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

PROSPECTUS

OF

VT TEVIOT FUNDS ICVC

(An open-ended investment company incorporated with limited liability and registered in England and Wales under registration number IC001094 and with Product Reference Number 780433)

This document constitutes the Prospectus for VT Teviot Funds ICVC which has been prepared in accordance with the Collective Investment Schemes Sourcebook.

This Prospectus is dated, and is valid as at, 1 May 2019.

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

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Important Information

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

The Company is an investment company with variable capital incorporated with limited liability and registered in England under registered number IC001094 and with Product Reference Number 780433. It is a UCITS scheme as defined in COLL, and also an umbrella company for the purposes of the OEIC Regulations.

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

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

The provisions of the Instrument of Incorporation are binding on each of the Shareholders and a copy of the Instrument of Incorporation is available on request from Valu-Trac Investment Management Limited.

This Prospectus has been issued for the purpose of section 21 of the Financial Services and Markets Act 2000 by Valu-Trac Investment Management Limited.

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

US Persons are not permitted to subscribe for units in the Funds. The units in the Funds have not and will not be registered under the United States Securities Act 1933, the United States Investment Company Act 1940, or the securities laws of any of any of the States of the United States of America and may not be directly or indirectly offered or sold in the United States of America or for the account or benefit of any US Person, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the United States Securities Act 1933, United States Investment Company Act 1940 and similar requirements of such state securities law.

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

This Prospectus is based on information, law and practice at the date hereof. The Company and ACD cannot be bound by an out of date prospectus when a new version has been issued and investors should check with Valu-Trac Investment Management Limited that this is the most recently published prospectus.

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

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

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

The ACD may transfer your personal information to countries located outside of the European Economic Area (the "EEA"). This may happen when the ACD's servers, suppliers and/or service providers are based outside of the EEA. The data protection laws and other laws of these countries may not be as comprehensive as those that apply within the EEA. In these instances the ACD will take steps to ensure that your privacy rights are respected. Details relevant to you may be provided upon request.

The Money Laundering Regulations 2017, The Proceeds of Crime Act 2002, The FCA Senior Management Arrangements Systems & Controls Source book and Joint Money Laundering Steering Group guidance notes (which are updated from time to time) state that the ACD must check your identity and the source of the money invested. The checks may include an electronic search of information held about you on the electoral roll and using credit reference agencies. The credit reference agency may check the details you supply against any particulars on any database (public or otherwise) to which they have access and may retain a record of that information although this is only to verify your identity and will not affect your credit rating. They may also use your details in the future to assist other companies for verification purposes. If you apply for shares you are giving the ACD permission to ask for this information in line with the General Data Protection Regulation. Data Protection Act 2018 and related legislation . If you invest through a financial adviser they must fill an identity verification certificate on your behalf and send it to the ACD with your application.

Target market for MiFID II purposes: The Target Market for MiFID II purposes for each Sub-fund is set out in Appendix I.

The ACD shall not divulge any confidential information concerning investors unless required to do so by law or regulation or as set out in this Prospectus or the ACD's Privacy Policy (available at www.valu-trac.com or otherwise on request). Shareholders and potential investors acknowledge that their personal data as well as confidential information contained in the application form and arising from the business relationship with the ACD may be stored, modified, processed or used in any other way by the ACD, its agents, delegates, sub-delegates and certain third parties in any country in which the ACD conducts business or has a service provider (even in countries that do not provide the same statutory protection towards investors' personal data deemed equivalent to those prevailing in the European Union) for the purpose of administering and developing the business relationship with the investor. Subject to applicable law, investors may have rights in respect of their personal data, including a right to access and rectification of their personal data and, in some circumstances, a right to object to the processing of their personal data. Further details are set out in the ACD's Privacy Policy.

1. DEFINITIONS

"**ACD**" means Valu-Trac Investment Management Limited, the authorised corporate director of the Company.

"**ACD Agreement**" means an agreement between the Company and the ACD.

"**Approved Bank**" means (in relation to a bank account opened by the Company):

(a) if the account is opened at a branch in the United Kingdom:

(i) the Bank of England; or

(ii) the central bank of a member state of the OECD; or

(iii) a bank; or

(iv) a building society; or

(v) a bank which is supervised by the central bank or other banking regulator of a member state of the OECD; or

(b) if the account is opened elsewhere:

(i) a bank in (a); or

(ii) a credit institution established in an EEA State other than in the United Kingdom and duly authorised by the relevant Home State Regulator; or

(iii) a bank which is regulated in the Isle of Man or the Channel Islands; or

(iv) a bank supervised by the South African Reserve Bank;

As such definition may be updated in the glossary of definitions in the FCA Handbook from time to time.

"**Associate**" means any other person whose business or domestic relationship with the ACD or the ACD's associate might reasonably be expected to give rise to a community of interest between them which may involve a conflict of interest in dealings with third parties.

"**Auditor**" means Johnston Carmichael LLP, or such other entity as is appointed to act as auditor to the Company from time to time.

"**Business Day**" means a day on which the London Stock Exchange is open. If the London Stock Exchange is closed as a result of a holiday or for any other reason, or there is a holiday elsewhere or other reason which impedes the calculation of the fair market value of the Sub-fund's portfolio of securities or a significant portion thereof, the ACD may decide that any business day shall not be construed as such.

"**Class**" or "**Classes**" means in relation to Shares, means (according to the context) all of the Shares related to a single Sub-fund or a particular class or classes of Share related

to a single Sub-fund.

"**COLL**" refers to the appropriate chapter or rule in the COLL Sourcebook.

"**the COLL Sourcebook**" means the Collective Investment Schemes Sourcebook issued by the FCA (and forming part of the FCA Handbook)as amended from time to time.

"**Company**" means VT Teviot Funds ICVC.

"**Custodian**" means RBC Investor Services Trust, UK Branch or such other entity as is appointed to act as Custodian.

"**Dealing Day**" means Monday to Friday inclusive when these are Business Days and other days at the ACD's discretion.

"**Depositary**" means NatWest Trustee and Depositary Services Limited, or such other entity as is appointed to act as Depositary.

"**Director**" or "**Directors**" means the director(s) of the Company from time to time (including the ACD).

"**EEA State**" means a member state of the European Union and any other state which is within the European Economic Area.

"**Efficient Portfolio Management or EPM**" means for the purposes of this Prospectus, means an investment technique where derivatives are used for one or more of the following purposes: reduction of risk, reduction of costs or the generation of additional capital or income for the Sub-funds with a risk level which is consistent with the risk profile of the Sub-funds and the risk diversification rules laid down in COLL.

"**Eligible Institution**" means one of certain eligible institutions as defined in the glossary of definitions to the FCA Handbook.

"**the FCA**" means the Financial Conduct Authority or any other regulatory body which may assume its regulatory responsibilities from time to time.

"**the FCA Handbook**" means the FCA Handbook of Rules and Guidance, as amended from time to time.

"**the Financial Services Register**" means the public record, as required by section 347 of the Financial Services and Markets Act 2000 and as defined in the glossary of definitions to the FCA Handbook.

"**Home State**" has the meaning given to it in the glossary of definitions to the FCA Handbook.

"**Instrument of Incorporation**" means the instrument of incorporation of the Company as amended from time to time.

"**Investment Manager**" means Teviot Partners LLP, or such other entity as is appointed to act as the investment manager of the Company from time to time.

"**IOSCO**" means the International Organisation of Securities Commissions.

"MiFID II" means the Markets in Financial Instruments Directive 201465/EU.

"**Net Asset Value**" or "**NAV**" means the value of the Scheme Property of the Company or of any Sub-fund (as the context may require) less the liabilities of the Company (or of the Sub-fund concerned) as calculated in accordance with the Instrument of Incorporation.

"**OEIC Regulations**" means the Open-Ended Investment Companies Regulations 2001 as amended or re-enacted from time to time.

"**OTC**" means over-the-counter: a derivative transaction which is not traded on an investment exchange.

"**Register**" means the register of Shareholders of the Company.

"**Registrar**" means Valu-Trac Investment Management Limited, 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 (SI 2001/544) as amended from time to time.

"**Regulations**" means the OEIC Regulations and the FCA Handbook (including the COLL Sourcebook), as amended.

"**Scheme Property**" means the scheme property of the Company or a Sub-fund (as appropriate) required under the COLL Sourcebook to be given for safekeeping to the Depositary.

"**SDRT**" means stamp duty reserve tax.

"**Share**" or "**Shares**" means a share or shares in the Company (including larger denomination shares, and smaller denomination shares equivalent to one thousandth of a larger denomination share).

"**Shareholder**" means a holder of registered Shares in the Company.

"**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) to which specific assets and liabilities of the Company may be allocated and which is invested in accordance with the investment objective applicable to such sub-fund.

"**Switch**" means the exchange where permissible of Shares of one Class or Sub-fund for Shares of another Class or Sub-fund.

"**UCITS scheme**" means a scheme constituted in accordance with the UCITS Directive (a European Directive relating to undertakings for collective investment in transferable securities which has been adopted in the UK).

"**UCITS Directive**" means the European Parliament and Council Directive of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investments in transferable securities (UCITS) (No.

2009/65/EC) as amended.

"**Valuation Point**" means the point on a Dealing Day whether on a periodic basis or for a particular valuation, at which the ACD carries out a valuation of the Scheme Property for the Company or a Sub-fund (as the case may be) for the purpose of determining the price at which Shares of a Class may be issued, cancelled or redeemed. The current Valuation Point is 12 noon London time on each Dealing Day.

"**VAT**" means value added tax.

2. DETAILS OF THE COMPANY

2.1. General information

2.1.1. General

VT Teviot Funds ICVC (the Company) is an investment company with variable capital incorporated in England and Wales under the OEIC Regulations with registration number IC001094 and with Product Reference Number 780433)and authorised by the Financial Conduct Authority pursuant to an authorisation order dated 31 July 2017. The Company has an unlimited duration.

The Company is a UCITS scheme and is an umbrella company (as defined in the OEIC Regulations). Each Sub-fund would be a UCITS scheme if it had a separate authorisation order.

Shareholders are not liable for the debts of the Company.

A Shareholder is not liable to make any further payment to the Company after he has paid the price on purchase of the Shares.

Historical performance figures are not yet available for the Company.

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

Details of a typical investor in the Company and historical performance data in respect of each Sub-fund is set out in Appendix V.

2.1.2. Head Office

The head office of the Company is at Level 13 Broadgate Tower, 20 Primrose Street, London EC2A 2EW and its principal place of business is at Orton, Moray IV32 7QE.

2.1.3. Address for Service

The head office is the address of the place in the UK for service on the Company of notices or other documents required or authorised to be served on it.

2.1.4. Base Currency

The base currency of the Company and each Sub-fund is Pounds Sterling.

2.1.5. Share Capital

Maximum £100,000,000,000

Minimum £1,000

Shares have no par value. The share capital of the Company at all times equals the sum of the Net Asset Values of each of the Sub-funds.

2.1.6. **Marketing in EEA states**

In connection with marketing Shares in EEA States to other than the United Kingdom, there are currently no special arrangements in place for:

(a) paying in that EEA State amounts distributable to Shareholders resident in that EEA State;

(b) redeeming in that EEA State the Shares of Shareholders resident in the EEA State;

(c) inspecting and obtaining copies in that EEA State of the Instrument of Incorporation, this Prospectus and the annual and half-yearly report; and

(d) making public the price of Shares of each Class.

Accordingly, the provisions applicable to the marketing of the shares in the Company in the UK shall also apply in these cases.

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

2.2. **The structure of the Company**

2.2.1. **The Sub-funds**

The Company is structured as an umbrella company, in that different Sub-funds may be established from time to time by the ACD with the approval of the FCA and the agreement of the Depositary. On the introduction of any new Sub-fund or Class, a revised prospectus will be prepared setting out the relevant details of each Sub-fund or Class.

The Company is a UCITS scheme.

The Sub-funds are segregated portfolios of assets and, accordingly, the assets of a Sub-fund belong exclusively to that Sub-fund and shall not be used to discharge directly or indirectly the liabilities of, or claims against, any other person or body, including the Company, or any other Sub-fund, and shall not be available for any such purpose. While the provisions of the OEIC Regulations provide for segregated liability between sub-funds, the concept of segregated liability is relatively new. Accordingly, where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known how those foreign courts will react to regulations 11A and 11B (segregated liability and cross-investment provisions) of the OEIC Regulations. Therefore, it is not possible to be certain that the assets of a Sub-fund will always be completely insulated from the liabilities of another Sub-fund of the Company in every circumstance.

The assets of each Sub-fund will be treated as separate from those of every other

Sub-fund and will be invested in accordance with the investment objective and investment policy applicable to that Sub-fund. Investment of the assets of each of the Sub-funds must comply with the COLL Sourcebook and the investment objective and policy of the relevant Sub-fund. Details of the Sub-funds, including their investment objectives and policies, are set out in Appendix I.

The eligible securities markets and eligible derivatives markets on which the Sub-funds may invest are set out in Appendix II. A detailed statement of the general investment and borrowing restrictions in respect of each type of Sub-fund is set out in Appendix III.

Subject to the above, each Sub-fund will be charged with the liabilities, expenses, costs and charges of the Company attributable to that Sub-fund, and within each Sub-fund charges will be allocated between Classes in accordance with the terms of issue of Shares of those Classes. Any assets, liabilities, expenses, costs or charges not attributable to a particular Sub-fund may be allocated by the ACD in a manner which it believes is fair to the Shareholders generally. This will normally be pro rata to the Net Asset Value of the relevant Sub-funds.

2.2.2. **Shares**

Shares of different Classes may from time to time be issued in respect of each Sub-fund. The differences between Classes may be the minimum subscription, the minimum holding, the charges to be borne and/or the Class Currency, as detailed in Appendix I. In most cases either net or gross income Shares or net or gross accumulation Shares are offered. The Classes currently available in each Sub-fund are set out in Appendix I.

Further Classes of Share may be established from time to time by the ACD with the approval of the FCA, the agreement of the Depositary and in accordance with the Instrument of Incorporation and the Regulations. On the introduction of any new Sub-fund or Class a revised prospectus will be prepared, setting out the details of each Sub-fund or Class.

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

The net proceeds from subscriptions to a Sub-fund will be invested in the specific pool of assets constituting that Sub-fund. The Company will maintain for each current Sub-fund a separate pool of assets, each invested for the exclusive benefit of the relevant Sub-fund.

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

To the extent that any Scheme Property, or any assets to be received as part of the Scheme Property, or any costs, charges or expenses to be paid out of the

Scheme Property, are not attributable to one Sub-fund only, the ACD will allocate such Scheme Property, assets, costs, charges or expenses between Sub-funds in a manner which is fair to all Shareholders of the Company.

Where a Sub-fund has different Classes, each Class may attract different charges and so monies may be deducted from the Scheme Property attributable to such Classes in unequal proportions. In these circumstances, the proportionate interests of the Classes within a Sub-fund will be adjusted accordingly. Also, each Class may have its own investment minima or other features, such as restricted access, at the discretion of the ACD.

Shareholders are entitled (subject to certain restrictions) to Switch all or part of their Shares in a Class or a Sub-fund for Shares of another Class within the same Sub-fund or for Shares of the same or another Class within a different Sub-fund of the Company. Details of this switching facility and the restrictions are set out in paragraph 3.4 "Switching".

Registered Shares

All Shares are in registered form. Certificates will not be issued in respect of Shares. Ownership of Shares will be evidenced by an entry in the Company's register of Shareholders.

At least twice per year the ACD will send a statement to each person who holds shares or has held shares since the previous statement. Where shares are jointly held, statements are sent to the first named Shareholder. The statement will describe the current holding(s) of Shares at the date of the statement and any transactions in Shares since the date of the last statement. Individual statements will also be issued at any time on request by the registered Shareholder.

Larger and smaller denomination shares

Shares will be issued in larger and smaller denominations. There are 1,000 smaller denomination Shares to each larger denomination Share. Smaller denomination Shares represent what, in other terms, might be called fractions of a larger Share and have proportionate rights.

Class of Shares

As at the launch date, only the following share classes shall be available: (i) NET Accumulation shares and (ii) NET Income shares.

Income and accumulation shares

Each Sub-fund may issue income and accumulation Shares. Further details of the Shares presently available for each Sub-fund, including details of their criteria for subscription and fee structure, are set out in Appendix I.

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

Holders of accumulation Shares are not entitled to be paid the income attributed

to such Shares, but that income is automatically transferred to (and retained as part of) the capital assets of the relevant Sub-fund on the relevant interim and/or annual accounting dates. This is reflected in the price of an accumulation Share.

Net Shares and Gross Shares

The Instrument of Incorporation allows gross income and gross accumulation Shares to be issued, as well as net income and net accumulation Shares.

Net Shares are Shares in respect of which income allocated to them is distributed periodically to the Shareholders (in the case of net income Shares) or added periodically to capital (in the case of net accumulation Shares) in accordance with relevant tax law, net of any tax deducted or accounted for by the Company.

Gross Shares are Shares in respect of which income allocated to them is distributed periodically to the Shareholders (in the case of gross income Shares) or added periodically to capital (in the case of gross accumulation Shares) in accordance with relevant tax law, without any tax being deducted or accounted for by the Company. All references in this Prospectus are to net Shares unless otherwise stated.

Where a Sub-fund has different Classes, each Class may attract different charges and so monies may be deducted from the Scheme Property attributable to such Classes in unequal proportions. In these circumstances, the proportionate interests of the Classes within a Sub-fund will be adjusted accordingly

Shareholders are entitled (subject to certain restrictions) to Switch all or part of their Shares in a Class or a Sub-fund for Shares of another Class within the same Sub-fund or for Shares of the same or another Class within a different Sub-fund of the Company. Details of this switching facility and the restrictions are set out in clause 3.4 “Switching”.

3. BUYING, REDEEMING AND SWITCHING SHARES

The dealing office of the ACD will normally be open from 8.30 a.m. to 5.30 p.m. (London time) on each Business Day to receive requests for the purchase, sale and switching of Shares. The ACD may vary these times at its discretion. Requests to deal in Shares may be made by sending clear written instructions (or an application form) to the ACD or by telephoning 01343 880 344 (or such other number as published from time to time). The initial purchase must, at the discretion of the ACD, be accompanied by an application form.

In addition, the ACD may from time to time make arrangements to allow Shares to be bought or sold on-line or through other communication media (electronic or otherwise).

Telephone calls may be recorded. The ACD may also, at its discretion, introduce further methods of dealing in Shares in the future.

3.1. Money laundering

As a result of legislation in force in the UK to prevent money laundering, the ACD is responsible for compliance with anti money laundering regulations. In order to implement these regulations, in certain circumstances investors may be asked to provide proof of identity when buying or redeeming Shares. Until satisfactory proof of identity is provided, the ACD reserves the right to refuse to issue Shares, pay the proceeds of a redemption of Shares, or pay income on Shares to the investor. In the case of a purchase of Shares where the applicant is not willing or is unable to provide the information requested within a reasonable period, the ACD also reserves the right to sell the Shares purchased and return the proceeds to the account from which the subscription was made. These proceeds may be less than the original investment.

3.2. Buying Shares

3.2.1. Procedure

Shares may be bought directly from the ACD or through a professional adviser or other intermediary. In addition, the ACD may from time to time make arrangements to allow Shares to be bought through other communication media. For details of dealing charges see paragraph 3.6 below. Application forms may be obtained from the ACD.

Valid applications to purchase Shares in a Sub-fund will be processed at the Share price calculated, based on the Net Asset Value per Share, at the next Valuation Point following receipt of the application, except in the case where dealing in a Sub-fund has been suspended as set out in paragraph 3.11.

The ACD, at its discretion, has the right to cancel a purchase deal if settlement is materially overdue (being more than five Business Days of receipt of an application form or other instruction) and any loss arising on such cancellation shall be the liability of the applicant. For postal applications payment in full must accompany the instruction. At the ACD's discretion, payment for large purchases of Shares may be made by bank transfer. The ACD is not obliged to

issue Shares unless it has received cleared funds from an investor.

A purchase of Shares in writing or by telephone or any other communication media made available is a legally binding contract. Applications to purchase, once made are, except in the case where cancellation rights are applied, irrevocable. However, subject to its obligations under the Regulations, the ACD has the right to reject, on reasonable grounds relating to the circumstances of the applicant, 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.

Any subscription monies remaining after a whole number of Shares have been issued will not be returned to the applicant. Instead, smaller denomination Shares will be issued. A smaller denomination Share is equivalent to one thousandth of a larger denomination Share.

Applicants who have received advice may have the right to cancel their application to buy Shares at any time during the 14 days after the date on which they receive a cancellation notice from the ACD. If an applicant decides to cancel the contract, and the value of the investment has fallen at the time the ACD receives the completed cancellation notice, they will not receive a full refund as an amount equal to any fall in value will be deducted from the sum originally invested. The ACD may extend cancellation rights to other investors but is under no obligation to do so.

3.2.2. **Documents the buyer will receive**

A confirmation giving details of the number and price of Shares bought will be issued no later than the end of the Business Day following the Valuation Point by reference to which the price is determined, together with, where appropriate, a notice of the applicant's right to cancel.

Registration of Shares can only be completed by the ACD upon receipt of any required registration details. These details may be supplied in writing to the ACD or by returning to the ACD the properly completed registration form and copy of the confirmation.

Settlement is due within 4 Business Days of the Valuation Point. An order for the purchase of Shares will only be deemed to have been accepted by the ACD once it is in receipt of cleared funds for the application. If settlement is not made within a reasonable period, then the ACD has the right to cancel any Shares issued in respect of the application. In the event of such a sale or realisation, the ACD shall be entitled to transfer such investments to such persons as it shall specify and, recover any shortfall from that investor.

The ACD reserves the right to charge interest at 4% above the prevailing Bank of England base rate, on the value of any settlement received later than the 4th Business Day following the Valuation Point.

No interest will be paid on funds held prior to investment. Shares that have not been paid for cannot be redeemed.

Settlement must be made by electronic bank transfer to the bank account detailed on the application form.

Share certificates will not be issued in respect of Shares. Ownership of Shares will be evidenced by an entry on the Register. Tax vouchers in respect of periodic distributions on Shares will show the number of Shares held by the recipient.

3.2.3. **Minimum subscriptions and holdings**

The minimum initial subscriptions, subsequent subscriptions and holdings levels for each Class of Share in a Sub-fund are set out in Appendix I.

The ACD may at its sole discretion accept subscriptions and/or holdings lower than the minimum amount(s).

If following a redemption, Switch or transfer, a holding in any Class of Share should fall below the minimum holding for that Class, the ACD has the discretion to effect a redemption of that Shareholder's entire holding in that Class of Share. The ACD may use this discretion at any time. Failure not to do so immediately after such redemption, Switch or transfer does not remove this right.

3.3. **Redeeming Shares**

3.3.1. **Procedure**

Every Shareholder is entitled on any Dealing Day to redeem its Shares, which shall be purchased by the ACD dealing as principal.

Valid instructions to the ACD to redeem Shares in a Sub-fund will be processed at the Share price calculated, based on the Net Asset Value per Share, at the next Valuation Point following receipt of the instruction, except in the case where dealing in a Sub-fund has been suspended as set out in paragraph 3.11.

A redemption instruction in respect of Shares in writing or by telephone or any other communication media made available is a legally binding contract. However, an instruction to the ACD to redeem Shares, although irrevocable, may not be settled by either the Company or the ACD if the redemption represents Shares where the money due on the earlier purchase of those Shares has not yet been received or if insufficient documentation or anti-money laundering information has been received by the ACD.

For details of dealing charges see paragraph 3.6 below.

3.3.2. **Documents a redeeming Shareholder will receive**

A confirmation giving details of the number and price of Shares redeemed will be sent to the redeeming Shareholder (or the first named Shareholder, in the case of joint Shareholders) together with (if sufficient written instructions have not already been given) a form of renunciation for completion and execution by the Shareholder (or, in the case of a joint holding, by all the joint Shareholders)

no later than the end of the Business Day following the later of the request to redeem Shares or the Valuation Point by reference to which the price is determined.

Payment of redemption proceeds will normally be made to the first named Shareholder (at their risk) at the ACD's discretion, via bank transfer in accordance with any instruction received (the ACD may recover any bank charge levied on such transfers). Instructions to make payments to third parties (other than intermediaries associated with the redemption) will not normally be accepted.

Such payment will be made within four Business Days of the later of (a) receipt by the ACD of the form of renunciation (or other sufficient written instructions) duly signed and completed by all the relevant Shareholders together with any other documentation and appropriate evidence of title, any required anti-money laundering related documentation, and (b) the Valuation Point following receipt by the ACD of the request to redeem.

3.3.3. **Minimum redemption**

Part of a Shareholder's holding may be redeemed but the ACD reserves the right to refuse a redemption request if the value of the Shares of any Sub-fund to be redeemed is less than the minimum stated in respect of the appropriate Class in the Sub-fund in question (see Appendix I).

3.4. **Switching**

Subject to any restrictions on the eligibility of investors for a particular Share Class, a Shareholder in a Sub-fund may at any time Switch all or some of his Shares of one Class or Sub-fund ("the Original Shares") for Shares of another Class or Sub-fund ("the New Shares") in the Company. The number of New Shares issued will be determined by reference to the respective prices of New Shares and Original Shares at the Valuation Point applicable at the time the Original Shares are redeemed and the New Shares are issued.

Telephone switching instructions may be given but Shareholders are required to provide written instructions to the ACD (which, in the case of joint Shareholders, must be signed by all the joint Shareholders) before switching is effected.

The ACD may at its discretion make a charge on the switching of Shares between Sub-funds or Classes. Any such charge on switching does not constitute a separate charge payable by a Shareholder, but is rather the application of any redemption charge on the Original Shares and any initial charge on the New Shares, subject to certain waivers. For details of the charges on switching currently payable, please see paragraph 3.6.3 "Charges on Switching".

If a partial Switch would result in the Shareholder holding a number of Original Shares or New Shares of a value which is less than the minimum holding in the Class concerned, the ACD may, if it thinks fit, convert the whole of the applicant's holding of Original Shares to New Shares (and make a charge on

switching on such conversion) or refuse to effect any Switch of the Original Shares. Save as otherwise specifically set out, the general provisions on procedures relating to redemption will apply equally to a Switch. Written instructions must be received by the ACD before the Valuation Point on a Dealing Day in the Sub-fund or Sub-funds concerned to be dealt with at the prices at the Valuation Point on that Dealing Day or at such other Valuation Point as the ACD at the request of the Shareholder giving the relevant instruction may agree. Switching requests received after a Valuation Point will be held over until the next day which is a Dealing Day in each of the relevant Sub-fund or Sub-funds.

The ACD may adjust the number of New Shares to be issued to reflect the application of any charge on switching together with any other charges or levies in respect of the application for the New Shares or redemption of the Original Shares as may be permitted pursuant to the COLL Sourcebook.

Please note that under UK tax law a Switch of Shares in one Sub-fund for Shares in any other Sub-fund is treated as a redemption of the Original Shares and a purchase of New Shares and will, for persons subject to taxation, be a realisation of the Original Shares for the purposes of capital gains taxation, which may give rise to a liability to tax, depending upon the Shareholder's circumstances. A conversion of Shares in one Class for Shares in another Class in relation to the same Sub-fund will not normally be treated as a realisation for UK tax purposes.

A Shareholder who Switches Shares in one Sub-fund for Shares in any other Sub-fund (or who Switches between Classes of Shares) will not be given a right by law to withdraw from or cancel the transaction.

3.5. **Market timing**

The ACD may refuse to accept a new subscription in the Company or a switch from another Sub-fund if, in the opinion of the ACD, it has reasonable grounds for refusing to accept a subscription or a switch from them. In particular, the ACD may exercise this discretion if it believes the Shareholder has been or intends to engage in market timing.

For these purposes, market timing activities include investment techniques which involve short term trading in and out of shares generally to take advantage of variation in the price of Shares between the daily valuation points in the Company. Short term trading of this nature may often be detrimental to long term Shareholders, in particular, the frequency of dealing may lead to additional dealing costs which can affect long term performance.

3.6. **Dealing charges**

The price per Share at which Shares are bought, redeemed or switched is the Net Asset Value per Share. Any initial charge or redemption charge, (or dilution levy or SDRT on a specific deal, if applicable) is payable in addition to the price or deducted from the proceeds and is taken from the gross subscription or redemption monies.

3.6.1. **Initial charge**

The ACD may impose a charge on the purchase of Shares in each Class. The current initial charge, if any, is calculated as a percentage of the amount invested by a potential Shareholder in respect of each Sub-fund is set out in Appendix I. The ACD may waive or discount the initial charge at its discretion.

The initial charge (which is deducted from subscription monies) is payable by the Shareholder to the ACD. The current initial charge (if any) of a Class may only be increased in accordance with the Regulations.

3.6.2. **Redemption charge**

The ACD may make a charge on the redemption of Shares in each Class. At present, no redemption charge is levied.

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

3.6.3. **Charges on Switching**

On the switching of Shares between Sub-funds or Classes in the Company the Instrument of Incorporation authorises the Company to impose a charge on switching. If a redemption charge is payable in respect of the Original Shares, this may become payable instead of, or as well as, the then prevailing initial charge for the New Shares. The charge on switching is payable by the Shareholder to the ACD.

The ACD's current policy is to only levy a charge on switching between Sub-funds that is no more than the excess of the initial charge applicable to New Shares over the initial charge applicable to the Original Shares as specified in Appendix I. There is currently no charge for switching Shares in one Class of a Sub-fund for Shares in another Class of the same Sub-fund.

3.6.4. **Dilution levy**

In order to mitigate the dilutive effect of shareholder transactions on the existing shareholders of the Company and the Company's Net Asset Value, the ACD retains discretion to charge a dilution levy of up to 2.5% on all purchases and redemptions of shares. The actual rate will be reviewed monthly. This policy is based on historical data.

In its absolute discretion the ACD may waive or reduce the dilution levy. The ACD may alter its current dilution policy in accordance with the procedure set out in the Regulations.

On the occasions that the dilution levy is not applied, there may be an adverse impact on the total assets of the relevant Sub-fund which may otherwise constrain the future growth of that Sub-fund. It should be noted that, as dilution is directly related to the inflows and outflows of monies from

the Company, it is not possible to predict accurately the exact amount of such a charge in advance on a particular transaction.

3.6.5. **Stamp duty reserve tax ("SDRT")**

The charging of SDRT (at a rate of 0.5%) on the redemption of shares has now been abolished except in relation to non-pro rata in specie redemptions.

The current policy is that all SDRT costs (if applicable) will be paid out of the Company's Scheme Property and charged to capital and that SDRT will not be recovered from individual Shareholders. However, the ACD reserves the right to require individual Shareholders to pay SDRT whenever it considers that the circumstances have arisen which make such imposition fair to all Shareholders or potential Shareholders. Deductions of any such costs from capital may erode or constrain capital growth.

3.7. **Transfers**

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

3.8. **Restrictions and compulsory transfer, conversion and redemption**

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

If it comes to the notice of the ACD that any Shares ("affected Shares"):

(a) are owned directly or beneficially in breach of any law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory; or

(b) would result in the Company incurring any liability to taxation which the Company would not be able to recoup itself or suffering any other adverse consequence (including a requirement to register under any securities or investment or similar laws or governmental regulation of any country or territory); or

(c) are held in any manner by virtue of which the Shareholder or Shareholders in question is/are not qualified to hold such Shares or if it

reasonably believes this to be the case;

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

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

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

3.9. **Issue of Shares in exchange for in specie assets**

The ACD may arrange for the Company to issue Shares in exchange for assets other than cash, but will only do so where the Depositary has taken reasonable care to determine that the Company's acquisition of those assets in exchange for the Shares concerned is not likely to result in any material prejudice to the interests of Shareholders.

The ACD will ensure that the beneficial interest in the assets is transferred to the Company with effect from the issue of the Shares.

The ACD will not issue Shares in any Sub-fund in exchange for assets the holding of which would be inconsistent with the investment objective or policy of that Sub-fund.

3.10. **In specie redemptions**

If a Shareholder requests the redemption of Shares the ACD may, where it considers that deal to be substantial in relation to the total size of a Sub-fund or in some way detrimental to the Sub-fund, arrange for scheme property having the appropriate value to be transferred to the Shareholder (an 'in specie transfer'), in place of payment for the Shares in cash. Before the redemption is effected, the ACD will give written notice to the Shareholder of the intention to make an in specie transfer.

The ACD will select the property to be transferred in consultation with the

Depositary. The ACD and Depositary must ensure that the selection is made with a view to achieving no more advantage or disadvantage to the Shareholder requesting the redemption than to the continuing Shareholders.

3.11. **Suspension of dealings in the Company**

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 the Company where due to exceptional circumstances it is in the interests of all the Shareholders in the Company.

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

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

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

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

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

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

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

3.12. **Deferred redemption of Shares**

If requested redemptions of Shares on a particular Dealing Day exceed 10% of a Sub-fund's value, redemptions of Shares of that Fund may be deferred to the next Valuation Point. Any such deferral would only be undertaken in such manner as to ensure consistent treatment of all Shareholders who had sought to redeem Shares at the Valuation Point at which redemptions were deferred, and

so that all deals relating to the earlier Valuation Point were completed before those relating to a later Valuation Point were considered. The intention of the deferred redemption power is to reduce the impact of dilution on the Scheme Property. In times of high levels of redemption, deferred redemption provisions would enable the ACD to protect the interests of continuing Shareholders by allowing it to match the sale of property of a Sub-fund to the level of redemptions of Shares in that Sub-fund.

3.13. **Governing law**

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

4. VALUATION OF THE COMPANY

4.1. General

The price of a Share is calculated by reference to the Net Asset Value of the Sub-fund to which it relates. The Net Asset Value per Share of a Sub-fund is currently calculated at 12 noon (London time) (this being the Valuation Point) on each Dealing Day.

The ACD may at any time during a Business Day carry out an additional valuation if it considers it desirable to do so. The ACD shall inform the Depositary of any decision to carry out any such additional valuation. Valuations may be carried out for effecting a scheme of amalgamation or reconstruction which do not create a Valuation Point for the purposes of dealings. Where permitted and subject to the Regulations, the ACD may, in certain circumstances (for example where a significant event has occurred since the closure of a market) substitute a price with a more appropriate price which in its opinion reflects a fair and reasonable price for that investment.

The ACD will, upon completion of each valuation, notify the Depositary of the price of Shares, of each Class of each Sub-fund and the amount of any dilution levy applicable in respect of any purchase or redemption of Shares.

A request for dealing in Shares must be received by the Valuation Point on a particular Dealing Day in order to be processed on that Dealing Day. A dealing request received after this time will be held over and processed on the next Dealing Day, using the Net Asset Value per Share calculated as at the Valuation Point on that next Dealing Day.

4.2. Calculation of the Net Asset Value

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

4.2.1. All the Scheme Property (including receivables) is to be included, subject to the following provisions.

4.2.2. Scheme Property which is not cash (or other assets dealt with in paragraph 3.2.3 and 3.2.4 below) shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:

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

(i) if a single price for buying and redeeming units or shares is quoted, at that price; or

(ii) if separate buying and redemption prices are quoted, at the average of the two prices provided the buying price has been reduced by any initial charge included therein and the redemption 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 recent price exists, at a value which, in the opinion of the ACD, is fair and reasonable;

(b) exchange traded derivative contracts:

(i) if a single price for buying and selling the exchange-traded derivative contract is quoted, at that price; or

(ii) if separate buying and selling prices are quoted, at the average of the two prices;

(c) over-the-counter derivative contracts shall be valued in accordance with the method of valuation as shall have been agreed between the ACD and the Depositary;

(d) any other investment:

(i) if a single price for buying and redeeming the security is quoted, at that price; or

(ii) if separate buying and redemption prices are quoted, at the average of the 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 recent price exists or if the most recent price available does not reflect the ACD's best estimate of the value, at a value which, in the opinion of the ACD, is fair and reasonable;

(e) Scheme Property other than that described in paragraphs 3.2.2(a) to 3.3.2(d) above, at a value which, in the opinion of the ACD, is fair and reasonable;

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

4.2.4. In determining the value of the Scheme Property, all instructions given to issue or cancel Shares shall be assumed (unless the contrary is shown) to have been carried out and any cash paid or received and all consequential action required by the Regulations or this Instrument of Incorporation shall be assumed (unless the contrary has been shown) to have been taken.

4.2.5. Subject to paragraphs 3.2.6 and 3.2.7 below, agreements for the unconditional sale or purchase of Scheme 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 if, in the opinion of the ACD, their omission will not materially affect the final net asset amount.

4.2.6. Futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under paragraph 32.5.

4.2.7. All agreements are to be included under paragraph 3.2.5 which are, or ought reasonably to have been, known to the person valuing the Scheme Property assuming that all other persons in the ACD's employment take all reasonable steps to inform it immediately of the making of any agreement.

4.2.8. Deduct an estimated amount for anticipated tax liabilities (on unrealised capital gains where the liabilities have accrued and are payable out of the property of the Scheme; on realised capital gains in respect of previously completed and current accounting periods; and on income where the liabilities have accrued) including (as applicable and without limitation) capital gains tax, income tax, corporation tax, VAT, stamp duty, SDRT and any foreign taxes or duties.

4.2.9. Deduct an estimated amount for any liabilities payable out of the Scheme Property and any tax or duty thereon, treating periodic items as accruing from day to day.

4.2.10. Deduct the principal amount of any outstanding borrowings whenever repayable and any accrued but unpaid interest on borrowings.

4.2.11. Add an estimated amount for accrued claims for tax of whatever nature which may be recoverable.

4.2.12. Add any other credits or amounts due to be paid into the Scheme Property.

4.2.13. Add a sum representing any interest or any income accrued due or deemed to have accrued but not received and any stamp duty reserve tax provision anticipated to be received.

4.2.14. Currencies or values in currencies other than Sterling shall be converted at the relevant Valuation Point at a rate of exchange that is not likely to result in any material prejudice to the interests of Shareholders or potential Shareholders.

4.3. **Price per Share in each Sub-fund and each Class**

The price per Share at which Shares are bought or are redeemed is the Net Asset Value per Share at the Valuation Point. Any initial charge or redemption charge, (or dilution levy or SDRT on a specific deal, if applicable) is payable in addition to the price or deducted from the proceeds and is taken from the gross subscription or redemption monies.

Each allocation of income made in respect of any Sub-fund at a time when more than one Class is in issue in respect of that Sub-fund shall be done by reference to the relevant Shareholder's proportionate interest in the income property of the Sub-fund in question calculated in accordance with the Instrument of Incorporation.

The ACD will make use of the revised 'delivery versus payment' (DvP) exemption as set out in the FCA Rules, which provides for a one business day window during which money held for the purposes of settling a transaction in Shares is not treated as 'client money'. Specifically, under the DvP exemption, money received by the ACD from an investor, or money due to be paid to an investor by the ACD, need not be treated as client money if: (i) the ACD receives the money from an investor for the subscription of Shares and the money is passed to the Depositary for the purpose of creating Shares in a Sub-fund within one business day of receipt of money from the investor; or (ii) the ACD holds the money in the course of redeeming Shares provided that the proceeds of that redemption are paid to an investor within one business day of receipt from the Depositary.

Accordingly under the exemption when investors are buying Shares the ACD will protect investor money in a client money account if it does not pass the investor's money onto the Depositary by the close of the Business Day following receipt. Similarly when Shareholders sell shares in the ICVC, the ACD will protect their money in a client money account if it does not pass their money to them by the close of the Business Day following receipt from the Depositary.

4.4 **Fair Value Pricing**

Where the ACD has reasonable grounds to believe that no reliable price exists for an investment at a Valuation Point, or that the most recent price available does not reflect the ACD's best estimate of the value of the investment at the Valuation Point, then the ACD may value the investment at a price which, in its opinion, reflects a fair and reasonable price for that investment (the fair value price).

The circumstances which may give rise to a fair value price being used include no recent trade in the security concerned; or suspension of dealings in the security concerned; or the occurrence of a significant event since the most recent closure of the market where the price of the security is taken.

In determining whether to use such a fair value price, the ACD will include in its consideration (but need not be limited to) the type of authorised fund concerned; the investments involved; the basis and reliability of the alternative price used; and the ACD's policy on the valuation of Scheme Property as disclosed in this Prospectus.

4.5 Pricing basis

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

4.6 Publication of prices

The prices of all Shares are published on the ACD's website (www.valu-trac.com). The prices of Shares may also be obtained by calling 01343 880 344 during the ACD's normal business hours.

As the ACD deals on a forward pricing basis, the price that appears in these sources will not necessarily be the same as the one at which investors can currently deal. The ACD may also, at its sole discretion, decide to publish certain Share prices in other third party websites or publications but the ACD does not accept responsibility for the accuracy of the prices published in, or for the non-publication of prices by, these sources for reasons beyond the control of the ACD.

5. RISK FACTORS

Potential investors should consider the following risk factors before investing in the Company (or in the case of specific risks applying to specific Sub-funds, in those Sub-funds).

5.1. General

The investments of the Company are subject to normal market fluctuations and other risks inherent in investing in securities. There can be no assurance that any appreciation in the value of investments will occur. The value of investments and the income derived from them may fall as well as rise and investors may not recoup the original amount they invest in the Company. There is no certainty that the investment objective of the Sub-funds will actually be achieved and no warranty or representation is given to this effect. The level of any yield for a Sub-fund may be subject to fluctuations and is not guaranteed.

Inflation will affect the future buying power of any investment. If the returns on an investment in the Company have not beaten the rate of inflation, such investment will have less buying power in the future.

The entire market of a particular asset class or geographical sector may fall, having a more pronounced effect on funds heavily invested in that asset class or region. There will be a variation in performance between funds with similar objectives due to the different assets selected.

5.2. Effect of initial charge or redemption charge

Where an initial charge or redemption charge is imposed, an investor who realises his Shares may not (even in the absence of a fall in the value of the relevant investments) realise the amount originally invested.

In particular, where a redemption charge is payable, investors should note that the percentage rate at which the redemption charge is calculated is based on the market value rather than the initial value of the Shares. If the market value of the Shares has increased the redemption charge will show a corresponding increase. Currently there is no initial or redemption charge levied on Shares.

The Shares should be viewed as medium to long term investments.

5.3. Dilution

A Sub-fund may suffer a reduction in the value of its Scheme Property due to dealing costs incurred when buying and selling investments. To offset this dilution effect the ACD may require the payment of a dilution levy in addition to the price of Shares when bought or as a deduction when sold.

5.4. Charges to capital

Where the investment objective of a Sub-fund is to treat the generation of income as a higher priority than capital growth, or the generation of income and capital growth have equal priority, all or part of the ACD's fee may be charged

against capital instead of against income. The treatment of the ACD's fee may increase the amount of income (which may be taxable) available for distribution to Shareholders in the Sub-fund concerned but will erode capital and may constrain capital growth.

For VT Teviot UK Smaller Companies Fund, 25% of the periodic charges will be taken from capital and 75% of the periodic charges will be taken from income.

5.5. **Investment in UK Smaller Companies**

UK smaller companies tend to be more volatile and more illiquid than their larger counterparts. In addition, smaller companies which are traded on AIM with lower corporate governance requirements than the London Stock Exchange main market will be subject to lower disclosure requirements and may be less scrutinised in general than their larger counterparts.

UK smaller companies may be more focussed on the UK market and therefore more subject to the economic environment in the UK and less diversified.

Smaller companies may find it more difficult to find attractive alternative sources of funding and/or may have fewer resources to attract the level or calibre of assistance required.

Funds investing in smaller companies invest in transferable securities which may be less liquid than the securities of larger companies, as a result of inadequate trading volume or restrictions on trading. Securities in smaller companies may possess greater potential for capital appreciation, but also involve risks, such as limited product lines, markets and financial or managerial resources and trading in such securities may be subject to more abrupt price movements than trading in the securities of larger companies.

5.6. **Suspension of dealings in Shares**

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

5.7. **Currency exchange rates**

Currency fluctuations may adversely affect the value of a Sub-fund's investments and the income thereon and, depending on an investor's currency of reference, currency fluctuations may adversely affect the value of his investment in Shares.

5.8. **Warrants and convertibles**

The Investment Manager may invest in warrants and convertible securities from time to time. Such instruments may be more volatile and more illiquid than the underlying securities to which they relate

5.9. **Credit and fixed interest securities**

Fixed interest securities are particularly affected by trends in interest rates and

inflation. If interest rates go up, the value of capital may fall, and vice versa. Inflation will also decrease the real value of capital.

The value of a fixed interest security will fall in the event of the default or reduced credit rating of the issuer. Generally, the higher the yield, the higher the perceived credit risk of the issuer. High yield bonds with lower credit ratings (also known as sub-investment grade bonds) are potentially more risky (higher credit risk) than investment grade bonds. A sub-investment grade bond has a Standard & Poor's credit rating of below BBB or equivalent. BBB is described as having adequate capacity to meet financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the bond issuer to meet its financial commitments.

5.10. **Counterparty and settlement**

The Sub-funds will be exposed to a credit risk on parties with whom it trades and will also bear the risk of settlement default.

5.11. **Tax**

Tax laws currently in place may change in the future which could affect the value of your investments. See the section headed 'Taxation' for further details about taxation of the Sub-funds.

5.12. **Inflation and interest rates**

The real value of any returns that an investor may receive from the Sub-fund could be affected by interest rates and inflation over time.

5.13. **Custody**

There may be a risk of loss where the assets of the Sub-funds are held in custody that could result from the insolvency, negligence or fraudulent action of a custodian or sub-custodian.

5.14. **Liquidity**

Depending on the types of assets the Company invests in there may be occasions where there is an increased risk that a position cannot be liquidated in a timely manner at a reasonable price.

5.15. **Legal and regulatory risks**

Legal and regulatory (including taxation) changes could adversely affect the Company. Regulation (including taxation) of investment vehicles such as the Company is subject to change. The effect of any future legal or regulatory (including taxation) change on the Company is impossible to predict, but could be substantial and have adverse consequences on the rights and returns of Shareholders.

5.16. **Risks associated with the UK leaving the European Union ("Brexit")**

In a referendum held on 23 June 2016, the UK voted to leave the European Union (informally known as "Brexit"). The formal process of implementing this decision exists in Article 50 of the Lisbon Treaty.

The political, economic and legal consequences of the referendum vote are not yet known. It is possible investments in the UK may be more difficult to value, to assess for suitability of risk, harder to buy or sell or subject to greater or more frequent rises and falls in value.

In the longer term, there is likely to be a period of uncertainty as the UK seeks to negotiate its exit from the European Union. The UK's laws and regulations concerning funds may in future diverge from those of the European Union. This may lead to changes in the operation of the Company or the rights of investors or the territories in which the Shares of the Company may be promoted and sold.

5.17. **Cyber Security**

As the use of technology has become more prevalent in the course of business, funds have become more susceptible to operational and financial risks associated with cyber security, including: theft, loss, misuse, improper release, corruption and destruction of, or unauthorised access to, confidential or highly restricted data relating to the company and the Shareholders and compromises or failures to systems, networks, devices and applications relating to the operations of the Company and its service providers. Cyber security risks may result in financial losses to the Company and the Shareholders; the inability of the Company to transact business with the Shareholders; delays or mistakes in the calculation of the Net Asset Value or other materials provided to Shareholders; the inability to process transactions with Shareholders or the parties; violations of privacy and other laws,; regulatory fines, penalties and reputational damage; and compliance and remediation costs, legal fees and other expenses. The Company's service providers (including but not limited to the ACD and the Depositary and their agents), financial intermediaries, companies in which a Sub-fund invests and parties with which the Company engages in portfolio or other transactions also may be adversely impacted by cyber security risks in their own business, which could result in losses to a Sub-fund or the Shareholders. While measures have been developed which are designed to reduce the risks associated with cyber security, there is no guarantee that those measures will be effective, particularly since the Company does not directly control the cyber security defences or plans of its service providers, financial intermediaries and companies in which a Sub-fund invests or with which it does business.

5.18. **Lack of operating history**

Each new Sub-fund is a sub-fund of the Company which is a newly incorporated entity and has no operating history. The past investment performance of the ACD, the Investment Manager or their affiliates may not be construed as an indicator of the future results of an investment in any Sub-fun.

5.19. **Concentration**

The Sub-fund will not be managed on a concentrated basis but may invest in a relatively narrow range of stocks and so may be more volatile than more broadly diversified equity funds.

5.20. **Benchmark**

The VT Teviot UK Smaller Companies Sub-fund has as its benchmark the performance of the Numis UK Smaller Companies Index (including AIM but excluding investment companies). It is possible that the Sub-fund may outperform its benchmark but on an absolute basis lose money. It is possible that the Sub-fund may not match or exceed its benchmark.

6. MANAGEMENT AND ADMINISTRATION

6.1. Regulatory status

The ACD, the Depositary and the Investment Manager are authorised and regulated by the Financial Conduct Authority of 12 Endeavour Square, London, E20 1JN.

6.2. Authorised Corporate Director

6.2.1. General

The ACD is Valu-Trac Investment Management Limited which is a private company limited by shares incorporated in England and Wales on 3 October 1989 with company number 02428648.

The directors of the ACD are:

- R Peter W Millar
- Anne Laing
- Martin Henderson
- Douglas Halley
- Michael Barron

The directors of the ACD and their significant business activities (if any) not connected with the business of the ACD are as set out in Appendix IV.

Registered office: Level 13 Broadgate Tower, 20 Primrose Street, London EC2A 2EW.

Principal place of business: Orton, Moray, IV32 7QE.

Share capital: It has a share capital of £1,673,295 ordinary shares of £1 each issued and paid up.

Ultimate holding company: Valu-Trac Limited, a company incorporated in Bermuda.

The ACD is responsible for managing and administering the Company's affairs in compliance with the COLL Sourcebook. The ACD may delegate its management and administration functions, but not responsibility, to third parties, including associates subject to the rules in the COLL Sourcebook.

It has therefore delegated to the Investment Manager the function of managing and acting as the investment adviser for the investment and reinvestment of the assets of the Sub-funds (as further explained in paragraph 6.4 below).

6.2.2. Terms of appointment:

The appointment of the ACD has been made under an agreement between the Company and the ACD, as amended from time to time (the "ACD Agreement").

Pursuant to the ACD Agreement, the ACD manages and administers the affairs of the Company in accordance with the Regulations, the Instrument of Incorporation and this Prospectus. The ACD Agreement incorporates detailed provisions relating to the ACD's responsibilities.

The ACD Agreement may be terminated by either party after on not less than six months written notice or earlier upon the happening of certain specified events. The ACD Agreement contains detailed provisions relating to the responsibilities of the ACD and excludes it from any liability to the Company or any Shareholder for any act or omission except in the case of negligence, wilful default, fraud, bad faith, breach of duty or breach of trust in relation to the Company on its part. The ACD Agreement provides indemnities to the ACD to the extent allowed by the Regulations and other than for matters arising by reason of its negligence, wilful default, fraud, bad faith, breach of duty or breach of trust in the performance of its duties and obligations. Subject to certain limited exceptions set out in the Regulations, the ACD may retain the services of any person to assist it in the performance of its functions.

Details of the fees payable to the ACD are set out in paragraph 7.2 "Charges payable to the ACD" below.

The Company has no directors other than the ACD. The ACD is the manager or authorised corporate director of certain authorised unit trusts and open-ended investment companies details of which are set out in Appendix IV.

6.2.3. **Remuneration Policy**

FCA Rules require that the ACD applies remuneration policies and practices that are consistent with, and promote, effective risk management for certain categories of staff (namely those whose activities have a material impact on the risk profile of the ACD or the UCITS funds that it manages ("Code Staff")). The ACD, taking account of the principle of proportionality, has in place a remuneration policy (the "Remuneration Policy") which is reviewed at least annually.

The ACD considers the Remuneration Policy to be appropriate to the size, internal operations, nature, scale and complexity of the Funds and in line with the risk profile, risk appetite and the strategy of the Sub-funds.

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

In respect of any investment management delegates, the ACD requires that: (i) the entities to which such activities have been delegated are subject to regulatory requirements on remuneration that are equally as effective as those applicable under the European Securities and Markets Authority's ("ESMA") Guidelines on Sound Remuneration Policies under the UCITS Directive and AIFMD/Article 14 of the UCITS Directive; or (ii) appropriate contractual arrangements are put in place with entities to which such activities have been

delegated in order to ensure that there is no circumvention of the remuneration rules set out in the ESMA Guidelines or the FCA Handbook.

The ACD's remuneration policy requires, amongst other items, that the remuneration practices within the ACD:

i. are consistent with and promote sound and effective risk management;

ii. do not encourage risk taking and are consistent with the risk profiles of the funds which the ACD manages; and

iii. do not impair the ACD's ability to comply with its duty to act in the best interests of the funds which it manages.

Details of the Remuneration Policy, including a description of how remuneration and benefits are calculated, and the identities of persons responsible for awarding the remuneration and benefits, will be made available on the ACD's website (www.valu-trac.com) and a paper copy will be made available free of charge from the ACD upon request.

6.3. **The Depositary**

The Depositary

6.3.1. NatWest Trustee and Depositary Services Limited is the Depositary of the Company.

6.3.2. The Depositary is incorporated in England as a private limited company. Its registered and head office is at 250 Bishopsgate, London EC2M 4AA. The ultimate holding company of the Depositary is The Royal Bank of Scotland Group plc, which is incorporated in Scotland. The principal business activity of the Depositary is the provision of trustee and depositary services. The Depositary is authorised and regulated by the FCA. It is authorised to carry on investment business in the United Kingdom by virtue of its authorisation and regulation by the regulator

Duties of the Depositary

6.3.3. The Depositary is responsible for the safekeeping of all the Scheme Property of the Company and for monitoring the cash flows of the Company. The Depositary also has a duty to take reasonable care to ensure that the Company is managed in accordance with the Instrument of Incorporation and the provisions of COLL Sourcebook relating to the pricing of, and dealing in, Shares and relating to the income and the investment and borrowing powers of the Sub-funds.

Conflicts of interest

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

6.3.5. It is possible that the Depositary and/or its delegates and sub-delegates may in the course of its or their business be involved in other financial and professional activities which may on occasion have potential conflicts of interest with the UCITS and/or other funds managed by the ACD or other funds for which the Depositary acts as the depositary, trustee or custodian. The Depositary will, however, have regard in such event to its obligations under the Depositary Agreement and the Regulations and, in particular, will use reasonable endeavours to ensure that the performance of its duties will not be impaired by any such involvement it may have and that any conflicts which may arise will be resolved fairly and in the best interests of Shareholders collectively so far as practicable, having regard to its obligations to other clients.

6.3.6. Nevertheless, as the Depositary operates independently from the Company, Shareholders, the ACD and its associated suppliers and the Custodian, the Depositary does not anticipate any conflicts of interest with any of the aforementioned parties.

6.3.7. Up to date information regarding (i) the Depositary's name, (ii) the description of its duties and any conflicts of interest that may arise between the Company, the Shareholders or the ACD and the Depositary, and (iii) the description of any conflicts of interest that may arise from such delegation, and the list showing the identity of each delegate and sub-delegate, will be made available to Shareholders on request.

Delegation of safekeeping functions

6.3.8. The Depositary is permitted to delegate (and authorise its delegate to sub-delegate) the safekeeping of Scheme Property.

6.3.9. The Depositary has delegated safekeeping of Scheme Property to RBC Investor Services Trust (UK Branch) (the "Custodian"). In turn, the Custodian has delegated the custody of assets in certain markets in which the Company may invest to various sub-delegates ("Sub-Custodians"). A list of Sub-Custodians is given in Appendix II (Part II). Investors should note that the list of Sub-Custodians is updated only at each Prospectus review. An updated list of Sub-Custodians is maintained by the ACD at www.valu-trac.com.

Updated information

6.3.10. Up-to-date information regarding the Depositary, its duties, its conflicts of interest, the delegation of its safekeeping functions and a list showing the identity of each delegate and sub-delegate will be made available to unitholders on request.

Terms of appointment

6.3.11. The Depositary was appointed under a depositary agreement between the Company and the Depositary (the "Depositary Agreement").

6.3.12. Under the Depositary Agreement, the Depositary is free to render

similar services to others and the Depositary, the Company and the ACD are subject to a duty not to disclose confidential information.

6.3.13. The powers, duties, rights and obligations of the Depositary, the Company and the ACD under the Depositary Agreement shall, to the extent of any conflict, be overridden by the FCA Rules.

6.3.14. Under the Depositary Agreement the Depositary will be liable to the Company for any loss of financial instruments held in custody or for any liabilities incurred by the Company as a result of the Depositary's negligent or intentional failure to fulfil its obligations.

6.3.15. However, the Depositary Agreement excludes the Depositary from any liability except in the case of fraud, wilful default, negligence or failure to exercise due care and diligence in the performance or non-performance of its obligations.

6.3.16. It also provides that the Company will indemnify the Depositary for any loss suffered in the performance or non-performance of its obligations except in the case of fraud, wilful default, negligence or failure to exercise due care and diligence on its part.

6.3.17. The Depositary Agreement may be terminated on 90 days' notice by the Company or the Depositary or earlier on certain breaches, or the insolvency of a party. However, termination of the Depositary Agreement will not take effect, nor may the Depository retire voluntarily until the appointment of a new Depositary.

6.3.18. Details of the fees payable to the Depositary are given in clause 7.3.

6.4. **The Investment Manager**

6.4.1. **General**

The ACD has appointed the Investment Manager, Teviot Partners LLP, to provide investment management services to the ACD. The Investment Manager is authorised and regulated by the Financial Conduct Authority.

Its principal place of business is at 46 Charlotte Square, Edinburgh, Scotland EH2 4HQ and its registered office is at 69 Albert Road, Grappenhall, Warrington, Cheshire, England, WA4 2PF.

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

6.4.2. **Terms of appointment:**

The terms of the Investment Management Agreement between the ACD and the Investment Manager provide that the Investment Manager has authority to make decisions on behalf of the ACD on a discretionary basis in respect of day to day investment management of the Scheme Property including authority to place purchase orders and sale orders. Subject to the agreement of the ACD, the

Investment Manager may appoint Sub-Investment Advisers to discharge some or all of these duties. The Agreement may be terminated by either party on not less than six months' written notice or earlier upon the happening of certain specified events.

The Investment Manager will receive a fee paid by the ACD out of its remuneration received each month from the Sub-funds as explained in paragraph 7.4 below.

6.5. **The Registrar**

The ACD will also act as Registrar with responsibility for maintaining the Register. The Register will be kept at the offices of the ACD, where it can be inspected by Shareholders during normal business hours.

6.6. **The Auditors**

The auditors of the Company are Johnston Carmichael LLP whose principal place of business is at 11 Melville Street, Edinburgh EH3 7PE.

6.7. **Conflicts of interest**

The ACD, the Investment Manager and other companies within the ACD and/or the Investment Manager's group may, from time to time, act as investment manager or advisers to other funds or Sub-funds which follow similar investment objectives to those of the Sub-funds. It is therefore possible that the ACD and/or the Investment Manager may in the course of their business have potential conflicts of interest with the Company or a particular Sub-fund or that a conflict exists between the Company and other funds managed by the ACD. Each of the ACD and the Investment Manager will, however, have regard in such event to its obligations under the ACD Agreement and the Investment Management Agreement respectively and, in particular, to its obligation to act in the best interests of the Company so far as practicable, having regard to its obligations to other clients, when undertaking any investment business where potential conflicts of interest may arise. Where a conflict of interest cannot be avoided, the ACD and the Investment Manager will ensure that the Company and other collective investment schemes it manages are fairly treated.

The ACD acknowledges that there may be some situations where the organisational or administrative arrangements in place for the management of conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the Company or its shareholders will be prevented. Should any such situations arise the ACD will disclose these to shareholders in the report and accounts or otherwise an appropriate format.

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

Details of the ACD's conflicts of interest policy are available on its website at: www.valu-trac.com.

7. FEES AND EXPENSES

7.1. Ongoing

Other costs, charges, fees or expenses, other than the charges made in connection with the subscription and redemption of Shares (see paragraph 3.6) payable by a Shareholder or out of Scheme Property are set out in this section.

The Company or each Sub-fund (as the case may be) may, so far as the COLL Sourcebook allows, pay out of the Scheme Property all relevant costs, charges, fees and expenses including, but not limited to, the following:

7.1.1. the fees and expenses and other charges payable to the ACD, the Investment Manager, the Registrar/Administrator and the Depositary;

7.1.2. broker's commission, fiscal charges (including stamp duty and/or stamp duty reserve tax) and other disbursements which are necessary to be incurred in effecting transactions for the Sub-funds and normally shown in contract notes, as appropriate;

7.1.3. fees and expenses in respect of establishing and maintaining the register of Shareholders, including any sub-registers and any associated incurred expenses whether they are provided by the ACD, its associates or any other person;

7.1.4. any costs incurred in or about the listing of Shares in the Company on any Stock Exchange, and the creation, conversion and cancellation of Shares;

7.1.5. any costs incurred in establishing or maintaining any services or facilities for electronic dealing in shares;

7.1.6. any costs incurred by the Company in publishing the price of the Shares in a national or other newspaper or any other form of media;

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

7.1.8. any fees, expenses or disbursements of any legal or other professional adviser of the Company or of the ACD or Investment Manager in relation to the Company;

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

7.1.10. any costs incurred in respect of meetings of Shareholders convened for any purpose;

7.1.11. any payment permitted by clause 6.7.15R of the COLL Sourcebook;

7.1.12. interest on borrowings and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such

borrowings;

7.1.13. taxation and duties payable in respect of the Scheme Property or the issue or redemption of Shares;

7.1.14. the audit fees of the Auditors (including VAT) and any expenses of the Auditors;

7.1.15. the fees of the FCA, in accordance with FCA's Fee Manual, together with any corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which shares in the Company are or may be marketed;

7.1.16. 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;

7.1.17. any costs incurred in modifying the Instrument of Incorporation, Prospectus, KIIDs and other materials of the Company;

7.1.18. any costs incurred in printing reports, accounts, the Instrument of Incorporation, Prospectus and KIIDs of the Company, and any costs incurred as a result of periodic updates of such documents and any other administrative expenses;

7.1.19. all fees and expenses of paying agents in countries other than the UK where shares in the Company are registered for retail sale;

7.1.20. the total amount of any cost relating to the authorisation and incorporation of any additional Sub-fund and of its initial offer or issue of shares;

7.1.21. any other fee, cost, charge or expense otherwise due or permitted to be deducted from the Company under the Regulations;

7.1.22. any value added or similar tax relating to any change or expense set out herein;

7.1.23. expenses properly incurred by the ACD in the performance of its duties as ACD of the Company, including without limitation any costs incurred in preparing, translating, producing (including printing), distributing and modifying, any instrument of incorporation any prospectus or key investor information document (apart from the cost of distributing the key investor information document), or reports, accounts, statements, contract notes and other like documentation or any other relevant document required under the Regulations;

7.1.24. such other expenses as the ACD resolves are properly payable out of the Sub-funds property;

The ACD is also entitled to be paid by the Company out of the Scheme Property

any expenses incurred by the ACD or its delegates of the kinds described above.

VAT will be added to these fees, charges and expenses where appropriate and will be payable by the Company.

Allocation of expenses

Expenses are allocated between capital and income in accordance with the Regulations. However, the approach for a given Sub-fund is set out in Appendix I. **Deducting charges from capital may erode or constrain capital growth.**

Where expenses are deducted in the first instance from income, if and only if this is insufficient, the ACD and Depositary have agreed that all or part of the deductions will be made from capital (save for any charge made in respect of SDRT under paragraph 3.6.5 "Stamp Duty Reserve Tax"). If deductions were made from capital, this would result in capital erosion and constrain growth.

The ACD and the Depositary have agreed that the fees payable to the ACD and the Depositary will be apportioned as is set out in Appendix I in respect of each share class of each Sub-fund.

7.2. Charges payable to the ACD

7.2.1. Annual management charge

In payment for carrying out its duties and responsibilities the ACD is entitled to take an annual fee out of each Sub-fund as set out in Appendix I. The annual management charge will accrue on a daily basis in arrears by reference to the Net Asset Value of the Sub-fund on the immediately preceding Dealing Day and the amount due for each month is payable on the last Dealing Day of each month. The current annual management charges for the Sub-funds (expressed as a percentage per annum of the Net Asset Value of each Sub-fund) are set out in Appendix I. The fees payable to the Investment Manager are payable by the ACD out of its own fee income.

7.2.2. Expenses

The ACD is also entitled to all reasonable, properly documented, out of pocket expenses incurred in the performance of its duties as set out above, including stamp duty, stamp duty reserve tax on transactions in shares and expenses incurred in effecting regulatory changes to the Company.

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

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

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

7.3. **Depositary's fee and expenses**

The Depositary receives for its own account a periodic fee which will accrue and is due monthly on the last Valuation Point in each calendar month in respect of that day and the period since the last Valuation Point in the preceding month and is payable within seven days after the last Valuation Point in each month. The fee is calculated by reference to the value of the Company on the last Valuation Point of the preceding month except for the first accrual which is calculated by reference to the first Valuation Point of the Company. The rate of the periodic fee shall be as agreed between the ACD and the Depositary from time to time and is currently on the following sliding scale –

First £25 million of the NAV of the Scheme Property of a Sub-fund – 4 bps per annum.

£25 to £50 million – 3.75 bps per annum.

£50 to £100 million – 3.5 bps per annum.

Excess over £100 million – 3 bps per annum.

(Bps means "basis points". One basis point is 0.01)

The fee is subject to a minimum of £15,000 per annum per Sub-fund. The fee is also subject to applicable VAT.

This fee may be reduced in respect of any Sub-fund with the agreement of the Depositary and ACD.

These rates can be varied from time to time in accordance with the OEIC Regulations and the Rules.

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

Item	*Range*
Custody charges	0.0% to 0.12%
Transaction charges	£0 to £40 per transaction

Transaction and custody charges vary from country to country depending on the markets and the type of transaction involved. Transaction charges accrue at the time the transactions are effected and are payable as soon as is reasonably practicable, and in any event not later than the last Business Day of the month when such charges arose or as otherwise agreed between the Depositary and the ACD. Custody charges accrue and are payable as agreed from time to time by the ACD, the Depositary and the Custodian.

Where relevant, the Depositary may make a charge for (or otherwise benefit from) providing services in relation to: distributions, the provision of banking

services, holding money on deposit, lending money or engaging in stock lending or derivative transactions in relation to the Company and may purchase or sell or deal in the purchase or sale of Scheme Property, provided always that the services concerned and any such dealing are in accordance with the provisions of the OEIC Regulations or the Rules.

The Depositary will also be entitled to payment and reimbursement of all costs, liabilities and expenses properly incurred in the performance of, or arranging the performance of, functions conferred on it by the Instrument of Incorporation, the OEIC Regulations, the Rules or the general law.

On a winding up, redemption or termination of the Company, the Depositary will be entitled to its pro rata fees, charges and expenses to the date of winding up, redemption or termination (as appropriate) and any additional expenses necessarily realised in settling or receiving any outstanding obligations.

Any value added tax on any fees, charges or expenses payable to the Depositary will be added to such fees, charges or expenses.

Any of the Depositary's fees, charges and expenses described above may be payable to any person (including the ACD or any associate or nominee of the Depositary or of the ACD) who has had the relevant duty delegated to it by the Depositary pursuant to the FCA Rules.

7.4. **Investment Manager's fee**

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

Further details of this agreement are summarised in paragraph 6.4.2 "Terms of Appointment" above.

7.5. **Allocation of fees and expenses between Sub-funds**

All the above fees, duties and charges (other than those borne by the ACD) will be charged to the Sub-fund in respect of which they were incurred. This includes any charges and expenses incurred in relation to the Register of Shareholders, except that these will be allocated and charged to each class of Shares on a basis agreed between the ACD and the Depositary.

Where an expense is not considered to be attributable to any one Sub-fund, the expense will, subject to applicable law, normally be allocated to all Sub-funds pro rata to the value of the Net Asset Value of the Sub-funds, although the ACD has discretion to allocate these fees and expenses in a manner which it considers fair to Shareholders generally in accordance with COLL.

Where income is insufficient to pay charges the residual amount is taken from capital.

8. INSTRUMENT OF INCORPORATION

The Instrument of Incorporation is available for inspection at the ACD's offices at Orton, Moray, IV32 7QE.

9. SHAREHOLDER MEETINGS AND VOTING RIGHTS

9.1. Class, Company and Sub-fund meetings

The Company has dispensed with the holding of annual general meetings.

The provisions below, unless the context otherwise requires, apply to Class meetings and meetings of Sub-funds as they apply to general meetings of the Company, but by reference to Shares of the Class or Sub-fund concerned and the Shareholders and value and prices of such Shares.

9.2. Requisitions of meetings

The ACD may requisition a general meeting at any time.

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

9.3. Notice and quorum

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

9.4. Voting rights

At a general meeting, 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 of all the Shares in issue at the date seven days before the notice of meeting is sent out, such date to be decided by the ACD.

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

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

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

The ACD may not be counted in the quorum for a meeting and neither the ACD nor any associate (as defined in the COLL Sourcebook) 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.

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

"Shareholders" in this context means Shareholders on the date seven days before the notice of the relevant meeting was sent out but excludes holders who are known to the ACD not to be shareholders at the time of the meeting.

9.5. **Variation of Class or Sub-fund rights**

The rights attached to a Class or Sub-fund may not be varied without the sanction of an extraordinary resolution passed at a meeting of Shareholders of that Class or Sub-fund.

10. TAXATION

10.1. General

The information below is a general guide based on current United Kingdom law and HM Revenue & Customs practice, all of which are subject to change. It summarises the tax position of the Company and of investors who are United Kingdom resident individuals and hold Shares as investments. The regime for taxation of income and capital gains received by individual investors depends on the tax law applicable to their personal circumstances and/or the place where the Scheme Property is invested. Prospective investors who are in any doubt about their tax position, or who may be subject to tax in a jurisdiction other than the United Kingdom, are recommended to take professional advice.

10.2. The Company

Each Sub-fund will be treated as a separate entity for United Kingdom tax purposes.

The Company is generally exempt from United Kingdom tax on capital gains realised on the disposal of its investments. However, any gains realised on holdings in non-reporting offshore funds will incur a tax charge on disposal.

Any dividend distribution received by the Company will not normally be charged to corporation tax provided that it falls within one of the exempt classes set out in the relevant legislation. The Company will be subject to corporation tax on most other types of income but after deducting allowable management expenses and the gross amount of any interest distributions. Where the Company suffers foreign tax on income received, this will normally be an irrecoverable tax expense.

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

10.3. Shareholders

10.3.1. Income distributions

Any income distribution made by the Company will be treated as if it were a dividend from a UK company. No deduction of UK income tax is made from a dividend distribution.

Corporate Shareholders within the charge to UK corporation tax receive this income distribution as franked investment income to the extent that the distribution relates to underlying franked investment income (before deduction of expenses, but net of UK corporation tax) for the period in respect of which the distribution is made. Any part of the distribution which is not received as franked investment income is deemed to be an annual payment from which income tax at the rate of 20% has been deducted. Any repayment of the tax deemed to have been deducted is restricted by reference to the Shareholder's

proportion of the Company's UK corporation tax liability for the period.

10.3.2. **Capital gains**

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

Capital gains made by individual Shareholders on disposals from all chargeable sources of investment will be tax free if the net gain (after deduction of allowable losses) falls within an individual's annual capital gains exemption. .

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

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

10.4. **Reporting of tax information**

The Company and the ACD are subject to obligations which require them to provide certain information to relevant tax authorities about the Company, investors and payments made to them.

The International Tax Compliance Regulations SI 2015/878 (which give effect in the UK to amendments made to the EU Directive on Administrative Cooperation, Directive 2011/16/EU, which replace the reporting obligations under the Taxation of Savings Income Directive 2003/48/EC) may require the disclosure to HMRC of details of payments of interest and other income (which may include distributions to HMRC of details of payments of interest and other income (which may include distributions on redemption payments by collective investment funds) to shareholders who are individuals or residual entities, and HMRC will pass such details to the EU member state where the shareholder resides.

The International Tax Compliance (Crown Dependencies and Gibraltar) Regulations 2014 imposed a separate reporting regime for investors from several of the UK's overseas territories: Jersey, Guernsey, Isle of Man and Gibraltar.

The International Tax Compliance Regulations 2015 give effect to reporting obligations under the OECD's Common Reporting Standard, which replaced the reporting regime for investors from the UK's overseas territories with effect from 1 January 2016 and extends it to investors from other jurisdictions.

The International Tax Compliance Regulations 2015 also give effect to an intergovernmental agreement between the US and the United Kingdom in

relation to the US Foreign Account Tax Compliance Act ("FATCA"). FATCA is designed to help the Internal Revenue Service (the "IRS") combat US tax evasion. It requires financial institutions, such as the Sub-funds, to report on US investors or US holdings, whether or not this is relevant. Failure to comply (or be deemed compliant) with these requirements will subject a sub-fund to US withholding taxes on certain US-sourced income and gains.

Provided the Sub-funds comply with their obligations under the International Tax Compliance Regulations 2015 to identify and report US taxpayer information directly to HMRC, it should be deemed compliant with FATCA.

HMRC will share such information with the IRS.

Shareholders may be asked to provide additional information to the ACD to enable the Sub-fund to satisfy these obligations. Failure to provide requested information may subject a Shareholder to liability for any resulting US withholding taxes, US tax information reporting and/or mandatory redemption, transfer or other termination of the Shareholder's interest in a Sub-fund.

To the extent a Sub-fund is subject to withholding tax as a result of:

i. a Shareholder failing (or delaying) to provide relevant information to the ACD;

ii. a Shareholder failing (or delaying) to enter into a direct arrangement with the IRS;

iii. the Sub-fund becoming liable under FATCA or any legislation or regulation to account for tax in any jurisdiction in the event that a Shareholder or beneficial owner of a Share receives a distribution, payment or redemption, in respect of their Shares or disposes (or be deemed to have disposed) of part or all of their Shares in any way,

(each a "Chargeable Event"),

the ACD may take any action in relation to a Shareholder's or a beneficial owner's holding to ensure that such withholding is economically borne by the relevant Shareholder or beneficial owner, and/or the ACD and/or its delegate or agent shall be entitled to deduct from the payment arising on a Chargeable Event an amount equal to the appropriate tax. The action by the ACD may also include, but is not limited to, removal of a non-compliant Shareholder from the Sub-fund or the ACD or its delegates or agents redeeming or cancelling such number of Shares held by the Shareholder or such beneficial owner as are required to meet the amount of tax. Neither the ACD nor its delegate or agent will be obliged to make any additional payments to the Shareholder or beneficial owner in respect of such withholding or deduction.

Each investor agrees to indemnify the Company, each Sub-fund and/or the ACD and its delegates/agents for any loss caused by such investor arising to the Company, a Sub-fund and/or ACD and/or its delegates/agents by reason of them becoming liable to account for tax in any jurisdiction on the happening

of a Chargeable Event.

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

11. WINDING UP OF THE COMPANY OR A SUB-FUND

The Company will not be wound up except as an unregistered company under Part V of the Insolvency Act 1986 or under the COLL Sourcebook. A Sub-fund may only be terminated under the COLL Sourcebook.

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

The Company shall be wound up or a Sub-fund must be terminated under the COLL Sourcebook:

11.1. if an extraordinary resolution to that effect is passed by Shareholders; or

11.2. when the period (if any) fixed for the duration of the Company or a particular Sub-fund by the Instrument of Incorporation expires, or any event 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 the Share capital of the Company or (in relation to any Sub-fund) the Net Asset Value of the Sub-fund is below £1 million, or if a change in the laws or regulations of any country means that, in the ACD's opinion, it is desirable to terminate the Sub-fund);

11.3. on the date stated in any agreement by the FCA to a request by the ACD for the revocation of the authorisation order in respect of the Company or for the termination of the relevant Sub-fund;

11.4. on the effective date of a duly approved scheme of arrangement which is to result in the Company or Sub-fund ceasing to hold any Scheme Property; or

11.5. on the date on which all of the Sub-funds of the Company fall within 11.4 or have otherwise ceased to hold any Scheme Property, notwithstanding that the Company may have assets and liabilities that are not attributable to any particular Sub-fund.

On the occurrence of any of the above:

11.6. COLL 6.2 (Dealing), COLL 6.3 (Valuation and Pricing) and COLL 5(Investment and borrowing powers) will cease to apply to the Company or the relevant Sub-fund;

11.7. the Company will cease to issue and cancel Shares in the Company or the relevant Sub-fund and the ACD shall cease to sell or redeem Shares or arrange for the Company to issue or cancel them for the Company or the relevant Sub-

fund;

11.8. no transfer of a Share shall be registered and no other change to the Register of Shareholders shall be made without the sanction of the ACD;

11.9. 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;

11.10. the corporate status and powers of the Company and subject to 11.6 to 11.9 above, the powers of the ACD shall continue until the Company is dissolved.

The ACD shall, as soon as practicable after the Company or the Sub-fund falls to be wound up or terminated, realise the assets and meet the liabilities of the Company and, after paying out or retaining adequate provision for all liabilities properly payable and retaining provision for the costs of winding up, or termination arrange for the Depositary to make one or more interim distributions out of the proceeds to Shareholders proportionately to their rights to participate in the Scheme Property. If the ACD has not previously notified Shareholders of the proposal to wind up the Company or terminate the Sub-fund, the ACD shall, as soon as practicable after the commencement of winding up of the Company or the termination of the Sub-fund, give written notice of the commencement to Shareholders. When the ACD has caused all of the Scheme Property to be realised and all of the liabilities of the Company or the particular Sub-fund to be realised, the ACD shall arrange for the Depositary to make a final distribution to Shareholders on or prior to the date on which the final account is sent to Shareholders of any balance remaining in proportion to their holdings in the Company or the particular Sub-fund.

As soon as reasonably practicable after completion of the winding up of the Company or the particular Sub-fund, the Depositary shall notify the FCA that the winding up or termination has been completed.

On completion of a winding up of the Company or termination of a sub-fund, the Company will be dissolved or the sub-fund terminated and any money (including unclaimed distributions) still standing to the account of the Company or the Sub-fund, will be paid into court by the ACD within one month of the dissolution or the termination.

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 FCA and to each Shareholder (or the first named of joint Shareholders) on it within four months of the completion of the winding up or termination.

As the Company is an umbrella company, with each Sub-fund having segregated liability, any liabilities attributable or allocated to a particular Sub-fund under the COLL Sourcebook shall be met out of the Scheme Property attributable or allocated to that particular Sub-fund.

12. GENERAL INFORMATION

12.1. Accounting periods

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

The ACD may even out the payments of income within an accounting period by carrying forward income otherwise distributable with a view to augmenting amounts to be paid out at a later date. Details of the Sub-funds for which this policy is currently considered are set out in Appendix I.

12.2. Notice to Shareholders

All notices or other documents sent by the ACD to a Shareholder will be sent by normal post (or by email if the Shareholder agrees) to the last address (or email address as appropriate) notified in writing to the Company by the Shareholder.

12.3. Income allocations

Some Sub-funds may have interim and final income allocations. For each of the Sub-funds income is allocated in respect of the income available at each accounting date set out in Appendix I.

In relation to income Shares, distributions of income for each Sub-fund in which income Shares are issued are paid by bank transfer directly into a Shareholder's bank account on or before the relevant income allocation date in each year as set out in Appendix I.

For Sub-funds in which accumulation Shares are issued, income will become part of the capital property of the Sub-fund and will be reflected in the price of each such accumulation Share as at the end of the relevant accounting period.

If a distribution made in relation to any income Shares remains unclaimed for a period of six years after it has become due, it will be forfeited and will revert to the relevant Sub-fund (or, if that no longer exists, to the Company).

The amount available for distribution in any accounting period is calculated by taking the aggregate of the income received or receivable for the account of the 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 Company's Auditors as appropriate) in relation to taxation, income equalisation, income unlikely to be received within 12 months following the relevant income allocation date, income which should not be accounted for on an accrual basis because of lack of information as to how it accrues, transfers between the income and capital account and other matters.

12.4. **Annual reports**

Annual reports of the Company will be published within four months of each annual accounting period and half yearly reports will be published within two months of each interim accounting period. These reports will be available upon request free of charge.

12.5. **Documents of the Company**

The following documents may be inspected free of charge during normal business hours on any Business Day at the offices of the ACD at Orton, Moray, IV32 7QE.

12.5.1. the Prospectus;

12.5.2. the most recent annual and half yearly reports of the Company;

12.5.3. the Instrument of Incorporation (and any amending documents); and

12.5.4. the material contracts referred to below.

Shareholders may obtain copies of the above documents from the ACD. The ACD may make a charge at its discretion for copies of documents (apart from the most recent versions of the Instrument of Incorporation, Prospectus and annual and half yearly reports of the Company which are available free of charge to anyone who requests).

12.6. **Material contracts**

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

12.6.1. the ACD Agreement between the Company, and the ACD;

12.6.2. the Investment Management Agreement between the Company, the ACD and the Investment Manager; and

12.6.3. the Depositary Agreement between the Company, the Depositary and the ACD.

Details of the above contracts are given under section 6 "Management and Administration".

12.7. **Provision of investment advice**

All information concerning the Company and about investing in Shares of the Company is available from the ACD at Orton, Moray, IV32 7QE. Neither the ACD nor any of its officers, representatives or advisers shall be regarded as giving investment advice and persons requiring such advice should consult a professional financial adviser. All applications for Shares are made solely on the basis of the current prospectus of the Company, and investors should ensure

that they have the most up to date version.

12.8. **Telephone recordings**

Please note that the ACD may record telephone calls for training and monitoring purposes and to confirm investors' instructions.

12.9. **Complaints**

Complaints may be brought in writing to Valu-Trac Investment Management Limited, Orton, Moray, IV32 7QE or by telephone to 01343 880 344.

In the event that an unsatisfactory response is provided, you can refer your complaint to the Financial Ombudsman Service at:

The Financial Ombudsman Service
Exchange Tower
London
E14 9SR

Please note that a copy of the ACD's guide to making a complaint is available upon request.

12.10. **Risk management**

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

12.10.1. the quantitative limits applying in the risk management of any Sub-fund;

12.10.2. the methods used in relation to 12.10.1; and

12.10.3. any recent development of the risk and yields of the main categories of investment.

12.11. **Financial Services Compensation Scheme**

The ACD is covered by the Financial Services Compensation Scheme. Shareholders may be entitled to compensation from the scheme if the ACD cannot meet its obligations. This depends on the type of business and the circumstances of the claim. Most types of investment businesses are covered for 100% of investments up to £50,000. Further information is available from:

The Financial Services Compensation Scheme
10th Floor
Beaufort House
15 St Boltoph Street
London
EC3A 7QU

Tel: 0800 678 1100

Website: www.fscs.org.uk

12.12. **Indemnity**

The Instrument of Incorporation contains provisions indemnifying the Directors, other officers and the Company's Auditors or the Depositary against liability in certain circumstances otherwise than in respect of their negligence, default, breach of duty or breach of trust, and indemnifying the Depositary against liability in certain circumstances otherwise than in respect of its failure to exercise due care and diligence in the discharge of its functions in respect of the Company.

12.13. **Strategy for the exercise of voting rights**

The ACD has a strategy for determining when and how voting rights attached to ownership of the Scheme Property are to be exercised for the benefit of each Sub-fund. A summary of this strategy is available from the ACD on request or on the ACD's website at www.valu-trac.com. Voting records and further details of the actions taken on the basis of this strategy in relation to each Sub-fund are available free of charge from the ACD on request.

12.14. **Best execution**

The ACD's order execution policy sets out the factors which the ACD expects the Investment Manager to consider when effecting transactions and placing orders in relation to the Company. This policy has been developed in accordance with the ACD's obligations under the Regulations to obtain the best possible result for the Company.

Details of the order execution policy are available on the ACD's website at www.valu-trac.com.

APPENDIX I

SUB-FUND DETAILS

VT TEVIOT UK SMALLER COMPANIES FUND

Type of Sub-fund:	UCITS scheme
Product Reference Number:	785520
Investment Objective & Policy:	The investment objective of the VT Teviot UK Smaller Companies Fund is to achieve a total return (of growth and income, after fees) greater than the Benchmark Index over the long term. The Benchmark Index is the Numis Smaller Companies Index (including AIM but excluding investment Companies). The Fund will seek to achieve its investment objective by investing in a diversified portfolio of companies which shall primarily consist of small UK quoted companies. Small companies are those having a market capitalisation, at the time of purchase, equal to or lower than the largest company in the Numis Smaller Companies Index (including AIM but excluding investment companies). The investments held by the Fund will be primarily in companies domiciled, incorporated or having a significant part of their business in the UK. The Manager actively manages the portfolio in order to achieve the objective and will not be restricted in respect of investments by industrial sectors. In seeking investments the approach will be fundamental in nature: rigorous financial analysis of prospective and existing investments and regular contact with the management of these companies. The emphasis within the portfolio will reflect the desire to invest in companies whose shares represent relatively attractive value within the given stockmarket context. The Fund's eligible markets, as defined in COLL, include the Official List of the London Stock Exchange plc ("LSE") and the Alternative Investment Market ("AIM") of the LSE. The Fund's base currency is Pounds Sterling. The Fund will not invest in any immovable property or tangible movable property. In addition to equities, the asset classes in which the Fund may invest includes transferable securities, units in collective investment schemes, money-market instruments, cash and near

	cash and deposits to the extent permitted for UCITS schemes pursuant to the rules in COLL and in accordance with the Fund's investment powers as set out in this Prospectus. As indicated above, the Fund aims to achieve a total return over the longer term. Nevertheless capital is in fact at risk and there is no guarantee that a total return will be achieved over that specific, or any, time period.
Performance Benchmark:	The performance benchmark is the Numis Smaller Companies Index (including AIM but excluding investment companies).
Derivatives:	The Sub-Fund may hold derivatives for efficient portfolio management purposes. It is not intended that the use of derivatives for efficient portfolio management purposes will increase the risk profile of the Sub-Fund.
Final accounting date:	31 December
Interim accounting dates:	30 June
Income distribution dates:	28 Feb (final); 31 Aug (interim)
Shares Classes:	NET Accumulation NET Income Gross Accumulation Gross Income
Types of Shares:	NET Accumulation and NET Income shares will be available at the launch date. No distinction is being drawn between institutional and retail share classes.
Initial charge:	Nil
Redemption Charge:	Nil
Switching Charge:	Nil

Annual Management Charge:	£30,000 per annum plus	
	NET Accumulation	0.75% (per annum)
	NET Income	0.75% (per annum)
	Gross Accumulation	0.75% (per annum)
	Gross Income	0.75% (per annum)

the above percentages being percentages of the Net Asset Value of the Sub-fund attributable to the relevant Class (plus VAT if applicable).

The fixed element of the fee shall rise annually in line with the rate of inflation (calculated in accordance with the Consumer Price Index) on 1 July each year from 1 July 2018. In the event of negative inflation the fixed element of the fee shall remain unchanged.

Depositary Fee:	See section 7.3 of the Prospectus
Charges taken from:	25% from capital and 75% from income.

Investment minima: *		
Lump sum subscription	NET Accumulation - £1,000	
	NET Income - £1,000	
	Gross Accumulation - £1,000	
	Gross Income - £1,000	
Top-up	NET Accumulation - £500	
	NET Income - £500	
	Gross Accumulation - £500	
	Gross Income - £500	
Holding	NET Accumulation - £500	
	NET Income - £500	
	Gross Accumulation - £500	

	Gross Income - £500
Redemption	£500 (provided minimum holding is maintained)
Switching	£500 (provided minimum holding is maintained)
Initial price of Shares:	£1.00
Past Performance:	As this Sub-fund was launched on August 29th 2017, no historical performance data is available prior to this date.
Performance Fee:	None
Investment Restrictions	The Sub-fund may not invest more than 10% of its value in other collective investment schemes and may not invest in other Sub-funds of the Company.

*** The ACD may waive these minima at its discretion.**

APPENDIX II
PART I
ELIGIBLE SECURITIES MARKETS AND ELIGIBLE DERIVATIVES MARKETS

All the Sub-funds may deal through securities and derivatives markets which are regulated markets (as defined in the glossary to the FCA Handbook) or markets established in an EEA State which are regulated, operate regularly and are open to the public (excluding Cyprus and Slovenia) including, for the avoidance of doubt, the London Stock Exchange main market and/or the AIM market operated by the London Stock Exchange.

Each Sub-fund may also deal through the securities and derivatives markets and derivatives markets indicated below:

Eligible Securities Markets:

United States of America	NYSE Euronext New York The NASDAQ Stock Market (NASDAQ) NYSE Amex Equities The market in transferable securities issued by or on behalf of the United States of America conducted through those persons for the time being recognised and supervised by the Federal Reserve Bank of New York and known as primary dealers
Australia	Australian Securities Exchange (ASX)
Canada	Toronto Stock Exchange (TSX) TSX Venture Exchange
Hong Kong	Hong Kong Stock Exchange
Japan	Tokyo Stock Exchange
	Nagoya Stock Exchange
Korea	Korea Exchange (KRX)
Mexico	Bolsa Mexicana de Valores (BMV)
New Zealand	New Zealand Stock Exchange (NZX)
Singapore	Singapore Exchange (SGX)
South Africa	JSE Limited
Switzerland	SIX Swiss Exchange (SWX)
Thailand	The Stock Exchange of Thailand (SET)

Part II – List of Sub-Custodians (as at the date of this Prospectus)

MARKET	SUBCUSTODIAN
Argentina	Citibank N.A.
Australia	HSBC Bank Australia Limited
Austria	UniCredit Bank Austria AG
Bahrain	HSBC Bank Middle East Limited
Bangladesh	Standard Chartered Bank
Belgium	BNPParibas Belgium
Bermuda	HSBC Securities Services
Bosnia & Herzegovina	Hub through UniCredit Bank Austria
Botswana	Standard Chartered Bank Botswana Ltd
Brazil	BNP Paribas Securities Services
Bulgaria	UniCredit Bulbank AD
Canada	Royal Bank of Canada
Chile	Banco de Chile (Citibank N.A.)
China B Shares(Shanghai)	HSBC Bank (China) Company Limited
China B Shares(Shenzhen)	HSBC Bank (China) Company Limited
China A Shares	HSBC Bank (China) Company Limited
Colombia	Cititrust Colombia S.A.
Croatia	UniCredit Bank Austria AG
Cyprus	HSBC Bank plc
Czech Republic	UniCredit Bank Czech Republic and Slovakia, a.s
Denmark	Danske Bank A/S
Egypt	Citibank N.A. Egypt
Estonia	Swedbank
Finland	Nordea Bank AB (publ)
France	Deutsche Bank A.G.
Germany	Deutsche Bank A.G.
Ghana	Standard Chartered Bank Ghana Ltd.
Greece	HSBC Bank Plc Greece
Hong Kong	Standard Chartered Bank (Hong Kong) Limited Hong Kong Connect: Citibank, N.A., Hong Kong Branch
Hungary	UniCredit Bank Hungary Zrt.
Iceland(suspended market)	Islandsbanki hf
ICSD	Euroclear
India	The Hongkong and Shanghai Banking Corporation Limited
Indonesia	Standard Chartered Bank
Ireland	RBC Investor Services Trust
Israel	Citibank N.A. Tel Aviv Branch
Italy	BNP Paribas Securities Services
Japan	Citibank N.A., Tokyo Branch
Jordan	Standard Chartered Bank, Jordan Branch
Kazakhstan	JSC Citibank Kazakhstan
Kenya	Standard Chartered Bank Kenya
Kuwait	HSBC Bank Middle East Limited
Latvia	Swedbank AS

Lithuania	Swedbank AS
Luxembourg	Euroclear Bank
Malaysia	Standard Chartered Bank Malaysia Berhad
Mauritius	The Hongkong and Shanghai Banking Corporation Limited
Mexico	Citibanamex
Morocco	Société Générale Marocaine de Banques
Namibia	Standard Bank of South Africa
Nasdaq Dubai Ltd	HSBC Bank Middle East Limited
Netherlands	BNP Paribas Securities Services
New Zealand	The Hongkong and Shanghai Banking Corporation Limited
Nigeria	Citibank Nigeria Limited
Norway	DNB Bank ASA
Oman	HSBC Bank Oman S.A.O.G.
Pakistan	Deutsche Bank A.G.
Peru	Citibank del Perú S.A.
Philippines	Standard Chartered Bank
Poland	Bank Polska Kasa Opieki S.A.
Portugal	BNP Paribas Securities Services
Qatar	HSBC Bank Middle East Limited
Romania	BRD -Groupe Societe Generale
Russia	Societe Generale, Rosbank
Saudi Arabia	HSBC Saudi Arabia
Serbia	Hub through UniCredit Bank Austria AG
Singapore	DBS Bank Ltd
Slovak Republic	UniCredit Bank Czech Republic and Slovakia, a.s.
Slovenia	Hub through UniCredit Bank Austria AG
South Africa	Société Générale
South Korea	The Hong Kong and Shanghai Banking Corporation Limited
Spain	Banco Inversis S.A.
Sri Lanka	The Hongkong and Shanghai Banking Corporation Limited
Sweden	Skandinaviska Enskilda Banken AB (publ)
Switzerland	Credit Suisse AG
Taiwan	HSBC Bank (Taiwan) Limited
Thailand	Standard Chartered Bank (Thai) Pcl
Tunisia	Societe Generale Securities Service UIB Tunisia
Turkey	Citibank A.S.
UAE -Abu Dhabi	HSBC Bank Middle East Limited
UAE -Dubai	HSBC Bank Middle East Limited
UK	RBC Investor Services Trust
Ukraine	PJSC Citibank
Uruguay	Banco Itaὐ Uruguay S.A.
USA	The Bank of New York Mellon
Vietnam	HSBC Bank (Vietnam) Ltd
Zambia	Standard Chartered Bank Zambia PLC

APPENDIX III

INVESTMENT AND BORROWING POWERS OF THE COMPANY

1. General

The Scheme Property of a Sub-fund will be invested with the aim of achieving the investment objective of that Sub-fund but subject to the limits set out in a Sub-fund's investment policy and the limits set out in Chapter 5 of the COLL Sourcebook ("COLL 5") and this Prospectus. These limits apply to each Sub-fund as summarised below.

Normally, the Sub-funds will be fully invested save for an amount to enable redemption of shares, efficient management of the Sub-funds in relation to their strategic objectives and other purposes which may be reasonably regarded as ancillary to the investment objectives of the Sub-funds.

This amount will vary depending upon prevailing circumstances and although it would normally not exceed 10% of the total value of each Sub-fund, there may be times when the Investment Manager considers stock markets to be overpriced or that a period of instability exists which presents unusual risks. In such cases or during such periods, a higher level of liquidity may be maintained and, if considered prudent, the amount of fixed interest, cash or near cash instruments held would be increased. Unless market conditions were deemed unusually risky, the increased amount and period would not be expected to exceed 30% and six months respectively.

1.1. Prudent spread of risk

The ACD must ensure that, taking account of the investment objectives and policy of each Sub-fund, the Scheme Property of each Sub-fund aims to provide a prudent spread of risk.

1.2. Cover

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

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

(a) it must be assumed that in applying any of those rules, a Sub-fund must also simultaneously satisfy any other obligation

relating to cover; and

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

2. **UCITS Schemes – general**

2.1. Subject to the investment objective and policy of a Sub-fund, the Scheme Property of a Sub-fund must, except where otherwise provided in COLL 5, only consist of any or all of:

2.1.1. transferable securities;

2.1.2. approved money-market instruments;

2.1.3. permitted units in collective investments schemes;

2.1.4. permitted deposits.

2.2. It is not intended that the Sub-funds will have an interest in any immovable property or tangible movable property.

3. **Transferable securities**

3.1. A transferable security is an investment which is any of the following; (a) a share; (b) a debenture; (c) an alternative debenture; (d) a government and public security; (e) a warrant; or (f) a certificate representing certain securities.

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

3.3. In applying paragraph 3.2 of this Appendix to an investment which is issued by a body corporate, and which is a share or debenture, the need for any consent on the part of the body corporate or any members or debenture holders of it may be ignored.

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

3.5. A Sub-fund may invest in a transferable security only to the extent that the transferable security fulfils the following criteria:

3.5.1. the potential loss which a Sub-fund may incur with respect to holding the transferable security is limited to the amount paid for it;

3.5.2. its liquidity does not compromise the ability of the ACD to comply with its obligation to redeem Shares at the request of any qualifying Shareholder under the FCA Handbook;

3.5.3. reliable valuation is available for it as follows:

(a) in the case of a transferable security admitted to or dealt in on an eligible market, where there are accurate, reliable and regular

prices which are either market prices or prices made available by valuation systems independent from issuers;

(b) in the case of a transferable security not admitted to or dealt in on an eligible market, where there is a valuation on a periodic basis which is derived from information from the issuer of the transferable security or from competent investment research;

3.5.4. appropriate information is available for it as follows:

(a) in the case of a transferable security admitted to or dealt in on an eligible market, where there is regular, accurate and comprehensive information available to the market on the transferable security or, where relevant, on the portfolio of the transferable security;

(b) in the case of a transferable security not admitted to or dealt in on an eligible market, where there is regular and accurate information available to the ACD on the transferable security or, where relevant, on the portfolio of the transferable security;

3.5.5. it is negotiable; and

3.5.6. its risks are adequately captured by the risk management process of the ACD.

3.6. Unless there is information available to the ACD that would lead to a different determination, a transferable security which is admitted to or dealt in on an eligible market shall be presumed:

3.6.1. not to compromise the ability of the ACD to comply with its obligation to redeem Shares at the request of any qualifying Shareholder; and

3.6.2. to be negotiable.

4. **Closed end funds constituting transferable securities**

4.1. A unit or a share in a closed end fund shall be taken to be a transferable security for the purposes of investment by a Sub-fund, provided it fulfils the criteria for transferable securities set out in paragraph 3.5 and either:

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

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

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

4.1.2. Where the closed end fund is constituted under the law of contract:

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

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

5. **Transferable securities linked to other assets**

5.1. A Sub-fund may invest in any other investment which shall be taken to be a transferable security for the purposes of investment by a Sub-fund provided the investment:

5.1.1. fulfils the criteria for transferable securities set out in 3.5 above; and

5.1.2. is backed by or linked to the performance of other assets, which may differ from those in which a Sub-fund can invest.

5.2. Where an investment in 5.1 contains an embedded derivative component, the requirements of this section with respect to derivatives and forwards will apply to that component.

6. Approved money-market instruments

6.1. 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.

6.2. A money-market instrument shall be regarded as normally dealt in on the money-market if it:

6.2.1. has a maturity at issuance of up to and including 397 days;

6.2.2. has a residual maturity of up to and including 397 days;

6.2.3. undergoes regular yield adjustments in line with money-market conditions at least every 397 days; or

6.2.4. has a risk profile, including credit and interest rate risks, corresponding to that of an instrument which has a maturity as set out in 6.2.1 or 6.2.2 or is subject to yield adjustments as set out in 6.2.3.

6.3. A money-market instrument shall be 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.

6.4. A money-market instrument shall be 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:

6.4.1. enabling the ACD to calculate a net asset value in accordance with the value at which the instrument held in the Scheme Property of a Sub-fund could be exchanged between knowledgeable willing parties in an

arm's length transaction; and

6.4.2. based either on market data or on valuation models including systems based on amortised costs.

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

7. **Transferable securities and money-market instruments generally to be admitted or dealt in on an Eligible Market**

7.1. Transferable securities and approved money-market instruments held within a Sub-fund must be:

7.1.1. admitted to or dealt in on an eligible market as described in 8.3.1; or

7.1.2. dealt in on an eligible market as described in 8.3.2; or

7.1.3. admitted to or dealt in on an eligible market as described in 8.4; or

7.1.4. for an approved money-market instrument not admitted to or dealt in on an eligible market, within 9.1; or

7.1.5. recently issued transferable securities provided that:

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

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

7.2. However, a Sub-fund may invest no more than 10% of its Scheme Property in transferable securities and approved money-market instruments other than those referred to in 7.1.

8. Eligible markets regime: purpose and requirements

8.1. To protect Shareholders the markets on which investments of the Sub-funds are dealt in or traded on should be of an adequate quality ("eligible") at the time of acquisition of the investment and until it is sold.

8.2. Where a market ceases to be eligible, investments on that market cease to be approved securities. The 10% restriction in 7.2 above on investing in non approved securities applies and exceeding this limit because a market ceases to be eligible will generally be regarded as an inadvertent breach.

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

8.3.1. a regulated market as defined in the FCA Handbook; or

8.3.2. a market in an EEA State which is regulated, operates regularly and is

open to the public; or

8.3.3. a market in paragraph 8.4 of this Appendix.

8.4. A market not falling within paragraph 8.3 of this Appendix is eligible for the purposes of COLL 5 if:

8.4.1. the ACD, after consultation with and notification to the Depositary, decides that market is appropriate for investment of, or dealing in, the Scheme Property;

8.4.2. the market is included in a list in the prospectus; and

8.4.3. the Depositary has taken reasonable care to determine that:

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

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

8.5. In paragraph 8.4.1, a market must not be considered appropriate unless it is regulated, operates regularly, is recognised by an overseas regulator, is open to the public, is adequately liquid and has adequate arrangements for unimpeded transmission of income and capital to or for the order of Shareholders.

8.6. The Eligible Markets for the Sub-funds are set out in Appendix II.

9. **Money-market instruments with a regulated issuer**

9.1. In addition to instruments admitted to or dealt in on an eligible market, a Sub-fund may invest in an approved money-market instrument provided it fulfils the following requirements:

9.1.1. the issue or the issuer is regulated for the purpose of protecting Shareholders and savings; and

9.1.2. the instrument is issued or guaranteed in accordance with paragraph 10 (Issuers and guarantors of money-market instruments) below.

9.2. The issue or the issuer of a money-market instrument, other than one dealt in on an eligible market, shall be regarded as regulated for the purpose of protecting Shareholders and savings if:

9.2.1. the instrument is an approved money-market instrument;

9.2.2. appropriate information is available for the instrument (including information which allows an appropriate assessment of the credit risks related to investment in it), in accordance with paragraph 11 (Appropriate information for money-market instruments) below; and

9.2.3. the instrument is freely transferable.

10. **Issuers and guarantors of money-market instruments**

10.1. A Sub-fund may invest in an approved money-market instrument if it is:

10.1.1. issued or guaranteed by any one of the following:

(a) a central authority of an EEA State or, if the EEA State is a federal state, one of the members making up the federation;

(b) a regional or local authority of an EEA State;

(c) the European Central Bank or a central bank of an EEA State;

(d) the European Union or the European Investment Bank;

(e) a non-EEA State or, in the case of a federal state, one of the members making up the federation;

(f) a public international body to which one or more EEA States belong; or

10.1.2. issued by a body, any securities of which are dealt in on an eligible market; or

10.1.3. issued or guaranteed by an establishment which is:

(a) subject to prudential supervision in accordance with criteria defined by European Community law; or

(b) subject to and complies with prudential rules considered by the FCA to be at least as stringent as those laid down by European Community law.

10.2. An establishment shall be considered to satisfy the requirement in 10.1.3(b) if it is subject to and complies with prudential rules, and fulfils one or more of the following criteria:

10.2.1. it is located in the European Economic Area;

10.2.2. it is located in an OECD country belonging to the Group of Ten;

10.2.3. it has at least investment grade rating;

10.2.4. on the basis of an in-depth analysis of the issuer, it can be demonstrated that the prudential rules applicable to that issuer are at least as stringent as those laid down by European Community law.

11. **Appropriate information for money-market instruments**

11.1. In the case of an approved money-market instrument within 10.1.2 or issued by a body of the type referred to in COLL 5.2.10E G, or which is issued by an authority within 10.1.1(b) or a public international body within 10.1.1(f) but is not guaranteed by a central authority within 10.1.1(a), the following information

must be available:

11.1.1. information on both the issue or the issuance programme, and the legal and financial situation of the issuer prior to the issue of the instrument, verified by appropriately qualified third parties not subject to instructions from the issuer;

11.1.2. updates of that information on a regular basis and whenever a significant event occurs; and

11.1.3. available and reliable statistics on the issue or the issuance programme.

11.2. In the case of an approved money-market instrument issued or guaranteed by an establishment within 10.1.3, the following information must be available:

11.2.1. information on the issue or the issuance programme or on the legal and financial situation of the issuer prior to the issue of the instrument;

11.2.2. updates of that information on a regular basis and whenever a significant event occurs; and

11.2.3. available and reliable statistics on the issue or the issuance programme, or other data enabling an appropriate assessment of the credit risks related to investment in those instruments.

11.3. In the case of an approved money-market instrument:

11.3.1. within 10.1.1(a), 10.1.1(d) or 10.1.1(e); or

11.3.2. which is issued by an authority within 10.1.1(b) or a public international body within 10.1.1(f) and is guaranteed by a central authority within 10.1.1(a);

information must be available on the issue or the issuance programme, or on the legal and financial situation of the issuer prior to the issue of the instrument.

12. **Spread: general**

12.1. This rule on spread does not apply to government and public securities.

12.2. For the purposes of this requirement companies included in the same group for the purposes of consolidated accounts as defined in accordance with Directive 83/349/EEC or in the same group in accordance with international accounting standards are regarded as a single body.

12.3. Not more than 20% in the value of the Scheme Property of a Sub-fund is to consist of deposits with a single body.

12.4. Not more than 5% in value of the Scheme Property of a Sub-fund is to consist of transferable securities or approved money-market instruments issued by any single body, except that the limit of 5% is raised to 10% in respect of up to 40% in value of the Scheme Property (covered bonds need not be taken into account for the purposes of applying the limit of 40%). For these purposes certificates

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

12.5. Not more than 20% in value of the Scheme Property of a Sub-fund is to consist of transferable securities and approved money-market instruments issued by the same group.

12.6. The COLL Sourcebook provides that in applying the limits in 12.3 and 12.4 and subject to 12.5 , not more than 20% in value of the Scheme Property of a Sub-fund is to consist of any combination of two or more of the following:

12.6.1. transferable securities (including covered bonds) or approved money-market instruments issued by; or

12.6.2. deposits made with a single body; or

13. **Spread: government and public securities**

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

13.1.1. an EEA state;

13.1.2. a local authority of an EEA state;

13.1.3. a non-EEA state; or

13.1.4. a public international body to which or more EEA states belong.

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

13.3. The Company or a Sub-fund may invest more than 35% in value of the Scheme Property in such securities issued by any one body provided that:

13.3.1. the ACD has before any such investment is made consulted with the Depositary and as a result considers that the issuer of such securities is one which is appropriate in accordance with the investment objectives of the relevant Sub-fund;

13.3.2. no more than 30% in value of the Scheme Property consists of such securities of any one issue;

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

13.3.4. the disclosures required by the FCA have been made.

13.4. In giving effect to the foregoing object more than 35% of the Scheme Property may be invested in Government and other public securities (being transferable securities or approved money market instruments) issued or guaranteed by the United Kingdom, the Governments of Austria, Belgium, Denmark, Finland,

France, Germany, Greece, Iceland, Ireland, Italy, Liechtenstein, Luxembourg, Netherlands, Norway, Portugal, Spain Sweden and Switzerland and the Governments of Australia, Canada, Japan, New Zealand or the United States of America and securities issued by the Asian Development Bank (ADB), Council of Europe Development Bank, Deutsche Ausgleichsbank (DTA), Eurofima, European Bank for Reconstruction and Development (EBRD), International Finance Corporation (IFC), Kreditanstalt für Wiederaufbau (KFW), the Nordic Investment Bank (NIB) and the European Investment Bank.

13.5. Notwithstanding 12.1 and subject to 14.2 and 14.3 above, in applying the 20% limit in paragraph 12.6 with respect to a single body, government and public securities issued by that body shall be taken into account.

13.6. Paragraph 13.4 only applies where such investment would be consistent with a Sub-Fund's investment objective. It will not apply to VT Teviot UK Smaller Companies Fund.

14. **Investment in collective investment schemes**

It is not the company's intention to invest in collective investment schemes. Under exceptional circumstances a holding in a collective investment scheme could arise as a function of an investee company being acquired. This investment would immediately become a candidate for sale and would be unlikely to be held other than short term and until a suitable opportunity arises for sale. In any event, VT Teviot UK Smaller Companies Fund may not invest more than 10% of its value in other collective investment schemes.

15. **Investment in nil and partly paid securities**

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

16. **Risk management**

16.1. The ACD uses a risk management process (including a risk management policy) in accordance with COLL 6.12, as reviewed by the Depositary and filed with the FCA, enabling it to monitor and measure any time the risk of a Sub-fund's positions and their contribution to the overall risk profile of the Sub-fund.

16.2. The ACD must notify the FCA in advance of any material alteration to the details above.

17. **Investment in deposits**

17.1. A Sub-fund may invest in deposits only with an Approved Bank and which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months.

18. **Significant influence**

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

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

18.1.2. the acquisition gives the Company that power.

18.2. For the purposes of paragraph 27.1, the Company is to be taken to have power significantly to influence the conduct of business of a body corporate if it can, because of the transferable securities held by it, exercise or control the exercise of 20% or more of the voting rights in that body corporate (disregarding for this purpose any temporary suspension of voting rights in respect of the transferable securities of that body corporate).

19. **Concentration**

The Company:

19.1. must not acquire transferable securities other than debt securities which:

19.1.1. do not carry a right to vote on any matter at a general meeting of the body corporate that issued them; and

19.1.2. represent more than 10% of these securities issued by that body corporate;

19.2 must not acquire more than 10% of the debt securities issued by any single issuing body;

19.3 must not acquire more than 25% of the units in a collective investment scheme;

19.4 must not acquire more than 10% of the approved money-market instruments issued by any single body; and

19.5 need not comply with the limits in paragraphs 28.2, 28.3 and 28.4 of this Appendix if, at the time of the acquisition, the net amount in issue of the relevant investment cannot be calculated.

20. **Cash and near cash**

20.1. Cash and near cash must not be retained in the Scheme Property of the Sub-funds except to the extent that, where this may reasonably be regarded as necessary in order to enable:

20.1.1. the pursuit of a Sub-fund's investment objectives; or

20.1.2. redemption of Shares; or

20.1.3. efficient management of a Sub-fund in accordance with its investment objectives; or

20.1.4. other purposes which may reasonably be regarded as ancillary to the investment objectives of a Sub-fund.

20.2. During the period of the initial offer the Scheme Property of the Sub-funds may consist of cash and near cash without limitation.

21. **General**

21.1. It is envisaged that a Sub-fund will normally be fully invested but there may be times that it is appropriate not to be fully invested when the ACD reasonably regards this as necessary in pursuit of the investment objective and policy, redemption of Shares, efficient management of a Sub-fund or any one purpose which may reasonably be regarded as ancillary to the investment objectives of a Sub-fund.

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

21.3. No Sub-fund may invest in Shares of another Sub-fund within the Company.

22. **Underwriting**

22.1. Underwriting and sub underwriting contracts and placings may also, subject to certain conditions set out in the COLL Sourcebook, be entered into for the account of a Sub-fund.

23. **General power to borrow**

23.1. The Company or 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 a Sub-fund on terms that the borrowing is to be repayable out of the Scheme Property.

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

23.3. The ACD must ensure that borrowing does not, on any Business Day, exceed 10% of the value of a Sub-fund.

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

24. **Restrictions on lending of money**

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

24.2. Acquiring a debenture is not lending for the purposes of paragraph 38.1, nor is the placing of money on deposit or in a current account.

24.3. Nothing in paragraph 38.1 prevents the Company from providing an officer of the Company with funds to meet expenditure to be incurred by him for the purposes of the Company (or for the purposes of enabling him properly to perform his duties as an officer of the Company) or from doing anything to enable an officer to avoid incurring such expenditure.

25. **Restrictions on lending of property other than money**

25.1. Scheme Property of the Sub-funds other than money must not be lent by way of deposit or otherwise.

25.2. The Scheme Property of the Sub-funds must not be mortgaged.

26. **General power to accept or underwrite placings**

26.1. Any power in COLL 5 to invest in transferable securities may be used for the purpose of entering into transactions to which this section applies, subject to compliance with any restriction in the Instrument of Incorporation. This section applies, to any agreement or understanding: which is an underwriting or sub-underwriting agreement, or which contemplates that securities will or may be issued or subscribed for or acquired for the account of a Sub-fund.

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

26.3. The exposure of a Sub-fund to agreements and understandings as set out above, on any Business Day be covered and be such that, if all possible obligations arising under them had immediately to be met in full, there would be no breach of any limit in the COLL Sourcebook.

27. **Guarantees and indemnities**

27.1. The Company or the Depositary for the account of the Company must not provide any guarantee or indemnity in respect of the obligation of any person.

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

27.3. Paragraphs 41.1 and 41.2 do not apply to in respect of the Company:

27.3.1. an indemnity falling within the provisions of regulation 62(3)

(Exemptions from liability to be void) of the OEIC Regulations;

27.3.2. an indemnity (other than any provision in it which is void under regulation 62 of the OEIC Regulations) given to the Depositary against any liability incurred by it as a consequence of the safekeeping of any of the Scheme Property by it or by anyone retained by it to assist it to perform its function of the safekeeping of the Scheme Property; and

27.3.3. an indemnity given to a person winding up a scheme if the indemnity is given for the purposes of arrangements by which the whole or part of the property of that scheme becomes the first property of the Company and the holders of units in that scheme become the first Shareholders in the Company.

28. **Stock lending**

The Company does not intend to participate in stock lending.

29. **Derivatives: general**

Unless otherwise stated in the Prospectus, the Investment Manager may employ derivatives for the purposes of Efficient Portfolio Management ("EPM"), further information on EPM is provided in paragraph 30. To the extent that derivative instruments are utilised for hedging purposes, the risk of loss to the Sub-funds may be increased where the value of the derivative instrument and the value of the security or position which it is hedging prove to be insufficiently correlated.

29.1. A transaction in derivatives or a forward transaction must not be effected for the Company unless the transaction is of a kind specified in paragraph 31 (Permitted transactions (derivatives and forwards)) below.

29.2. Where the Company invests in derivatives, the exposure to the underlying assets must not exceed the limits set out in the COLL Sourcebook.

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

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

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

29.4.2. its economic characteristics and risks are not closely related to the

economic characteristics and risks of the host contract; and

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

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

29.6. Where the Company invests in an eligible index based derivative, the underlying constituents of the index do not have to be taken into account for the purposes of the COLL requirements regarding spread and counterparty risk.

30. **Efficient Portfolio Management**

30.1. The Company may enter into derivative and forward transactions for the purposes of EPM. EPM permits techniques and instruments which relate to transferable securities and approved money-market instruments and satisfy the following criteria:

30.1.1. the transaction must be economically appropriate;

30.1.2. the exposure on the transaction must be fully covered; and

30.1.3. the transaction must be entered into for one of the following specific aims:

(a) the reduction of risk;

(b) the reduction of costs; or

(c) the generation of additional capital or income for the Fund with a risk level which is consistent with the risk profile of the Fund and the risk diversification rules laid down in COLL.

30.2. A transaction which is regarded as speculative will not be permitted. A list of the current eligible derivatives markets is set out in Appendix 2. Further derivatives markets may be added following consultation with the Depositary in accordance with COLL.

30.3. A derivatives or forward transaction which would or could lead to delivery of property to the Depositary may be entered into only if such property can be held by the Company and the ACD has taken reasonable care to determine that delivery of the property pursuant to the transaction will not lead to a breach of the relevant provisions in COLL.

30.4. Where a transaction is entered into for hedging purposes and relates to the actual or potential acquisition of transferable securities, the ACD must intend that the Company should invest in such transferable securities within a reasonable time and the ACD must ensure that, unless the position has itself

been closed out, that intention is realised within such time.

31. **Permitted transactions (derivatives and forwards)**

31.1. A transaction in a derivative must be in an approved derivative; or be one which complies with the COLL requirements for Over The Counter transactions in derivatives.

31.2. A transaction in a derivative must have the underlying consisting of any one or more of the following to which a Sub-fund is dedicated:

31.2.1. transferable securities;

31.2.2. approved money-market instruments permitted under COLL;

31.2.3. deposits permitted under COLL; permitted derivatives under this paragraph;

31.2.4. permitted derivatives under this paragraph;

31.2.5. collective investment scheme units permitted under COLL;

31.2.6. financial indices which satisfy the criteria set out in COLL;

31.2.7. interest rates;

31.2.8. foreign exchange rates; and

31.2.9. currencies.

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

31.4. A transaction in a derivative must not cause a Sub-fund to diverge from its investment objectives as stated in the Instrument constituting a Sub-fund and the most recently published version of this Prospectus.

31.5. A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more, transferable securities, approved money-market instruments, units in collective investment schemes, or derivatives.

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

31.7. A derivative includes an investment which fulfils the following criteria:

31.7.1. it allows transfer of the credit risk of the underlying independently from the other risks associated with that underlying;

31.7.2. it does not result in the delivery or the transfer of assets other than those which the Company is entitled to hold, including cash;

31.7.3. in the case of an OTC derivative, it complies with the relevant requirements in COLL; and

31.7.4. its risks are adequately captured by the risk management process of the ACD and by its internal control mechanisms in the case of risk asymmetry of information between the ACD and the counterparty to the derivative resulting from the potential access of the counterparty to non-public information on persons whose assets are used as the underlying by that derivative.

31.8. A Sub-fund may not undertake transactions in derivatives on commodities.

APPENDIX IV

LIST OF OTHER INTERESTS OF DIRECTORS AND OTHER AUTHORISED COLLECTIVE INVESTMENT SCHEMES OPERATED BY THE ACD

Directors of the ACD and their significant business activities not connected with the business of the Company

R Peter W Millar	Sole proprietor of Valu-Trac Research; sole proprietor of Orton Estate and Orton Farms; and Director of Spey Fishing Trust Ltd.
Anne Laing	None
Martin Henderson	None
Douglas Halley	None
Michael Barron	None

Authorised collective investment schemes of which the ACD is the authorised corporate director			
Name	**Place of registration**	**Registration number**	**Product Reference**
Alligator Fund ICVC	England and Wales	IC000203	407790
Moray Place Investment Company*	Scotland	IC000934	573760
The Beagle Fund*	England and Wales	IC000789	505177
The Discovery Fund	England and Wales	IC000365	413970
The Mulben Investment Funds	England and Wales	IC000816	516628
The Prestney Fund	England and Wales	IC000175	407766
The Teal Fund	England and Wales	IC000257	227831
The VT Cindabbella Fund	England and Wales	IC001049	714901
The VT Oxeye Funds**	England and Wales	IC001063	743815

Valu-Trac Investment Funds ICVC	Scotland	IC000953	581955
Valu-Trac Proprietary Funds ICVC*	Scotland	IC000986	605631
VT AJ Bell ICVC	England and Wales	IC001082	769363
VT Allium Portfolio Funds*	England and Wales	IC000884	538701
VT Cantab Funds ICVC	England and Wales	IC001114	808050
VT Cape Wrath Focus Fund*	England and Wales	IC001061	741524
VT Chelsea Managed ICVC	England and Wales	IC001085	773989
VT Dominium Holdings ICVC*	England and Wales	IC001093	778841
VT Esprit FS ICVC	England and Wales	IC001105	794635
VT Garraway Investment Funds ICVC	England and Wales	IC000935	573884
VT Garraway Investment Fund Series II	England and Wales	IC000025	188718
VT Garraway Investment Fund Series III	England and Wales	IC000584	472521
VT Garraway Investment Fund Series IV	England and Wales	IC000534	465988
VT Gravis Funds ICVC	England and Wales	IC001055	724240
VT Greystone ICVC	England and Wales	IC000403	434235
VT Greystone Cautious Managed ICVC*	England and Wales	IC000407	435265
VT Greystone Conservative Managed ICVC*	England and Wales	IC000533	465365
VT Grosvenor Funds ICVC	England and Wales	IC001077	762880
VT Halo Funds ICVC	England and Wales	IC001018	629070
VT iFunds OEIC	England and	IC000868	536578

	Wales		
VT Morningstar Informed Smartfund ICVC	England and Wales	IC001012	621247
VT Munro Smart-Beta Fund	England and Wales	IC000551	467964
VT Plain English Finance Funds ICVC	England and Wales	IC001096	782737
VT Price Value Partners Funds ICVC	England and Wales	IC001033	671132
VT Redlands Fund	England and Wales	IC001043	694999
VT Redlands NURS ICVC*	England and Wales	IC001089	776548
VT Reyker Funds ICVC	England and Wales	IC001121	812559
VT RM Funds ICVC	England and Wales	IC001108	800855
VT Rossie House Investment Management Funds ICVC*	England and Wales	IC000991	607962
VT SG Defined Return Assets ICVC	England and Wales	IC001097	784172
VT Sorbus Vector Funds ICVC	England and Wales	IC001059	731963
VT Tatton Oak ICVC	England and Wales	IC000737	494501
VT Thistledown ICVC	England and Wales	IC001011	621244
VT Tyndall Funds ICVC	England and Wales	IC001050	715282
VT Ursus Arctos Funds ICVC	Scotland	IC001004	613236
VT Vanneck Equity Fund	England and Wales	IC001003	613235
VT Vanneck Funds ICVC	England and Wales	IC001112	806954
VT Woodhill Investment Funds ICVC	England and Wales	IC001009	618204

* *denotes a Non-UCITS Retail Scheme*

** *denotes a Qualified Investor Scheme*

Funds of which the ACD is investment manager	
The Newmarket Africa Master Fund Limited (a fund registered in the Cayman Islands)	OG-290374
The Newmarket Africa Fund Limited (a fund registered in the Cayman Islands)	OG-290372

APPENDIX V

PAST PERFORMANCE AND INVESTOR PROFILE

VT TEVIOT UK SMALLER COMPANIES FUND

This Sub-fund was recently launched and so no past performance data is currently available.

NOTE: PAST PERFORMANCE SHOULD NOT BE TAKEN AS A GUIDE TO THE FUTURE. THE VALUE OF INVESTMENTS AND INCOME FROM THEM CAN GO DOWN AS WELL AS UP AND INVESTORS MAY NOT GET BACK THE AMOUNT ORIGINALLY INVESTED.

Profile of a typical investor

Each Sub-fund is available to a wide range of investors seeking to invest for the medium to long term who wish to gain access to a portfolio managed in accordance with a specific investment objective and policy. Investors must be prepared to accept fluctuations in the value of capital including capital loss and accept the risks of investing in equity markets. Different Classes of Share may be issued in respect of each Sub-fund. The Classes currently available in each Sub-fund are set out in Appendix I. Each Sub-fund can be marketed to all types of eligible investor subject to the applicable legal and regulatory requirements in the relevant jurisdiction(s). Investors should read the risk warnings set out in this Prospectus before investing.

Target Market for MiFID II:

Type of clients: retail, professional clients and eligible counterparties (subject to the applicable legal and regulatory requirements in the relevant jurisdiction).

Clients' knowledge and experience: investors with at least basic knowledge and experience of funds which are to be managed in accordance with a specific investment objective and policy.

Clients' financial situation with a focus on ability to bear losses: Investors must be prepared to accept fluctuations in the value of capital including capital loss and accept the risks of investing in equity markets, including having the ability to bear 100% capital loss.

Clients' risk tolerance and compatibility of risk/reward profile of the product with the target market: due to the volatility of markets and specific risks of investing in shares in a fund (including those set out in the risk warnings in this Prospectus), investors should have a moderate risk tolerance. They should be willing to accept price fluctuations in exchange for the opportunity of higher returns.

Clients' objectives and needs: investors should be seeking to invest for the medium to long term who wish to gain access to a portfolio managed in accordance with the specific investment objective and policy of the Sub-fund.

Clients' who should not invest: shares in the Company is deemed incompatible for investors which:

- are looking for full capital protection or full repayment of the amount invested and clients who want a guaranteed return (whether income or capital)
- are fully risk averse/have no risk tolerance
- need a fully guaranteed income of fully predictable return profile

Distribution channel: This product is eligible for all distribution channels (e.g. investment advice, portfolio management, non-advised sales and pure execution services)

APPENDIX VI

DIRECTORY

The Company and Head Office:
VT Teviot Funds ICVC
c/o Valu-Trac Investment Manager Limited
Level 13 Broadgate Tower
20 Primrose Street
London
EC2A 2EW

Authorised Corporate Director:
Valu-Trac Investment Management Limited
Level 13 Broadgate Tower
20 Primrose Street
London
EC2A 2EW

Custodian:
RBC Investor Services Trust (UK Branch)
Riverbank House
2 Swan Lane
London
EC4R 3AF

Depositary:
NatWest Trustee and Depositary Services Limited Drummond House
1 Redheughs Avenue
Edinburgh
EH12 9RH

Investment Manager:
Teviot Partners LLP
46 Charlotte Square
Edinburgh
Scotland
EH2 4HQ

Auditor:
Johnston Carmichael LLP
Commerce House
South Street
Elgin
IV30 1JE