative transactions.

(c) The purpose of an EPM transaction for a Sub-Fund must be to achieve one of the following in respect of the Sub-Fund:

(i) Reduction of risk. This allows for the use of the technique of cross- currency hedging in order to switch all or part of the scheme property away from a currency the ACD considers unduly prone to risk, to another currency. This aim also permits the use of tactical asset allocation (please see (ii))

(ii) Reduction of cost. The aims of reduction of risk or cost, together or separately, allow the ACD on a temporary basis to use the technique of tactical asset allocation. Tactical asset allocation permits the ACD to undertake a switch in exposure by the use of derivatives rather than through sale and purchase of the scheme property.

(iii) The generation of additional capital or income for a Sub-Fund with a risk level which is consistent with the risk profile of the Sub-Fund concerned and the rules in the COLL 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 of 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 stocklending as permitted by the COLL Sourcebook.

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

The ACD has adopted a risk management process that takes account of the investment objectives and policies of the Sub-Funds which enables the ACD to monitor and measure as frequently as appropriate the risk of a Sub-Fund's positions and their contribution to the overall risk profile of the Sub-Fund.

The ACD will notify the requisite details of the risk management process to the FSA and will notify the FSA in advance of any material alteration to it.

8. Stock lending

A Sub-Fund may enter into a stock lending arrangement in accordance with the COLL Sourcebook if it reasonably appears to the ACD to be appropriate to do so with a view to generating additional income for the Sub-Fund with an acceptable degree of risk. Briefly, such transactions are those where the Sub-Fund or the Depositary 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 Sub-Fund or the Depositary at a later date. The Sub-Fund or the Depositary at the time of delivery receives collateral to cover against the risk of the future redelivery not being completed. There is no limit on

the value of the property of the Company which may be the subject of stocklending transactions.

Such transactions must always comply with the requirements of the Taxation of Chargeable Gains Act 1992. The transactions must also comply with the requirements of the COLL Sourcebook and the Guidance on Stocklending issued by FSA as amended from time to time. Underwriting and sub-underwriting contracts and placings may also, subject to certain conditions set out in the COLL Sourcebook, be entered into for the account of the Company.

9. Borrowing

The ACD may, on the instructions of the Company and subject to the COLL 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 The ACD must ensure that borrowing does not, on any Business Day, exceed 10% of the value of each Sub-Fund. These borrowing restrictions do not apply to "back to back" borrowing for currency hedging purposes (i.e. borrowing permitted in order to reduce or eliminate risk arising by reason of fluctuations in exchange rates).

APPENDIX 2

Eligible Markets

The following is a list of the markets which the ACD and/or Investment Adviser, in consultation with the Depositary, has deemed to be eligible securities and eligible derivatives markets, as defined in the FSA Regulations, for the Company (in addition to those eligible markets referred to in COLL 5.2.10R(1)(a) and (b) of the FSA Regulations). From time to time, an eligible market may be deemed temporarily ineligible by the ACD with the agreement of the Depositary, for example because the economic or political situation in the market has become unstable. This status will continue until the position regarding the market becomes clear, and the ACD and Depositary agree either that it should resume being an eligible market or that it should be removed from the list below.

Member States of the EEA –

All regulated markets and all other market established in any EEA member state which is regulated, operates regularly and is open to the public are eligible securities markets and/or eligible derivatives markets. The following markets are considered eligible and are the member states of the EEA:-

Austria
Belgium
Bulgaria
Denmark
Finland
France
Germany
Greece
Ireland
Italy
Liechtenstein
Luxembourg
The Netherlands
Norway
Portugal
Spain
Sweden
United Kingdom
Poland
Romania
The Czech Republic
Estonia
Latvia

Lithuania
The Slovak Republic
Slovenia
Hungary

Other Eligible Securities Markets

United Kingdom
Alternative Investment Market (AIM)

United States
New York Stock Exchange (NYSE)
Nasdaq
American Stock Exchange
Midwest Stock Exchange
Philadelphia Stock Exchange
Pacific Stock Exchange
Boston Stock Exchange
Cincinnati Stock Exchange

Argentina
Bolsa de Comercio de Buenos Aires

Australia
Australian Stock Exchange
The NASDAQ Stock Exchange

Brazil
Bolsa de Valores de Sao Paulo
Bolsa de Valores do Rio de Janeiro

Canada
The Alberta Stock Exchange
The Toronto Stock Exchange
The Montreal Stock Exchange
The Vancouver Stock Exchange
The Winnipeg Stock Exchange
The Calgary Stock Exchange

Chile
Bolsa de Comercio de Santiago

China
The Shanghai Securities Exchange

The Shenzhen Stock Exchange

Colombia

Bolsa de Valores De Columbia

Dubai

Dubai Financial Market

Hong Kong

The Hong Kong Stock Exchange

India

Bombay Stock Exchange

National Stock Exchange

Indonesia

Jakarta Stock Exchange

Surabaya Stock Exchange

OTC Market Parallel Exchange

Japan

The Tokyo Stock Exchange

The Osaka Securities Exchange

The Nagoya Stock Exchange

The Fukuoka Stock Exchange

The Sapporo Stock Exchange

JASDAQ

Korea

The Korea Stock Exchange

Malaysia

The Kuala Lumpur Stock Exchange

Mexico

Bolsa Mexicana de Valores

New Zealand

The New Zealand Exchange Limited

Peru

Bolsa de Valores de Lima

Arequipa Stock Exchange

Philippines
The Philippine Stock Exchange

Singapore
The Stock Exchange of Singapore

South Africa
The Johannesburg Stock Exchange

Switzerland
Swiss Exchange via EBS – Electronic Bourse

Taiwan
Taiwan Stock Exchange

Thailand
The Securities Exchange of Thailand

Turkey
The Istanbul Stock Exchange

Other Eligible Derivatives Markets

Australia
Sydney Futures Exchange

New Zealand
New Zealand Futures Exchange

Belgium
BELFOX

Singapore
Singapore International Monetary Exchange

Canada
Toronto Futures Exchange
The Montreal Exchange

South Africa
The South African Futures Exchange

Switzerland
Swiss Options and Financial Futures Exchange

United States

American Stock Exchange

Philadelphia Stock Exchange

Chicago Board of Trade

New York Stock Exchange

New York Futures Exchange

New York Mercantile Exchange

Hong Kong

Hong Kong Futures Exchange

Chicago Mercantile Exchange

Chicago Board Options Exchange

Kansas City Board of Trade

Japan

Osaka Securities Exchange

Tokyo Stock Exchange

Tokyo International Financial Futures Exchange

APPENDIX 3

Directory

The Company's Head Office

2nd Floor,
Springfield Lodge,
Colchester Road,
Chelmsford CM2 5PW

Email: totalclarity@phoenixfundservices.com

ACD
Phoenix Fund Services (UK) Ltd
2nd Floor,
Springfield Lodge,
Colchester Road,
Chelmsford CM2 5PW

Website: www.phoenixfundservices.com

Investment Adviser
TCF Fund Managers LLP
1st Floor
7 Bligh's Walk
Sevenoaks
Kent TN13 1DB

Website: www.TCFInvestment.com

Fund Accounting and Pricing,
Transfer Agent and Administrator
Phoenix Fund Services (UK) Ltd
2nd Floor,
Springfield Lodge,
Colchester Road,
Chelmsford CM2 5PW

Email: totalclarity@phoenixfundservices.com

Depository
BNY Mellon Trust & Depository (UK)
Limited
160 Queen Victoria Street
London EC4 4LA

Custodian
Bank of New York Mellon Inc
160 Queen Victoria Street
London EC4 4LA

Auditor
Shipleys LLP
7 Orange Street
Haymarket
London WC2H 7DQ

Website: www.shipleys.com

APPENDIX 4

Total Clarity Sub-Funds

This Appendix contains specific information in relation to the various Sub-Funds (each referred to herein as the "Sub-Fund" or "Fund") of Total Clarity which is an umbrella open-ended investment company with variable capital classified as a non-UCITS Retail Scheme.

Defensive Portfolio

Investment Objective:	The Fund will aim to achieve modest capital growth over the medium term with low expected volatility. This will be achieved via a predominant underlying exposure to fixed income gained by investing in a range of index tracking funds and other instruments.
Investment Policy:	<p>The Fund's portfolio will gain exposure to the underlying assets via a diversified range of passive open ended funds, exchange traded funds and real-estate investment trusts although significant exposure to other investments such as fixed interest securities are expected to be included in the portfolio from time to time.</p> <p>The underlying asset mix of the Fund is mainly fixed interest, between 60 and 80%. It has some exposure to UK and global shares, property and other investments. It has very little exposure to small companies and emerging markets equities.</p> <p>The Fund is able to invest in transferable securities, bonds, collective investment schemes, warrants, money market instruments, cash, deposits and derivative instruments.</p> <p>The allocation of the Fund's assets between eligible asset classes will be managed by the Investment Adviser and will be adjusted to reflect what, in the Investment Adviser's view, is the optimal asset allocation at each point in time and to achieve the investment objective of the Fund. It is the ACD's intention that derivatives and forward transactions will only be used for Efficient Portfolio Management.</p> <p>Through its investments, the portfolio will be exposed to a diversified range of asset classes, underlying currencies, geographic spread and may hold funds managed by a variety of fund management groups.</p> <p>The Company permits the use of derivatives for investment purposes (in addition for Efficient Portfolio Management) by the Fund. However, this policy is not currently applied and may not be applied without giving the required 60 day notice to Shareholders. If derivatives are used for the purpose of meeting the investment objective of the Fund it is not intended that the use of derivatives would significantly raise the risk profile but this cannot be guaranteed and the risk profile may increase as a result of a change in the investment policy for derivatives.</p>
Launch date:	20 October 2010

Type of fund:	Non-UCITS Retail Scheme
Share Classes available:	<p>Shares issued by the Company for this Fund are Income Shares and Growth Shares. Holders of net Growth Shares do not receive payment of income. Any income arising in respect of an Growth Share is automatically accumulated and added to the assets of the Fund and is reflected in the price of each Growth Share.</p> <p>Class A shares ("Class A Shares") are being offered at an initial offer price of GBP 1.00. The minimum initial lump sum investment for A Shares is £10,000; the minimum additional lump sum investment is £1,000. A minimum investment of £2,500 must be maintained. Class A Shares are, at present, the only share class in issue.</p> <p>There is no maximum investment level.</p> <p>Class A Shares are available for issue at the price calculated by reference to the next Valuation Point (12 Noon) after the order is received by the ACD. (See Section 12 of the Prospectus.)</p> <p>The base currency is Pounds Sterling.</p>
Accounting period ends:	31 May
Interim accounting period ends:	30 November
Income allocated:	31 July, 31 January
Allocation of Charges and Expenses:	Income
The Annual Management Charge and other fund expenses:	<p>The Annual Management Charge payable to the ACD and other Fund expenses are described in Sections 30, 31 and 32 of the Prospectus.</p> <p>The periodic charges of the Depositary and custody fees are described in Section 32 of the Prospectus.</p> <p>Other periodic charges of the ACD are described in Section 31 of the Prospectus.</p> <p>Further charges and fees are payable to the ACD and are set out in Section 17 of this Prospectus.</p>
Initial charge:	A preliminary charge for buying Shares may be payable to the ACD. There is, at present, no preliminary charge.
Switching charge:	0% (see Section 17 for further details)
Redemption charge:	0% (see Section 17 for further details)

Typical investor profile:	<p>The Fund is aimed at investors who seek a low volatility exposure to a broadly diversified investment portfolio whose underlying investments are spread between asset classes including UK and international equities, fixed income and real-estate. Though with a majority of fixed income assets.</p> <p>There is a trade off between risk and return and this Fund is suitable for investors whose appetite to risk is at the lower risk end of the trade off. Nevertheless, there is no guarantee that a positive investment return will be experienced and investors should be willing to accept some risk to the value of their investment.</p>
Initial offer period:	There is no initial offer period

Cautious Growth Portfolio

Investment Objective:	<p>The Fund's investment objective is to achieve moderate capital growth over the longer term with relatively low volatility. This will be achieved via a portfolio of well diversified underlying assets gained by investing in a range of index tracking funds and other instruments.</p>
Investment Policy:	<p>The Fund's portfolio will gain exposure to the underlying assets via a diversified range of passive open ended funds, exchange traded funds and real-estate investment trusts although exposure to other investments such as fixed interest securities and investment trusts are expected to be included in the portfolio from time to time.</p> <p>The underlying asset mix of the Fund is fixed interest, between 35 and 60%. It also has exposure to UK and global shares, property and other investments. It has little exposure to small companies and emerging markets equities.</p> <p>The Fund is able to invest in transferable securities, bonds, collective investment schemes, warrants, money market instruments, cash, deposits and derivative instruments.</p> <p>The allocation of the Fund's assets between eligible asset classes will be managed by the Investment Adviser and will be adjusted to reflect what, in the Investment Adviser's view, is the optimal asset allocation at each point in time and to achieve the investment objective of the Fund. It is the ACD's intention that derivatives and forward transactions will only be used for Efficient Portfolio Management.</p> <p>Through its investments, the portfolio will be exposed to a diversified range of asset classes, underlying currencies, geographic spread and may hold funds managed by a variety of fund management groups.</p> <p>The Company permits the use of derivatives for investment purposes (in addition for Efficient Portfolio Management) by the Fund. However, this policy is not currently applied and may not be applied without giving the required 60 day notice to Shareholders. If derivatives are used for the purpose of meeting the investment objective of the Fund it is not intended that the use of derivatives would significantly raise the risk profile but this cannot be guaranteed and the risk profile may increase as a result of a change in the investment policy for derivatives.</p>
Launch date:	20 October 2010

Type of fund:	Non-UCITS Retail Scheme
Share Classes available:	<p>Shares issued by the Company for this Fund are Growth Shares. Holders of net Growth Shares do not receive payment of income. Any income arising in respect of an Growth Share is automatically accumulated and added to the assets of the Fund and is reflected in the price of each Growth Share.</p> <p>Class A shares ("Class A Shares") are being offered at an initial offer price of GBP 1.00. The minimum initial lump sum investment for A Shares is £10,000; the minimum additional lump sum investment is £1,000. A minimum investment of £2,500 must be maintained. Class A Shares are, at present, the only share class in issue.</p> <p>There is no maximum investment level.</p> <p>Class A Shares are available for issue at the price calculated by reference to the next Valuation Point (12 Noon) after the order is received by the ACD. (See Section 12 of the Prospectus.)</p> <p>The base currency is Pounds Sterling.</p>
Accounting period ends:	31 May
Interim accounting period ends:	30 November
Income allocated:	31 July, 31 January
Allocation of Charges and Expenses:	Income
The Annual Management Charge and other fund expenses:	<p>The Annual Management Charge payable to the ACD and other Fund expenses are described in Sections 30, 31 and 32 of the Prospectus.</p> <p>The periodic charges of the Depositary and custody fees are described in Section 32 of the Prospectus.</p> <p>Other periodic charges of the ACD are described in section 31 of the Prospectus.</p> <p>Further charges and fees are payable to the ACD and are set out in Section 17 of this Prospectus.</p>
Initial charge:	A preliminary charge for buying Shares may be payable to the ACD. There is, at present, no initial charge.
Switching charge:	0% (see Section 17 for more detail)
Redemption charge:	0% (see Section 17 for more detail)
Typical investor	The Fund is aimed at investors who seek a relatively low level

profile:	<p>of exposure to volatility with a view to maximising their investment returns, for the level of risk taken, over the longer term. This exposure will be to a broadly diversified investment portfolio whose underlying investments are spread between asset classes including UK and international equities, fixed income and real-estate.</p> <p>There is a trade off between risk and return and this Fund is suitable for investors whose appetite to risk is such that they are willing to take a relatively low level of risk in pursuit of their investment return objectives. These investors will not be at the very lowest risk levels and will be aware that they need to take some risk to achieve real returns in the long run. Nevertheless, there is no guarantee that a positive investment return will be experienced and investors should be willing to accept some risk to the value of their investment.</p>
Initial offer period:	There is no initial offer period

Diversified Balanced Portfolio

Investment Objective:	<p>The Fund's investment objective is to achieve good capital growth over the long term with moderate expected volatility. This will be achieved via a portfolio of well diversified underlying assets gained by investing in a range of index tracking funds and other instruments.</p>
Investment Policy:	<p>The Fund's portfolio will gain exposure to the underlying assets via a diversified range of passive open ended funds, exchange traded funds and real-estate investment trusts although exposure to other investments such as investment trusts and fixed interest securities are expected to be included in the portfolio from time to time.</p> <p>The underlying asset mix of the Fund has limited exposure to fixed interest, between 10 and 40%. It has greater exposure to UK and global shares, property and other investments (such as commodities). It has exposure to small companies and emerging markets within the equity element.</p> <p>The Fund is able to invest in transferable securities, bonds, collective investment schemes, warrants, money market instruments, cash, deposits and derivative instruments.</p> <p>The allocation of the Fund's assets between eligible asset classes will be managed by the Investment Adviser and will be adjusted to reflect what, in the Investment Adviser's view, is the optimal asset allocation at each point in time and to achieve the investment objective of the Fund. It is the ACD's intention that derivatives and forward transactions will only be used for Efficient Portfolio Management.</p> <p>Through its investments, the portfolio will be exposed to a diversified range of asset classes, underlying currencies, geographic spread and may hold funds managed by a variety of fund management groups.</p> <p>The Company permits the use of derivatives for investment purposes (in addition for Efficient Portfolio Management) by the Fund. However, this policy is not currently applied and may not be applied without giving the required 60 day notice to Shareholders. If derivatives are used for the purpose of meeting the investment objective of the Fund it is not intended that the use of derivatives would significantly raise the risk profile but this cannot be guaranteed and the risk profile may increase as a result of a change in the investment policy for derivatives.</p>
Launch date:	20 October 2010

Type of fund:	Non-UCITS Retail Scheme
Share Classes available:	<p>Shares issued by the Company for this Fund are Growth Shares. Holders of net Growth Shares do not receive payment of income. Any income arising in respect of an Growth share is automatically accumulated and added to the assets of the Fund and is reflected in the price of each Growth Share.</p> <p>Class A shares ("Class A Shares") are being offered at an initial offer price of GBP 1.00. The minimum initial lump sum investment for A Shares is £10,000; the minimum additional lump sum investment is £1,000. A minimum investment of £2,500 must be maintained. Class A Shares are, at present, the only share class in issue.</p> <p>There is no maximum investment level.</p> <p>Class A Shares are available for issue at the price calculated by reference to the next Valuation Point (12 Noon) after the order is received by the ACD. (See Section 12 of the Prospectus.)</p> <p>The base currency is Pounds Sterling.</p>
Accounting period ends:	31 May
Interim accounting period ends:	30 November
Income allocated:	31 July, 31 January
Allocation of Charges and Expenses:	Income
The Annual Management Charge and other fund expenses:	<p>The Annual Management Charge payable to the ACD and other Fund expenses are described in Sections 30, 31 and 32 of the Prospectus.</p> <p>The periodic charges of the Depositary and custody fees are described in Section 32 of the Prospectus.</p> <p>Other periodic charges of the ACD are described in Section 31 of the Prospectus.</p> <p>Further charges and fees are payable to the ACD and are set out in Section 17 of this Prospectus.</p>
Initial charge:	A preliminary charge for buying Shares may be payable to the ACD. There is, at present, no initial charge.
Switching charge:	0% (see Section 17 for more detail)
Redemption charge:	0% (see Section 17 for more detail)

<p>Typical investor profile:</p>	<p>The Fund is aimed at investors who seek a relatively higher investment return over the longer term but are happy to expose themselves to moderate levels of volatility. The exposure will be gained by investment into a broadly diversified investment portfolio whose underlying investments are spread between asset classes including UK and international equities, fixed income and real-estate.</p> <p>There is a trade off between risk and return and this Fund is suitable for investors whose appetite to risk is moderate. Nevertheless, there is no guarantee that a positive investment return will be experienced and investors should be willing to accept some risk to the value of their investment.</p>
<p>Initial offer period:</p>	<p>There is no initial offer period</p>

Diversified Long Term Growth Portfolio

Investment Objective:	<p>The Fund's investment objective is to achieve superior long term capital growth with potentially higher volatility. This will be achieved by a predominant underlying exposure to equities gained by investing in a range of index tracking funds and other instruments.</p>
Investment Policy:	<p>The Fund's portfolio will gain exposure to the underlying assets via a diversified range of passive open ended funds, exchange traded funds and real-estate investment trusts although exposure to other investments such as investment trusts are expected to be included in the portfolio from time to time.</p> <p>The underlying asset mix of the Fund has very limited exposure to fixed interest, between 0 and 30%. It has much greater exposure to UK and global shares, property and other investments (such as commodities). It has more exposure to small companies and emerging markets within the equity element than the other funds.</p> <p>The Fund is able to invest in transferable securities, bonds, collective investment schemes, warrants, money market instruments, cash, deposits and derivative instruments.</p> <p>The allocation of the Fund's assets between eligible asset classes will be managed by the Investment Adviser and will be adjusted to reflect what, in the Investment Adviser's view, is the optimal asset allocation at each point in time and to achieve the investment objective of the Fund. It is the ACD's intention that derivatives and forward transactions will only be used for Efficient Portfolio Management.</p> <p>Through its investments, the portfolio will be exposed to a diversified range of asset classes, underlying currencies, geographic spread and may hold funds managed by a variety of fund management groups.</p> <p>The Company permits the use of derivatives for investment purposes (in addition for Efficient Portfolio Management) by the Fund. However, this policy is not currently applied and may not be applied without giving the required 60 day notice to Shareholders. If derivatives are used for the purpose of meeting the investment objective of the Fund it is not intended that the use of derivatives would significantly raise the risk profile but this cannot be guaranteed and the risk profile may increase as a result of a change in the investment policy for derivatives.</p>
Launch date:	20 October 2010

Type of fund:	Non-UCITS Retail Scheme
Share Classes available:	<p>Shares issued by the Company for this Fund are Growth Shares. Holders of net Growth Shares do not receive payment of income. Any income arising in respect of an Growth Share is automatically accumulated and added to the assets of the Fund and is reflected in the price of each Growth Share.</p> <p>Class A shares ("Class A Shares") are being offered at an initial offer price of GBP 1.00. The minimum initial lump sum investment for A Shares is £10,000; the minimum additional lump sum investment is £1,000. A minimum investment of £2,500 must be maintained. Class A Shares are, at present, the only share class in issue.</p> <p>There is no maximum investment level.</p> <p>Class A Shares are available for issue at the price calculated by reference to the next Valuation Point (12 Noon) after the order is received by the ACD. (See Section 12 of the Prospectus.)</p> <p>The base currency is Pounds Sterling.</p>
Accounting period ends:	31 May
Interim accounting period ends:	30 November
Income allocated:	31 July, 31 January
Allocation of Charges and Expenses:	Income
The Annual Management Charge and other fund expenses:	<p>The Annual Management Charge payable to the ACD and other Fund expenses are described in Sections 30, 31 and 32 of the Prospectus.</p> <p>The periodic charges of the Depositary and custody fees are described in Section 32 of the Prospectus.</p> <p>Other periodic charges of the ACD are described in Section 31 of the Prospectus.</p> <p>Further charges and fees are payable to the ACD and are set out in Section 17 of this Prospectus.</p>
Initial charge:	A preliminary charge for buying Shares may be payable to the ACD. There is, at present, no preliminary charge.
Switching charge:	0% (see Section 17 for more detail)
Redemption charge:	0% (see Section 17 for more detail)

Typical investor profile:	<p>The Fund is aimed at investors who seek a relatively high volatility exposure to a broadly diversified investment portfolio whose underlying investments are spread between asset classes including UK and international equities (including small companies and emerging markets), fixed income and real-estate. Their goal should be a superior long-term investment return for the potentially higher level of investment risk inherent in this Fund.</p> <p>There is a trade off between risk and return and this Fund is suitable for investors whose appetite to risk is at the upper risk end of the trade off. Nevertheless, there is no guarantee that a positive investment return will be experienced and investors should be willing to accept some risk to the value of their investment.</p> <p>The composition of the portfolio of this Fund means that the asset value of this Sub-Fund may be highly volatile at times.</p>
Initial offer period:	There is no initial offer period
Additional note:	Investors should consider the disclosures under the section 'Typical investor profile' above relating to the risks of high volatility.

APPENDIX 5

ICVCs or Funds under management

This Appendix contains a list of authorised investment companies with variable capital or authorised unit trusts managed by Phoenix Fund Services (UK) Ltd:

Authorised investment companies with variable capital

PFS Hawksmoor Open-Ended Investment Company
PFS Somerset Capital Management Investment Funds ICVC
PFS Taube Global Fund
PFS Twentyfour Investment Fund
PFS Prodigy Capital Partners Fund
PFS PanDYNAMIC Fund
PFS Investment Funds

Authorised Unit Trusts

PFS Brompton UK Recovery Unit Trust
PFS Greenaway Fund