

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

T. Bailey Fund Services Limited, the authorised corporate director of the Company, is the person responsible for the information contained in this Prospectus. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained herein does not contain any untrue or misleading statement or omit any matters required to be included in it by that part of the Financial Conduct Authority's Handbook of Rules and Guidance which deals with regulated collective investment schemes. T. Bailey Fund Services Limited accepts responsibility accordingly.

**PROSPECTUS**

**of**

**APTUS INVESTMENT FUND**

**(An open-ended investment company incorporated with limited liability and registered in England and Wales under registered number IC000960), FCA Product Reference ("PRN"): 587249**

This document constitutes the Prospectus for Aptus Investment Fund which has been prepared in accordance with that part of the Financial Conduct Authority's Handbook of Rules and Guidance which deals with regulated collective investment schemes.

This Prospectus is dated, and is valid as at 7 August 2019.

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

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

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

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

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

The provisions of the Instrument of Incorporation are binding on each of the Shareholders a summary of which are included in this Prospectus and a copy of the Instrument of Incorporation is available on request.

This Prospectus has been issued for the purpose of section 21 of the Financial Services and Markets Act 2000 by T. Bailey Fund Services Limited.

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 cannot be bound by an out of date prospectus when it has issued a new prospectus and investors should check with T. Bailey Fund Services Limited that this is the most recently published prospectus.

**Definitions**

<b>ACD:</b>	T. Bailey Fund Services Limited, the authorised corporate director of the Company;
<b>ACD Agreement:</b>	An agreement between the Company and the ACD;
<b>Approved Bank:</b>	<p>(in relation to a bank account opened by the Company):</p> <p>(a) if the account is opened at a branch in the United Kingdom:</p> <ul style="list-style-type: none"> <li>(i) the Bank of England; or</li> <li>(ii) the central bank of a member state of the OECD; or</li> <li>(iii) a bank; or</li> <li>(iv) a building society; or</li> <li>(v) a bank which is supervised by the central bank or other banking regulator of a member state of the OECD; or</li> </ul> <p>(b) if the account is opened elsewhere:</p> <ul style="list-style-type: none"> <li>(i) a bank in (a); or</li> <li>(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</li> <li>(iii) a bank which is regulated in the Isle of Man or the Channel Islands; or</li> <li>(iv) a bank supervised by the South African Reserve Bank;</li> </ul>
<b>Auditor:</b>	Deloitte LLP, or such other entity as is appointed to act as auditor to the Company from time to time;
<b>Business Day:</b>	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;
<b>Class or Classes:</b>	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;

<b>COLL Sourcebook:</b>	that part of the FCA Handbook which deals with regulated collective investment schemes;
<b>Company:</b>	Aptus Investment Fund;
<b>Comparator:</b>	a factor against which investors may compare a Sub-fund's performance;
<b>Conversion:</b>	the conversion of Shares in one Class in a Sub-fund to Shares of another Class in the same Sub-fund and " <b>convert</b> " shall be construed accordingly;
<b>Dealing Day:</b>	Monday to Friday where these days are Business Days;
<b>Depository:</b>	NatWest Trustee & Depository Services Limited, or such other entity as is appointed to act as Depository;
<b>Director or Directors:</b>	the directors of the Company from time to time (including the ACD);
<b>EEA State:</b>	a member state of the European Union and any other state which is within the European Economic Area;
<b>Efficient Portfolio Management or EPM:</b>	an investment technique where derivatives are used for one or more of the following purposes: reduction of risk, reduction of cost or generation of additional income with a risk level which is consistent with the risk profile of the Scheme and the risk diversification rules laid down in the COLL Sourcebook;
<b>Eligible Institution:</b>	one of certain eligible institutions as defined in the glossary of definitions to the FCA Handbook;
<b>EU Benchmark Regulation:</b>	Regulation(EU) 2016/2011 issued by the European Parliament and the Council of 8 June 2016 on indices used as benchmarks in financial instrument and financial contracts or to measure the performance of investment funds;
<b>FATCA:</b>	the Foreign Account Tax Compliance Act;
<b>FCA:</b>	the Financial Conduct Authority or any other regulatory body which may assume its regulatory responsibilities from time to time;
<b>FCA Handbook:</b>	the FCA Handbook of Rules and Guidance, as amended, supplemented or replaced from time to time;
<b>ICVC:</b>	investment company with variable capital;
<b>Instrument of Incorporation:</b>	the instrument of incorporation of the Company as amended from time to time;
<b>Investment Manager:</b>	Toscafund Asset Management LLP, the investment manager to the ACD in respect of the Company;

<b>Net Asset Value or NAV:</b>	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;
<b>OECD</b>	Organisation for Economic Co-operation and Development;
<b>OEIC Regulations:</b>	the Open-Ended Investment Companies Regulations 2001 as amended or re-enacted from time to time;
<b>Register:</b>	the register of Shareholders of the Company;
<b>Registrar:</b>	T. Bailey Fund Services Limited, or such other entity as is appointed to act as Registrar to the Company from time to time;
<b>Regulated Activities Order:</b>	the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544);
<b>Regulations:</b>	the OEIC Regulations and the FCA Handbook (including the COLL Sourcebook);
<b>Scheme Property:</b>	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;
<b>Share or Shares:</b>	a share or shares in the Company (including larger denomination shares, and smaller denomination shares equivalent to one thousandth of a larger denomination share);
<b>Shareholder:</b>	a holder of registered Shares in the Company;
<b>Sub-fund or Sub-funds:</b>	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;
<b>Switch:</b>	the exchange where permissible of Shares of one Class or Sub-fund for Shares of another Class or Sub-fund;
<b>UCITS scheme:</b>	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);
<b>US Person:</b>	a person who falls within the definition of "US Person" as defined in rule 902 in regulation S of the United States Securities Act 1933 and/or a person falling within the definition of a "Specified US Person" for the purposes of FATCA as the context requires;
<b>Valuation Point:</b>	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 8.00 a.m. London time on each Dealing Day with the exception of any bank holiday in England and Wales, or the last Business Day prior to those days annually where the valuation may be carried out at a time agreed in advance between the ACD and the Depositary;
<b>VAT:</b>	value added tax.

## 2 **Details of the Company**

### 2.1 **General information**

#### 2.1.1 **General**

Aptus Investment Fund (the Company) is an investment company with variable capital incorporated in England and Wales under registered number IC000960 and authorised by the Financial Conduct Authority with effect from 18 October 2012. The Company has an unlimited duration.

Shareholders are not liable for the debts of the Company.

#### 2.1.2 **Head Office**

The head office of the Company is at 64 St. James's Street, Nottingham NG1 6FJ.

#### 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 £10,000

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.

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.

Each of the Sub-funds of the Company is designed and managed to support longer-term investment and active trading is discouraged. Short-term or excessive trading into and out of a Sub-fund may harm performance by disrupting portfolio management strategies and by increasing expenses. The ACD may at its discretion refuse to accept applications for, or switching of, Shares, especially where transactions are deemed disruptive, particularly from possible market timers or investors who, in its opinion, have a pattern of short-term or excessive trading or whose trading has been or may be disruptive to a Sub-fund(s). For these purposes, the ACD may consider an investor's trading history in

the Sub-fund(s) or other T. Bailey Fund Services Limited funds and accounts under common ownership or control.

## **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. 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.

Each Sub-fund represents a segregated portfolio of assets and, accordingly, the assets of a Sub-fund belong exclusively to that Sub-fund and shall not be used or made available to discharge (directly or indirectly) the liabilities of, or claims against, any other person or body, including the Company and any other Sub-fund and shall not be available for any such purpose.

So far as the Shareholders are concerned, each Sub-fund is treated as a separate entity.

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.

The assets of a 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.

### **2.2.2 Shares**

#### **Classes of Share within the Sub-funds**

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.

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.

More than one Class of Share may be issued in respect of each Sub-fund. Appendix I contains a description of the Classes currently available.



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. 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.

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.

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.

The following Classes of Share may be issued in respect of each Sub-fund:

Accumulation Shares  
Income 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.

A Regular Savings Plan may be available on certain Classes of Share on certain Sub-funds. Details of which (if any) 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 are Shares in respect of which income allocated to them is distributed periodically to the relevant Shareholders (in the case of income Shares) or credited periodically to capital (in the case of accumulation Shares), in either case in accordance with relevant tax law, net of any tax deducted or accounted for by the Company. Gross Shares are income or accumulation Shares where, in accordance with relevant tax law, distribution or allocation of income is made without any tax being deducted or accounted for by the Company. All references in this Prospectus are to net Shares unless otherwise stated.

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

### **3 Buying, redeeming, converting and switching Shares**

The dealing office of the ACD is normally open from 9.00 a.m. to 5.00 p.m. (London time) on each Business Day to receive postal requests for the purchase, sale, converting and switching of Shares. The ACD may vary these times at its discretion. Requests to deal in Shares may also be made by telephone on each Business Day (at the ACD's discretion) between 9.00 a.m. and 5.00 p.m. (London time) directly to the office of the ACD (telephone: 0115 988 8277 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.

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

In its dealings in Shares of the Sub-funds the ACD is dealing as principal. The ACD does not actively seek to make a profit from dealing in Shares as principal but does so in order to facilitate the efficient management of the Company. The ACD is not accountable to Shareholders for any profit it makes from dealing in Shares as principal.

The ACD may defer redemptions at a particular valuation point to the next valuation point where the requested redemptions exceed 10% of a Scheme's value. The ACD will ensure the consistent treatment of all shareholders who have sought to redeem shares at any valuation point at which redemptions are deferred. The ACD will also ensure that all deals relating to an earlier valuation point are completed before those relating to a later valuation point are considered.

#### **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. Alternatively, the ACD may perform verification of identity checks electronically. 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. Any intermediary who recommends an investment in the Company to Shareholders may be entitled to receive commission from the ACD. An ongoing commission, based on the value of Shares held may also be paid to qualifying intermediaries. 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 3.5 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 3.10.

The ACD, at its discretion, has the right to cancel a purchase deal if settlement is materially overdue 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 telegraphic transfer.

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 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 (except for those investors who subscribe through the Regular Savings Plan) 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. Investors who invest through the Regular Savings Plan will be entitled to cancel their first subscription only; if a Regular Saver decides to cancel their contract within 14 days after the date on which they receive the cancellation notice then they will receive back the full amount of their initial subscription. 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.

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 **Regular Savings Plan**

The ACD may make available certain Classes of Shares through the Regular Savings Plan (details of which are available are shown in Appendix I). Further information on how to invest through the Regular Savings Plan is available from the ACD.

### 3.2.4 **Minimum subscriptions and holdings; age requirement**

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, Conversion, 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.

Shares may be held by anyone aged 16 or over.

## 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 3.10.

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 3.5 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 by cheque to the first named Shareholder (at their risk), or, at the ACD's discretion, via telegraphic 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 Conversion and Switching**

Subject to any restrictions on the eligibility of investors for a particular Share Class, a Shareholder may at any time Convert some or all of his Shares for Shares in another Class within the same Sub-fund.

Conversion will be effected by the ACD recording the change of class on the Register.

Conversion requests must be made to the ACD by telephone on 0115 988 8278 or in writing sent to the ACD at 64 St James's Street, Nottingham, NG1 6FJ. Conversion will be effected at the next valuation point following receipt of instructions. For UK Shareholders, Conversions will not be treated as a disposal for capital gains tax purposes. There is currently no fee on Conversions but the ACD, subject to the Sourcebook, may at its discretion introduce such a fee.

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. 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 3.5.3 "Charges on Switching and Conversions".

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

**A Conversion of Shares between different Share Classes will not be deemed to be a realisation for the purposes of capital gains taxation.**

### 3.5 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 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.

#### 3.5.1 Initial Charge

The ACD may impose a charge on the purchase of Shares in each Class. The current initial charge 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 and is currently nil.

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

Further details on fees and commissions payable are available on request from the ACD.

#### 3.5.2 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 (that is those not previously subject to a redemption charge).

#### 3.5.3 Charges on Switching and Conversions

The Instrument of Incorporation authorises the Company to impose a charge on a Switch.

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. 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.

There is currently no charge for a Conversion.

#### **3.5.4 Dilution Levy**

The actual cost of purchasing, selling or switching assets and investments in a Sub-fund may deviate from the mid-market value used in calculating its Share price, due to dealing charges, taxes, and any spread between buying and selling prices of the Sub-fund's underlying investments. These costs could have an adverse effect on the value of a Sub-fund (a "Dilution"). In order to mitigate the effect of Dilution the FCA Rules allow the ACD to make a dilution levy ("Dilution Levy") on the purchase, sale or Switch of Shares in a Sub-fund. A Dilution Levy is a separate charge of such amount or at such rate as is determined by the ACD to be made for the purpose of reducing the effect of Dilution. This amount is not retained by the ACD, but is paid into the Sub-fund.

The need to charge a Dilution Levy will depend on the volume of sales and redemptions. The ACD may require a Dilution Levy on the sale and redemption of Shares if, in its opinion, the existing Shareholders (for sales) or remaining Shareholders (for redemptions) might otherwise be adversely affected. In particular, the Dilution Levy may be charged in the following circumstances:

- Where the Scheme Property is in continual decline;
- On "large deals" (where the net issues or net redemptions of shares in a Sub-fund at a particular dealing point exceed 5% of the size of the Sub-fund); or
- In any case where the ACD is of the opinion that the interests of remaining shareholders require the imposition of a Dilution Levy.

It is not possible to predict accurately whether dilution would occur at any point in time. If a Dilution Levy is required then it is anticipated that the rate of such a levy would be less than 0.5%, although the actual percentages can only be accurately calculated at the time. During the 12-month period ended 31 December 2018 a Dilution Levy was not charged.

The ACD's policy currently is not to charge a Dilution Levy on the purchase of Shares. The ACD reserves the right to charge a Dilution Levy on the sale of Shares if it is in the interests of Shareholders. The ACD may alter its current dilution policy in accordance with the procedure set out in the Regulations.

#### **3.6 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.

#### **3.7 Restrictions and compulsory transfer and redemption**

The ACD may from time to time impose such restrictions as it may think necessary for the purpose of ensuring that no Shares are acquired or held by any person in breach of the law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory 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, converting or switching of Shares.

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

- 3.7.1 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
- 3.7.2 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
- 3.7.3 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.

### 3.8 **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.

### 3.9 **In specie redemptions**

If a Shareholder requests the redemption of Shares the ACD may, where it considers the deal to be substantial in relation to the total size of the Sub-fund concerned or in some way detrimental to the Sub-fund, arrange, having given prior notice in writing to the Shareholder, that, in place of payment for the Shares in cash, the Company transfers property or, if required by the Shareholder, the net proceeds of sale of the relevant



property, to the Shareholder. Before the redemption proceeds of the Shares become payable, the ACD must give written notice to the Shareholder that the relevant property or the proceeds of sale of the relevant property will be transferred to that Shareholder so that the Shareholder can require the net proceeds of redemption rather than the relevant property if he so desires.

For this purpose, the ACD may consider a deal to be substantial if the relevant Shares constitute 5% (or a lesser or higher percentage if considered appropriate) of those in issue in the relevant Sub-fund.

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

The assets within the Sub-fund to be transferred (or the proceeds of sale thereof) shall be subject to the retention by the Depositary of Scheme Property including cash of a value or amount equivalent to any redemption charge or any SDRT provision to be paid in relation to the cancellation of Shares.

### **3.10 Suspension of dealings in the Company**

The ACD may, with the prior agreement of the Depositary, or must if the Depositary so requires, without notice to Shareholders, suspend the purchase and redemption of Shares (including any purchase and redemption on switching) in any or all of the Sub-funds, if the ACD (or the Depositary in the case of any requirement by it) is of the opinion that due to exceptional circumstances there is good and sufficient reason to do so having regard to the interests of Shareholders or potential Shareholders (for example, but without limitation, on the closure or suspension of dealing on a relevant stock exchange, or the inability of the ACD to ascertain properly the value of any or all of the assets or realise any material part of the assets of a Sub-fund).

Any suspension may only continue for as long as it is justified, and must be reviewed every 28 days.

Recalculation of the Share price for the purposes of purchases and redemptions will commence on the next relevant Valuation Point following the ending of the suspension.

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

### **3.11 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 8.00 a.m. (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 5pm in order to be 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 4.2.2.4 below) or a contingent liability transaction shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:

##### **4.2.2.1 Units or shares in a collective investment scheme:**

- (a) if a single price for buying and redeeming units or shares is quoted, at that price; or
- (b) 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
- (c) 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 of the units or shares, at a value which, in the opinion of the ACD, is fair and reasonable;

##### **4.2.2.2 Any other transferable security:**

- (a) if a single price for buying and redeeming the security is quoted, at that price; or
- (b) if separate buying and redemption prices are quoted, at the average of the two prices; or
- (c) 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 of the security, at a value which, in the opinion of the ACD, is fair and reasonable;

- 4.2.2.3 Scheme Property other than that described in paragraphs 4.2.2.1 and 4.2.2.2 above, at a value which, in the opinion of the ACD, is fair and reasonable;
- 4.2.2.4 Cash and amounts held in current and deposit accounts and in other time related deposits shall be valued at their nominal values.
- 4.2.3 Scheme Property which is a contingent liability transaction shall be treated as follows:
  - 4.2.3.1 if it is a written option (and the premium for writing the option has become part of the Scheme Property), deduct the amount of the net valuation of premium receivable. If the Scheme Property is an off exchange option the method of valuation shall be agreed between the ACD and the Depositary;
  - 4.2.3.2 if it is an off exchange future, include it at the net value of closing out in accordance with a valuation method agreed between the ACD and the Depositary;
  - 4.2.3.3 if it is any other form of contingent liability transaction, include it at the net value of margin on closing out (whether as a positive or negative value). If the Scheme Property is an off exchange derivative, include it at a valuation method agreed between the ACD and the Depositary.
- 4.2.4 In determining the value of the Scheme Property, all instructions given to issue or cancel Shares shall be assumed to have been carried out (and any cash paid or received) whether or not this is the case.
- 4.2.5 Subject to paragraphs 4.2.6 and 4.2.7 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 4.2.5.
- 4.2.7 All agreements are to be included under paragraph 4.2.5 which are, or ought reasonably to have been, known to the person valuing the Scheme Property.
- 4.2.8 Deduct an estimated amount for anticipated tax liabilities at that point in time including (as applicable and without limitation) capital gains tax, income tax, corporation tax, VAT, stamp duty 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.

- 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. Any initial charge or redemption charge, (or Dilution Levy 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 relevant Sub-fund calculated in accordance with the Instrument of Incorporation.

#### 4.4 **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.

#### 4.5 **Publication of Prices**

The prices of all Shares are published on the Financial Express ("FE") website [www.fundlistings.com](http://www.fundlistings.com). Prices of Shares may also be obtained by calling 0115 988 8277 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).

Investments will be managed strictly in accordance with the objectives and constraints contained in the Instrument of Incorporation and published Prospectus, and investors should be alert to the following risk factors which can affect the return.

The risk factors in each section are arranged in order of relevance and importance and it is recommended that they are read and understood before an investment is made.

#### 5.1 **Market risk**

The investments of a Sub-fund 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.

In certain circumstances, you will have the right to cancel your initial investment. However, it should be noted that cancellation may mean that you do not receive back the

full amount invested if the value of the investment falls before a cancellation notice is acted on.

## **5.2 Performance risk**

The performance and risk levels of each Sub-fund will vary according to individual fund selections. There is no guarantee for the performance level of the Sub-funds and no guarantees are given by third parties. Past performance is not a reliable indicator of future results.

## **5.3 Charges**

Capital appreciation in the early years will be adversely affected by the impact of initial charges, which by their nature are not levied uniformly throughout the life of the investment. Where an initial charge is imposed, if you sell your shares after a short period you may not get back the money you invested, even in the absence of a fall in the value of the relevant investments. You should, therefore, regard your investment in a Sub-fund as medium-to-long term.

A Dilution Levy may be charged on the purchase or sale of shares in certain circumstances. Where this is not applied the Sub-fund in question may incur dilution, which may constrain capital growth.

## **5.4 Dilution**

Whilst the impact of dilution will be reduced by the application of a Dilution Levy, under certain market conditions it may be difficult to buy or sell investments for the Sub-fund. As a result, it may not be possible to buy or sell certain investments at the last market price quoted or fair value. As a consequence, the activity by other investors buying and/or selling shares or units in the Sub-fund may have an indirect impact on the Sub-fund's value. This may be due to timing differences between the valuation point of the Sub-fund and the time at which any underlying holdings can be bought or sold to invest or disinvest the cash flows. In exceptional circumstances, the issue, cancellation, sale and repurchase of Shares may be suspended where the ACD and/or Depositary believe it is in the interests of existing or potential investors to do so.

## **5.5 Currency Exchange Rates**

The movements of exchange rates may lead to changes in the value of investments and the income from such investments.

## **5.6 Emerging Markets**

A proportion of the Sub-funds can be invested in the Emerging Markets regions. Investment may carry risks associated with failed or delayed settlement of market transactions and with registration and custody of securities. Investing in Emerging Markets may involve a higher than average risk and may not afford the same level of investor protection as would apply in more developed jurisdictions.

## **5.7 Capital risk**

If an investor makes withdrawals, the performance of the Sub-funds may not be sufficient to cover the payments and investors will suffer some capital erosion.

## **5.8 Yield**

The level of any yield may be subject to fluctuations and is not guaranteed.

## 5.9 **Regular Savers**

If you start your regular savers scheme in order to build up a particular sum by a certain date this target may not be achieved if the investment value does not grow as expected, or if you fail to maintain your contributions.

## 5.10 **Inflation risk**

Inflation may occur over the duration of your investment, and will affect the future buying power of your capital.

## 5.11 **Counterparty risk**

There is a risk that an issuer or counterparty will default by failing to make payments due, or failing to make payments in a timely manner, which would adversely affect the value of investments.

## 5.12 **Settlement risk**

A settlement in a transfer system may not take place as expected due to a failure of that transfer system or because a counterparty does not pay or deliver on time as expected.

## 5.13 **Liquidity risk**

In normal market conditions a Sub-fund's assets comprise mainly realisable investments which can be readily sold. The Sub-fund manages its investments, including cash, such that it can meet its liabilities as they fall due. Investments held may need to be sold if insufficient cash is available to finance any shareholder redemptions. If the size of the disposals are sufficiently large, or the market is illiquid, then there is a risk that the price at which investments are sold may be lower than under normal market conditions which would adversely affect the Net Asset Value of the Sub-fund.

## 5.14 **Taxation**

Statements on taxation are based on the current position in the UK as at the time of publication. The value of investments could alter as a result of future legislation. There can be no guarantee that the tax position prevailing at the time of investment will endure indefinitely. There may also be other taxes applicable to the investment and any shareholder or potential investor in doubt as to their tax position should take professional advice.

## 5.15 **Political/ regulatory risk**

The value of the assets of the Sub-funds may be affected by uncertainties such as international political developments, changes in government policies, restrictions in foreign investment and other developments in the laws and regulations of countries in which investment may be made.

## 5.16 **Derivatives**

A Sub-fund may invest in derivatives and forward transactions for investment purposes (as well as for Efficient Portfolio Management and hedging purposes) which means that for regulatory purposes the Sub-fund will be regarded as a higher volatility fund. However, the Investment Manager's use of derivative techniques will have the overall intention of reducing the volatility of returns, reflecting the investment policy for the Company generally.

To the extent permitted by the Regulations, the Sub-funds may enter into certain derivatives transactions, including, without limitation, forward transactions, futures, swaps and options. The value of these investments may fluctuate significantly. By holding these types of investments there is a risk of capital depreciation in relation to certain Sub-fund assets. There is also the potential for capital appreciation of such assets.

A Sub-fund may use derivatives to create synthetic long or short positions. The use of synthetic shorting involves an exposure through derivatives (including, contracts for difference, swaps and other types of derivatives) to the selling of securities that are not owned by the seller at the time of the sale in anticipation that its value will fall. However, if the value of that security increases, it will have a negative effect on the Sub-fund's value.

The Investment Manager/ the ACD may enter into collateral arrangements with counterparties in respect of derivative transactions undertaken on behalf of the Sub-funds. Whilst the use of such collateral arrangements is required to comply with the investment and borrowing powers applicable to UCITS schemes in the COLL Sourcebook in respect of the use of collateral, investors should note that under the terms of such arrangements the counterparties in question will rank ahead of the Company's shareholders as creditors to the Scheme Property in the event of default.

#### **5.17 Counterparty risk in over-the-counter markets**

A Sub-fund may enter into transactions in over-the-counter markets, which will expose the Sub-fund to the credit of its counterparties and their ability to satisfy the terms of such contracts. For example, the Sub-fund may enter into agreements or use other derivative techniques, each of which exposes it to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of a bankruptcy or insolvency of a counterparty, the Sub-Fund could experience delays in liquidating the position and significant losses, including declines in the value of its investment during the period in which the Sub-fund seeks to enforce its rights, inability to realise any gains on its investment during such period and fees and expenses incurred in enforcing its rights. There is also a possibility that the above agreements and derivative techniques are terminated due, for instance, to bankruptcy, supervening illegality or change in the tax or accounting laws relative to those at the time the agreement was originated. In such circumstances, investors may be unable to recover any losses incurred.

#### **5.18 Bonds**

The Sub-funds may hold, either directly or via other Collective Investment Schemes, higher yielding bonds where there is an increased risk of capital erosion through default or if the redemption yield is below the income yield.

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 rate of interest, 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.

## 5.19 **Custody**

Assets of the Sub-funds are held in safe keeping by an independent custodian. There is a risk that the Custodian is not able to fully meet its obligation to reconstitute all of the assets of the Sub-funds in a short time frame in the case of bankruptcy of the Custodian. Securities of the Sub-funds are required to be identified in the Custodian's books as belonging to the Sub-fund and segregated from other assets of the Custodian which mitigates, but does not exclude, the risk of non reconstitution in case of bankruptcy. The Custodian does not necessarily keep all the assets of the Sub-funds itself but has the ability to use a network of sub-custodians which are not necessarily part of the same group of companies as the Custodian. Investors are therefore exposed to the risk of bankruptcy of the sub-custodians in the same manner as they are to the risk of bankruptcy of the Custodian. A Sub-fund may also invest in overseas markets where custodial and/or settlement systems are not fully developed. The assets of the Sub-funds that are traded in such markets and which have been entrusted to such sub-custodians may be exposed to risk in circumstances where the Custodian will have no liability. The risk of non reconstitution in the case of bankruptcy is therefore greater where investments are made in overseas markets. No such segregation applies to cash which increases the risk of non reconstitution in case of bankruptcy.

## 5.20 **Liabilities of the Company and Sub-funds**

Under the OEIC Regulations, each Sub-fund is a segregated portfolio of assets and those assets can only be used to meet the liabilities of, or claims against, that Sub-fund. Whilst 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 whether a foreign court would give effect to the segregated liability and cross-investment provisions contained in 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.

## 5.21 **Concentration**

If a Sub-fund invests in a concentrated portfolio of assets, short-term volatility could be relatively high which means that should a particular investment decline in value or is adversely affected it may have a more pronounced effect than if the Sub-fund held a larger number of investments. Short-term volatility could be relatively high for a concentrated portfolio compared to a less-concentrated portfolio.

## 5.22 **Investment strategy – Aptus Global Financials Fund**

The investment strategy followed by the Investment Manager involves investing in equity securities of global financial services companies. The value of equity securities in this sector have been volatile in the last few years, due to economic and market conditions. This volatility may continue in the future therefore the Sub-fund should be viewed as a long-term investment only and appropriate only for those investors who can assess the risks and potential rewards and who can bear any resulting losses.

# 6 **Management and administration**

## 6.1 **Regulatory Status**

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



## 6.2 **Authorised Corporate Director**

### 6.2.1 **General**

The ACD is T. Bailey Fund Services Limited ('TBFS' or the 'ACD') which is a private company limited by shares incorporated in England and Wales on 25 February 1999.

The directors of the ACD are:

Helen Stevens  
Richard Taylor  
Mike Hughes

The names of the directors of the Manager and significant activities of each director not connected with the business of the Manager (which comprise directorships in the companies listed) are as follows:

<b>Name</b>	<b>Activity</b>
Helen Stevens	None.
Richard Taylor	None.
Gavin Padbury	None.
Rachel Elliott	None.
Mike Hughes (Non-Executive Director)	Youth Adventure Trust.
Anna Troup (Non-Executive Director)	None.

**Registered Office and Head Office:** 64 St. James's Street, Nottingham NG1 6FJ

**Share Capital:** TBFS has a share capital of £1,250,001 issued and paid up.

**Ultimate Holding Company:** Nottingham Industrial Group Limited, a company incorporated in England and Wales.

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 Manager for the investment and reinvestment of the assets of each Sub-fund (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 the ACD 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, 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, 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.

Neither the ACD nor any other "affected person" is under obligation to account to another affected person or to the Shareholders for any profit or benefit they make or receive in connection with the dealings in Shares of the Sub-funds, any transaction in the Scheme Property or the supply of services to the Sub-funds.

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

### **The ACD's Remuneration Policy**

In accordance with the COLL Sourcebook, the ACD is required to establish and apply a remuneration policy for certain categories of staff whose activities have a material impact on the risk profile of the ACD or the UCITS that it manages ("Code Staff"). The ACD has approved and adopted the remuneration policy (the "Remuneration Policy") of the T. Bailey group of companies (the "T. Bailey Group").

The Remuneration Policy documents the remuneration policies, practices and procedures of the T. Bailey Group and is reviewed annually.

The Remuneration Policy:

- (i) Is consistent with and promotes sound and effective risk management;
- (ii) Does not encourage risk taking that exceeds the level of tolerated risk of the T. Bailey Group or the relevant UCITS managed by the ACD;
- (iii) Encourages behaviour that delivers results which are aligned to the interests of the UCITS managed by the ACD;
- (iv) Aligns the interests of Code Staff with the long-term interests of the ACD, the funds it manages and its investors;
- (v) Recognises that remuneration should be competitive and reflect both financial and personal performance. Accordingly, Remuneration for Code Staff is made up of fixed pay (salary and benefits, including pension) and variable (performance-related) pay;

- (vi) Recognises that fixed and variable components should be appropriately balanced and that the variable component should be flexible enough so that in some circumstances no variable component may be paid at all. Variable pay is made up of short-term awards typically based on short-term financial and strategic measures for the area of the business in which the member of Code Staff works;

Up-to-date details of the Remuneration Policy are laid out in the Remuneration Code disclosure document on the ACD's website ([www.tbaileyfs.co.uk](http://www.tbaileyfs.co.uk)). A paper copy of that information will be made available free of charge from the ACD upon request.

## **6.3 The Depositary**

### **6.3.1 General**

The Depositary of the Company is NatWest Trustee & Depositary Services Limited, a private limited company incorporated in England & Wales. Its registered office 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, a public limited company incorporated in Scotland. The Depositary is authorised and regulated by the Financial Conduct Authority and its principal business activity is the provision of trustee and depositary services.

### **6.3.2 Duties of the Depositary**

The Depositary is responsible for the safekeeping of all the Scheme Property of the Company, monitoring the cash flows of each Sub-fund and must ensure that certain processes carried out by the ACD are performed in accordance with the Instrument of Incorporation, Prospectus and the provisions of the 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.

### **6.3.3 Terms of Appointment**

The appointment of the Depositary is made under an agreement between the Company, the ACD and the Depositary (the "Depositary Agreement").

Subject to the COLL Sourcebook, the Depositary has full power under the Depositary Agreement to delegate (and authorise its delegate to sub-delegate) all or any part of its duties as depositary.

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. 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 COLL Sourcebook.

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

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

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

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

Details of the fees payable to the Depositary are given in paragraph 7.3 "Depositary's fee and expenses" below. The Depositary is under no obligation to account to the ACD, the Company or the Shareholders for any profits or benefits it makes or receives that are made or derived from or in connection with its role as depositary.

#### **6.3.4 Delegation of Safekeeping Functions**

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

The Depositary has delegated safekeeping of the Scheme Property to The Northern Trust Company ("the Custodian"). In turn, the Custodian has delegated the custody of assets in certain markets in which the Sub-funds may invest to various sub-delegates ("sub-custodians"). A list of sub-custodians is given in Appendix VII. 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.tbaileyfs.co.uk](http://www.tbaileyfs.co.uk).

#### **6.3.5 Conflicts of Interest**

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

It is possible that the 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 or a particular Sub-fund and/or other funds managed by the ACD or other funds for which the Depositary acts as the depositary, trustee or custodian. The Depositary will, however, have regard in such event to its obligations under the Depositary Agreement and the Regulations and, in particular, will use reasonable endeavours to ensure that the performance of its duties will not be impaired by any such involvement it may have and that any conflicts which may arise will be resolved fairly and in the best interests of Shareholders collectively so far as practicable, having regard to its obligations to other clients.

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

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

## **6.4 The Investment Manager**

### **6.4.1 General**

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

The Investment Manager's registered office is at 90 Long Acre, London WC2E 9RA.

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

### **6.4.2 Terms of Appointment**

The appointment of the Investment Manager has been made under an agreement between the ACD and the Investment Manager, as amended supplemented, replaced or restated from time to time (the "Investment Management Agreement"). The terms of the Investment Management Agreement between the ACD and the Investment Manager include the provision of investment management to attain the investment objectives of the Sub-funds, notifications to the ACD in relation to the purchase and sale of investments and on the exercise of voting rights relating to such investments. 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 with regulated dealers and preparation of the Investment Manager's report half yearly for inclusion in the Company's Report for circulation to Shareholders. Subject to the agreement of the ACD, the Investment Manager may appoint Sub-Investment Managers to discharge some or all of these duties.

The Agreement may be terminated by the ACD after the expiry of two years from the date the Investment Manager was first appointed, and by the Investment Manager after the expiry of two years from the date of such appointment, on not less than six months' written notice or earlier upon the happening of certain specified events. Notwithstanding such termination provisions, the Agreement may be terminated by the ACD with immediate effect if it is in the best interests of the Shareholders.

The Investment Manager will receive a fee paid by the ACD out of its remuneration received each month from each Sub-fund as explained in paragraph 7.4 below and is also entitled to receive commission paid by the ACD in respect of investment in the Sub-funds by its clients.

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

## **6.5 The Registrar**

### **6.5.1 General**

On behalf of the Company the ACD acts as registrar to the Company.

### **6.5.2 Register of Shareholders**

The Register of Shareholders will be maintained by the Registrar at the address of its registered office as noted above, and may be inspected at that address during normal business hours by any Shareholder or any Shareholder's duly authorised agent.

## 6.6 **The Auditor**

The auditor of the Company is Deloitte LLP, Four Brindleyplace, Birmingham, B1 2HZ.

## 6.7 **Conflicts of Interest**

The ACD, the Investment Manager and other companies within the ACD's and the Investment Manager's group may, from time to time, act as investment managers 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. 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.

Further details of conflicts of interest policies are available on request from the ACD.

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

## 7 **Fees and expenses**

### 7.1 **Ongoing**

All costs, charges, fees or expenses, other than the charges made in connection with the subscription and redemption of Shares (see paragraph 3.5) 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, also pay out of the Scheme Property all relevant costs, charges, fees and expenses including the following:

- 7.1.1 broker's commission, fiscal charges (including stamp duty and/or stamp duty reserve tax if any) and other disbursements which are necessary to be incurred in effecting transactions for the Sub-fund and normally shown in contract notes, confirmation notes and difference accounts as appropriate;
- 7.1.2 fees and expenses in respect of establishing and maintaining the register of shareholders, including any sub-registers kept for the purpose of the administration of Individual Savings Accounts, are payable monthly out of the property of the Sub-funds;
- 7.1.3 Administration expenses:
  - (a) costs of preparing, updating and printing the Key Investor Information documents and Supplementary Information documents;
  - (b) costs of preparing, printing and dispatching application forms, contract notes, shareholder statements, Long Reports, reports and accounts and other shareholder correspondence;
  - (c) costs of sourcing prices of investments and valuing the property of the Company; and,
  - (d) bank charges.

- 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 by the Company in publishing the price of the Shares in a national or other newspaper or any other media;
- 7.1.6 any costs incurred in producing and dispatching any payments made by the Company;
- 7.1.7 any fees, expenses or disbursements of any legal or other professional adviser of the Company;
- 7.1.8 any costs incurred in taking out and maintaining an insurance policy in relation to the Company;
- 7.1.9 any costs incurred in respect of meetings of Shareholders convened for any purpose;
- 7.1.10 any payment permitted by the clause of the COLL Sourcebook dealing with "Payment of liabilities on transfer of assets";
- 7.1.11 interest on borrowings and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings;
- 7.1.12 taxation and duties payable in respect of the Company Property or the issue or redemption of Shares;
- 7.1.13 the audit fees of the Auditors (including VAT) and any expenses of the Auditors;
- 7.1.14 the fees of the FCA, in accordance with the 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;
- 7.1.15 The Registrar's fee for the Company is currently at a rate of £10 per transaction plus an annual rate of £10 per registered account, plus expenses and disbursements. The Registrar's fee is payable monthly in arrears based on the number of transactions in the month and on the total accounts held at the month end;
- 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 the research charge payable to the Investment Manager, or any other investment adviser duly appointed from time to time, in respect of research undertaken for a Sub-fund (the "**Research Charge**"), further details of which are set out in paragraph 7.5 below;
- 7.1.18 the total amount of any cost relating to the authorisation and incorporation of the Company and of its initial offer or issue of Shares;
- 7.1.19 the total amount of any cost relating to amending the Prospectus or Instrument of Incorporation where this is permitted by the COLL Sourcebook;
- 7.1.20 any payments otherwise due by virtue of a change to the Regulations; and
- 7.1.21 any value added or similar tax relating to any change or expense set out herein.

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.

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. Where expenses are deducted in the first instance from income if and only if this is insufficient, deductions will be made from capital. If deductions were made from capital, this would result in capital erosion and constrain growth.

## **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 payment of fees or commissions to third parties from ongoing charges is designed to allow remuneration for intermediaries to enable them to service the underlying investor (e.g. provision of advice, facilitating the investment etc.) along with remuneration for the Investment Manager for making investment decisions and remuneration to the ACD.

Fees or commissions will only be paid to third parties from ongoing charges if this does not impair compliance with the ACD's duty to act in the best interests of the Fund.

The ACD does not offer advice to private individuals and therefore only discloses the maximum full ongoing charge in the Key Investor Information document which must be read by investors prior to any investment being made. It is the obligation of the party giving advice to disclose prior to investment any fees or commissions which they will take from the investment. Post investment the ACD will issue contract note(s) which disclose any fees or commissions payable to the intermediary on the account. For platform business contract notes will be issued to the platform by the Manager and by the platform itself to the end investor.

Further details on fees and commissions payable are available on request from the ACD.

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.

### **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.

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 daily and is due monthly on the last Business Day in each calendar month in respect of that day and the period since the last Business Day in the preceding month and is payable within seven days after the last Business Day in each month. The fee is calculated by reference to the



value of the Fund on the last Business Day of the preceding month except for the first accrual which is calculated by reference to the first valuation point of the Fund. The rate of the periodic fee is agreed between the ACD and the Depositary and is calculated on a sliding scale for the Fund on the following basis:

0.035% per annum on the first £70 million of the Scheme Property

0.030% per annum on the next £30 million of the Scheme Property

0.020% per annum on the next £100 million of the Scheme Property

Thereafter 0.010% per annum of the balance, subject to a minimum of £5,000 per annum per Fund.

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

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

The first accrual in relation to any Fund will take place in respect of the period beginning on the day on which the first valuation of that Fund is made and ending on the last Business Day of the month in which that day falls.

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

<b>Item</b>	<b>Range</b>
Transaction Charges	£10 to £175 plus VAT (if any).
Custody Charges	0.0025% to 1.10% per annum of the Scheme Property plus VAT (if any) calculated at an ad valorem rate determined by the territory or country in which the assets of the Sub-funds are held.

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

Where relevant, the Depositary may make a charge for its services in relation to: distributions, the provision of banking services, holding money on deposit, lending money, or engaging in stock lending or derivative transactions, in relation to the Fund and may sell or deal in the sale of Scheme Property, provided always that the services concerned and any such dealing are in accordance with the provisions of the Regulations.

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, the Regulations or by the general law.

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

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

In each such case such payments, expenses and disbursements may be payable to any person (including the ACD or any associate or nominee of the Depositary or of the ACD) who has had the relevant duty delegated to it pursuant to the FCA Regulations by the Depositary.

#### **7.4 Investment Manager's fee**

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

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

#### **7.5 Research Charge**

In accordance with the FCA Handbook, the Investment Manager has set, and has agreed with the ACD, an annual research budget to establish how much it needs to spend on third party research to provide the investment services to the Company. The Research Charge described in paragraph 7.1.17 above will be used to fund the purchase of third party research that the Investment Manager believes will benefit the Sub-funds by assisting the Investment Manager to make investment decisions in respect of the Sub-funds. The Investment Manager will take into account each Sub-fund's investment objective, policy and investment strategy when considering whether to purchase research for the benefit of that Sub-fund.

Having been provided with a copy of the Investment Manager's policy regarding research, the ACD has satisfied itself that the Investment Manager has established a process whereby it will regularly assess the quality of the research purchased using the Research Charge. This assessment is based on robust quality criteria, including the extent to which in the Investment Manager's opinion that research contributes to its decision making process when making investment decisions on behalf of the Sub-funds.

The Investment Manager's estimated research charge and its budgeted amount for research can be found at <http://www.tbaileys.co.uk/funds/aptus-investment-fund>. The charge will accrue on a daily basis in arrears and will be paid monthly into a Research Payment Account controlled by the Investment Manager and established in accordance with the FCA Handbook.

If at the end of the year the Research Payment Account is in surplus, any such surplus may be rebated to the Sub-funds proportionately or off-set against the budgeted amount for research and the Research Charge applicable during the following annual reporting period.

The Investment Manager will allocate the costs of purchases of research amongst the Sub-funds in accordance with paragraph 7.6 below.

A summary of the following information in respect of the most recent annual reporting period will be included in the annual report of the Company and is available to investors

from the ACD on request and from <http://www.tbaileyfs.co.uk/funds/aptus-investment-fund>:

- The research providers paid using the Research Charge;
- The total amount each provider was paid;
- The benefits and services received by the Investment Manager in connection with the purchase of the relevant research; and
- How the total amount spent from the account compares to the total budgeted amount for research in respect of that period.

## **7.6 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 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.

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

Each sub-fund formed after the date of this Prospectus may bear its own direct establishment costs.

## **8 Instrument of incorporation**

The Instrument of Incorporation is available for inspection at the ACD's offices at 64 St. James's Street, Nottingham NG1 6FJ.

## **9 Shareholder meetings and voting rights**

### **9.1 Class, Company and Sub-fund Meetings**

In accordance with the OEIC Regulations, the ACD has elected to dispense 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 a reasonable date 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 entered on the register at a time to be determined by the ACD and stated in the notice of the meeting which must not be more than 48 hours before the time fixed for 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 and hold Shares as investments. The information given under this heading does not constitute legal or tax advice and prospective investors should consult their own professional advisers as to the implications of subscribing for, purchasing, holding, Switching or disposing of Shares under the laws of the jurisdiction in which they are resident for tax purposes.

### 10.2 **The Company**

A Sub-fund will be treated as a separate entity for UK tax purposes.

A Sub-Fund is exempt from UK tax on dividends received from UK companies and overseas companies (subject to certain conditions). A Sub-fund can choose to elect to tax particular overseas dividends it receives and, where it makes such an election, these dividends will be included in the taxable income of the Sub-fund. Most other sources of income (e.g. interest income) will also constitute taxable income of the Sub-fund. A Sub-fund will be subject to corporation tax (at the rate of 20% for the financial year beginning 1 April 2019) on its taxable income after deducting allowable expenses and interest distributions (see below) and subject to any relief for some or all of any foreign tax suffered in respect of that taxable income.

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

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

There is no specific exemption from UK stamp taxes (i.e. stamp duty or stamp duty reserve tax ("SDRT")) for the Company. Broadly speaking, stamp duty is paid on transactions involving stock or marketable securities, and the rate is 0.5% of the amount paid for the stock or securities. There is no SDRT liability on amounts paid for any Shares redeemed. A charge may apply for certain in specie redemptions. The Company may incur similar taxes in another jurisdiction if it carries out transactions involving that jurisdiction.

### 10.3 **Shareholders**

#### 10.3.1 **Income**

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

#### 10.3.2 **Income – dividend distributions**

Any dividend distribution made by a Sub-fund to an individual Shareholder 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. The first £2,000 of dividend income paid to UK individuals is currently exempt from income tax. Dividend income in excess of this amount is taxed at a rate of either 7.5% (for basic rate taxpayers), 32.5% (for higher rate taxpayers), or 38.1% for additional rate tax payers (there are no tax credits attached to dividend distributions).

Corporate Shareholders within the charge to UK corporation tax will receive this income distribution as dividend income to the extent that the distribution relates to underlying dividend income (before deduction of expenses, but net of UK corporation tax) for the period in respect of which the distribution is made. Subject to certain conditions, this dividend income should normally be exempt from UK corporation tax. Any part of the distribution which is not received as dividend income is deemed to be an annual payment subject to UK corporation tax in the hands of the corporate Shareholder.

### 10.3.3 **Income – interest distributions**

A Sub-fund for which the market value of its "qualifying investments" (broadly interest generating assets) exceeds 60% of the market value of all its investments throughout the distribution period (a "bond" fund for UK tax purposes) may make an interest distribution instead of a dividend distribution. The amount of the interest distribution is deductible in computing the Sub-fund's income for corporation tax purposes.

Interest distributions made by a Sub-fund to UK resident shareholders will not be paid subject to the deduction of UK income tax.

Individual UK resident Shareholders will therefore be subject to UK income tax at their normal rate, subject to any exempt income received under an individual's personal savings allowances, as described below.

A personal savings allowance (for UK resident individuals) effectively exempts the first £1,000 (for basic rate taxpayers) or £500 (for higher rate tax payers) of interest income (including from interest distributions) that an individual receives in any given year. No allowances will be available to additional rate taxpayers.

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

### 10.3.4 **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 Conversions between Classes in respect of the same Sub-fund, provided that no consideration is given or received other than the Shares being converted).

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. For the tax year 2019/2020, this annual exemption is £12,000. An individual's net chargeable gains are taxed at 10% if the individual's total chargeable gains do not exceed the upper limit of the income tax basic rate band and at 20% if the total exceeds that limit.

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.

Special provisions apply to a UK corporate Shareholder which invests in a bond fund (see above). Where this is the case, the corporate Shareholder's Shares in the Sub-fund are treated for tax purposes as rights under a creditor loan relationship. This means that the increase or decrease in value of the Shares during each accounting period of the corporate Shareholder is treated as a loan relationship credit or debit, as appropriate and constitutes income (as opposed to a capital gain) for tax purposes and, as such, is taxed in the year that it arises.

The first income allocation received by an investor after buying Shares may include an amount of income equalisation. This is effectively a repayment of the income equalisation paid by the investor as part of the purchase price.

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

### **10.3.5 Reporting of tax information**

#### **US Foreign Account Tax Compliance**

Due to US tax legislation (the Foreign Account Tax Compliance Act, "FATCA"), which can affect financial institutions such as the Company, the Company may need to disclose to HMRC\* the name, address and taxpayer identification number relating to certain US investors who fall within the definition of Specified US Person in FATCA that own, directly or indirectly, an interest in certain entities, as well as certain other information relating to such interest. HMRC will in turn exchange this information with the Internal Revenue Service of the United States of America.

\*The UK has entered into an inter-governmental agreement ("IGA") with the US to facilitate FATCA compliance. Under this IGA, FATCA compliance will be enforced under UK tax legislation and reporting.

While the Company shall use reasonable endeavours to cause the Company to avoid the imposition of US federal withholding tax under FATCA, the extent to which the Company is able to do so and report to HMRC will depend on each affected Shareholder in the Company providing the Company or its delegate with any information that the Company determines is necessary to satisfy such obligations. The 30% withholding tax regime could apply if there is a failure by Shareholders to provide certain required information.

By signing the application form to subscribe for Shares in the Company, each affected Shareholder is agreeing to provide such information upon request from the Company or its delegate. The Company may exercise its right to completely redeem the holding of an affected Shareholder (at any time upon any or no notice) if he fails to provide the Company with the information the Company requests to satisfy its obligations under FATCA.

#### **Other Reporting to Tax Authorities**

The UK and a number of other jurisdictions have also agreed to enter into multilateral arrangements modelled on the Common Reporting Standard for Automatic Exchange of Financial Account Information ("CRS") published by the Organisation for Economic Co-operation and Development ("OECD"). This allows for the automatic exchange of financial information between tax authorities. These agreements and arrangements, as transposed into UK law, may require the Company, as a UK Financial Institution, (or the ACD on its behalf) to provide certain information to HMRC about investors from the jurisdictions

which are party to such arrangements (which information will in turn be provided to the relevant tax authorities).

In light of the above, Shareholders in the Company and, in some cases their financial intermediaries, may be required to provide certain information (including personal information) to the ACD to enable the Company to comply with the terms of the UK law. Where a Shareholder fails to provide any requested information (regardless of the consequences), the Company reserves the right to take any action and/or pursue all remedies at its disposal to avoid any resulting sanctions including, without limitation, compulsory redemption or withdrawal of the Shareholder concerned.

**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. These statements relate only to Shareholders that are resident in the UK for tax purposes and beneficially hold their Shares as an investment. The tax position may be different for other Shareholders, and certain types of Shareholder (such as life insurance companies) may be subject to specific rules. 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 may only be wound up and a Sub-fund may only be terminated under the COLL Sourcebook or as an unregistered company under Part V of the Insolvency Act 1986.

Where the Company or a Sub-fund is to be wound up under the COLL Sourcebook, such winding up may only be commenced following approval by the FCA. The FCA may only give such approval if the ACD provides a statement (following an investigation into the affairs of the Company) either that the Company will be able to meet its liabilities within 12 months of the date of the statement or that the Company will be unable to do so. The Company may not be wound up under the 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 £5 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); or
- 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 in a Sub-fund ceasing to hold any scheme property; or
- 11.5 in the case of the Company, on the date on which all of the Sub-funds fall within 11.4 above or have otherwise ceased to hold any scheme property, notwithstanding that the Company may have assets and liabilities which are not attributable to any particular Sub-fund.



On the occurrence of any of the above:

- 11.6 the provisions of the COLL Sourcebook relating to “Dealing”, “Valuation and pricing” and “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 Depositary 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, 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, 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 has been completed.

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

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 two months of the completion of the winding up or termination.

## 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 to the last address notified in writing to the Company by the Shareholder.

## **12.3 Income Allocations**

Some Sub-funds may have interim and final income allocations and other Sub-funds may have quarterly income allocations and some Sub-funds may only have final income allocation dates (see Appendix I). For each of the Sub-funds income is allocated in respect of the income available at each accounting date.

In relation to income Shares, distributions of income for each Sub-fund in which income Shares are issued are paid by cheque or telegraphic 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 Reports**

The annual report of the Company will be published within four months from the end of each annual accounting period and the half yearly report will be published within two months of each interim accounting period. The annual report is available to any person free of charge on request.

## **12.5 Documents relating to 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 64 St. James's Street, Nottingham NG1 6FJ:

- 12.5.1 the most recent annual and half yearly reports of the Company;
- 12.5.2 the Instrument of Incorporation (and any amending documents); and

12.5.3 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 annual and half yearly long reports of the Company and the Company's most recent prospectus 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; and

12.6.2 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 64 St. James's Street, Nottingham NG1 6FJ. The ACD is not authorised to give 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**

If you have a complaint you should contact us. If you wish to put your complaint in writing please contact the Compliance Officer at the registered office of the Manager at 64 St. James's Street, Nottingham, NG1 6FJ. If your complaint is not dealt with to your satisfaction you can, depending on the nature of the complaint, also write directly to the Financial Ombudsman Service at Exchange Tower, London E14 9SR. We will inform you of your rights when answering your complaint and a copy of T. Bailey's internal complaints procedure will also be provided to you.

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 **Indemnity**

The Instrument of Incorporation contains provisions indemnifying the Directors 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.

#### 12.12 **Best Execution**

The Investment Manager will be responsible for executing purchases and sales of underlying Fund investments. Such transactions may only be executed by the Investment Manager in accordance with the FCA rules on best execution and the Investment Manager is obliged to comply with these rules. Further details of the Investment Manager's best execution policy are available on request from the ACD.

#### 12.13 **Voting Strategy**

The ACD, in partnership with the Investment Manager, has ensured that adequate and effective strategies for determining when and how voting rights attached to the ownership of Fund property are to be exercised. These strategies include monitoring relevant corporate events, ensuring that the exercise of voting rights is in accordance with the investment objectives and policy of the relevant sub-fund and preventing or managing any conflicts of interest arising from the exercise of voting rights. A summary description of the policies along with records of voting is available on request.

#### 12.14 **Segregated Liability**

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 of the OEIC Regulations.

#### 12.15 **EU Benchmark Regulation**

The EU Benchmark Regulation requires the ACD to produce and maintain robust written plans setting out the actions that it would take in the event that a benchmark (as defined by the EU Benchmark Regulation) materially changes or ceases to be provided. The Sub-funds are not tracker funds and neither the Investment Manager, ACD or the Company are a "user" of a benchmark the purposes of the EU Benchmark Regulation. Further information is available on request.

Updated information, if required, as to whether any benchmark for the Sub-funds is provided by an administrator included in the ESMA register of benchmark administrator will be available from 1 January 2020.

## APPENDIX I

### Sub-Fund Details

<b>Name:</b>	<b>Aptus Global Financials Fund</b>
<b>FCA Product Reference ("PRN"):</b>	640737
<b>Type of Sub-fund:</b>	UCITS Scheme
<b>Investment Objective and Policy:</b>	<p><b>Objective</b></p> <p>The Fund aims to produce a combination of long term capital and income growth by investing in a well-diversified geographical spread of global financial services companies, including banks and insurance companies.</p> <p><b>Policy</b></p> <p>The Fund will primarily have exposure to equity securities (either directly or indirectly via derivatives) mainly of global financial services companies. The Fund may also invest in other types of transferable securities. At any one time, the Fund may invest in a relatively small number of securities. The Fund may invest in derivatives both for investment purposes and for efficient portfolio management. Derivatives may be used to create synthetic long positions in securities. The Fund may also invest in money market instruments, collective investment schemes, deposits, cash and near cash.</p>

### Comparator Benchmarks

Shareholders may wish to compare the performance of the Sub-fund against the MSCI ACWI/ Financials Index (GBP terms) (the "Index"). The stocks comprising the Index are aligned with the Sub-fund's objectives, and on that basis the Index is considered an appropriate performance comparator for the Sub-fund. Please note the Sub-fund is not constrained by or managed to the Index.

Shareholders may also wish to compare the Sub-fund's performance against other funds within the Investment Association's Global Equity Income sector as that will give investors an indication of how the Sub-fund is performing compared with other funds that invest in global equities and have an income focus. As the sector aligns with the Sub-fund's asset allocation and income delivery objectives, it is considered that this is an appropriate comparator.

<b>Accounting date:</b>	31 December (annual) 30 June (interim)																
<b>Income allocation dates:</b>	28 February (annual) 31 August (interim)																
<b>Share Classes and types of shares:</b>	<p>A Income A Accumulation B Income B Accumulation C Income C Accumulation A Class shares will only be available to investors with the prior agreement of the ACD.</p> <p>B Class shares will also have Euro and US Dollar classes.</p> <p>C Class shares will only be available to employees of Quilter Cheviot Limited and Toscafund Asset Management LLP.</p>																
<b>Initial charge:</b>	Nil																
<b>Redemption Charge:</b>	Nil																
<b>Charge on switching:</b>	Nil																
<b>Annual management charge*:</b>	<p>A Class – 0.90% B Class – 1.20% C Class – 0.20%</p>																
<b>Charges taken from income:</b>	No																
<b>Registration charge:</b>	£10.00 per annum per registered holder + £10.00 per transaction.																
<b>Investment minima**:</b>	<p>For A Class shares:</p> <table> <tr> <td>Minimum Investment</td><td>£50,000,000</td></tr> <tr> <td>Top-up</td><td>£1,000</td></tr> <tr> <td>Redemption</td><td>None</td></tr> <tr> <td>Regular Savings</td><td>None</td></tr> </table> <p>For B Class shares:</p> <table> <tr> <td>Minimum Investment</td><td>£1,000</td></tr> <tr> <td>Top-up</td><td>£50</td></tr> <tr> <td>Redemption</td><td>None</td></tr> <tr> <td>Regular Savings</td><td>None</td></tr> </table>	Minimum Investment	£50,000,000	Top-up	£1,000	Redemption	None	Regular Savings	None	Minimum Investment	£1,000	Top-up	£50	Redemption	None	Regular Savings	None
Minimum Investment	£50,000,000																
Top-up	£1,000																
Redemption	None																
Regular Savings	None																
Minimum Investment	£1,000																
Top-up	£50																
Redemption	None																
Regular Savings	None																
<b>Investment in collective investment schemes:</b>	The Fund may enter into investments in other collective investment schemes managed by the ACD or an associate of the ACD. The Fund may be invested in by Fund of Funds Managers. The Fund																

will have less than 10% of the Scheme Property invested in other collective investment schemes.

**Identified Target Market:**

The following section sets out the type of clients for whose needs, characteristics and objectives the Fund is compatible.

**Type of client:** Given the nature of the Fund (a non-complex UCITS fund) the Fund is targeted towards retail clients, professional clients and eligible counterparties.

**Knowledge and experience of client:** The Fund is compatible with those clients who have basic investment knowledge and experience, including knowledge of collective investment schemes and the asset classes in which the Fund may invest.

**Financial situation of client with a focus on the ability to bear losses:** As the value of the Fund can go down as well as up, the Fund is compatible for investors that can bear capital losses of up to the amount invested. However, the nature of the Fund means that there would be no loss beyond the amount of capital invested.

**Risk tolerance of client and compatibility of the risk/reward profile of the Fund with the target market:** Due to the historic volatility of the Fund, the Fund has a Synthetic Risk and Reward Indicator (SRRI), as calculated in accordance with UCITS methodology, of 6<sup>1</sup> (on a scale of 1-7, with 1 being the lowest risk and 7 being the highest risk), and is therefore compatible with investors with a medium-high risk tolerance. Investors should be willing to accept price fluctuations in exchange for the opportunity to achieve possible higher returns.

**Objectives and needs of client:** Those clients who seek capital growth and income growth over the medium to long-term.

**Clients who should not invest in the Fund (negative target market):** This product is deemed incompatible for investors who are:

- (i) seeking full or partial capital protection
- (ii) fully risk averse and have no or low tolerance for risk

**Distribution channels:** The Fund is eligible for all distribution channels (e.g. execution only, non-advised sales, advised sales and portfolio management).

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<sup>1</sup> This figure may have been updated since the date that this prospectus was published - please see latest published Key Investor Information Document (KIID) published on the T. Bailey Fund Services Limited website ([www.tbaileys.co.uk](http://www.tbaileys.co.uk)).

- \* Subject to a minimum annual charge of £50,000.
- \*\* The ACD may waive the minimum levels at its discretion.



## APPENDIX II

### 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 Slovenia).

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

#### Eligible Securities Markets:

The United Kingdom and any other EEA State

United States of America	The New York Stock Exchange (NYSE) The NASDAQ Stock Market (NASDAQ) NYSE MKT LLC
Australia	The Australian Securities Exchange (ASX)
Brazil	BM&F Bovespa
Canada	Montreal Exchange (ME) Toronto Stock Exchange (TSX) TSX Venture Exchange
China	Shanghai Stock Exchange (SSE) Shenzhen Stock Exchange (SZSE)
Cyprus	Cyprus Stock Exchange (CSE)
Hong Kong	Hong Kong Stock Exchange (SEHK)
India	Bombay Stock Exchange (BSE) National Stock Exchange (NSE)
Indonesia	Indonesia Stock Exchange
Japan	Japan Exchange Group (JPX) Nagoya Stock Exchange (NSE) Sapporo Securities Exchange
Korea	Korea Exchange (KRX)
Malaysia	Bursa Malaysia (MYX)
Mexico	Mexican Stock Exchange (BMV)
New Zealand	NZX Limited (NZX)
Pakistan	Karachi Stock Exchange (KSE)
Russia	Moscow Exchange MICEX-RTS
Singapore	Singapore Exchange (SGX)

South Africa	JSE Limited (JSE)
Switzerland	SIX Swiss Exchange
Taiwan	Taiwan Stock Exchange Corporation (TSEC)
Thailand	Stock Exchange of Thailand (SET)
Turkey	Istanbul Stock Exchange (ISE)
United Arab Emirates	Abu Dhabi Securities Exchange (ADX)
United Kingdom	The Alternative Investment Market (AIM)

### **Eligible Derivatives Markets:**

Athens Stock Exchange (ASE)  
 Australian Securities Exchange (ASX)  
 Bolsa de Madrid  
 Bolsa Mexicana de Valores  
 Bombay Stock Exchange (BSE)  
 Borsa Italiana S.p.A.  
 Börse Berlin  
 Börse Düsseldorf  
 Börse München  
 Börse Stuttgart  
 Budapest Stock Exchange (BSE)  
 Chicago Board of Trade (CBOT)  
 Chicago Board Options Exchange (CBOE)  
 Chicago Mercantile Exchange (CME)  
 Chicago Stock Exchange (CHX)  
 Copenhagen Stock Exchange (CSE)  
 Deutsche Börse  
 Eurex  
 Euronext Amsterdam  
 Euronext Brussels  
 Euronext Lisbon  
 Euronext N.V.  
 Euronext Paris  
 European Energy Exchange AG  
 Finnish Options Exchange  
 Hong Kong Stock Exchange  
 ICE Futures Canada  
 ICE Futures US  
 Indonesia Stock Exchange  
 Irish Stock Exchange (ISE)  
 JSE Limited (JSE)  
 Kansas City Board of Trade (KCBT)  
 Korea Exchange (KRX)  
 London International Financial Futures and Options Exchange (LIFFE)  
 Mercado Español de Futuros Financieros (MEFF)  
 Montreal Exchange (ME)  
 Moscow Exchange MICEX-RTS  
 NASDAQ OMX Futures Exchange (NFX)  
 NASDAQ OMX PHLX  
 National Stock Exchange of India

New York Mercantile Exchange (NYMEX)  
New York Stock Exchange (NYSE)  
NYSE Arca  
NYSE MKT LLC  
NZX Limited (NZX)  
OMLX The London Securities and Derivatives Exchange Limited  
OMX AB  
Osaka Securities Exchange (OSE)  
Oslo Stock Exchange (OSE)  
Singapore Exchange (SGX)  
SIX Swiss Exchange  
South Africa Futures Exchange (SAFEX)  
The Stock Exchange of Thailand (SET)  
Stockholm Stock Exchange  
The National Association of Securities Dealers Automated Quotations System (NASDAQ)  
Taiwan Stock Exchange Corporation  
Tokyo Stock Exchange  
Warsaw Stock Exchange

## **APPENDIX III**

### **Investment and borrowing powers of the Company**

#### **1 General**

The Scheme Property will be invested with the aim of achieving the investment objective of that Sub-fund but subject to the limits set out in the Sub-fund's investment policy and the limits set out in that part of the COLL Sourcebook dealing with investment and borrowing powers and this Prospectus. These limits apply to each Sub-fund established at the date of this Prospectus as summarised below.

The Sub-funds will not maintain an interest in immovable property or tangible moveable property.

From time to time and in particular during periods of uncertain or volatile markets, the Investment Manager may choose to hold a substantial proportion of the property of the Sub-funds in approved money market instruments and/or cash deposits.

#### **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 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 warrants and nil and partly paid securities and the general power to accept or underwrite) if possible obligations arising out of the investment transactions or out of the retention would not cause any breach of any limits in the COLL Sourcebook, it must be assumed that the maximum possible liability of the Sub-fund under any other of those rules has also to be provided for.

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

1.2.2.1 it must be assumed that in applying any of those rules, the Sub-fund must also simultaneously satisfy any other obligation relating to cover; and

1.2.2.2 no element of cover must be used more than once.

#### **1.3 Transferable Securities**

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

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

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

- 1.3.4 An investment is not a transferable security unless the liability of the holder of it to contribute to the debts of the issuer is limited to any amount for the time being unpaid by the holder of it in respect of the investment.
- 1.4 Closed end funds constituting transferable securities
  - 1.4.1 A unit in a closed end fund is a transferable security if, in addition to the criteria summarized in paragraph 1.3, either:
    - 1.4.1.1 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
    - 1.4.1.2 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.

## 2 **UCITS schemes – general**

Subject to the investment objectives and policy of a Sub-fund and the restrictions set out in this Prospectus, the Scheme Property must, except where otherwise provided in the COLL Sourcebook only consist of transferable securities, collective investment schemes, approved money market instruments and bonds except that cash or near cash may be held for liquidity purposes of the efficient management of a Sub-fund from time to time and Sub-fund may have a higher than usual level of liquidity if the ACD considers that to be in the best interests of Shareholders.

- 2.1 Transferable securities held within a Sub-fund must (subject to paragraph 2.3 of this Appendix) be admitted to or dealt on an eligible market as described below.
- 2.2 Not more than 10% in value of the Scheme Property is to consist of transferable securities, which are not approved securities.
- 2.3 The requirements on spread of investments generally and in relation to investment in government and public securities do not apply until the expiry of a period of six months after the date of effect of the authorisation order in respect of the Sub-fund (or on which the initial offer commenced if later) provided that the requirement to maintain prudent spread of risk in paragraph 1.1 of this Appendix is complied with.

## 3 **Eligible markets regime: purpose**

- 3.1 To protect investors the markets on which investments of a Sub-fund are dealt in or traded on should be of an adequate quality ("eligible") at the time of acquisition of the investment and until it is sold.
- 3.2 Where a market ceases to be eligible, investments on that market cease to be approved securities. The 10% restriction on investing in non approved securities applies and

exceeding this limit because a market ceases to be eligible will generally be regarded as an inadvertent breach.

- 3.3 A market is eligible for the purposes of the rules if it is:
    - 3.3.1 a regulated market as defined in the FCA Handbook; or
    - 3.3.2 a market in an EEA State which is regulated, operates regularly and is open to the public.
  - 3.4 A market not falling within paragraph 3.3 of this Appendix is eligible for the purposes of the COLL Sourcebook if:
    - 3.4.1 the ACD, after consultation and notification with the Depositary, decides that market is appropriate for investment of, or dealing in, the Scheme Property;
    - 3.4.2 the market is included in a list in the Prospectus; and
    - 3.4.3 the Depositary has taken reasonable care to determine that:
      - 3.4.3.1 adequate custody arrangements can be provided for the investment dealt in on that market; and
      - 3.4.3.2 all reasonable steps have been taken by the ACD in deciding whether that market is eligible.
  - 3.5 In paragraph 3.4.1 a market must not be considered appropriate unless it is regulated, operates regularly, is recognised, is open to the public, is adequately liquid and has adequate arrangements for unimpeded transmission of income and capital to or for the order of investors.
- 4 **Spread: general**
- 4.1 This rule on spread does not apply to government and public securities.
  - 4.2 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.
  - 4.3 Not more than 20% in value of the Scheme Property is to consist of deposits with a single body.
  - 4.4 With the exception of those instruments specified in paragraph 5 below, not more than 5% in value of the Scheme Property 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. For these purposes certificates representing certain securities are treated as equivalent to the underlying security.
  - 4.5 The COLL Sourcebook provides that the exposure to any one counterparty in an OTC derivative transaction must not exceed 5% in value of the Scheme Property; this limit being raised to 10% where the counterparty is an approved bank.
  - 4.6 Not more than 20% in value of the Scheme Property is to consist of the units of any one collective investment scheme.

- 4.7 Not more than 20% in value of the Scheme Property may consist of transferable securities and approved money market instruments issued by the same group.
- 4.8 In applying the limits in 4.3 and 4.4 not more than 20% in value of the Scheme Property is to consist of any combination of two or more of the following:
  - 4.8.1 transferable securities or approved money market instruments issued by; or
  - 4.8.2 deposits made with; or
  - 4.8.3 exposures from OTC derivatives transactions made with; a single body.

## 5 **Spread: government and public securities**

- 5.1 The following section applies to transferable securities or approved money market instruments issued by (a) an EEA State; (b) a local authority of an EEA State; (c) a non-EEA State; or (d) a public international body to which one or more EEA States belong ("Such Securities").
- 5.2 Subject to paragraph 5.3 below, there is no limit on the amount which may be invested in Such Securities or in any one issue; provided that no more than 35% in value of the Scheme Property may be invested in Such Securities issued by any one body.
- 5.3 More than 35% in value of the Scheme Property in Such Securities issued by any one body may be invested in provided that:
  - 5.3.1 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 objective of the Company;
  - 5.3.2 no more than 30% in value of the Scheme Property consists of Such Securities of any one issue;
  - 5.3.3 the Scheme Property includes Such Securities issued by that or another issuer, of at least six different issues; and
  - 5.3.4 the disclosures required by the FCA have been made.
- 5.4 More than 35% of the Scheme Property may be invested in Such Securities issued or guaranteed by the Government of the United Kingdom, the Scottish Administration, the Executive Committee of the Northern Ireland Assembly or the National Assembly of Wales, the Governments of Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, The Netherlands, Portugal, Spain and Sweden and the Governments of Australia, Canada, Japan, New Zealand, Switzerland or the United States of America.

## 6 **Investment in collective investment schemes**

- 6.1 **Up to 10% of the value of the Scheme Property may be invested in units or shares in other collective investment schemes** ("Second Scheme") provided that Second Scheme satisfies all of the following conditions and provided that no more than 30% of the value of the UCITS scheme is invested in Second Schemes within 6.1.1.2-6.1.1.4.

- 6.1.1 The Second Scheme must:
- 6.1.1.1 satisfy the conditions necessary for it to enjoy the rights conferred by the UCITS Directive; or
  - 6.1.1.2 be a recognised scheme under the provisions of s.272 of the Financial Services and Markets Act 2000 that is authorised by the supervisory authorities of Guernsey, Jersey or the Isle of Man (provided that the requirements of Article 50(1)(e) of the UCITS Directive are met); or
  - 6.1.1.3 be authorised as a non-UCITS retail scheme (provided the requirements of Article 50(1)(e) of the UCITS Directive are met); or
  - 6.1.1.4 be authorised in another EEA State provided the requirements of Article 19(1)(e) of the UCITS Directive are met; or
  - 6.1.1.5 be authorised by the competent authority of an OECD member country (other than another EEA State) which has:
    - (a) signed the IOSCO Multilateral Memorandum of Understanding; and
    - (b) approved the scheme's management company, rules and depositary and custody arrangements

(provided the requirements of Article 50(1)(e) of the UCITS Directive are met).
- 6.1.2 The Second Scheme has terms which prohibit more than 10% in value of the scheme property consisting of units in collective investment schemes. Where the Second Scheme is an umbrella, the provisions in this paragraph 6.1.2 and paragraph 6.1.3 apply to each Sub-fund as if it were a separate scheme.
- 6.1.3 Investment may only be made in other collective investment schemes managed by the ACD or an associate of the ACD if the Sub-fund's Prospectus clearly states that it may enter into such investments and the rules on double charging contained in the COLL Sourcebook are complied with. Sub-funds in the Company are not permitted to invest in other Sub-funds of the Company.
- 6.2 The Sub-funds may, subject to the limit set out in 6.1 above, invest in collective investment schemes managed or operated by, or whose authorised corporate director is, the ACD of the Sub-funds or one of its associates.
- 6.3 If a substantial proportion of a Sub-fund's assets are invested in other collective investment schemes, the maximum level of management fees that may be charged by an investee collective investment scheme to the Sub-fund concerned will be 6%.
- 6.4 In addition, the Schemes may also invest in collective investment schemes which charge a performance fee. An investee collective investment scheme may charge a performance fee for a particular performance period up to 25% of the outperformance of its benchmark during that period.
- 7 Investment in warrants and nil and partly paid securities**
- 7.1 Where a Sub-fund invests in a warrant, the exposure created by the exercise of the right conferred by the warrant must not exceed the limits set out in the COLL Sourcebook in relation to "Spread: General"; and "Spread: Government and public securities".



- 7.2 A transferable security on which any sum is unpaid falls within a power of investment only if it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by the Sub-fund, at the time when payment is required, without contravening the rules in the COLL Sourcebook.
- 7.3 A warrant which is an investment falling within article 80 of the Regulated Activities Order (certificates representing certain securities) and which is akin to an investment falling within article 79 (instruments giving entitlement to investments) of the Regulated Activities Order may not be included in the Scheme Property unless it is listed on an eligible securities market.
- 7.4 Not more than 5% in value of the scheme property of any Fund may consist of warrants, provided that warrants may only be held if it is reasonably foreseeable that the exercise of the rights conferred by the warrants will not contravene the Regulations.

## 8 **Investment in approved money market instruments**

- 8.1 A Sub-fund may invest up to 100% in money market instruments which are normally dealt in on the money market, are liquid and whose value can be accurately determined at any time.
- 8.2 Notwithstanding this, up to 10% of the Scheme Property may be invested in money market instruments which do not meet these criteria.

## 9 **Investment in derivatives**

- 9.1 **A Sub-fund may invest in derivatives and forward transactions for investment purposes (as well as for efficient portfolio management and hedging purposes) which means that for regulatory purposes the Sub-fund will be regarded as a higher volatility fund. However, the Investment Manager's use of derivative techniques will have the overall intention of reducing the volatility of returns, reflecting the investment policy for the Company generally.**
- 9.2 Where a Sub-fund invests in derivatives, the exposure to the underlying assets must not exceed the limits set out in the COLL Sourcebook in relation to "Spread: General" and "Spread: Government and public securities" except for index based derivatives which fall within the section in the COLL Sourcebook dealing with "Relevant Indices".
- 9.3 Where a transferable security or approved money market embeds a derivative, this must be taken into account for the purposes of complying with this section. 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.
- 9.4 A transaction in a derivative must be effected on or under the rules of an eligible derivatives market as listed in Appendix II. A transaction in a derivative must not cause a Sub-fund to diverge from its investment objectives as stated in the Instrument constituting the scheme and the most recently published version of this Prospectus.
- 9.5 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, money market instruments, units or shares in collective investment schemes, or derivatives, provided that a sale is not to be considered as uncovered if the conditions of the COLL Sourcebook dealing with "Requirement to cover sales" are satisfied.

## 10 **Efficient Portfolio Management**

- 10.1 The Company may also utilise the Scheme Property to enter into transactions for the purposes of Efficient Portfolio Management ("EPM"). Permitted EPM transactions (excluding stock lending arrangements) are transactions in derivatives e.g. to hedge against price or currency fluctuations, dealt with or traded on an eligible derivatives market; off-exchange options or contracts for differences resembling options; or synthetic futures in certain circumstances. The ACD must take reasonable care to ensure that the transaction is economically appropriate to the reduction of the relevant risks (whether in the price of investments, interest rates or exchange rates) or to the reduction of the relevant costs and/or to the generation of additional capital or income with a risk level which is consistent with the risk profile of the Scheme and the risk diversification rules laid down in the COLL Sourcebook. The exposure must be fully "covered" by cash and/or other property sufficient to meet any obligation to pay or deliver that could arise.
- 10.2 Permitted transactions are those that the Company reasonably regards as economically appropriate to EPM, that is:
- 10.2.1 Transactions undertaken to reduce risk or cost in terms of fluctuations in prices, interest rates or exchange rates where the ACD reasonably believes that the transaction will diminish a risk or cost of a kind or level which it is sensible to reduce; or
- 10.2.2 Transactions for the generation of additional capital growth or income for the Sub-fund by taking advantage of gains which the ACD reasonably believes are certain to be made (or certain, barring events which are not reasonably foreseeable) as a result of:
- 10.2.2.1 pricing imperfections in the market as regards the property which the Sub-fund holds or may hold; or
- 10.2.2.2 receiving a premium for the writing of a covered call option or a cash covered put option on property of the Sub-fund which the Company is willing to buy or sell at the exercise price, or
- 10.2.2.3 stock lending arrangements.
- A permitted arrangement in this context may at any time be closed out.
- 10.3 Transactions may take the form of "derivatives transactions" (that is, transactions in options, futures or contracts for differences) or forward currency transactions. A derivatives transaction must either be in a derivative which is traded or dealt in on an eligible derivatives market (and effected in accordance with the rules of that market), or be an off-exchange derivative which complies with the relevant conditions set out in the COLL Sourcebook, or be a "synthetic future" (that is a composite derivative created out of two separate options). Forward currency transactions must be entered into with counterparties who satisfy the COLL Sourcebook. A permitted transaction may at any time be closed out.
- 10.4 Transactions may be effected in which the ACD has, either directly or indirectly, an interest that may potentially involve a conflict of its obligation to the Company. Where a conflict cannot be avoided, the ACD will have regard to its fiduciary responsibility to act in the best interests of the Company and its investors. The ACD will ensure that investors are treated fairly and that such transactions are effected on terms which are not less favorable to the Company than if the potential conflict had not existed.
- 10.5 Operational costs and fees arising from EPM techniques and/or the use of derivatives are paid for by the relevant Sub-fund. The identity of the entities to which operational costs and fees are paid will be disclosed in the annual report.

- 10.6 The Investment Manager may employ derivatives in the pursuit of the investment objectives for the purposes of investment and hedging with the aim of reducing the risk profile of the Sub-funds in accordance with Efficient Portfolio Management.

## 11 **Risk management**

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

## 12 **Investments in deposits**

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.

## 13 **Stock lending**

- 13.1 The entry into stock lending transactions for the account of a Sub-fund is permitted for the generation of additional income for the benefit of a Sub-fund, and hence for its investors.

- 13.2 The specific method of stock lending permitted in this section is in fact not a transaction which is a loan in the normal sense. Rather it is an arrangement of the kind described in section 263B of the Taxation of Chargeable Gains Act 1992, under which the lender transfers securities to the borrower otherwise than by way of sale and the borrower is to transfer those securities, or securities of the same type and amount, back to the lender at a later date. In accordance with good market practice, a separate transaction by way of transfer of assets is also involved for the purpose of providing collateral to the "lender" to cover him against the risk that the future transfer back of the securities may not be satisfactorily completed.

- 13.3 The stock lending permitted by this section may be exercised by a Sub-fund when it reasonably appears to the Company to be appropriate to do so with a view to generating additional income for the Sub-fund with an acceptable degree of risk.

- 13.4 The Company (or the Depositary acting in accordance with the instructions of the ACD) may enter into a stock lending arrangement of the kind described in section 263B of the Taxation of Chargeable Gains Act 1992 (without extension by section 263C), but only if all the terms of the agreement under which securities are to be reacquired by the Depositary for the account of the Company, are in a form which is acceptable to the Depositary and are in accordance with good market practice, the counterparty is an authorised person or a person authorised by a home state regulator, and high quality and liquid collateral is obtained to secure the obligation of the counterparty. Collateral must be acceptable to the Depositary, adequate and sufficiently immediate.

- 13.5 The Depositary must ensure that the value of the collateral at all times is at least equal to the market value of the securities transferred by the Depositary plus a premium. This duty may be regarded as satisfied in respect of collateral the validity of which is about to expire or has expired where the Depositary takes reasonable care to determine that sufficient collateral will again be transferred at the latest by the close of business on the day of expiry.

- 13.6 Any agreement for transfer at a future date of securities or of collateral (or of the equivalent of either) may be regarded, for the purposes of valuation under the COLL Sourcebook, as an unconditional agreement for the sale or transfer of property, whether or not the property is part of the property of the Sub-fund.

- 13.7 There is no limit on the value of the Scheme Property which maybe the subject of stock lending transactions.

#### **14 Significant influence**

- 14.1 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:
- 14.1.1 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
- 14.1.2 the acquisition gives the Company that power.
- 14.2 For the purposes of paragraph 13.1 of this Appendix, 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).

#### **15 Concentration**

The Company:

- 15.1 must not acquire transferable securities other than debt securities which:
- 15.1.1 do not carry a right to vote on any matter at a general meeting of the body corporate that issued them; and
- 15.1.2 represent more than 10% of these securities issued by that body corporate;
- 15.2 must not acquire more than 10% of the debt securities issued by any single issuing body;
- 15.3 must not acquire more than 25% of the units in a collective investment scheme;
- 15.4 must not acquire more than 10% of the approved money market instruments issued by any single body; and
- 15.5 need not comply with the limits in paragraph 14.2 of this Appendix if, at the time of the acquisition, the net amount in issue of the relevant investment cannot be calculated.

#### **16 Cover for transactions in derivatives and forward transactions**

- 16.1 A transaction in derivatives or forward transaction is to be entered into only if the maximum exposure, in terms of the principal or notional principal created by the transaction to which the scheme is or may be committed by another person is covered globally.
- 16.2 Exposure is covered globally if adequate cover from within the Scheme Property is available to meet the scheme's total exposure, taking into account the value of the underlying assets, any reasonably foreseeable market movement, counterparty risk, and the time available to liquidate any positions.
- 16.3 Cash not yet received into the Scheme Property but due to be received within one month is available as cover.

- 16.4 Property the subject of a stock lending transaction is only available for cover if the ACD has taken reasonable care to determine that it is obtainable (by return or re-acquisition) in time to meet the obligation for which cover is required.
- 16.5 The global exposure relating to derivatives held in a Sub-fund may not exceed the net value of the Scheme Property.
- 17 Cover and Borrowing**
- 17.1 Cash obtained from borrowing, and borrowing which the ACD reasonably regards an Eligible Institution or an Approved Bank to be committed to provide, is available for cover under paragraph 15 of this Appendix as long as the normal limits on borrowing (see below) are observed.
- 17.2 Where, for the purposes of this paragraph the Company borrows an amount of currency from an Eligible Institution or an Approved Bank; and keeps an amount in another currency, at least equal to such borrowing for the time on deposit with the lender (or his agent or nominee), then this applies as if the borrowed currency, and not the deposited currency, were part of the Scheme Property, and the normal limits on borrowing under paragraph 21 (Borrowing powers) of this Appendix do not apply to that borrowing.
- 18 Cash and near cash**
- 18.1 Cash and near cash must not be retained in the Scheme Property except to the extent that, where this may reasonably be regarded as necessary in order to enable:
- 18.1.1 the pursuit of the investment objective of a Sub-fund; or
- 18.1.2 the redemption of units; or
- 18.1.3 efficient management of a Sub-fund in accordance with its investment objectives; or
- 18.1.4 other purposes which may reasonably be regarded as ancillary to the investment objectives of a Sub-fund.
- 18.2 During the period of the initial offer the Scheme Property may consist of cash and near cash without limitation.
- 19 General**
- 19.1 It is not intended that any Sub-fund will have an interest in any immovable property or tangible movable property.
- 19.2 It is envisaged that a Sub-funds 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 order to enable the redemption of units, 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.
- 19.3 No Sub-fund may invest in the Shares of another Sub-fund within the Company.
- 19.4 Where the Company invests in or disposes of units or shares in another collective investment scheme which is managed or operated by the ACD or an associate of the ACD, the ACD must pay to the Company by the close of business on the fourth Business Day the amount of any preliminary charge in respect of a purchase, and in the case of a sale, any charge made for the disposal.

- 19.5 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.

20 **Underwriting**

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

21 **Borrowing powers**

- 21.1 The ACD may, on the instructions of the Company and subject to the COLL Sourcebook, borrow money from an Eligible Institution or an Approved Bank for the use of the Company on terms that the borrowing is to be repayable out of the Scheme Property.
- 21.2 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.
- 21.3 The ACD must ensure that borrowing does not, on any Business Day, exceed 10% of the value of each Sub-fund.
- 21.4 These borrowing restrictions do not apply to “back to back” borrowing for currency hedging purposes (that is borrowing permitted in order to reduce or eliminate risk arising by reason of fluctuations in exchange rates).

## **APPENDIX IV**

### **List of other authorised collective investment schemes operated by the ACD**

**The ACD acts as Authorised Corporate Director/Authorised Fund Manager\* of the following regulated collective investment schemes:**

Heriot Investment Funds

T. Bailey Dynamic Fund\*

T. Bailey Growth Fund\*

TB Amati Investment Funds

TB Doherty Funds

TB Elite Investment Funds

TB Enigma Investment Funds

TB Evenlode Investment Funds ICVC

TB Guinness Investment Funds

TB Guinness Global Energy Fund\*

TB Saracen Investment Funds ICVC

TB Wise Investment Funds

The Chapel Funds ICVC

The Sandwood Fund ICVC

Ocean Investment Funds

TB Chawton Investment Funds

TB New Sarum Funds OEIC

TB Opie Street ICVC

\* Authorised unit trusts – all other schemes are Open Ended Investment Companies (OEICs)

## APPENDIX V

### Past performance and investor profile

#### Past performance

##### Historic Performance

This performance information is net of tax and charges with the exception of any preliminary charge that may be paid on the purchase of an investment. All data is percentage performance (total return, bid to bid, UK tax net, i.e. excluding initial charges), and is based on Financial Express data.

	<b>12 months ended 31 Dec 2018</b>	<b>12 months ended 31 Dec 2017</b>	<b>12 months ended 31 Dec 2016</b>	<b>12 months ended 31 Dec 2015</b>	<b>12 months ended 31 Dec 2014</b>
Aptus Global Financials Fund B Sterling net accumulation	-18.87%	28.53%	7.83%	10.53%	4.91%
<b>Comparator Benchmarks:</b>					
MSCI ACWI/Financials TR GBP	-10.42%	13.35%	34.04%	-0.12%	9.87%
IA Global Equity Income	-5.83%	10.37%	23.21%	1.53%	6.69%

**NOTE: Past performance should not be taken as a guide to the future. Please see Appendix I for the Sub Funds' objectives.**

#### Investor profile

The Sub-funds are marketable to all eligible investors provided they can meet the minimum age and subscription levels. The Sub-funds may be suitable for investors who see collective investment schemes as a convenient way of participating in investment markets. They may be suitable for investors wishing to seek to achieve defined investment objectives. Such investors must have experience with, or understand, products where the capital is at risk. Investors must be able to accept some risk to their capital, thus the Sub-funds may be suitable for investors who are looking to set aside the capital for at least 5 years. If you are uncertain whether these products are suitable for you, please contact a financial adviser.



## **APPENDIX VI**

### **Directory**

#### **The Company and Head Office:**

Aptus Investment Fund  
64 St. James's Street  
Nottingham  
NG1 6FJ

#### **Authorised Corporate Director:**

T. Bailey Fund Services Limited  
64 St James's Street  
Nottingham  
NG1 6FJ

#### **Depository:**

NatWest Trustee & Depositary Services Limited  
250 Bishopsgate  
London  
EC2M 4AA

#### **Investment Manager:**

Toscafund Asset Management LLP  
90 Long Acre  
London  
WC2E 9RA

#### **Registrar:**

T. Bailey Fund Services Limited  
64 St James's Street  
Nottingham  
NG1 6FJ

#### **Auditors:**

Deloitte LLP  
Four Brindleyplace  
Birmingham  
B1 2HZ

## APPENDIX VII

### List of Sub-custodians

LIST OF SUB CUSTODIANS USED BY THE NORTHERN TRUST COMPANY		
	Country	Sub custodian
1	Argentina	Citibank N.A.
2	Australia	HSBC Bank Australia Limited
3	Austria	UniCredit Bank Austria AG
4	Bahrain	HSBC Bank Middle East Limited
5	Bangladesh	Standard Chartered Bank
6	Belgium	Deutsche Bank AG
7	Benin	Standard Chartered Bank (Mauritius) Limited
8	Bermuda	HSBC Bank Bermuda Limited
9	Bosnia-Herzegovina	Raiffeisen Bank International AG
11	Botswana	Standard Chartered Bank Botswana Limited
12	Brazil	Citibank N.A.
13	Bulgaria	Citibank Europe plc
14	Burkina Faso	Standard Chartered Bank (Mauritius) Limited
15	CD's USD	Deutsche Bank AG, London Branch
16	Canada	(1) The Northern Trust Company, Canada (2) Royal Bank of Canada
17	Chile	Banco de Chile
18, 19	China (A and B)	(1) HSBC Bank (China) Company Limited
20	Colombia	Cititrust Colombia S.A. Sociedad Fiduciaria
21	Costa Rica	Banco Nacional de Costa Rica
22	Croatia	UniCredit Bank Austria AG
23	Cyprus	Citibank Europe plc, Greece Branch
24	Czech Republic	UniCredit Bank Czech Republic and Slovakia, a.s.
25	Denmark	Nordea Bank Abp
26	Egypt	Citibank NA
27	Estonia	Swedbank AS
28	Eswatini (formerly Swaziland)	Standard Bank Eswatini Limited
29	<b>Euroclear Bank</b> (classified as International Central Securities Depository, not a subcustodian relationship)	Euroclear Bank S.A/N.V
30	Finland	Nordea Bank Finland Abp
31	France	The Northern Trust Company, London (Deutsche Bank AG acts Asset Servicing Agent)
32	Germany	Deutsche Bank A.G.
33	Ghana	Standard Chartered Bank Ghana Limited

<b>34</b>	<b>Greece</b>	Citibank Europe plc, Greece Branch
<b>35</b>	<b>Guinea Bissau</b>	Standard Chartered Bank (Mauritius) Limited
<b>36</b>	<b>Hong Kong SAR</b>	The Hongkong & Shanghai Banking Corporation Ltd
<b>37</b>	<b>Hungary</b>	UniCredit Bank Hungary Zrt
<b>38</b>	<b>Iceland</b>	Landsbankinn hf
<b>39</b>	<b>India</b>	Citibank, N.A.
<b>40</b>	<b>Indonesia</b>	Standard Chartered Bank
<b>41</b>	<b>Ireland</b>	The Northern Trust Company, London
<b>42</b>	<b>Israel</b>	Bank Leumi Le-Israel B.M.
<b>43</b>	<b>Italy</b>	Deutsche Bank SpA
<b>44</b>	<b>Ivory Coast</b>	Standard Chartered Bank (Mauritius) Limited
<b>45</b>	<b>Japan</b>	The Hongkong & Shanghai Banking Corporation Limited
<b>46</b>	<b>Jordan</b>	Standard Chartered Bank
<b>47</b>	<b>Kazakhstan</b>	JSC Citibank Kazakhstan
<b>48</b>	<b>Kenya</b>	Standard Chartered Bank Kenya Limited
<b>49</b>	<b>Kuwait</b>	HSBC Bank Middle East Limited
<b>50</b>	<b>Latvia</b>	Swedbank AS
<b>51</b>	<b>Lithuania</b>	AB SEB Bankas
<b>52</b>	<b>Luxembourg</b>	Euroclear Bank S.A/N.V (classified as International Central Securities Depository, not a subcustodian relationship)
<b>53</b>	<b>Malaysia</b>	HSBC Bank Malaysia Berhad
<b>54</b>	<b>Mali</b>	Standard Chartered Bank (Mauritius) Limited
<b>55</b>	<b>Mauritius</b>	The Hongkong & Shanghai Banking Corporation Ltd
<b>56</b>	<b>Mexico</b>	Banco Nacional de Mexico S.A.
<b>57</b>	<b>Morocco</b>	Societe Generale Marocaines de Banques
<b>58</b>	<b>Namibia</b>	Standard Bank Namibia Ltd
<b>59</b>	<b>Netherlands</b>	Deutsche Bank AG
<b>60</b>	<b>New Zealand</b>	The Hongkong and Shanghai Banking Corporation Limited
<b>61</b>	<b>Niger</b>	Standard Chartered Bank (Mauritius) Limited
<b>62</b>	<b>Nigeria</b>	Stanbic IBTC Bank Plc
<b>63</b>	<b>Norway</b>	Nordea Bank Norge Abp
<b>64</b>	<b>Oman</b>	HSBC Bank Oman SAOG
<b>65</b>	<b>Pakistan</b>	Citibank NA
<b>66</b>	<b>Panama</b>	Citibank, N.A., Panama Branch
<b>67</b>	<b>Peru</b>	Citibank del Peru S.A.
<b>68</b>	<b>Philippines</b>	The Hongkong & Shanghai Banking Corporation Ltd
<b>69</b>	<b>Poland</b>	Bank Polska Kasa Opieki SA
<b>70</b>	<b>Portugal</b>	BNP Paribas Securities Services

<b>71</b>	<b>Qatar</b>	HSBC Bank Middle East Limited
<b>72</b>	<b>Romania</b>	Citibank Europe plc
<b>73</b>	<b>Russia</b>	AO Citibank
<b>74</b>	<b>Saudi Arabia</b>	HSBC Saudi Arabia Limited
<b>75</b>	<b>Senegal</b>	Standard Chartered Bank (Mauritius) Limited
<b>76</b>	<b>Serbia</b>	UniCredit Bank Austria A.G.
<b>77</b>	<b>Singapore</b>	DBS Bank Ltd
<b>78</b>	<b>Slovakia</b>	Citibank Europe plc
<b>79</b>	<b>Slovenia</b>	UniCredit Banka Slovenija d.d
<b>80</b>	<b>South Africa</b>	Standard Bank of South Africa Limited
<b>81</b>	<b>South Korea</b>	The Hongkong & Shanghai Banking Corporation Ltd
<b>82</b>	<b>Spain</b>	Deutsche Bank SAE
<b>83</b>	<b>Sri Lanka</b>	Standard Chartered Bank
<b>84</b>	<b>Sweden</b>	Svenska Handelsbanken AB (publ)
<b>85</b>	<b>Switzerland</b>	Credit Suisse (Switzerland) Ltd
<b>86</b>	<b>Taiwan*</b>	Bank of Taiwan
<b>87</b>	<b>Tanzania</b>	Standard Chartered Bank (Mauritius) Limited
<b>88</b>	<b>Thailand</b>	Citibank NA
<b>89</b>	<b>Togo</b>	Standard Chartered Bank (Mauritius) Limited
<b>90</b>	<b>Tunisia</b>	Banque Internationale Arabe de Tunisie
<b>91</b>	<b>Turkey</b>	Deutsche Bank AS
<b>92</b>	<b>Uganda</b>	Standard Chartered Bank Uganda Limited
<b>93</b>	<b>Ukraine</b> (market suspended)	JSC "Citibank"
<b>94</b>	<b>United Arab Emirates-ADX</b>	HSBC Bank Middle East Limited
<b>95</b>	<b>United Arab Emirates-DFM</b>	HSBC Bank Middle East Limited
<b>96</b>	<b>United Arab Emirates-NASDAQ Dubai</b>	HSBC Bank Middle East Limited
<b>97</b>	<b>United Kingdom</b>	The Northern Trust Company, London
<b>98</b>	<b>United States</b>	The Northern Trust Company
<b>99</b>	<b>Uruguay</b>	Banco Itau Uruguay S.A.
<b>100</b>	<b>Vietnam</b>	HSBC Bank (Vietnam) Ltd
<b>101</b>	<b>Zambia</b>	Standard Chartered Bank Zambia plc
<b>102</b>	<b>Zimbabwe</b>	Standard Chartered Bank (Mauritius) Limited

*Source: The Northern Trust Company. Updated 12/04/2019*

## APPENDIX VIII

### **Additional information for Shareholders in the Federal Republic of Germany**

#### Right to market Shares in Germany

The Company has notified its intention to market Shares in Germany. Since completion of the notification process the Company has the right to market Shares in Germany.

#### Information Agent in Germany

The function of the information agent in the Federal Republic of Germany has been assumed by:

**Zeidler Legal Services**  
**Bettinastraße 48**  
**60325 Frankfurt am Main**

(the "Information Agent").

Copies of the Instrument of Incorporation, the most recent version of the Prospectus, the Key Investor Information Document(s) as well as the annual and half-yearly reports are available free of charge in paper form at the registered office of the Information Agent.

Furthermore, copies of the following documents may be inspected at its registered office free of charge during usual business hours on weekdays (Saturdays, Sundays and public holidays excepted):

1. the ACD Agreement between the Company, and the ACD; and
2. the Depositary Agreement between the Company, the Depositary and the ACD.

The subscription and redemption prices are also available free of charge at the Information Agent.

#### Application for Shares, Redemption of Shares, Payments to Shareholders

Applications for shares, redemptions of shares and payments to the Shareholder in Germany (redemption proceeds, any distributions and other payments) are affected through the entities maintaining the securities accounts of the Shareholders. Printed individual certificates are not issued.

#### Taxation

Statements in this prospectus relate only to Shareholders that are resident in the UK for tax purposes and beneficially hold their Shares as an investment. The tax position may be different for other Shareholders, and certain types of Shareholder (such as life insurance companies) may be subject to specific rules. Shareholders and applicants for Shares are recommended to consult their professional advisers if they are in any doubt about their tax position.

#### Publications

The subscription and redemption prices will be published on [www.fundinfo.com](http://www.fundinfo.com). Shareholder notices, if any, will be published in the Federal Gazette.

In the cases enumerated in Sec. 298 (2) of the German Investment Code (KAGB), Shareholders will also be notified by means of a durable medium in accordance with Sec. 167 KAGB.