

# LF Odey Funds

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(An open-ended investment company incorporated with limited liability and registered in England and Wales under registered number IC000742)

VCN: 2936



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

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

This document constitutes the Prospectus for LF Odey Funds which has been prepared in accordance with the Collective Investment Schemes Sourcebook.

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

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

**Additional information for investors in Switzerland:**

Please note that the distribution of LF Odey Absolute Return Fund, a sub-fund of the LF Odey Funds ("Foreign Collective Investment Scheme"/"FCIS") is restricted exclusively to qualified investors in accordance with art. 10 para. 3 of the Swiss Collective Investment Schemes Act.

Principal documents according to art. 13a of the Swiss Collective Investment Ordinance – the prospectus, Key Investor Information Document, the instrument of incorporation, the annual and semi-annual reports, and/or any such documents, which are required for the approval in compliance with the applicable foreign law – of the FCIS may be obtained upon request and free of charge at the Representative's registered office in Zurich. The place of performance and the place of jurisdiction for Shareholders having subscribed their shares in Switzerland is Zurich.

Representative & Paying Agent in Switzerland: RBC Investor Services Bank S.A., Bleicherweg 7, CH-8027 Zurich.

# Contents

Clause	Page
1 Definitions	7
2 Details of the Company	11
2.1 General Information	11
2.1.1 General	11
2.1.2 Head Office	11
2.1.3 Address for Service	11
2.1.4 Base Currency	11
2.1.5 Share Capital	11
2.2 The Structure of the Company	12
2.2.1 The Sub-funds	12
2.2.2 Classes of Share within the Sub-funds	12
3 Buying, Redeeming, Converting and Switching Shares	14
3.1 Money Laundering	15
3.2 Buying Shares	15
3.2.1 Procedure	15
3.2.2 Documents the Buyer will Receive	16
3.2.3 Regular Savings Plan	17
3.2.4 Minimum Subscriptions and Holdings	17
3.3 Redeeming Shares	17
3.3.1 Procedure	17
3.3.2 Documents a Redeeming Shareholder will Receive	17
3.3.3 Minimum Redemption	18
3.4 Conversion and Switching	18
3.5 Dealing Charges	19
3.5.1 Initial Charge	19
3.5.2 Redemption Charge	20
3.5.3 Charges on Switching and Conversions	20
3.5.4 Dilution Levy	20
3.6 Transfers	21
3.7 Restrictions and Compulsory Transfer and Redemption	21
3.8 Issue of Shares in exchange for in Specie Assets	22
3.9 In Specie Redemptions	22
3.10 Suspension of Dealings in the Company	22
3.11 Governing Law	23
4 Valuation of the Company	23
4.1 General	23
4.2 Calculation of the Net Asset Value	24
4.3 Price per Share in each Sub-fund and each Class	26
4.4 Pricing Basis	26
4.5 Publication of Prices	26
5 Risk Factors	26
5.1 General	26

# Contents

Clause	Page
5.2 Effect of Initial Charge or Redemption Charge	27
5.3 Dilution	27
5.4 Suspension of Dealings in Shares	27
5.5 Liabilities of the Company and the Sub-fund	27
5.6 Currency Exchange Rates	28
5.7 Derivatives	28
5.8 Derivative Techniques	28
5.9 Counterparty and Settlement	28
5.10 Counterparty Risk in OTC Markets	29
5.11 Equity Swaps	29
5.12 Short Sales	29
5.13 Emerging Markets	29
5.14 Credit and Fixed Interest Securities	30
5.15 Effect of Performance Fees and Capital Growth	31
5.16 Liquidity	31
5.17 Custody	31
5.18 Inflation and Interest Rates	31
5.19 Tax	31
5.20 Leverage	32
5.21 Hedging	32
5.22 Counterparty Risk in Contracts for Differences ('CFD's')	33
6 Management and Administration	33
6.1 Regulatory Status	33
6.2 Authorised Corporate Director	33
6.2.1 General	33
6.2.2 Terms of Appointment	34
6.3 The Depositary	35
6.3.1 General	35
6.3.2 Duties of the Depositary	35
6.3.3 Delegation of Safekeeping Functions	35
6.3.4 Updated Information	35
6.3.5 Terms of Appointment	35
6.4 The Investment Manager	36
6.4.1 General	36
6.4.2 Terms of Appointment	36
6.5 The Registrar	37
6.5.1 General	37
6.5.2 Register of Shareholders	37
6.6 The Auditors	37
6.7 Conflicts of Interest	37
7 Fees and Expenses	39
7.1 Ongoing	39

# Contents

Clause	Page
7.2 Charges payable to the ACD	40
7.2.1 Annual Management Charge	40
7.2.2 Administration Charge	40
7.2.3 Registration Fees	41
7.2.4 Expenses	41
7.3 Depositary's Fee and Expenses	41
7.4 Investment Manager's Fee	43
7.5 Research Charge	43
7.6 Research Costs	45
7.7 Allocation of Fees and Expenses between Sub-funds	45
8 Instrument of Incorporation	45
9 Shareholder Meetings and Voting Rights	46
9.1 Class, Company and Sub-fund Meetings	46
9.2 Requisitions of Meetings	46
9.3 Notice and Quorum	46
9.4 Voting Rights	46
9.5 Variation of Class or Sub-fund Rights	47
10 Taxation	47
10.1 General	47
10.2 The Sub-funds	47
10.3 Shareholders	48
10.3.1 Income	48
10.3.2 Interest	48
10.3.3 Income Equalisation	48
10.3.4 Tax Vouchers	48
10.3.5 Capital Gains	48
10.3.6 The International Tax Compliance Regulations	48
11 Winding Up of the Company or Termination of a Sub-Fund	49
12 General Information	50
12.1 Accounting Periods	50
12.2 Notice to Shareholders	51
12.3 Income Allocations	51
12.4 Annual Reports	51
12.5 Documents of the Company	51
12.6 Material Contracts	52
12.7 Provision of Investment Advice	52
12.8 Telephone Recordings	52
12.9 Complaints	52
12.10 Risk Management	53
12.11 Indemnity	53
12.12 Strategy for the Exercise of Voting Rights	53
12.13 Best Execution	53

## Contents

	<b>Page</b>
Appendix I Sub-Fund Details	54
Appendix II Eligible Securities Markets and Eligible Derivatives Markets	56
Appendix III Investment and Borrowing Powers of the Company	58
Appendix IV List of Other Authorised Collective Investment Schemes Operated by the ACD	81
Appendix V Past Performance and Investor Profile	83
Appendix VI Performance Fee for the LF Odey Absolute Return Fund	84
Appendix VII Additional Information for Investors in the Federal Republic of Germany	88
Appendix VIII Additional Information for Investors in the Swiss Confederation	89
Appendix IX List of Sub-Custodians	90
Appendix X Directory	94

## Important Information

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

The 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.

The Shares have not been and will not be registered in the United States of America under any applicable legislation. They may not be offered or sold in the United States of America, any state of the United States of America or in its territories and possessions or offered or sold to US persons. The Company and the ACD have not been and will not be registered in the United States of America under any applicable legislation.

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 and a copy of the Instrument of Incorporation is available on request from Link Fund Solutions Limited.

This Prospectus has been issued for the purpose of section 21 of the Financial Services and Markets Act 2000 by Link Fund Solutions 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 and ACD cannot be bound by an out of date prospectus when a new version has been issued and investors should check with Link Fund Solutions Limited that this is the most recently published prospectus.

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



## 1. Definitions

“ACD” Link Fund Solutions Limited, the authorised corporate director of the Company.

“ACD Agreement” An agreement between the Company and the ACD.

“Approved Bank” (in relation to a bank account opened by the Company):

- (a) if the account is opened at a branch in the United Kingdom:
  - (i) the Bank of England; or
  - (ii) the central bank of a member state of the OECD; or
  - (iii) a bank; or
  - (iv) a building society; or
  - (v) a bank which is supervised by the central bank or other banking regulator of a member state of the OECD; or
- (b) if the account is opened elsewhere:
  - (i) a bank in (a); or
  - (ii) a credit institution established in an EEA State other than in the United Kingdom and duly authorised by the relevant Home State Regulator; or
  - (iii) a bank which is regulated in the Isle of Man or the Channel Islands; or
- (c) a bank supervised by the South African Reserve Bank.

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

“Auditor” Ernst & Young LLP, or such other entity as is appointed to act as auditor to the Company from time to time.

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

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

“COLL” refers to the appropriate chapter or rule in the COLL Sourcebook.

“Conversion” the exchange of Shares in one Class for Shares (other than Hedged Shares) of another Class in the same Sub-fund and the act of so exchanging and “Convert” shall be construed accordingly.

“the COLL Sourcebook” the Collective Investment Schemes Sourcebook issued by the FCA as amended from time to time.

“Company” LF Odey Funds.

“Dealing Day” Monday to Friday where these days are Business Days.



“**Depository**” NatWest Trustee and Depository Services Limited, or such other entity as is appointed to act as Depository.

“**Director**” or “**Directors**” the directors of the Company from time to time (including the ACD).

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

“**Efficient Portfolio Management**” or “**EPM**” for the purposes of this Prospectus means an investment technique where derivatives are used for one or more of the following purposes: reduction of risk, reduction of cost or generation of additional capital or income for the Company and the risk diversification rules laid down in COLL.

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

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

“**the FCA Handbook**” the FCA Handbook of Rules and Guidance, as amended from time to time.

“**the Financial Services Register**” the public record, as required by section 347 of the Financial Services and Markets Act 2000 (The public record) of every:

- (a) authorised person;
- (b) AUT;
- (c) ICVC;
- (d) ACS;
- (e) recognised scheme;
- (f) recognised investment exchange;
- (g) individual to whom a prohibition order relates;
- (h) approved person; and
- (l) person within such other class (if any) as the FCA may determine; except as provided by any transitional provisions.

“**Hedged Shares**” Shares (of whatever class) in Sub-funds of the Company as may be in issue from time to time in respect of which currency hedging is undertaken between the base currency of the Company or the operational currency of the Sub-fund, as applicable, and the currency of the Shares.

“**Home State**”

- (1) (in relation to a credit institution) the EEA State in which the credit institution has been authorised in accordance with the Banking Consolidation Directive.
- (2) (in relation to an investment firm):
  - (a) where the investment firm is a natural person, the EEA State in which its head office is situated;
  - (b) where the investment firm is a legal person, the EEA State in which its registered office is situated or, if under its national law it has no registered office, the EEA State in which its head office is situated.

(3) (in relation to an insurer with an EEA right) the EEA State in which the registered office of the insurer is situated.

(4) (in relation to a market) the EEA State in which the registered office of the body which provides trading facilities is situated or, if under its national law it has no registered office, the EEA State in which that body's head office is situated.

(5) (in relation to a Treaty firm) the EEA State in which its head office is situated, in accordance with paragraph 1 of Schedule 4 to the Financial Services and Markets Act 2000 (Treaty rights).

**"ICVC"** Investment Company with Variable Capital.

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

**"Investment Manager"** the Investment Manager to the ACD in respect of the Company.

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

**"Key Investor Information Document"** the Fund publishes a Key Investor Information Document (a "KIID") for each Share Class of each Sub-fund which contains information to help investors understand the nature and the risks of investing in the Sub-fund. A KIID must be provided to investors prior to subscribing for Shares so they can make an informed decision about whether to invest.

**"Net Asset Value" or "NAV"** 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) (including any accrual for Performance Fees) as calculated in accordance with the Instrument of Incorporation.

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

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

**"Performance Fee"** a fee payable to the ACD in addition to the Annual Management Charge as described in Appendix VI (if applicable).

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

**"Registrar"** Link Fund Administrators Limited, or such other entity as is appointed to act as Registrar to the Company from time to time.

**"Regulated Activities Order"** the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544).

**"Regulations"** the OEIC Regulations and the FCA Handbook (including the COLL Sourcebook).

**"Scheme Property"** 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.

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

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

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

**“Switch”** the exchange of Shares of one Class in a Sub-fund for Shares in a Class of a different Sub-fund or for Hedged Shares of another Class in the same or a different Sub-fund and the act of so exchanging and “Switching” shall be construed accordingly.

**“The International Tax Compliance Regulations”** The International Tax Compliance Regulations – means SI 878/2015 implementing obligations arising under the following agreements and arrangements: European Union Council Directive 2011/16/EU (sometimes known as “the DAC”); the Multilateral Competent Authority Agreement on the Automatic exchange of Financial Account Information signed by the government of the UK on 29th October 2014 in relation to agreements with various jurisdictions to improve international tax compliance based on the standard for automatic exchange of financial account information developed by the Organisation for Economic Co-Operation and Development (sometimes known as “the CRS”); and the agreement reached between the government of the UK and the government of the USA to improve tax compliance (sometimes known as “the FATCA Agreement”).

**“UCITS Scheme”** 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).

**“US” or “United States”** the United States of America (including the States and the District of Columbia) and any of its territories, possessions and other areas subject to its jurisdiction.

**“US Persons”** a person who falls within the definition of “US Person” as defined in rule 902 of regulation S of the United States Securities Act 1933 and shall include additionally any person that is not a “Non-United States Person” within the meaning of United States Commodity Futures Trading Commission Regulation 4.7.

**“Valuation Point”** 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 10.00 a.m. London time on each Dealing Day, with the exception of a 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.

**“VAT”** Value Added Tax.

## 2. Details of the Company

### 2.1 General information

#### 2.1.1 General

LF Odey Funds (the Company) is an investment company with variable capital incorporated in England and Wales under registered number IC000742 and authorised by the Financial Conduct Authority with effect from 7 May 2009. Please note that approval by the FCA in this context does not in any way indicate or suggest endorsement or approval of the Company as an investment. The FCA's Product Reference Number ("PRN") for the Company is 496283. The product reference number of each Sub-fund is set out in Appendix I. The Company has an unlimited duration.

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

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

#### 2.1.2 Head Office

The head office of the Company is at 6th Floor, 65 Gresham Street, London EC2V 7NQ.

#### 2.1.3 Address for Service

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

#### 2.1.4 Base Currency

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

#### 2.1.5 Share Capital

Maximum    £100,000,000,000

Minimum    £1

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 Link Fund Solutions 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 for the purposes of the Regulations.

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

Each Sub-fund will generally invest in “approved securities”, which are transferable securities which are admitted to, or dealt in on, an eligible market as defined for the purposes of the COLL Sourcebook. The eligible securities markets (in addition to those established in EEA member states) and eligible derivatives markets for the Sub-funds are as 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.

The Sub-funds are segregated portfolios of assets and, accordingly, the assets of a Sub-fund belong exclusively to that Sub-fund and shall not be used 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.

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

Please also see paragraph 5.5 below “Liabilities of the Company and the Sub-funds”.

### 2.2.2 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.

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

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

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

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 Company may issue Institutional Shares, Retail Shares and Management Shares, and any of these Shares may also be classified as Hedged Shares. Each of these Shares may be available as both income and accumulation Shares in respect of each Sub-fund. 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. The Management Shares may only be issued to employees and partners of the Investment Manager and related entities, and at the discretion of the ACD, other persons. Upon an employee leaving the employment of, or a partner leaving the partnership of the Investment Manager or a related entity, they will be entitled to retain their existing investment in the Management Shares but will not be eligible to make further investment in the Management Shares. The criteria for the subscription of the Institutional Shares and Retail Shares, relate to investment minima and are set out in Appendix I.

As mentioned above, each Sub-fund can issue Hedged Shares which are denominated in currencies other than the base currency of the Company, pounds sterling (the "Base Currency"), or the operational currency of the Sub-Fund (the "Operational Currency"), as applicable, and which seek to hedge against the risk of currency movements between the Base Currency or the Operational Currency, as applicable, and the currency in which the Hedged Shares are denominated. A Sub-fund can issue Hedged Shares in US Dollars or Euro. The criteria for the subscription of the Hedged Shares, relate to investment minima and are set out in Appendix I.

The hedging strategy employed may not completely eliminate the foreign exchange exposure of the Hedged Share Class and no assurance can be given that the hedging objective will be achieved. Investors should be aware that the hedging strategy may substantially limit Shareholders of the relevant Hedged Share Class from benefiting if the Hedged Share Class currency falls against the Base Currency or Operational Currency as relevant. Notwithstanding the hedging of the Hedged Share Classes described above, Hedged Share Class holders may still be exposed to an element of currency exchange rate risk.

The costs and benefits of such currency hedging and all gains/losses from hedging transactions are borne separately by the Shareholders of the respective Hedged Shares.

The currency transactions will not cause the Hedged Shares to be leveraged. The value of each Hedged Share Class will be made up of both capital and income and the Investment Manager intends to hedge between 95-105% of the value of the Hedged Shares. Adjustments to any hedge to keep

within this target range will be made on a periodic basis as necessary. As such the Hedged Shares may not be completely protected from all currency fluctuations. Shareholders should be aware that Hedged Shares will still be exposed to the market risks that relate to the underlying investments in the relevant Sub-fund and to other risks as set out in Section 5.

Investors should also note that the hedging of Hedged Shares is distinct from any hedging strategies that the Investment Manager may implement at the Sub-fund level.

The Instrument of Incorporation allows income and accumulation Shares to be issued.

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

We offer a savings plan (Retail shares only) allowing you to make monthly payments directly into the fund and accumulate your share holdings over a period of time. By making regular savings you may benefit from 'pound cost averaging', buying more shares when prices are low and fewer shares when prices are high.

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.

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

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

### 3. Buying, Redeeming, Converting and Switching Shares

The dealing office of the ACD is normally open from 8.30 a.m. to 5.30 p.m. (London time) on each Business Day to receive postal requests for the purchase, sale 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 8.30 a.m. and 5.30 p.m. (London time) directly to the office of the ACD (telephone: 0345 300 2106 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. The ACD will accept instructions to transfer or renunciation of title to shares on the basis of an authority communicated by electronic means and sent by the investor or delivered on their behalf by a person that is authorised by the FCA or regulated in another jurisdiction by an equivalent supervisory authority, subject to:

- a) prior agreement between the ACD and the person making the communication as to:
  - (1) the electronic media by which such communications may be delivered; and



- (2) how such communications will be identified as conveying the necessary authority; and
- b) assurance from any person who may give such authority on behalf of the investor that they will have obtained the required appointment in writing from the investor.

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. Any profits made will be returned to the Company. The ACD is not accountable to Shareholders for any profit it makes from dealing in Shares as principal.

### 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, redeeming or transferring Shares. When transferring Shares the transferee will be asked to provide proof of identity. 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 investor 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. For details of dealing charges see paragraph 3.5 below. Application forms may be obtained from the ACD.

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.

The initial purchase (including setting up a Regular Savings Plan) must, at the discretion of the ACD, be accompanied by an application form.

Any subsequent application to purchase shares must confirm that the investor has received, read and understood the Key Investor Information Document for the share class of the Sub-fund to be invested in. (Note: this does not apply to subsequent purchases to a Regular Savings Plan, unless re-commencing regular savings).

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.

Settlement is due within four 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. Investors will not receive title to Shares until cleared funds have been received from the investor and received by the Sub-fund.

The ACD, at its discretion, has the right to cancel a purchase deal if settlement is materially overdue (being more than five Business Days of receipt of an application form or other instruction) and any loss arising on such cancellation shall be the liability of the applicant. The ACD is not obliged to issue Shares unless it has received cleared funds from an investor.

The ACD reserves the right to charge interest at 4% above the prevailing Bank of England base rate, on the value of any settlement received later than the fourth Business Day following the Valuation Point. No interest will be paid on funds held prior to investment. Shares that have not been paid for cannot be redeemed.

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 apply, irrevocable. 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.

Settlement should be made by electronic bank transfer to the bank account detailed on the application form. Alternatively, for amounts less than £50,000 a cheque, which should accompany the application form, can be sent for the full amount, made payable to "Link Fund Solutions Limited", to: LFS, PO Box 389, Unit 1, Roundhouse Road, Darlington DL1 9UF.

However, subject to its obligations under the Regulations, the ACD has the right to reject, on reasonable grounds relating to the circumstances of the investor, 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 investor.

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

Investors who have received advice may have the right to cancel their application to buy Shares at any time during the 14 days after the date on which they receive a cancellation notice from the ACD. If an investor (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.

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 of any Sub-fund through the Regular Savings Plan (details of current Classes of Shares and Sub-funds which are available are shown in Appendix 1). Further information on how to invest through the Regular Savings plan is available from the ACD.

### 3.2.4 Minimum Subscriptions and Holdings

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

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

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

## 3.3 Redeeming Shares

### 3.3.1 Procedure

Every Shareholder is entitled on any Dealing Day to redeem their 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 electronic 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.

No interest will be paid on redemption proceeds held whilst the ACD awaits receipt of all relevant documentation necessary to complete redemption. Shares that have not been paid for cannot be redeemed.

### 3.3.3 Minimum Redemption

The ACD reserves the right to refuse a redemption request if the remaining value of the Shares of any Sub-fund held is less than the minimum holding 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 in relation to a particular Share Class, a Shareholder in a Sub-fund may at any time Convert or Switch all or some of their Shares ("Original Shares") for Shares in a different Class or Sub-fund ("New Shares").

For the EURO Hedged (Retail), the EURO Hedged (Inst) and the US Dollar Hedged (Inst) Share classes, valid applications to switch Shares received before 09:30 am on a Business Day will be executed at the Share price, based on the Net Asset Value per Share, at the 10:00 am Valuation Point on the same Business Day except where dealing in the fund has been suspended as set out on paragraph 3.10.

A Conversion is an exchange of Shares in one Class for Shares (other than Hedged Shares) of another Class in the same Sub-fund.

A Switch is an exchange of Shares of one Class for Shares in a Class of another Sub-fund.

Conversions and Switches will be effected by the ACD recording the change of Class (and, in the case of Switches the change of Sub-fund) on the Register of the Company at the next Valuation Point following receipt of instructions by the ACD.

The number of New Shares issued to a Shareholder following a Conversion or a Switch will be determined by reference to the price of the Original Shares relative to the price of the New Shares at the relevant Valuation Point.

If a Shareholder wishes to Convert or Switch Shares they should contact the ACD for further information. Instructions may be given by telephone 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 the Switch or Conversion is effected.

The ACD may at its discretion make a charge on the Switching of Shares (but does not currently do so). 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 Shares originally held and any initial charge on the Shares into which the Shareholder has Switched. For details of the charges on Switching currently payable, please see the “Charges on Switching and Conversion” paragraph below. There is no charge payable on a Conversion.

If a partial Conversion or 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, exchange the whole of the Shareholder's holding of Original Shares to New Shares (and make a charge for this) or refuse to effect any Conversion or Switch of the Original Shares.

Save as otherwise specifically set out, the general provisions on procedures relating to redemption will apply equally to a Conversion or a Switch. Written instructions must be received by the ACD before the Valuation Point on a Dealing Day in the 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. Requests to Switch or Convert received after a Valuation Point will be held over until the next day which is a Dealing Day for 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 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 UK tax purposes. It may give rise to a liability to tax, depending upon the Shareholder's circumstances. Conversions will not generally be treated as a disposal for capital gains tax purposes.

**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.**

### 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. The ACD may waive or discount the initial charge at its discretion.

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

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

From the initial charge received, or out of its other resources, the ACD may pay a commission to relevant intermediaries.

### 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, under which at least 60 days' written notice will be given to investors. Also, if such a charge was introduced, it would not apply to Shares issued before the date of the introduction (i.e., those not previously subject to a redemption charge).

### 3.5.3 Charges on Switching and Conversions

The ACD is permitted to impose a charge where a Shareholder Switches or Converts their Shares.

The charge on Switching and Conversions is payable by the Shareholder to the ACD. The charge will be no more than the excess of the initial charge applicable to New Shares over the initial charge applicable to the Original Shares as specified in Appendix I.

The ACD's current policy is to allow Switches free of any initial charge.

There is currently no charge for Conversions of Shares in one Class of a Sub-fund for Shares in another Class of the same Sub-fund.

### 3.5.4 Dilution Levy

The actual cost of purchasing, selling or switching underlying 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 dealing costs could have an adverse effect on the value of a Sub-fund, known as "dilution". In order to mitigate the effect of dilution the Regulations allow the ACD to charge a dilution levy on the purchase, redemption 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 relevant Sub-fund.

The dilution levy is calculated by reference to the costs of dealing in the underlying investments of the relevant Sub-fund, including any dealing spreads, commission and transfer taxes.

The need to charge a dilution levy will depend on the volume of purchases and redemptions. It is not possible to predict accurately whether a dilution levy will be charged at any point in time.

The ACD's policy is that it may require a dilution levy on the purchase and redemption of Shares if, in its opinion, the existing Shareholders (for purchases) or remaining Shareholders (for redemptions) might otherwise be adversely affected. For example, the dilution levy may be charged in the following circumstances: where the Scheme Property of a Sub-fund is in continual decline; on a Sub-fund experiencing large levels of net purchases relative to its size; on "large deals" (typically being a purchase or redemption of Shares to a size exceeding 5% of the Net Asset Value of the relevant Sub-fund); in any case where the ACD is of the opinion that the interests of existing or remaining Shareholders require the imposition of a dilution levy.

This policy is intended to mitigate the dilutive effect of Shareholder transactions on the future growth of the Company.

Based on future projections and on its experience of managing the Company the ACD is unlikely to impose a dilution levy unless it considers that the dealing costs relating to a Shareholder transaction are significant and will have a material impact on the relevant Sub-fund.

If a dilution levy is required then, based on future projections, the estimated rate of such a levy would be up to 0.75%.

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

### 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. However, the ACD in its discretion, may also accept electronic transfers in a format specified by the ACD. 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 or switching of Shares.

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

- (a) are owned directly or beneficially in breach of any law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory; or
- (b) would result in the Company incurring any liability to taxation which the Company would not be able to recoup itself or suffering any other adverse consequence (including a requirement to register under any securities or investment or similar laws or governmental regulation of any country or territory); or
- (c) are held in any manner by virtue of which the Shareholder or Shareholders in question is/are not qualified to hold such Shares or if it reasonably believes this to be the case; or
- (d) are owned by a Shareholder who is registered in a jurisdiction (where the Company is not registered or recognised by the relevant competent authority) whereby communication with that Shareholder by the ACD, on behalf of the Company, might constitute a breach of the regulations in that jurisdiction (unless specific action is taken by the ACD to prevent such a communication constituting a breach);

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 the 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 they or the beneficial owner is qualified and entitled to own the affected Shares, they 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 they are holding or own affected Shares shall immediately, unless they have already received a notice as set out above, either transfer all the affected Shares to a person qualified to own them or submit a request in writing to the ACD for the redemption of all the 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 that deal to be substantial in relation to the total size of a Sub-fund or in some way detrimental to the Sub-fund, arrange for Scheme Property having the appropriate value to be transferred to the Shareholder (an 'in specie transfer'), in place of payment for the Shares in cash. Before the redemption is effected, the ACD must give written notice to the Shareholder of the intention to make an in specie transfer, so that the Shareholder can require the net proceeds from the sale of the relevant Scheme Property (rather than the Scheme Property itself) if the Shareholder so desires.

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

If a Shareholder redeems Shares in specie in return for an appropriate value of assets out of the Company, there will be no Stamp Duty Reserve Tax ('SDRT') on UK equities provided the Shareholder receives a proportionate part of each holding. Otherwise the Shareholder will be liable to SDRT at 0.5% on the value of any UK equities transferred.

### 3.10 Suspension of Dealings in the Company

The ACD may, with the prior agreement of the Depositary, and must without delay if the Depositary so requires temporarily suspend the issue, cancellation, sale and redemption of Shares in the Company where due to exceptional circumstances it is in the interests of all the Shareholders in the Company.

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

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

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

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

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

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

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

### 3.11 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 10.00 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 the Valuation Point on a particular Dealing Day in order to be processed on that Dealing Day. A dealing request received after this time will be held over and processed on the next Dealing Day, using the Net Asset Value per Share calculated as at the Valuation Point on that next Dealing Day.

“Late Trading” is defined as the acceptance of a subscription, redemption or Switch order received after the Fund’s applicable valuation point for that Dealing Day. Late Trading is not permitted. A request for dealing in Shares must be received by the Valuation Point on a particular Dealing Day in order to be processed on that Dealing Day. A dealing request received after this time will be held over and processed on the next Dealing Day, using the Net Asset Value per Share calculated as at the Valuation Point on that next Dealing Day.

#### 4.2 Calculation of the Net Asset Value

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

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

**4.2.2** Scheme Property which is not cash (or other assets dealt with in paragraph 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:

**4.2.2.1.1** if a single price for buying and redeeming units or shares is quoted, at that price; or

**4.2.2.1.2** 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

**4.2.2.1.3** 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:

**4.2.2.2.1** if a single price for buying and redeeming the security is quoted, at that price; or

**4.2.2.2.2** if separate buying and redemption prices are quoted, at the average of the two prices; or

**4.2.2.2.3** 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 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 Sub-fund in question 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 every dealing day on the ACD's website [www.linkfundsolutions.co.uk](http://www.linkfundsolutions.co.uk). The prices of Shares may also be obtained by calling 0345 300 2106 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 deal. The ACD may also, at its sole discretion, allow the publication of Share prices on the Investment Manager's website: [www.odey.com](http://www.odey.com) and other third party websites or publications. The ACD does not accept responsibility for the accuracy of the prices published in, or for the non-publication of prices by, these sources.

## 5. Risk Factors

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

#### 5.1 General

The investments of the 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 Shareholders may not recoup the original amount they invest in the Company. There is no certainty that the investment objective of the Sub-fund will actually be achieved and no warranty or representation is given to this effect. The level of any yield for a Sub-fund may be subject to fluctuations and is not guaranteed.

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

### 5.2 Effect of Initial Charge or Redemption Charge

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

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

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

### 5.3 Dilution

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

### 5.4 Suspension of Dealings in Shares

Shareholders are reminded that in exceptional circumstances the ACD and the Depositary may require the temporary suspension of the issue, sale, cancellation and redemption (including redemption by way of switching) of the Shares, or any class of Shares in the Sub-Fund. The exceptional and unplanned circumstances which may cause the ACD and the Depositary to temporarily suspend dealing in the Sub-Fund are during any period, when, in the opinion of the ACD or the Depositary, an accurate valuation of a Sub-fund cannot occur, including:

5.4.1 where one or more markets is unexpectedly closed or where dealing is suspended or restricted; or

5.4.2 during a political, economic, military or other emergency; or

5.4.3 during any breakdown in the means of communication or computation normally employed in determining the price or value of any of the investments of the a Sub-fund or any Classes of Shares; or

5.4.4 when any combination of investments representing a significant proportion of the NAV of the Sub-fund are effected by Liquidity Risk.

### 5.5 Liabilities of the Company and the Sub-fund

As explained in paragraph 2.2.1, 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 has not been tested in many jurisdictions. 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.

### 5.6 Currency Exchange Rates

Sub-funds investing in overseas securities are exposed to, and may hold, currencies other than the operational currency of the Sub-fund (GBP). As a result, exchange rate movements may cause the GBP value of investments to decrease or increase.

### 5.7 Derivatives

The Sub-funds may invest in derivatives as an alternative to, or in addition to investment in securities. These may typically include equity swaps (often referred to as contracts for differences or CFDs), futures and options from time to time although this list is not exhaustive.

The Investment Manager may employ derivatives for the purposes of Efficient Portfolio Management (including hedging) with the aim of reducing the risk profile of the Sub-fund, reducing costs or generating additional capital or income.

To the extent that derivative instruments are utilised for hedging purposes, the risk of loss to the Sub-fund may be increased where the value of the derivative instrument and the value of the security or position which it is hedging are insufficiently correlated.

The Investment Manager may also employ derivatives including forward transactions for investment purposes in the pursuit of the investment objectives and in accordance with its risk management policy. Should the ACD and the Investment Manager invest in derivatives and forward transactions for investment purposes, the net asset value of the Sub-fund may at times be volatile (in the absence of compensating investment techniques) and the risk profile of the Sub-fund may change.

Investing in derivatives may expose investors to the risk of gearing or leverage so that a relatively small movement in the price of the underlying investment can result in a much larger movement, either up or down, in the price of the investment. Investments in, for example futures, can result in an obligation to take delivery of an underlying asset at a future date, or positions may need to be settled in cash which may in turn result in the Sub-fund being exposed to a liquidity risk.

The Sub-funds, owing to their portfolio composition or the portfolio management techniques used, may have volatility in excess of that of the underlying stock market or investment, as appropriate.

For more information on investment in derivatives, please see paragraph 16 in Appendix III.

### 5.8 Derivative Techniques

The COLL Sourcebook permits the ACD to use certain techniques when investing in derivatives in order to manage a Sub-fund's exposure to particular counterparties and in relation to the use of collateral to reduce overall exposure to over the counter ("OTC") derivatives; for example a Sub-fund may take collateral from counterparties with whom it has an OTC derivative position and use that collateral to net off against the exposure it has to the counterparty under that OTC derivative position, for the purposes of complying with counterparty spread limits. The COLL Sourcebook also permits a Fund to use derivatives to effectively short sell (agree to deliver the relevant asset without holding it in the scheme) under certain conditions.

### 5.9 Counterparty and Settlement

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



#### 5.10 Counterparty Risk in OTC Markets

The ACD on behalf of the 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 for such contracts. For example, the ACD on behalf of the Sub-fund may enter into agreements or use other derivative techniques, each of which expose the Sub-fund 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 ACD, on behalf of the Sub-fund, seeks to enforce its rights, inability to realise any gains on its investments 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, Shareholders may be unable to cover any losses incurred.

#### 5.11 Equity Swaps

An equity swap, often referred to as a contract for difference or 'CFD', is a contract between two parties, buyer and seller, stipulating that the seller will pay to the buyer the positive difference between the current value of an asset (a security, instrument, basket or index) and its value when the contract was first entered into. If the difference is negative, then the buyer pays this amount to the seller. Equity swaps allow investors to take synthetic long or synthetic short positions with a variable margin, which, unlike futures contracts, have no fixed expiry date. Unlike shares, with equity swaps, the buyer is potentially liable for more than the amount they paid on margin. The Sub-fund will therefore employ risk management techniques to ensure it can dispose of the necessary assets at any time in order to pay redemption proceeds resulting from redemption requests and to meet its obligations resulting from equity swaps and other techniques and instruments.

#### 5.12 Short Sales

A short sale involves the sale of a security that the fund does not physically own in the expectation of purchasing the same security at a later date at a lower price to secure a profit. UCITS regulations prohibit the short selling of physical securities but allow the creation of synthetic-short positions through the use of cash settled derivatives such as equity swaps (CFDs), as long as any exposure created is covered by the assets of the Sub-fund. The establishment and maintenance of a synthetic short position in equities can involve greater risks than would be the case with a long position. These include the possibility of unlimited loss due to potentially unlimited price appreciation in the securities concerned, problems associated with the cost or availability of stock to borrow for the purposes of short selling and possible difficulties in purchasing stock to cover short positions in certain market conditions.

#### 5.13 Emerging Markets

Emerging markets tend to be more volatile than more established markets and therefore Shareholders' money is at greater risk. Risk factors such as local political and economic conditions should also be considered.

The reliability of trading and settlement systems in some emerging markets may not be equal to that available in more developed markets, which may result in delays in realising investments within the Sub-fund. A counterparty may not pay or deliver on time or as expected.

Lack of liquidity or efficiency in certain stock markets or foreign exchange markets in certain emerging markets may mean that from time to time the Investment Manager may experience more difficulty in purchasing or selling securities than it would in a more developed market.

Given the possible lack of a regulatory structure it is possible that securities in which investments are made may be found to be fraudulent. As a result, it is possible that loss may be suffered.

The currencies of certain emerging countries prevent the undertaking of currency hedging techniques.

Some emerging markets may restrict the access of foreign investors to securities. As a result, certain securities may not always be available to the Sub-fund because the maximum permitted number of an investment by foreign Shareholders has been reached. In addition, the outward remittance by foreign investors of their share of net profits, capital and dividends may be restricted or require governmental approval.

Accounting, auditing and financial reporting standards, practices and disclosure requirements applicable to companies in emerging markets differ from those applicable in more developed markets in respect of the nature, quality and timeliness of the information disclosed to Shareholders and, accordingly, investment possibilities may be difficult to properly assess.

#### 5.14 Credit and Fixed Interest Securities

Fixed interest securities are particularly affected by trends in interest rates and inflation. If interest rates go up, the value of capital may fall, and vice versa. Inflation will also decrease the real value of capital. The value of a fixed interest security will fall in the event of the default or reduced credit rating of the issuer. Generally, the higher the level of income (yield) receivable, 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.

As a general rule, fixed interest securities with an above average yield tend to be less liquid than securities issued by issuers with a higher credit rating. Investment in fixed interest securities with a higher yield also generally brings an increased risk of default on repayment by the issuer which could affect the income and capital of the Sub-fund. Furthermore, the solvency of issuers of such fixed interest securities may not be guaranteed in respect of either the principal amount or the interest payments and the possibility of such issuers becoming insolvent cannot be excluded. The value of a fixed interest security may fall in the event of the default or a downgrading of the credit rating of the issuer.

“Investment Grade” holdings are generally considered to be a rating of BBB- (or equivalent) and above by leading credit rating agencies (such as S&P, Moodys or Fitch). “Sub-investment Grade” is generally considered to be a rating below BBB- (or equivalent) by the leading rating agencies.

Holdings that have not been rated by the leading credit rating agencies will adopt the risk rating of the “parent company” as an indicator of their credit risk or an unrated holding will be assessed using fundamental data to analyse the likelihood of the company defaulting. An issuer with a rating of at least BBB- (or equivalent) is generally considered as having adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances may lead to a weakened capacity of the issuer to meet its commitments.

Where the Sub-fund invests in fixed income securities, the portfolio composition may change over time, this means the yield on the fund is not fixed and may go up or down.

### 5.15 Effect of Performance Fees and Capital Growth

The Investment Manager may qualify to receive a Performance Fee from the Scheme Property of a Sub-fund (in addition to the fees and expenses currently paid to it by the ACD out of the annual management charge) based on a percentage of any net realised and unrealised profits (see Appendix VI “Performance Fee” in the Prospectus). Performance fees may be considered to create an incentive for the Investment Manager which may increase the risk profile of the Sub-fund.

### 5.16 Liquidity

The Sub-fund's investments may be subject to liquidity risk which means that certain investments may be difficult to purchase or sell in a timely manner. This may be due to difficult market conditions or adverse investor perceptions so that there are few willing buyers or sellers of the investment. As a result, changes in the value of investments may be more unpredictable and in certain cases, it may be difficult to deal an investment at the last quoted market price or at a value considered to be fair. This risk applies whether the investment is directly held by the Sub-fund or traded off market, for example via a Contract for Difference (“CFD”). On occasions the ability to trade a particular investment may be caused by its suspension or restriction by the relevant exchange or by a governmental or supervisory authority and the Sub-fund may incur a loss as a result. An inability to sell or buy a portfolio position can adversely affect the Sub-fund's value or prevent the Sub-fund from being able to take advantage of other investment opportunities.

### 5.17 Custody

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

### 5.18 Inflation and Interest Rates

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

### 5.19 Tax

Tax laws currently in place may change in the future which could affect the value of a Shareholder's investments. See the section headed ‘Taxation’ for further details about taxation of the Sub-fund.

Currently, the Sub-funds rely extensively on tax treaties between the United Kingdom and other countries to reduce domestic rates of withholding tax being applied on income arising where a Sub-fund holds underlying assets in those countries. A risk exists that these treaties may change or that tax authorities may change their position on the application of a relevant tax treaty. As a consequence, any such change (i.e. the imposition of, or increase in, withholding tax in that foreign jurisdiction) may result in higher rates of tax being applied to income from underlying investments and this may have a negative effect on the returns to the Sub-fund and Shareholders.

In addition, under some treaties the rate of withholding tax applied to a Sub-fund may be affected by the tax profiles of Shareholders in the Sub-fund (or by the tax profiles of Shareholders in other Sub-funds of the Company). This is because such treaties may require a majority of Shareholders in the Sub-fund (or the other Sub-funds of the Company) to be resident in either the UK or another specified jurisdiction as a condition of relief. Failing to satisfy this test may also result in increased withholding tax and therefore a negative effect on the returns to the Sub-fund and Shareholders.

### 5.20 Leverage

A proportion of the capital may be leveraged. While leverage presents opportunities for increasing the capital return, it has the effect of potentially increasing losses as well. Any event which adversely affects the underlying vehicles would be magnified to the extent the capital is leveraged. The cumulative effect of the use of leverage in a market that moves adversely to the underlying investment vehicles would result in a substantial loss to capital that would be greater than if capital were not leveraged.

#### Calculation of Notional Exposure of the Sub-Fund (this is for information purposes only)

The figures below set out the internal guidelines (indicative levels, not absolute limits) applied by the Investment Manager for the notional exposure for the Sub-Fund across various asset classes, however it may exceed this level at times. Options exposure is measured on a delta-adjusted basis and included in the relevant asset class, currency pairs are recorded as a single figure:

Equities: 400% gross (within a net exposure range of -100% to +200%)

Government Bonds: 150% gross on a ten year adjusted basis (within a net exposure range of -150% to +150%)

Corporate Bonds: 100% gross (within a net exposure range of -50% to +100%)

Cash: 100% gross

Active currency: 200% gross (this excludes currency hedging)

Commodities: 30% gross (with an exposure range of -30% to +30%)

CIS: 10% gross

#### Calculation of Leverage of the Sub-Fund

Regulations require the Sub-Fund to state the expected level of leverage based on the sum of notionals of the derivatives used. This calculation method does not allow for offsets of hedging transactions and other risk mitigation strategies involving derivatives, such as hedging and duration management. For example, the sum of notional calculation aggregates each forward FX trade and so will report a 50% net reduction in a forward FX position as a 50% increase. Furthermore, short dated government bonds are not adjusted on a ten year basis and both sides of a non-base currency position are added to the calculation, thus further increasing the sum of notional leverage figure. On this basis, the expected level of leverage (excluding cash) for the Sub-Fund, based on the sum of notional methodology, is between 0% and 5000% of Net Asset Value (as an indication, not absolute limit). The overriding leverage limits shall, at all times, comply with the limits on the levels of market risk measured by absolute VaR as described in Appendix III, section 16.

### 5.21 Hedging

Hedged Shares seek to hedge against the risk of currency movements between the Base Currency or the Operational Currency, as applicable, and the currency in which the Hedged Shares are denominated. The hedging strategy may not completely eliminate exposure to such currency movements. While the Investment Manager may attempt to hedge currency risks, there can be no guarantee that it will be successful in doing so and it may result in mismatches between the currency positions of the relevant Sub-fund and the relevant Hedged Shares. The use of hedging may substantially limit Shareholders of the Hedged Shares from benefiting if the currency of the Hedged Shares falls against the Base Currency or the Operational Currency, as applicable.

As there is no segregation of liabilities between Share classes, there is a remote risk that under certain circumstances, currency hedging transactions in relation to a Share class could result in liabilities which might affect the Net Asset Value of other unit classes of the Sub-fund.

Investors in Hedged Shares should note that risk warning “Currency Exchange Rates” at paragraph 5.6 is still applicable to their investment.

#### 5.22 Counterparty Risk in Contracts for Differences (‘CFD’s)

Counterparty risk is associated with the financial stability or solvency of the counterparty to a contract. In the context of contracts for differences (“CFD”) contracts, if the counterparty to a contract fails to meet their financial obligations, the CFD may have little or no value regardless of the underlying instrument. This means that a CFD investor could potentially incur severe or total losses, even if the underlying instrument moves in the desired direction.

## 6. Management and Administration

### 6.1 Regulatory Status

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

### 6.2 Authorised Corporate Director

#### 6.2.1 General

The ACD is Link Fund Solutions Limited which is a private company limited by shares incorporated in England and Wales on 21 November 1973.

The directors of the ACD are:

C Addenbrooke  
N Boyling  
P Hugh Smith  
K Midl  
B Hammond  
A Stuart

Mr Stuart is a Non-Executive Director of the ACD. Mr Stuart is also engaged in other business activity not connected with the business of the ACD. Such business activities are not considered to be of significance to the business of the ACD.

No other director is engaged in any significant business activity not connected with the business of the ACD or other subsidiaries of Link Administration Holdings Limited.

**Registered Office:** 6th Floor, 65 Gresham Street, London EC2V 7NQ

**Principal Place of Business:** 6th Floor, 65 Gresham Street, London EC2V 7NQ

**Share Capital:** It has a share capital of £1,247,636 issued and paid up

**Ultimate Holding Company:** Link Administration Holdings Limited, a company incorporated in Australia and listed on the Australian Securities Exchange.

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

It has therefore delegated to the Investment Manager the function of managing and acting as the investment adviser for the investment and reinvestment of the assets of the Sub-funds (as further explained in paragraph 6.4 below). The ACD has also delegated to the Registrar certain functions relating to the register (as further explained in paragraph 6.5 below). It has also delegated The Bank of New York Mellon (International) Limited to provide fund accounting for the Company (as explained in paragraph 6.5.1).

The ACD may appoint the Investment Manager or a third-party to distribute Shares in the Company and where it does so will pay any relevant fees due to the distributor for distribution services from its own resources.

The ACD is required to have a Remuneration Code ("the Code") relating to the way in which it remunerates its staff. The Code is designed to ensure that firms have risk-focused remuneration policies which are consistent with and promote effective risk management and do not expose the ACD or the funds it operates to excessive risk.

Full details of the Code are available on the website of the ACD: [www.linkfundsolutions.co.uk](http://www.linkfundsolutions.co.uk). This sets out a description of how remuneration and benefits are calculated and the identities of persons responsible for awarding the remuneration and benefits. A paper copy of that website information will be made available free of charge on request from the ACD.

### 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"). A copy of the Agreement is available to investors and will be sent on request.

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

The ACD Agreement may be terminated by either party on not less than 12 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.

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

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.

### 6.3 The Depositary

#### 6.3.1 General

The Depositary is NatWest Trustee and Depositary Services Limited (registered no. 11194605).

The ACD has appointed the Depositary to act as depositary for the purposes of the Company being a UCITS Scheme.

The Depositary is a private limited company, incorporated in England and Wales, having its registered and head office at 250 Bishopsgate, London EC2M 4AA. The ultimate holding company of the Depositary is The Royal Bank of Scotland Group plc, which is incorporated in Scotland. The principal business activity of the Depositary is the provision of trustee and depositary services. It is authorised and regulated by the Financial Conduct Authority.

#### 6.3.2 Duties of the Depositary

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

#### 6.3.3 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 Bank of New York Mellon SA/NV, London Branch (the "Custodian"). In turn, the Custodian has sub-delegated the custody of assets in certain markets in which the Company may invest to various sub-delegates ("Sub-Custodians"). A list of Sub-Custodians is given in Appendix VIII. Shareholders should note that, except in the event of material changes requiring a prompt update of this Prospectus, the list of Sub-Custodians is updated only at each Prospectus review.

#### 6.3.4 Updated Information

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

#### 6.3.5 Terms of Appointment

The ACD is required to enter into a written contract with the Depositary to evidence its appointment as depositary of the Company. The Depositary was appointed as depositary of the Company under an agreement (the "Depositary Agreement"). The ACD and the Depositary entered into an amended and restated Depositary Agreement dated 29 October 2018.

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 FCA Rules.



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 3 months' 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 Depositary's remuneration are set out in 7.3.

## 6.4 The Investment Manager

### 6.4.1 General

The ACD has appointed the Investment Manager, Odey 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 12 Upper Grosvenor Street, London W1K 2ND.

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

### 6.4.2 Terms of Appointment

The terms of the Investment Management Agreement between the ACD and the Investment Manager include the provision of investment management within the investment objectives of the Sub-funds, 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. The Agreement may be terminated by either party on not less than three months' written notice or earlier upon the happening of certain specified events, or immediately if the ACD considers that it is in the interests of the Shareholders to do so.

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

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 has appointed Link Fund Administrators Limited to act as registrar and to provide administration services to the Company and has also appointed The Bank of New York Mellon (International) Limited to provide fund accounting services to the Company.

The registered office of the Registrar is 6th Floor, 65 Gresham Street, London EC2V 7NQ.

The register is kept and maintained at Arlington Business Centre, Millshaw Park Lane, Leeds LS11 0PA.

### 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 or the principal place of business of the ACD during normal business hours by any Shareholder or any Shareholder's duly authorised agent.

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

## 6.6 The Auditors

The Auditors of the Company are Ernst & Young LLP, whose address is 25 Churchill Place, Canary Wharf, London E14 5EY.

## 6.7 Conflicts of Interest

### ACD

The ACD, the Investment Manager and other companies within the ACD's and/or 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 or that a conflict exists between the Company and other funds managed by the ACD. The ACD and the Investment Manager maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps to prevent such conflicts from adversely affecting the interests of the Company.

The ACD and the Investment Manager will take all appropriate steps to identify and prevent or manage such conflicts and each of the ACD and the Investment Manager will have regard in such event to its obligations under the ACD Agreement and the Investment Management Agreement respectively and, in particular, to its obligation to act in the best interests of the Company so far as practicable, having regard to its obligations to other clients, when undertaking any investment business where potential conflicts of interest may arise. Where a conflict of interest cannot be avoided, the ACD and the Investment Manager will ensure that the Company and other collective investment schemes it manages are fairly treated.

The ACD acknowledges that there may be some situations where the organisational or administrative arrangements in place for the management of conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the Company or its Shareholders will be prevented. Should any such situations arise the ACD will, as a last resort if the conflict(s) cannot be avoided disclose these to Shareholders in an appropriate format.

Details of the ACD's conflicts of interest policy are available on the ACD's website at [www.linkfundsolutions.co.uk](http://www.linkfundsolutions.co.uk).

### Depositary

The ACD may delegate certain administrative functions to an entity within the same corporate group as the Depositary and/or the Custodian. If the ACD does so, the Depositary shall ensure that policies and procedures are in place to identify all conflicts of interests arising and shall take all reasonable steps to avoid such conflicts of interest. Where such conflicts of interest cannot be avoided, the Depositary and the ACD will ensure that such conflicts of interest are managed, monitored and disclosed in order to prevent adverse effects on the interests of the Company and its Shareholders.

The Depositary and/or the Custodian may delegate the safekeeping of the Scheme Property to an entity in the same corporate group as the Depositary and/or the Custodian. If such delegation occurs, the Depositary shall ensure that policies and procedures are in place to identify all conflicts of interest arising and shall take all reasonable steps to avoid such conflicts of interest. Where such conflicts of interest cannot be avoided, the Depositary and the Custodian will ensure that such conflicts of interest are managed, monitored and disclosed in order to prevent adverse effects on the interests of the Company and its Shareholders.

Where a link exists, for example where one party can exercise significant influence over the management of the other, between the Depositary and any Shareholders in the Company, the Depositary shall take all reasonable steps to avoid conflicts of interest arising, and ensure that it complies with the applicable regulations for a UCITS Scheme.

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.

## 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 any costs incurred in authorising the Company and any Sub-funds to the Company both at and after initial establishment. Such costs will be apportioned to the appropriate Sub-fund on a monthly basis to the end of the first accounting year;
- 7.1.2 broker's commission, fiscal charges and other disbursements which are necessary to be incurred in effecting transactions for the Sub-funds and normally shown in contract notes, confirmation notes and difference accounts as appropriate;
- 7.1.3 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 (when applicable) Individual Savings Accounts, are payable monthly out of the Scheme Property of the Sub-funds;
- 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 form of media;
- 7.1.6 any costs incurred in producing, printing and dispatching any payments made by the Company, or reports, accounts, statements, contract notes and other like documentation, any prospectus, Key Investor Information Document (apart from the cost of distributing the Key Investor Information Document), any instrument of incorporation and any costs incurred as a result of periodic updates of or changes to any prospectus, Key Investor Information Document or instrument of incorporation;
- 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 clause 6.7.15R of the COLL Sourcebook;
- 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 Scheme Property of the Sub-funds 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** 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;

**7.1.16** the total amount of any cost relating to the authorisation and incorporation of the Company and of its initial offer or issue of shares;

**7.1.17** any expense incurred in conducting risk management Variation at Risk (VaR) monitoring and reporting;

**7.1.18** any payments otherwise due by virtue of a change to the Regulations; and

**7.1.19** 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 the Scheme Property of the 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 Valuation Point and taking into account any subsequent changes to the fund capital due to the creation or cancellation of shares. The amount due for each month is payable on the last Dealing Day of each month. The current annual management charges for the Sub-fund (expressed as a percentage per annum of the Net Asset Value of the Sub-fund) is set out in Appendix I.

The ACD may increase the rate of such charge by giving 60 days' notice to Shareholders and amending this Prospectus. The ACD is responsible for the payment of the fees of the Investment Manager.

### **7.2.2 Administration Charge**

The ACD is entitled to receive payment for expenses, including and not restricted to Administration expenses incurred for Sub-fund valuation and accounting based on charges of 0.120% of the first £250 million, 0.090% for the next £250 million, 0.070% for the next £250 million and 0.055% thereafter, with a minimum of £199,617.24 pro rata per annum.

The level of charges for expenses incurred by the ACD will be benchmarked to the Retail Price Index (RPI) and will be amended on 1st January annually to reflect any rise in the RPI for the previous calendar year. This is based on the value of the property of the relevant Sub-fund represented by the net asset value calculated at the valuation point.

### 7.2.3 Registration Fees

The ACD is entitled to receive a fee out of the Scheme Property of the Sub-fund for providing registration services, (including establishing and maintaining sub-registers where applicable) out of which the ACD will pay the fees of the Registrar. Such fee is payable monthly and is accrued at each valuation point in arrears by reference to the Net Asset Value of the Sub-fund on the immediately preceding Dealing Day. The registration fee is an amount equal to 0.03% of the net asset value of each Sub-fund subject to a minimum of £1,500 and a maximum of £100,000 per annum. In addition there is a £15.63 charge per transaction.

The level of charges for the transaction charge levied by the ACD will be benchmarked to the Retail Price Index (RPI) and will be amended on 1st January annually to reflect any rise in the RPI for the previous calendar year.

### 7.2.4 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 is entitled to receive out of the Scheme Property of the Sub-fund by way of remuneration a periodic charge, which will be calculated and accrue daily and be paid monthly as soon as practicable after the end of each month, and certain additional charges and expenses (for example, a £10 charge per derivative transaction). The rate of the Depositary's periodic charge in respect of each Sub-fund will be such rate or rates as agreed from time to time between the ACD and the Depositary in accordance with the COLL Sourcebook. The current rate of the Depositary's periodic charge in respect of each Sub-fund is:

Value of Sub-fund	Fee
First £150 million	0.03%
Balance	0.025%

Subject to a minimum of £10,000 plus VAT per annum for any additional investment manager.

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

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

The Depositary Agreement between the Company and the Depositary provides that in addition to a periodic charge the Depositary may also be paid by way of remuneration custody fees where it acts as Custodian and other transaction and bank charges. At present the Depositary delegates the function of custody of the Scheme Property to Bank of New York Mellon.

The remuneration for acting as custodian is calculated at such rate and/or amount as the ACD, the Depositary and the Custodian may agree from time to time.

The current remuneration ranges from between 0.00225% per annum to 0.675 % per annum of the value 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. The current range of transaction charges is between £4 and £67.50 per transaction plus VAT (if any). Charges for principal investment markets are:

	Transaction charge per trade	Custody charge % per annum
UK	£4	0.0025
United States	£4	0.00225
Germany	£9	0.008
Japan	£9	0.005

Custody and transaction charges will be payable monthly in arrears.

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

- (i) all charges imposed by, and any expenses of, any agents appointed by the Depositary to assist in the discharge of its duties;
- (ii) delivery of stock to the Depositary or custodian;
- (iii) custody of assets;
- (iv) collection and distribution of income and capital;
- (v) submission of tax returns;
- (vi) handling tax claims;
- (vii) preparation of the Depositary's annual report;
- (viii) arranging insurance;
- (ix) calling Shareholder meetings and otherwise communicating with Shareholders;
- (x) dealing with distribution warrants;
- (xi) taking professional advice;
- (xii) conducting legal proceedings;
- (xiii) such other duties as the Depositary is permitted or required by law to perform.

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



Expenses not directly attributable to a particular Sub-fund will be allocated between Sub-funds. In each such case such expenses and disbursements will also be payable if incurred by any person (including the ACD or an associate or nominee of the Depositary or of the ACD) who has had the relevant duty delegated to it pursuant to the COLL Sourcebook 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 under the ACD Agreement. In addition, the Investment Manager may be entitled to receive a Performance Fee as further described in Appendix VI. Further details of this agreement are summarised in paragraph 6.4.2 "Terms of Appointment" above.

#### 7.5 Research Charge

The Investment Manager makes a charge to each Sub-fund in respect of the cost of research it uses as part of its investment process for the relevant Sub-fund. The research charge is used by the Investment Manager to purchase research which the Investment Manager considers will benefit the relevant Sub-fund by contributing to the investment decision making process.

The research charge is held in a Research Payment Account operated and controlled by the Investment Manager and is only used to purchase research.

##### 7.5.1 Research; definition and use

Research is defined as: research material or services:

- (1) concerning one or several financial instruments or other assets; or
- (2) concerning the issuers or potential issuers of financial instruments; or
- (3) closely related to a specific industry or market such that it informs views on financial instruments, assets or issuers within that sector, and which explicitly or implicitly recommends or suggests an investment strategy and provides a substantiated opinion as to the present or future value or price of such instruments or assets, or otherwise contains analysis and original insights and reaches conclusions based on new or existing information that could be used to inform an investment strategy or be capable of adding value to a firm's decisions on behalf of clients.

The Investment Manager considers that the use of investment research benefits each Sub-fund, taking into account each Sub-fund's investment objective, policy and strategy as it will assist it in formulating its investment strategies and in making better informed decisions regarding the assets held by the Sub-fund.

##### 7.5.2 Research Budget and allocation of costs to each Sub-fund

The Investment Manager operates a centralised research function and considers that the strategies it operates across all its client assets are sufficiently similar to benefit from the investment ideas and themes generated by that research. In addition, the Investment Manager may purchase bespoke research e.g. stock/company specific research, which is not relevant to all clients. These make up the Investment Manager's research budget.

Each Sub-fund will be charged a proportion of the research budget that applies to all clients. The charge applied to a Sub-fund will be calculated on a pro-rata basis by reference to the value of the Sub-fund's assets in proportion to the total value of assets managed by the Investment Manager.

In addition a Sub-fund may be charged a proportion of the cost of bespoke research that is applicable to it. The charge applied to a Sub-fund will be calculated on a pro-rata basis by reference to the value of the Sub-fund's assets in proportion to the total value of the assets benefitting from the relevant bespoke research.

The Investment Manager will regularly assess the quality of the research it purchases based on robust quality criteria, and its ability to contribute to better investment decisions.

The Investment Manager's senior management oversee the purchase of research, the budget setting process and the allocation of the research budget to ensure that the amount and cost of the research purchased is reasonable, appropriate and used in the best interests of their clients. They also ensure that there is a clear audit trail of payments to research providers and records to show how the amounts paid were determined with reference to the firm's policy for using third party research and the quality criteria for assessing the quality of the research purchased.

The ACD must agree the research budget for each Sub-fund. The research budget cannot be exceeded unless the Investment Manager gives advance notice to the ACD. Any increase in the budgeted amount or the estimated amount to be charged to a Sub-fund will be notified to Shareholders before such increases come into effect.

The budgeted amount for the research charge and any increases to the research budget for each Sub-fund are published on the website of the ACD: [www.linkfundsolutions.co.uk](http://www.linkfundsolutions.co.uk) or can be obtained by calling 0345 300 2106 during the ACD's normal business hours.

#### 7.5.3 Collection of the Research Charge

The research charge can either (i) be collected by third party brokers used by the Investment Manager for executing transactions on behalf of the Sub-funds (the "transaction method") the Investment Manager will instruct third party brokers to levy a separate research charge on a transaction in addition to the broker's commission and other costs charged on the transaction which will have the effect of increasing the costs of transactions or (ii) the Sub-fund will pay the research charge out of its assets, accruing on a daily basis to be and payable monthly in arrears (the "accounting method").

The Investment Manager used the transaction method up to 31 December 2018 and intends to use the accounting method with effect from 1 January 2019.

The Investment Manager will ensure that the total amount of the research charge for each Sub-fund does not exceed the budgeted amount for the relevant period.

#### 7.5.4 Research Payment Account

The research charge will be paid into a Research Payment Account ("RPA") operated by the Investment Manager.

The Investment Manager is responsible for the day-to-day management of the RPA and the money paid into the RPA will only be used by the Investment Manager to pay for research provided by third parties.

The ACD is responsible for the oversight of the Investment Manager's operation of the RPA. The ACD will review and assess the Investment Manager's controls for establishing the budget for each Sub-fund; evaluating research and the value attributed to research and its benefit to the Sub-funds and

monitoring expenditure against the budgeted amount. The ACD will also review payments made from the RPA to ensure that they are used only for research provided by third parties and that expenditure from and the research charge to each Sub-fund does not exceed the amount of the Research Budget for the Sub-fund without the prior consent of the ACD.

If there is a surplus in the RPA at the end of the period the Investment Manager will either rebate this to the relevant Sub-funds or carry it forward to set against the budgeted amount for the following period.

#### 7.5.5 Further information

The total amount of the research charge borne by each Sub-fund for each accounting period will be reported in the annual long report for the Company.

On request the ACD will provide a summary of the following information to Shareholders for the most recent annual accounting period in respect of each Sub-fund:

- The research providers;
- The total amount each provider was paid;
- The benefits and services received by the Investment manager;
- How the total amount of research charge spent compares to the budget set by the Investment Manager;
- Any rebate or carry-over of residual monies.

#### 7.6 Research Costs

It is not intended that the ACD receives any third party research on behalf of the Company or a Sub-fund. Any third party research received by the Investment Manager, for or on behalf of, the Company or a Sub-fund will be paid for by the Investment Manager.

#### 7.7 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.

## 8. Instrument of Incorporation

The Instrument of Incorporation is available for inspection at the ACD's offices at 6th Floor, 65 Gresham Street, London EC2V 7NQ.

## 9. Shareholder Meetings and Voting Rights

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

The Company has dispensed with the requirement to hold AGMs.

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 they vote, use all their votes or cast all the votes they use 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, which are subject to change. It summarises the tax position of the Sub-funds and of investors who are United Kingdom resident individuals and hold Shares as investments. The regime for taxation of income and capital gains received by individual investors depends on the tax law applicable to their personal circumstances and may be subject to change in the future. Prospective investors who are in any doubt about their tax position, or who may be subject to corporation tax in the United Kingdom or to tax in a jurisdiction other than the United Kingdom, are recommended to take professional advice.

### 10.2 The Sub-funds

Each Sub-fund will be treated as a separate open-ended investment company for United Kingdom tax purposes.

The Sub-funds are generally exempt from United Kingdom tax on capital gains realised on the disposal of their investments (including interest-paying securities and derivatives) held within them. However, any gains realised on disposing of holdings in non-reporting offshore funds are charged to tax as income and not capital.

Any dividend received by the Sub-funds (whether directly or through another United Kingdom authorised investment fund) will generally be exempt from corporation tax. Each Sub-fund will be subject to corporation tax on most other types of income but after deducting allowable management expenses and where relevant, interest distributions. Where the Sub-funds suffer foreign withholding tax on exempt income, this will generally be an irrecoverable tax expense.

The Sub-fund will make dividend distributions except where more than 60% of a Sub-fund's property has been invested throughout the distribution period in qualifying assets (broadly, interest paying assets), in which case it may make interest distributions.

### 10.3 Shareholders

#### 10.3.1 Income

Where the Sub-fund pays a dividend distribution (which will be automatically retained in the Sub-fund in the case of accumulation Shares), no tax credit is attached to the dividend distribution.

Individuals liable to income tax at basic, higher or additional rate may have a further liability to tax depending on the availability of other allowances and reliefs including the annual Dividend Allowance.

#### 10.3.2 Interest

Where the Sub-fund pays an interest distribution (which will be automatically retained in the Sub-fund in the case of accumulation Shares) this is paid without the deduction of income tax. Individuals liable to income tax at basic, higher or additional rate may have a further liability to tax depending on the availability of other allowances and reliefs including the annual Personal Savings Allowance.

#### 10.3.3 Income Equalisation

The first income allocation received by a Shareholder after buying Shares may include an amount of income equalisation, which will be shown on the issued tax voucher. This is effectively a repayment of the income equalisation paid by the Shareholder as part of the purchase price. It is a return of capital, and is not taxable. Rather it should be deducted from the acquisition cost of the Shares for capital gains tax purposes.

#### 10.3.4 Tax Vouchers

A tax voucher will be issued in line with the income distribution dates set out in Appendix 1. This voucher should be retained for tax purposes as evidence for HM Revenue & Customs.

The ACD reserves the right to charge an administration fee of £10 if a duplicate copy is required. To obtain a duplicate copy you will need to submit your request in writing, along with payment, to Link Fund Solutions Limited, Distributions Team, at the address of the Registrar.

#### 10.3.5 Capital Gains

Shareholders may be liable to capital gains tax on gains arising from the redemption, transfer or other disposal of Shares. The rate of tax, and available reliefs, will be as applicable from time to time.

An exchange of Shares in one Sub-fund of the Company for Shares in another Sub-fund will generally be treated as a disposal for this purpose, but exchanges of Shares between classes within a Sub-fund are generally not.

#### 10.3.6 The International Tax Compliance Regulations

The Company is required to comply with The International Tax Compliance Regulations. The regulations transpose into UK law rules and obligations derived from European Union law and inter-governmental agreements entered into by the UK which are aimed at increasing transparency and reducing tax evasion.

To be compliant with these regulations the Company must collect information about each Shareholder's tax residence and in certain circumstances provide information about Shareholders' Shareholdings to HM Revenue & Customs (HMRC). HMRC may in turn share this information with overseas tax authorities.

Therefore, where a Shareholder fails to provide the information required by the Company to comply with its obligations to HMRC this may result in the ACD taking appropriate action against the Shareholder, including invoking the compulsory transfer and redemption provisions set out in paragraph 3.7.

The ACD intends to procure compliance with the regulations but cannot give an assurance that this will be achieved.

The underlying laws and agreements are a complex area of tax law and investors should consult their professional advisers on the implications these regulations may have for them.

## 11. Winding Up of the Company or Termination of a Sub-fund

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

Where the Company is to be wound up or a Sub-fund is to be terminated 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 or the Sub-fund as the case may be) either that the Company or the Sub-fund will be able to meet its liabilities within 12 months of the date of the statement or that the Company or the Sub-fund will be unable to do so. The Company may not be wound up or a Sub-fund terminated under the COLL Sourcebook if there is a vacancy in the position of ACD at the relevant time.

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

- 11.1 if an extraordinary resolution to that effect is passed by Shareholders; or
- 11.2 when the period (if any) fixed for the duration of the Company or a particular Sub-fund by the Instrument of Incorporation expires, or any event occurs on the occurrence of which the Instrument of Incorporation provides that the Company or a particular Sub-fund is to be wound up (for example, if the Share capital of the Company or (in relation to any Sub-fund) the Net Asset Value of the Sub-fund is below £1 million, or if a change in the laws or regulations of any country means that, in the ACD's opinion, it is desirable to terminate the Sub-fund); 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.

On the occurrence of any of the above:

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



**11.5** 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;

**11.6** 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;

**11.7** where the Company is being wound up or a Sub-fund terminated, the Company or the Sub-fund shall cease to carry on its business except in so far as it is beneficial for the winding up of the Company or for the termination of the Sub-fund;

**11.8** the corporate status and powers of the Company and subject to 11.4 to 11.7 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 or the Sub-fund and, after paying out or retaining adequate provision for all liabilities properly payable and retaining provision for the costs of winding up or the termination, arrange for the Depositary to make one or more interim distributions out of the proceeds to Shareholders proportionately to their rights to participate in the Scheme Property. If the ACD has not previously notified Shareholders of the proposal to wind up the Company or terminate the Sub-fund, the ACD shall, as soon as practicable after the commencement of winding up of the Company or the termination of the Sub-fund, give written notice of the commencement to Shareholders. When the ACD has caused all of the Scheme Property to be realised and all of the liabilities of the Company or the particular Sub-fund to be realised, the ACD shall arrange for the Depositary to make a final distribution to Shareholders on or prior to the date on which the final account is sent to Shareholders of any balance remaining in proportion to their holdings in the Company or the particular Sub-fund.

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

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

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

## 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 electronic 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 Auditors as appropriate) in relation to taxation, income equalisation, income unlikely to be received within 12 months following the relevant income allocation date, income which should not be accounted for on an accrual basis because of lack of information as to how it accrues, transfers between the income and capital account and other matters.

### 12.4 Annual Reports

Annual reports of the Fund will be published within four months of the end of each annual accounting period and half-yearly reports will be published within two months of the end of each half-yearly interim accounting period.

Copies of the most recent annual and half-yearly reports of the Fund can be obtained free of charge from the ACD or are available on [www.linkfundsolutions.co.uk](http://www.linkfundsolutions.co.uk).

### 12.5 Documents of the Company

The following documents may be inspected free of charge during normal business hours on any Business Day at the offices of the ACD at 6th Floor, 65 Gresham Street, London EC2V 7NQ:

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);

12.5.3 the material contracts referred to below; and

12.5.4 this Prospectus or the most recent version of the Prospectus.

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 reports of the Company which together with copies of this Prospectus 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 6th Floor, 65 Gresham Street, London EC2V 7NQ. The ACD is not authorised to give investment advice and persons requiring such advice should consult a professional adviser. All applications for Shares are made solely on the basis of the current prospectus of the Company, and Shareholders should ensure that they have the most up to date version.

### 12.8 Telephone Recordings

The ACD and the Investment Manager will take all reasonable steps to record telephone conversations, and keep a copy of electronic communications, that relate to instructions to deal in the Company or the management of the assets of the Company. The ACD may also record calls for security, training and monitoring purposes, to confirm Shareholders’ instructions and for any other regulatory reason. Recordings will be retained for a period of at least five years from the date of such recording or, where requested by a competent authority, for a period of seven years.

### 12.9 Complaints

Complaints may be brought in writing to Link Fund Solutions Limited, Arlington Business Centre, Millshaw Park Lane, Leeds LS11 0PA, or by email to [investorservices@linkgroup.co.uk](mailto:investorservices@linkgroup.co.uk) or by telephone to 0345 922 0044.

All complaints will be handled in accordance with the ACD’s internal complaint handling procedures. A copy of the ACD’s Guide to making a complaint is available on request.

In the event that an unsatisfactory response is provided, you can refer your complaint to the Financial Ombudsman Service at: The Financial Ombudsman Service, Exchange Tower, London E14 9SR. Information about the Financial Ombudsman can be found on its website at [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk).

In the event of the ACD being unable to meet its liabilities to Shareholders, details about rights to compensation can be found at [www.fscs.org.uk](http://www.fscs.org.uk).

### 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, other officers and the 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 Strategy for the Exercise of Voting Rights

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

### 12.13 Best Execution

The ACD expects the Investment Manager to act in the best interest of the Company when executing decisions to deal on behalf of the Company. The ACD's order execution policy sets out the factors, such as price and costs, which the ACD will consider, and which the ACD expects the Investment Manager to consider, as applicable when effecting transactions and placing orders in relation to the Company. This policy has been developed in accordance with the ACD's obligations under the Regulations to ensure that when decisions to deal on behalf of the Company are executed all sufficient steps are taken to obtain the best possible result for the Company.

Details of the order execution policy are available on the ACD's website at [www.linkfundsolutions.co.uk](http://www.linkfundsolutions.co.uk).

## Appendix I

### Sub-fund Details

<b>Name:</b>	LF Odey Absolute Return Fund
<b>Product Reference Number:</b>	633331
<b>Type of Sub-fund:</b>	UCITS scheme
<b>Investment Objective and Policy:</b>	<p>The investment objective of the LF Odey Absolute Return Fund is to achieve a positive absolute return over a 12 month period independent of market conditions. Capital is at risk and there is no guarantee that a positive return will be delivered over any one or a number of 12 month periods.</p> <p>The Sub-fund will seek to achieve its investment objective by investing in or taking exposures (using both long and synthetic short positions) to a range of asset classes worldwide. The Sub-fund may therefore invest in any, or all, of the following: equities and equity related securities (including OTC derivatives), fixed and/or floating rate debt securities issued by governments and/or corporate entities, closed ended funds, collective investment schemes, derivatives, forward foreign exchange contracts, currencies and cash and cash equivalents.</p> <p>The proportion of the property of the Sub-fund which may be held in the asset classes set out above, including cash or near cash, will vary from time to time according to the investment manager's view of market conditions.</p> <p>The Sub-fund may also invest up to 10% of its net asset value to gain commodity exposure through transferable securities such as exchange traded commodities and other permitted investments.</p>
<b>Final Accounting Date:</b>	31 December
<b>Interim Accounting Date:</b>	30 June
<b>Income Distribution Dates:</b>	Last day of February (final), 31 August (interim)

Share Classes:	Sterling (Retail)	Sterling (Inst)	Sterling (Mgt)	Euro Hedged (Inst)	Euro Hedged (Retail)*	US Dollar Hedged (Inst)
<b>Share Type:</b>	Acc	Acc	Acc	Acc	Acc	Acc
<b>Initial Charge:</b>	4.0%	4.0%	Nil	4.0%	4.0%	4.0%
<b>Redemption Charge:</b>	Nil					
<b>Switching Charge:</b>	Nil					
<b>Annual Management Charge:</b>	1.25%	0.75%	0.75%	0.75%	1.25%	0.75%

Allocation of Charges:	Income	Capital
AMC:	100%	No
Ongoing Operating Costs:	100%	No
Dealing and Registration:	100%	No
Depository:	100%	No
Custody:	100%	No
Portfolio Transactions (broker's Commission):	No	100%

**Investment Minima:\*\***

Investment Minimum:

Class	Sterling (Retail)	Sterling (Inst)	Sterling (Mgt)	Euro Hedged (Inst)	Euro Hedged (Retail)*	US Dollar Hedged (Inst)
Lump Sum:	£5,000	£1,000,000	£1,000	€1,000,000	€5,000	\$1,000,000
Holding:	£5,000	£1,000,000	£1,000	€1,000,000	€5,000	\$1,000,000
Top-up:	N/A					
Regular Savings:	£100	N/A	N/A	N/A	€100	N/A
Redemption:	N/A (provided minimum holding is maintained)					
Performance Fee:	Yes. See Appendix VI for details.		No.	Yes. See Appendix VI for details.		
Past Performance:	Past performance information is set out in Appendix V.					

\* Currently unavailable for investment.

\*\* The ACD may waive the minimum levels at its discretion.

### Additional Information for Investors

#### Risk Management of the Sub-fund

The ACD is required by the Regulations to have in place a Risk Management Process to monitor and measure the risk of the components of the Sub-fund's portfolio and the overall risk profile of the Sub-fund. Investors may at any time request from the ACD details of the ACD's Risk Management Process.

## Appendix II

### Eligible Securities Markets and Eligible Derivatives Markets:

#### ELIGIBLE SECURITIES MARKETS:

All regulated markets (as defined in the glossary to the FCA Handbook) or markets established in the UK or an EEA State which are regulated, operate regularly and are open to the public.

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

Australia	Australian Securities Exchange
Brazil	B3
Canada	TSX Venture Exchange
Channel Islands	The International Stock Exchange
China	Shanghai Stock Exchange
Hong Kong	Hong Kong Exchanges and Clearing Limited
Indonesia	Indonesia Stock Exchange
India	National Stock Exchange of India Ltd
	Bombay Stock Exchange
Israel	Tel Aviv Stock Exchange
Japan	Tokyo Stock Exchange
	Osaka Exchange
Jordan	Amman Stock Exchange
Korea	Korea Exchange
Malaysia	Bursa Malaysia Securities
Mexico	Mexican Stock Exchange
New Zealand	NZX Limited
Philippines	Philippine Stock Exchange
Russia	Moscow Exchange
Singapore	Singapore Exchange
South Africa	JSE Limited
Switzerland	SIX Swiss Exchange
Taiwan	Taiwan Stock Exchange
	Taipei Exchange
Thailand	The Stock Exchange of Thailand
Turkey	Borsa Istanbul
United Arab Emirates	NASDAQ Dubai
United States of America	OTC Bulletin Board
	NYSE Arca
	NASDAQ PHLX
	NASDAQ Stock Market
	NYSE American
	New York Stock Exchange
	Chicago Stock Exchange



# ELIGIBLE DERIVATIVES MARKETS:

An Eligible Derivatives Market is any of the following markets:

Australia	Australian Securities Exchange
Austria	Wiener Borse AG
Belgium	Euronext Brussels
Brazil	B3
Denmark	NASDAQ Copenhagen A/S
Finland	NASDAQ Helsinki Ltd
France	Euronext Paris
Greece	Athens Exchange
Hungary	Budapest Stock Exchange
Hong Kong	Hong Kong Exchanges and Clearing Limited
Israel	Tel Aviv Stock Exchange
Italy	Italian Derivatives Market (IDM)
Japan	Tokyo Stock Exchange
	Osaka Exchange
Korea	Korea Exchange
Luxembourg	Luxembourg Stock Exchange
Malaysia	Bursa Malaysia Derivatives
Mexico	Mexican Derivatives Exchange
Netherlands	Euronext Amsterdam
Poland	Warsaw Stock Exchange
Portugal	Euronext Lisbon
Singapore	Singapore Exchange
South Africa	JSE Limited
Sweden	NASDAQ Stockholm AB
Switzerland	SIX Swiss Exchange
	Eurex Zurich
United Kingdom	ICE Futures Europe
United States of America	Cboe Options Exchange
	Chicago Mercantile Exchange
	NASDAQ Futures Inc
	NASDAQ PHLX
	New York Mercantile Exchange
	NYSE American Options
	NYSE Arca
	OTC Bulletin Board Markets

## 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 the Sub-fund but subject to the limits set out in the Sub-fund's investment policy and the limits set out in Chapter 5 of the COLL Sourcebook ("COLL 5") and this Prospectus. These limits apply to each Sub-fund as summarised below.

The Sub-funds will not maintain an interest in any immovable property or moveable property for the direct pursuit of the ICVC's business.

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 Scheme Property of the Sub-funds in 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 of each Sub-fund aims to provide a prudent spread of risk.

#### 1.2 Cover

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

1.2.2 Where a rule in COLL 5 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.

#### 2. UCITS schemes – general

2.1 The Scheme Property of the Sub-fund must, except where otherwise provided in COLL 5, only consist of any or all of:

2.1.1 transferable securities;

2.1.2 approved money market instruments;

2.1.3 units in collective investment schemes;

2.1.4 permitted derivatives and forward transactions;

2.1.5 permitted deposits; and

2.2 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. Transferable securities

3.1 A transferable security is an investment falling within article 76 (Shares etc), article 77 (instruments creating or acknowledging indebtedness), article 77A (alternative debentures), 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.

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

3.3 In applying paragraph 3.2 of this Appendix to an investment which is issued by a body corporate, and which is 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.

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

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

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

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

3.5.3 reliable valuation is available for it as follows:

3.5.3.1 in the case of a transferable security admitted to or dealt in on an eligible market, where there are accurate, reliable and regular prices which are either market prices or prices made available by valuation systems independent from issuers;

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

3.5.4 appropriate information is available for it as follows:

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

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

3.5.5 it is negotiable; and

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

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

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

3.6.2 to be negotiable.

3.7 No more than 5% of the value of the property of the Sub-fund may be invested in warrants.

#### 4. Closed end fund constituting transferable securities

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

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

4.1.1.1 it is subject to corporate governance mechanisms applied to companies; and

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

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

4.1.2.1 it is subject to corporate governance mechanisms equivalent to those applied to companies; and

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

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

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

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

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

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

#### 6. Approved Money-Market Instruments

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

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

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

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

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

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

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

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

6.4.1 enabling the ACD to calculate a net asset value in accordance with the value at which the instrument held in the portfolio could be exchanged between knowledgeable willing parties in an arm's length transaction; and

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

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

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

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

7.1.1 admitted to or dealt on an eligible market (as described in 8.3.1 or 8.3.2); or

7.1.2 dealt on an eligible market (as described in 8.4); or

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

7.1.4 recently issued transferable securities provided that:

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

7.1.4.2 such admission is secured within a year of issue.

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

## **8. Eligible markets regime: purpose**

8.1 To protect investors the markets on which investments of the 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.

8.2 Where a market ceases to be eligible, investments on that market cease to be approved securities. The 10% restriction in 7.1.5 above on investing in non approved securities applies and exceeding this limit because a market ceases to be eligible will generally be regarded as an inadvertent breach.

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

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

8.3.2 a market in an EEA State which is regulated, operates regularly and is open to the public.

8.3.3 a market within paragraph 8.4 of this Appendix.

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

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

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

8.4.3 the Depositary has taken reasonable care to determine that:

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

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

8.5 In paragraph 8.4, 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.

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

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

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

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

9.1.2 the instrument is issued or guaranteed in accordance with paragraph 10 below.

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

9.2.1 the instrument is an approved money-market instrument;

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

9.2.3 the instrument is freely transferable.

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

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

10.1.1 issued or guaranteed by any one of the following:

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

10.1.1.2 a regional or local authority of an EEA State;

10.1.1.3 the European Central Bank or a central bank of an EEA State;

10.1.1.4 the European Union or the European Investment Bank;

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

10.1.1.6 a public international body to which one or more EEA States belong; or

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

10.1.3 issued or guaranteed by an establishment which is:

10.1.3.1 subject to prudential supervision in accordance with criteria defined by European Union law; or

10.1.3.2 subject to and complies with prudential rules considered by the FCA to be at least as stringent as those laid down by European Union law.

10.2 An establishment shall be considered to satisfy the requirement in 10.1.3.2 if it is subject to and complies with prudential rules, and fulfils one or more of the following criteria:

10.2.1 it is located in the European Economic Area;

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

10.2.3 it has at least investment grade rating;

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

## 11. Appropriate information for money-market instruments

11.1 In the case of an approved money-market instrument within 10.1.2 or issued by a body of the type referred to in COLL 5.2.10EG, or which is issued by an authority within 10.1.1.2 or a public international body within 10.1.1.6 but is not guaranteed by a central authority within 10.1.1.1, the following information must be available:

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

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

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

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

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



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

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

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

11.3.1 within 10.1.1.1, 10.1.1.4 or 10.1.1.5; or

11.3.2 which is issued by an authority within 10.1.1.2 or a public international body within 10.1.1.6 and is guaranteed by a central authority within 10.1.1.1;

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

## 12. Spread: general

12.1 This rule on spread does not apply in respect of a transferable security or an approved money-market instrument to which COLL 5.2.12R (Spread: government and public securities) applies.

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

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

12.4 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 (covered bonds need not be taken into account for the purposes of applying the limit of 40%). For these purposes certificates representing certain securities are treated as equivalent to the underlying security.

12.5 The limit of 5% is raised to 25% in value of the Scheme Property in respect of covered bonds provided that when the Sub-fund invests more than 5% in covered bonds issued by a single body, the total value of covered bonds held must not exceed 80% in value of the Scheme Property.

12.6 The exposure to any one counterparty in an OTC derivative transaction must not exceed 5% in value of the Scheme Property. This limit is raised to 10% where the counterparty is an Approved Bank.

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

12.8 COLL 5 provides that not more than 20% in value of the Scheme Property is to consist of the units of any one collective investment scheme. However, as per 14.1, investment in collective investment schemes is restricted to no more than a 10% aggregate limit in value of the Scheme Property of each Sub fund.

12.9 In applying the above limits in 12.3, 12.4 and 12.6, in relation to a single body, and subject to 12.5, not more than 20% in value of the Scheme Property is to consist of any combination of two or more of the following:

12.9.1 transferable securities (including covered bonds) or approved money market instruments issued by that body; or

12.9.2 deposits made with that body; or

12.9.3 exposures from OTC derivatives transactions made with that body.

### 13. Spread: government and public securities

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

13.1.1 an EEA State;

13.1.2 a local authority of an EEA State;

13.1.3 a non-EEA State; or

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

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

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

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

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

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

13.3.4 the disclosures in COLL 3.2.6R(8) (Table: contents of the instrument constituting the fund) and COLL 4.2.5R(3)(i) (Table: contents of the prospectus) have been made.

13.4 In relation to such securities;

13.4.1 issue, issued and issuer include guarantee, guaranteed and guarantor; and

13.4.2 an issue differs from another if there is a difference as to repayment date, rate of interest, guarantor or other material terms of issue.

13.5 In the case of the Sub-fund more than 35% of the property of the Sub-fund may be invested in Government and public securities issued by or on behalf of or guaranteed by The Government of the United Kingdom (including the Scottish Administration, the Executive Committee of the Northern Ireland Assembly, the National Assembly of Wales), Austria, Belgium, Bulgaria, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Liechtenstein, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia, Romania, and Switzerland the Governments of Australia, Canada, Hong Kong, Japan, Singapore, Thailand, Turkey, New Zealand and the United States of America and by one of the following international organisations: World Bank, Asian Development Bank (ADB), Council of Europe Development Bank, Deutsche Ausgleichsbank (DTA), Eurofima, European Bank for Reconciliation and

Development (EBRD), the Inter American Development Bank (IADB), the Japan Development Bank, the European Federal Home Loans, European Investment Bank (EIB), International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), Kreditanstalt für Wiederaufbau (KfW), LCR Finance plc, and the Nordic Investment Bank (NIB).

**13.6** Notwithstanding paragraph 12.1 and subject to paragraphs 13.2 and 13.3, in applying the 20% limit in paragraph 12.9 with respect to a single body, such securities issued by that body shall be taken into account.

#### **14. Investment in collective investment schemes**

**14.1** Up to 10% in value of the property of the Sub-fund may be invested in units or shares in other collective investment schemes ("Second Scheme") provided that the Second Scheme satisfies all of the following conditions:

**14.1.1** The Second Scheme must:

**14.1.1.1** satisfy the conditions necessary for it to enjoy the rights conferred by the UCITS Directive; or

**14.1.1.2** be recognised under the provisions of s.272 of the Financial Services and Markets Act 2000;

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

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

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

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

(ii) approved the scheme's management company, rules and depositary/custody arrangements.

**14.2** The Second Scheme has terms that prohibit more than 10% in value of the Scheme Property consisting of units in collective investment schemes; and

**14.3** 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 COLL 5 are complied with. The Sub-fund may invest up to 5% in value of its property in collective investment schemes managed or operated by or whose ACD is Link Fund Solutions Limited or an associate of Link Fund Solutions Limited.

**14.4** Where the Second Scheme is an umbrella, the provisions of 14.2 and 14.3 and paragraph 12 apply to each Sub-fund as if it were a separate scheme.

**14.5** The Scheme Property attributable to the Sub-fund may include Shares in another Sub-fund of the Company (the "Second Sub-fund") subject to the requirements of paragraph 14.6 below.

14.6 The Sub-fund may invest in or dispose of Shares of a Second Sub-fund provided that:

14.6.1 the Second Sub-fund does not hold Shares in any other Sub-fund of the Company;

14.6.2 the requirements set out at paragraphs 14.7 and 14.8 below are complied with; and

14.6.3 not more than 30% in value of the Scheme Property of the investing or disposing Sub-fund is to consist of Shares in the Second Sub-fund.

14.7 Investment may only be made in a Second Sub-fund other collective investment schemes managed by the ACD or an associate of the ACD if the Prospectus clearly states that the Sub-fund may enter into such investments and the rules on double charging contained in COLL 5 are complied with.

14.8 Where a Sub-fund of the Company invests in or disposes of Shares in a Second Sub-fund or 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 that Sub-fund by the close of business on the fourth Business Day the amount of any initial charge in respect of a purchase, and in the case of a sale, any charge made for the disposal.

14.9 The Sub-funds may, subject to the limit set out in 14.1 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.

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

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

#### 16. Derivatives: General

The Investment Manager may employ derivatives in the pursuit of the investment objective as stated in this Prospectus and in accordance with the Risk Management Policy (RMP) – The RMP is available on request from the Authorised Corporate Director.

Due to the complex derivatives strategies that may be used by the Sub-fund, the Authorised Corporate Director will treat the fund as an 'Investment Purposes with VaR' fund and monitor its risk on a global exposure basis using the Value at Risk (VaR) approach.

Value at risk (VAR) is measure of the maximum potential loss the portfolio could experience over a given time period with reference to a specified confidence interval: so a VAR of £10m at a 99% confidence level means that the portfolio losses should not exceed £10m 99 times out of a hundred.

A maximum daily or monthly VaR is applicable as per the COLL regulations. The Sub-fund is managed against a monthly VAR of 20%.

The Investment Manager may also employ derivatives for the purposes of Efficient Portfolio Management, further information on EPM is provided in paragraph 17. To the extent that derivative instruments are utilised for hedging purposes, the risk of loss to the Sub-fund may be increased where the value of the derivative instrument and the value of the security or position which it is hedging are insufficiently correlated.

**16.1** A transaction in derivatives or a forward transaction must not be effected for the Sub-fund unless the transaction is of a kind specified in paragraph 18 below (Permitted transactions (derivatives and forwards)); and the transaction is covered, as required by paragraph 25 (Cover for investment in derivatives and forward transactions). The use of derivatives may alter the risk profile of the Sub-fund, and accordingly the risk factors in bold at paragraph 5.7 of the main body of this prospectus should be noted.

**16.2** Where the Sub-fund invests in derivatives, the exposure to the underlying assets must not exceed the limits set out in COLL 5 in relation to COLL 5.2.11R (Spread: general) and COLL 5.2.12R (Spread: government and public securities) except for index based derivatives where the rules below apply

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

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

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

**16.4.2** its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and

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

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

**16.6** Where the Sub-fund invests in an index based derivative, provided the relevant index falls within paragraph 19 (Financial Indices underlying derivatives), the underlying constituents of the index do not have to be taken into account for the purposes of COLL 5.2.11R and COLL 5.2.12R.

## **17. Efficient Portfolio Management**

**17.1** The Investment Manager may use Scheme Property to enter into transactions for the purposes of EPM. Permitted EPM transactions include transactions in derivatives dealt or traded on an eligible derivatives market or over-the-counter. Where permitted, EPM techniques may also involve the Sub-fund entering into stock lending transactions or reverse repurchase agreements. The ACD must ensure in entering into EPM transactions that the transaction is economically appropriate to (i) the reduction of the relevant risks (whether in the price of investments, interest rates or exchange rates) or (ii) the reduction of the relevant costs and/or (iii) the generation of additional capital or income for the scheme with a risk level which is consistent with the risk profile of the scheme and the risk diversification rules laid down in COLL 5.

**17.2** There is no guarantee that the Sub-fund will achieve the objective for which any EPM transaction was undertaken. To the extent that derivative instruments are utilised for hedging purposes (reduction of the risk profile of the Company), the risk of loss to the Sub-fund may be increased where the value of the derivative instrument and the value of the security or position which it is hedging prove to be insufficiently correlated. EPM transactions (save to the extent that derivatives are traded on exchange) may involve a risk that a counterparty will wholly or partially fail to honour its contractual obligations.

**17.3** In order to mitigate that risk of counterparty default, the counterparties to these transactions may be required to provide collateral to suitably cover their obligations to the Sub-fund. In the event of default by the counterparty, it will forfeit its collateral on the transaction. However, there is a risk that the collateral, especially where it is in the form of securities, when realised will not raise sufficient cash to settle the counterparty's liability to the Sub-fund. Securities lending transactions may, in the event of a default by the counterparty, result in the securities lent being recovered late or only in part. This may result in loss for the Sub-fund.

**17.4** To assist in managing these types of risks, the ACD has a collateral management policy which sets criteria around the types of eligible collateral the Sub-fund may accept. A copy of this is available from the ACD on request.

**17.5** Investors should note that EPM transactions may be effected in relation to the Sub-fund in circumstances where the ACD or Investment Manager has, either directly or indirectly, an interest which may potentially involve a conflict of their obligations to the Sub-fund. Where a conflict cannot be avoided, the ACD and Investment Manager will have regard to their responsibility to act in the best interests of the Sub-fund and its Shareholders. The ACD and Investment Manager will ensure that the Sub-fund and its Shareholders are treated fairly and that such transactions are effected on terms which are not less favourable to the Sub-fund than if the potential conflict had not existed. For further information in relation to conflicts of interest, please see the 'conflicts of interest' section of this prospectus.

**17.6** All revenues arising from EPM transactions (including stock lending and repurchase and reverse repurchase arrangements, if any) will be returned to the Sub-fund, net of direct and indirect operational costs and fees.

## **18. Permitted transactions (derivatives and forwards)**

**18.1** A transaction in a derivative must be in an approved derivative; or be one which complies with paragraph 22 (OTC transactions in derivatives).

**18.2** A transaction in a derivative must have the underlying consisting of any or all of the following to which the scheme is dedicated:

**18.2.1** transferable securities,

**18.2.2** approved money market instruments permitted under paragraph 9 (Money market instruments with a regulated issuer),

**18.2.3** deposits, permitted derivatives under this paragraph,

**18.2.4** collective investment scheme units permitted under paragraph 14 (Investment in collective investment schemes),

18.2.5 financial indices which satisfy the criteria set out in paragraph 19 (Financial indices underlying derivatives),

18.2.6 interest rates,

18.2.7 foreign exchange rates and

18.2.8 currencies.

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

18.4 A transaction in a derivative must not cause the 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.

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

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

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

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

18.7.2 it does not result in the delivery or the transfer of assets other than those referred to in COLL 5.2.6AR, including cash;

18.7.3 in the case of an OTC derivative, it complies with the requirements in paragraph 22; and

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

18.8 The Sub-fund may not undertake transactions in derivatives on commodities.

## 19. Financial Indices underlying derivatives

19.1 The financial indices referred to in 18.2 are those which satisfy the following criteria:

19.1.1 the index is sufficiently diversified;

19.1.2 the index represents an adequate benchmark for the market to which it refers; and

19.1.3 the index is published in an appropriate manner.

19.2 A financial index is sufficiently diversified if:

19.2.1 it is composed in such a way that price movements or trading activities regarding one component do not unduly influence the performance of the whole index;

19.2.2 where it is composed of assets in which the Sub-fund is permitted to invest, its composition is at least diversified in accordance with the requirements with respect to spread and concentration set out in this paragraph; and



19.2.3 where it is composed of assets in which the Sub-fund cannot invest, it is diversified in a way which is equivalent to the diversification achieved by the requirements with respect to spread and concentration set out in this paragraph.

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

19.3.1 it measures the performance of a representative group of underlyings in a relevant and appropriate way;

19.3.2 it is revised or rebalanced periodically to ensure that it continues to reflect the markets to which it refers, following criteria which are publicly available; and

19.3.3 the underlyings are sufficiently liquid, allowing users to replicate it if necessary.

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

19.4.1 its publication process relies on sound procedures to collect prices, and calculate and subsequently publish the index value, including pricing procedures for components where a market price is not available; and

19.4.2 material information on matters such as index calculation, rebalancing methodologies, index changes or any operational difficulties in providing timely or accurate information is provided on a wide and timely basis.

19.5 Where the composition of underlyings of a transaction in a derivative does not satisfy the requirements for a financial index, the underlyings for that transaction shall where they satisfy the requirements with respect to other underlyings pursuant to 18.2, be regarded as a combination of those underlyings.

## 20. Transactions for the purchase of property

20.1 A derivative or forward transaction which will or could lead to the delivery of property for the account of the Sub-fund may be entered into only if that property can be held for the account of the Sub-fund, and the ACD having taken reasonable care determines that delivery of the property under the transaction will not occur or will not lead to a breach of the rules in COLL 5.

## 21. Requirement to cover sales

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

## 22. OTC transactions in derivatives

22.1 Any transaction in an OTC derivative under this paragraph must be:

22.1.1 in a future or an option or a contract for differences;

22.1.2 with an approved counterparty; a counterparty to a transaction in derivatives is approved only if the counterparty is an Eligible Institution or an Approved Bank; or a person whose permission (including any requirements or limitations), as published in the Financial Services Register or whose Home State authorisation, permits it to enter into the transaction as principal off-exchange;

**22.1.3** on approved terms; the terms of the transaction in derivatives are approved only if, the ACD: carries out, at least daily, a reliable and verifiable valuation in respect of that transaction corresponding to its fair value and which does not rely only on market quotations by the counterparty; and can enter into one or more further transactions to sell, liquidate or close out that transaction at any time, at its fair value; and

**22.1.4** capable of reliable valuation; a transaction in derivatives is capable of reliable valuation only if the ACD having taken reasonable care determines that, throughout the life of the derivative (if the transaction is entered into), it will be able to value the investment concerned with reasonable accuracy:

**22.1.4.1** on the basis of an up-to-date market value which has been agreed is reliable; or

**22.1.4.2** if the value referred to in 22.1.4.1 is not available, on the basis of a pricing model which the ACD and the Depositary have agreed uses an adequate recognised methodology; and

**22.1.5** subject to verifiable valuation: a transaction in derivatives is subject to verifiable valuation only if, throughout the life of the derivative (if the transaction is entered into) verification of the valuation is carried out by:

**22.1.5.1** an appropriate third party which is independent from the counterparty of the derivative at an adequate frequency and in such a way that the ACD is able to check it; or

**22.1.5.2** a department within the ACD which is independent from the department in charge of managing the Scheme Property and which is adequately equipped for such a purpose.

**22.2** For the purposes of 22.1.3, a “fair value” is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction.

## **23. Risk management**

**23.1** The ACD uses a risk management process, (including a risk management policy) in accordance with COLL 6.12, as reviewed by the Depositary and filed with the FCA, enabling it to monitor and measure at any time the risk of the Sub-fund’s positions and their contribution to the overall risk profile of the Sub-fund. The following details of the risk management process. must be regularly notified to the FCA and at least on an annual basis:

**23.1.1** a true and fair view of the types of derivatives and forward transactions to be used within the Fund together with their underlying risks and any relevant quantitative limits.

**23.1.2** the methods for estimating risks in derivative and forward transactions.

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

## **24. Derivative exposure**

**24.1** The Sub-fund may invest in derivatives and forward transactions as long as the exposure to which the Sub-fund is committed by that transaction itself is suitably covered from within its Scheme Property. Exposure will include any initial outlay in respect of that transaction.

**24.2** Cover ensures that the Sub-fund is not exposed to the risk of loss of property, including money, to an extent greater than the net value of the Scheme Property of that Sub-fund. Therefore, the Sub-fund must hold Scheme Property sufficient in value or amount to match the exposure arising from a derivative obligation to which the Sub-fund is committed. Paragraph 25 (Cover for investment in derivatives and forward transactions) sets out detailed requirements for cover of the Sub-fund.

**24.3A** future is to be regarded as an obligation to which the Sub-fund is committed (in that, unless closed out, the future will require something to be delivered, or accepted and paid for); a written option as an obligation to which the scheme is committed (in that it gives the right of potential exercise to another thereby creating exposure); and a bought option as a right (in that the purchaser can, but need not, exercise the right to require the writer to deliver and accept and pay for something).

**24.4** Cover used in respect of one transaction in derivatives or forward transaction must not be used for cover in respect of another transaction in derivatives or a forward transaction.

## **25. Cover for investment in derivatives and forward transactions**

**25.1** The Sub-fund may invest in derivatives and forward transactions as part of its investment policy provided:

**25.1.1** its global exposure relating to derivatives and forward transactions held in the Sub-fund does not exceed the net value of the Scheme Property; and

**25.1.2** its global exposure to the underlying assets does not exceed in aggregate the investment limits laid down in paragraph 12 above.

## **26. Cover and borrowing**

**26.1** Cash obtained from borrowing, and borrowing which the ACD reasonably regards an Eligible Institution or an Approved Bank to be committed to provide, is not available for cover under the previous paragraph 25 except where 26.2 below applies.

**26.2** Where, for the purposes of this paragraph the Sub-fund 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 their agent or nominee), then this applies as if the borrowed currency, and not the deposited currency, were part of the Scheme Property.

## **27. Investment in deposits**

**27.1** The 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.

## **28. Significant influence**

**28.1** 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:

**28.1.1** 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

**28.1.2** The acquisition gives the Company that power.

28.2 For the purposes of paragraph 28.1, the Company is to be taken to have power significantly to influence the conduct of business of a body corporate if it can, because of the transferable securities held by it, exercise or control the exercise of 20% or more of the voting rights in that body corporate (disregarding for this purpose any temporary suspension of voting rights in respect of the transferable securities of that body corporate).

## 29. Concentration

The Sub-fund:

29.1 must not acquire transferable securities other than debt securities which:

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

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

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

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

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

29.5 need not comply with the limits in paragraphs 29.2, 29.3 and 29.4 of this Appendix if, at the time of the acquisition, the net amount in issue of the relevant investment cannot be calculated.

## 30. Schemes replicating an index

30.1 Notwithstanding paragraph 12, the Sub-fund may invest up to 20% in value of the Scheme Property in shares and debentures which are issued by the same body where the stated investment policy is to replicate the composition of a relevant index as defined below.

30.2 Replication of the composition of a relevant index shall be understood to be a reference to a replication of the composition of the underlying assets of that index, including the use of techniques and instruments permitted for the purpose of efficient portfolio management.

30.3 The 20% limit can be raised for a particular Sub-fund up to 35% in value of the Scheme Property, but only in respect of one body and where justified by exceptional market conditions.

30.4 In the case of the Sub-fund replicating an index the Scheme Property need not consist of the exact composition and weighting of the underlying in the relevant index in cases where the Sub-fund's investment objective is to achieve a result consistent with the replication of an index rather than an exact replication.

30.5 The indices referred to above are those which satisfy the following criteria:

30.5.1 The composition is sufficiently diversified;

30.5.2 The index represents an adequate benchmark for the market to which it refers; and

30.5.3 The index is published in an appropriate manner.

30.6 The composition of an index is sufficiently diversified if its components adhere to the spread and concentration requirements in this paragraph.

**30.7** An index represents an adequate benchmark if its provider uses a recognised methodology which generally does not result in the exclusion of a major issuer of the market to which it refers.

**30.8** An index is published in an appropriate manner if:

**30.8.1** it is accessible to the public;

**30.8.2** the index provider is independent from the index-replicating UCITS scheme; this does not preclude index providers and the UCITS scheme from forming part of the same group, provided that effective arrangements for the management of conflicts of interest are in place.

### **31. Stock lending**

**31.1** The entry into stock lending transactions or repo contracts for the account of the Sub-fund is permitted for the generation of additional income for the benefit of the Sub-fund, and hence for its investors.

**31.2** The specific method of stock lending permitted in this paragraph 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 them against the risk that the future transfer back of the securities may not be satisfactorily completed.

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

**31.4** The Sub-fund or the Depositary at the request of the Sub-fund may enter into a repo contract or 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 re-acquired by the Depositary for the account of the Sub-fund, are in a form which is acceptable to the Depositary and are in accordance with good market practice, the counterparty is;

**31.4.1** an authorised person; or

**31.4.2** a person authorised by a home state regulator; and

**31.4.3** collateral is obtained to secure the obligation of the counterparty. Collateral must be acceptable to the Depositary, adequate and sufficiently immediate.

**31.5** The Depositary must ensure that the value of the collateral at all times is at least equal to the value of the securities transferred by the Depositary. 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.

31.6 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 COLL 5, 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.

31.7 There is no limit on the value of the Scheme Property which may be the subject of repo contracts or stock lending transactions.

## 32. Cash and near cash

32.1 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:

32.1.1 the pursuit of the Sub-fund's investment objectives; or

32.1.2 the redemption of units; or

32.1.3 efficient management of the Sub-fund in accordance with its investment objectives; or

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

32.2 During the period of the initial offer the Scheme Property of the Sub-fund may consist of cash and near cash without limitations.

## 33. General

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

33.2 Where the Sub-fund 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 Sub-fund by the close of business on the fourth Business Day the amount of any initial charge in respect of a purchase, and in the case of a sale, any charge made for the disposal.

33.3 A potential breach of any of these limits does not prevent the exercise of rights conferred by investments held by the 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.

33.4 COLL 5 permits the ACD to use certain techniques when investing in derivatives in order to manage the Sub-fund's exposure to particular counterparties and in relation to the use of collateral to reduce overall exposure with respect to over-the-counter ("OTC") derivatives; for example the Sub-fund may take collateral from counterparties with whom they have an OTC derivative position and use that collateral to net off against the exposure they have to the counterparty under that OTC derivative position, for the purposes of complying with counterparty spread limits. COLL 5 also permits the Sub-fund to use derivatives to effectively short sell (agree to deliver the relevant asset without holding it in the Sub-fund) under certain conditions.

**34. Underwriting**

**34.1** Underwriting and sub underwriting contracts and placings may also, subject to certain conditions set out in COLL 5, be entered into for the account of the Sub-fund.

**35. General power to borrow**

**35.1** The Sub-fund may, on the instructions of the Investment Manager and subject to COLL 5, borrow money from an Eligible Institution or an Approved Bank for the use of the Sub-fund on terms that the borrowing is to be repayable out of the Scheme Property.

**35.2** 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.

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

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

**36. Counterparty risk and issuer concentration**

**36.1** The ACD must ensure that counterparty risk arising from an OTC derivative is subject to the limits set out in paragraphs 12.6 and 12.9 above.

**36.2** When calculating the exposure of the Sub-fund to a counterparty in accordance with the limits in paragraph 12.6 the ACD must use the positive mark-to-market value of the OTC derivative contract with that counterparty.

**36.3** An ACD may net the OTC derivative positions of the Sub-fund with the same counterparty, provided they are able legally to enforce netting agreements with the counterparty on behalf of the Sub-fund.

**36.4** The netting agreements in paragraph 36.3 above are permissible only with respect to OTC derivatives with the same counterparty and not in relation to any other exposures the Sub-fund may have with that same counterparty.

**36.5** The ACD may reduce the exposure of Scheme Property to a counterparty of an OTC derivative through the receipt of collateral. Collateral received must be sufficiently liquid so that it can be sold quickly at a price that is close to its pre-sale valuation.

**36.6** The ACD must take collateral into account in calculating exposure to counterparty risk in accordance with the limits in paragraph 36.8 when it passes collateral to an OTC counterparty on behalf of the Sub-fund.

**36.7** Collateral passed in accordance with paragraph 36.6 may be taken into account on a net basis only if the ACD is able legally to enforce netting arrangements with this counterparty on behalf of that Sub-fund.

**36.8** The ACD must calculate the issuer concentration limits referred to in paragraph 12.6 on the basis of the underlying exposure created through the use of OTC derivatives pursuant to the commitment approach.

**36.9** In relation to the exposure arising from OTC derivatives as referred to in paragraph 12.9 the ACD must include any exposure to OTC derivative counterparty risk in the calculation.

### **37. Guarantees and indemnities**

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

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

**37.3** Paragraphs 37.1 and 37.2 do not apply to in respect of the Company:

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

**37.3.2** an indemnity falling within the provisions of regulation 62(3) (Exemptions from liability to be void) of the OEIC Regulations;

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

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

### **38. General power to accept or underwrite placings**

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

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

**38.3** The exposure of the Sub-fund to agreements and understandings as set out above, on any Business Day be covered and be such that, if all possible obligations arising under them had immediately to be met in full, there would be no breach of any limit in COLL 5.

### **39. Restrictions on lending of property other than money**

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



39.2 Transactions permitted by paragraph 31 (Stock lending) are not to be regarded as lending for the purposes of paragraph 39.1.

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

39.4 Where transactions in derivatives or forward transactions are used for the account of the Sub-fund in accordance with COLL 5, nothing in this paragraph prevents the Sub-fund or the Depositary at the request of the Sub-fund: from lending, depositing, pledging or charging its Scheme Property for margin requirements; or transferring Scheme Property under the terms of an agreement in relation to margin requirements, provided that the ACD reasonably considers that both the agreement and the margin arrangements made under it (including in relation to the level of margin) provide appropriate protection to Shareholders.

#### 40. Restrictions on lending of money

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

40.2 Acquiring a debenture is not lending for the purposes of paragraph 40.1, nor is the placing of money on deposit or in a current account.

40.3 Nothing in paragraph 40.1 prevents the Company from providing an officer of the Company with funds to meet expenditure to be incurred by them for the purposes of the Company (or for the purposes of enabling them properly to perform their duties as an officer of the Company) or from doing anything to enable an officer to avoid incurring such expenditure.

#### 41. Calculation of global exposure

41.1 The ACD must calculate the global exposure of the Sub-fund on at least a daily basis;

41.2 The ACD must calculate the global exposure of any Sub-fund it manages either as:

41.2.1 the incremental exposure and leverage generated through the use of derivatives and forward transactions (including embedded derivatives as referred to in paragraph 16 (Derivatives: general), which may not exceed 100% of the net value of the Scheme Property; or

41.2.2 the market risk of the Scheme Property;

41.3 For the purposes of this section exposure must be calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions.

41.4 The ACD must calculate the global exposure of the Sub-fund by using:

41.4.1 commitment approach; or

41.4.2 the value at risk approach.

41.5 The ACD must ensure that the method selected above is appropriate, taking into account:

41.5.1 the investment strategy pursued by the Sub-fund;

41.5.2 types and complexities of the derivatives and forward transactions used; and

41.5.3 the proportion of the Scheme Property comprising derivatives and forward transactions.

41.6 Where the Sub-fund employs techniques and instruments including repo contracts or stock lending transactions in accordance with paragraph 31 (Stock lending) in order to generate additional leverage or exposure to market risk, the authorised fund manager must take those transactions into consideration when calculating global exposure.

#### 42. Valuation of OTC derivatives

42.1 For the purposes of paragraph 22.1.3 the ACD must:

42.1.1 establish, implement and maintain arrangements and procedures which ensure appropriate, transparent and fair valuation of the exposures of the Sub-fund to OTC derivatives; and

42.1.2 ensure that the fair value of OTC derivatives is subject to adequate, accurate and independent assessment.

42.2 Where the arrangements and procedures referred to in paragraph 25.1 above involve the performance of certain activities by third parties, the ACD must comply with the requirements in SYSC 8.1.13 R (Additional requirements for a management company) and COLL 6.6A.4 R (4) to (6) (Due diligence requirements of AFM's of UCITS schemes).

42.3 The arrangements and procedures referred to in 42.1 must be:

42.3.1 adequate and proportionate to the nature and complexity of the OTC derivative concerned; and

42.3.2 adequately documented.

## Appendix IV

### List of Other Authorised Collective Investment Schemes Operated by the ACD

The ACD acts as Authorised Corporate Director of the following Open-ended Investment Companies:

Asperior Investment Funds	LF Resilient Investment Funds
LF Arch Cru Investment Funds	LF Richmond Funds
LF Arch Cru Diversified Funds	LF Robin Fund
Celestial Investment Funds	LF Ruffer Investment Funds
LF Asset Value Investors Global Fund	LF Seneca Investment Funds
LF Boyer Global Fund	LF Tellworth Investment Funds
LF Bentley Investment Funds	LF Waverton Investment Funds
LF Blue Whale Investment Funds	LF Woodford Investment Fund
LF Canada Life Investments Fund	LF Woodford Investment Funds II
LF Canada Life Investments Fund II	Packel Global Fund
LF Cautela Fund	P E Managed Fund
LF Eclectica Funds	Purisima Investment Funds
LF Gresham House Equity Funds	The Abbotsford Fund
LF Gresham House UK Micro Cap Fund	The Arbor Fund
LF Havelock London Investment Funds	The Broden Fund
LF Heartwood Multi Asset Funds	The LF Waverton Managed Investment Fund
LF IM Investment Funds	The Circus Fund
LF KH Invicta Fund	The Davids Fund
LF Lindsell Train UK Equity Fund	The Gulland Fund
LF Macquarie Investment Funds	The Monoux Fund
LF Miton Investment Funds	The Mulberry Fund
LF Miton Investment Funds 3	The Navajo Fund
LF Miton Worldwide Opportunities Fund	The New Floco Fund
LF Morant Wright Japan Fund	The New Grande Motte Fund
LF Morant Wright Nippon Yield Fund	The New Jaguar Fund
LF Odey Funds	The New Viaduct Fund
LF Odey Investment Funds	The OHP Fund
LF Odey Investments	Trojan Investment Funds
LF Prudential Investment Funds (1)	Windrush Fund

The ACD acts as Manager of the following Authorised Unit Trusts:

LF Adam Worldwide Fund  
LF Canlife International Growth Unit Trust  
LF Catalyst Trust  
LF Greenmount Fund  
LF KH Feelgood Trust  
LF KH Ramogan Trust  
LF New Institutional World Fund  
LF New Villture Fund  
LF Personal Pension Trust  
LF Prudential Pacific Markets Trust  
LF Stakeholder Pension Scheme  
LF Stewart Ivory Investment Markets Fund  
Lorimer Trust  
The LF Prudential Qualified Investor Scheme Umbrella Unit Trust  
The Drygate Trust  
The Holly Fund  
The Mermaid Trust  
The Newgate Trust

The ACD acts as Manager of the following Authorised Contractual Schemes:

LF ACCESS Pool Authorised Contractual Scheme  
LF Canada Life Authorised Contractual Scheme  
LF Robeco ACS Umbrella Fund  
LF Wales Pension Partnership Asset Pooling ACS Umbrella

## Appendix V

### Past Performance and Investor Profile

This performance information is net of tax and charges (subscription and redemption fees) but does not include the effect of any initial charge that may be paid on the purchase of an investment.

Past performance is no indication of future performance.

#### LF Odey Absolute Return Fund

Year	%
2010	15.7
2011	3.5
2012	37.2
2013	45.6
2014	5.5
2015	7.6
2016	-17.8
2017	2.9
2018	3.8

Percentage performance, sterling institutional accumulation shares, based on ACD data.

**NOTE: PAST PERFORMANCE SHOULD NOT BE TAKEN AS A GUIDE TO THE FUTURE. PLEASE SEE APPENDIX I FOR THE SUB-FUND'S OBJECTIVES AND BELOW AND OVERLEAF FOR AN EXPLANATION OF INVESTOR PROFILES AND RISK CATEGORIES.**

### INVESTOR PROFILE

The Sub-funds are marketable to all eligible investors provided they can meet the minimum subscription levels and are at least 18 years of age. 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 professional adviser.

LF Odey Absolute Return Fund may be suitable for those investors wanting to achieve long term growth regardless of market conditions.

## Appendix VI

### Performance Fee for the LF Odey Absolute Return Fund

**Please note that the Performance Fee is not applicable to the Sterling Management Shares.**

The ACD is entitled, at its discretion, to charge, which will be paid by way of further remuneration to the Investment Manager, a performance fee out of the Scheme Property equal to 20% of the amount by which the performance of the Gross Asset Value per share over a Calculation Period exceeds the Base Asset Value per share rate.

#### Performance Fee Calculation Method:

The performance fee will be calculated by the ACD and accrued daily with the Net Asset Value adjusted accordingly to reflect the accrual. It will be payable annually in arrears on the last Business Day in each financial year (each a "Payment Date").

The performance fee will be equal to 20% of x where x equals the Gross Asset Value per Share on the Payment Date less the Base Asset Value per Share multiplied by the average number of Shares in issue on Dealing Days in the period since the preceding Payment Date.

In the event of a large redemption it is possible the use of average shares may distort the calculation. To avoid this effect the Directors reserve the right to waive Performance Fees in circumstances where the results produced are improbable.

Any change to the performance fee rate or basis on which it is calculated will require prior notice to be given to Shareholders of the relevant Sub-fund of no less than 60 days before the new rate or basis may commence. The Prospectus will be revised at such time.

#### Definitions used in this section of the Prospectus:

**"Base Asset Value per Share"** is the greater of (i) the Net Asset Value per share of the relevant class at the time of issue of that Share i.e. its launch price and (ii) the highest Net Asset Value per share of the relevant class achieved as at the end of any previous Calculation Period (if any) during which such Share was in issue i.e. its high water mark (HWM). The high water mark will always be post performance fee. The Base Asset Value per Share will never be below 100.

**"Calculation Period"** refers to the period from the last day of the initial offer period and will end on **31 December 2009** and each period of 12 months thereafter ending on 31 December in each year.

**"Gross Asset Value per share"** means the Net Asset Value of the Sub-fund divided by the number of Shares of that Sub-fund in issue (before deduction for any accrued performance fees).

**"Average"** is calculated by taking the total number of shares in issue in each share class on each day of a Calculation Period and dividing that by the number of calendar days within that Calculation Period.

#### When is a performance fee payable?

The Investment Manager will only be entitled to be paid a Performance Fee if the Gross Asset Value per share attributable to the Sub-fund on the last day of a Calculation Period is greater than the Base Asset Value per share.

Since the Base Asset Value per share must be exceeded for a performance fee to be payable; no performance fee will be paid in respect of a Sub-fund where its growth is zero or negative.

Where performance fees are payable by the Company these will be based on net realised and net unrealised gains and losses at the end of each performance period. As a result, performance fees may be paid on unrealised gains which may subsequently not be realised.

#### What is the value of the performance fee?

If a performance fee is payable, it will be calculated as a percentage of the amount by which the Gross Asset Value per share price of the relevant Calculation Period exceeds the Base Asset Value per share price, multiplied by the Average. The percentage applied will be 20% of the out performance.

It is important to note that as the performance fee depends on the out performance over and above the Base Asset Value per share, there is in effect no maximum performance fee that could be taken, particularly as it is impossible to quantify any out performance in advance. Of course, while the ACD is entitled to pay the Investment Manager 20% of the out performance, investors will benefit from 80% of that out performance.

The performance fee will be paid to the Investment Manager by the ACD as soon as practicable after the Calculation Period. However, during a Calculation Period, the performance fee will be calculated and accrued daily and this will be reflected in the price of a share. In practice, this means that the growth (if any) of the Sub-fund will be measured against the Base Asset Value per share on a daily basis and, to the extent a performance fee may be payable at the end of a Calculation Period, a performance fee will accrue in relation to the NAV per share attributable to the Sub-fund. The accrual is adjusted each day to reflect the level of growth (if any) achieved and, if there is no growth in excess of the Base Asset Value per share then the performance accrual will be zero.

Once a performance fee has been paid, any subsequent underperformance will not result in any performance fee previously paid being repayable to the fund.

#### What effect will the performance fee have on the NAV of the Sub-fund?

To illustrate the effect that the performance fee may have on the NAV of a Sub-fund or the shares attributable to such Sub-fund, consider the following:

- On 1 April 2009, the NAV per share attributable to a Sub-fund is 100 pence.
- On 1 July 2009 (three months later), the Gross Asset Value per share (i.e. NAV per share before the application of a performance fee) is 110.00 pence. Therefore (net of charges) the price has risen during that three-month period by 10%. The Base Asset Value per share would be 100.00 pence. Therefore, the Sub-fund has, at this point, outperformed the Base rate by 10%.
- The performance fee is then calculated for each share class based on an amount of 20% of the out performance by reference to the NAV per share at the start of the Calculation Period. In the example, this would be  $110 \text{ minus } 100.0 = 10.00$  pence per share. The performance fee would therefore be 20% of 10.00 pence which equals 2.00 pence. The new NAV per share (incorporating the performance fee accrual) is  $110 \text{ pence minus } 2.00 \text{ pence}$  which equals 108.00 pence.

However, while the ACD has accrued for this performance fee on a daily basis within the share price, the Investment Manager would not be paid this unless the Gross Asset Value per share on 31 December 2009 (being the last day of the relevant Calculation Period) exceeded the relevant Base Asset Value per share (which in the above example would be 100.00 pence). Only at that point does a performance fee become payable and it would be deducted from the relevant Sub-fund by the end of the month following the end of the Calculation Period.

If a performance fee is payable, the total amount to be taken from the relevant Sub-fund would be 20% of the amount by which the Gross Asset Value per share of the relevant Calculation Period exceeded the Base NAV Asset Value per share multiplied by the Average.

If, on the other hand, the growth shown in the above example were extinguished by a reduction in the Sub-fund value during the final day of the Calculation Period, then the accrual for the performance fee would be removed – to the benefit of the Sub-fund.

### Worked performance fee examples

#### Example 1

**Scenario:** Fund grows during first period.

**Result:** Performance fee is paid and the fund must exceed its new 'base asset value per share' (in this case it's HWM) in the following period before it can earn a fee.

**Detail:** £100,000 is invested in the fund at the beginning of the Performance Period and 100,000 shares are in issue. The initial price per share is 100p. This is also the 'base asset value per share' for the first period. Over the course of the period the fund grows 10%. On the final day of the period the fund is worth £110,000 with the price per share equal to 110p. As the fund has beaten its HWM by 10% a Performance Fee is due at the rate of 20% of this outperformance. This equals £2,000 ( $£110,000 - £100,000 \times 20\%$ ) or 2p per share.

In the following period the fund will have to exceed its new 'base asset value per share' of 108p per share (110p less 2p Performance Fee) in order to generate a fee.

#### Example 2

**Scenario:** Fund falls during first period.

**Result:** No performance fee is paid and fund must reach and exceed its 'base asset value per share' (in this case the launch price) in the next period before it can earn a fee.

**Detail:** £100,000 is invested in the fund at the beginning of the Performance Period and 100,000 shares are in issue. The initial price per share is 100p. This is also the 'base asset value per share' for the first period. Over the course of the period the fund falls 10%. On the final day of the period the fund is worth £90,000 with the price per share equal to 90p. As the fund has failed to beat its HWM no Performance Fee is due.

In the following period the fund must exceed the initial 'base asset value per share' of 100p per share in order to generate a fee.



**Example 3**

**Scenario:** Fund grows during first period – and there have been subscriptions.

**Result:** Performance fee is paid and the Average has changed.

**Detail:** £100,000 is invested in the fund at the beginning of the Performance Period, and 100,000 shares are in issue. The initial price per share is 100p. This is also the 'base asset value per share' for the first period. Over the course of the period the fund grows in value and exactly half way through the period there are subscriptions for 50,000 shares. On the final day of the period the fund is worth £200,000, the shares in issue are 150,000 this means the price per share equal to 133.33p.

As the fund has beaten its HWM a Performance Fee is due at the rate of 20% of this outperformance. This equals  $(133.33 - 100) \times 20\% = 6.6667\text{p}$  per share.  $6.6667 \times \text{Average of } 125,000 = £8,333.33$

You should be aware that the Sub-fund is designed for long term investment.

## Appendix VII

### Additional Information for Investors 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 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.

The additional investor information document containing the terms and conditions and application forms is available on the ACD's website at [www.linkfundsolutions.co.uk](http://www.linkfundsolutions.co.uk).

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

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 from the Information Agent.

#### Redemption of Shares, payments to Shareholders

Redemptions of Shares and payments to the Shareholder in Germany (redemption proceeds, any distributions and other payments) are effected in accordance with Section 3 (Buying, Redeeming and Switching Shares) of the Prospectus.

Printed individual Share certificates are not issued.

#### Publication of Share prices

The subscription and redemption prices of Shares will be published on the ACD's website [www.linkfundsolutions.co.uk](http://www.linkfundsolutions.co.uk) and for institutional investors only, on [www.wmdaten.com](http://www.wmdaten.com). The prices of Shares will also be available from the Information Agent.

#### Shareholder notices

Shareholder notices, if any, will be published on the ACD's website at [www.linkfundsolutions.co.uk](http://www.linkfundsolutions.co.uk).

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

## Appendix VIII

### Additional Information for Investors in the Swiss Confederation

#### INFORMATION FOR INVESTORS IN SWITZERLAND

##### 1. Representative

RBC Investor Services Bank S.A., Bleicherweg 7, CH-8027 Zurich.

##### 2. Paying Agent

RBC Investor Services Bank S.A., Bleicherweg 7, CH-8027 Zurich.

##### 3. Location where the relevant documents may be obtained

The prospectus, Key Investor Information Document, the instrument of incorporation as well as the annual and semi-annual reports may be obtained free of charge from the representative as well as from the office of the ACD at 6th Floor, 65 Gresham Street, London EC2V 7NQ.

##### 4. Payment of retrocessions and rebates

The ACD and its agents do not pay any retrocessions to third parties as remuneration for distribution activities in respect of the fund shares in or from Switzerland.

In respect of distribution in or from Switzerland, the ACD and its agents do not pay any rebates to reduce the fees or costs incurred by the investor and charged to the fund.

##### 5. Place of performance and jurisdiction

In respect of the shares distributed in and from Switzerland, the place of performance and jurisdiction is the registered office of the Representative.

## Appendix IX

### List of Sub-Custodians

The Custodian may delegate the custody of assets to the following Sub-Custodians:

Argentina	Citibank N.A.Argentina
Australia	National Australia Bank Limited Australia Stock Exchange
Austria	(1) UniCredit Bank Austria AG (2) Citibank N.A. (Milan)
Bahrain	HSBC Bank Middle East Limited
Bangladesh	The Hongkong and Shanghai Banking Corporation Ltd
Belgium	Citibank Europe Plc
Bermuda	HSBC Bank Bermuda Limited
Botswana	Stanbic Bank Botswana Limited
Brazil	(1) Citibank N.A.Brazil (2) Itaú Unibanco S.A
Bulgaria	Citibank Europe plc
Canada	CIBC Mellon Trust Company (CIBC Mellon)
Cayman Islands	The Bank of New York Mellon
Channel Islands	The Bank of New York Mellon
Chile	Banco de Chile
China	HSBC Bank Company Limited (China)
Colombia	Cititrust Colombia S.A. Sociedad Fiduciara
Costa Rica	Banco Nacional de Costa Rica
Croatia	Privredna Banka Zagreb d.d.
Cyprus	BNP Paribas Securities Services,S.C.A Athens
Czech Republic	Citibank Europe Plc, Organizacni Slozka
Denmark	Skandinaviska Enskilda Banken, AB (Publ)
Ecuador	Banco de la Production S.A (Produbanco)
Egypt	HSBC Bank Egypt S.A.E.
Estonia	Seb Pank AS
Euro Markets	(1) Euroclear Bank (2) Clearstream Banking S.A
Finland	Skandinaviska Enskilda Banken AB, (Publ)
France	(1) BNP Paribas Securities Services S.C.A (2) Citibank Europe Plc
Germany	The Bank of New York Mellon SA/NV, Asset Servicing, Niederlassung Frankfurt am Main
Ghana	Stanbic Bank Ghana Limited
Greece	BNP Paribas Securities Services, S.C.A Athens
Guernsey	(1) The Bank of New York Mellon (2) Depository and Clearing Centre (DCC) Deutsche Bank AG, London Branch
Hong Kong	The Hong Kong and Shanghai Banking Corporation Ltd

Hungary	Citibank Europe plc. Hungarian Branch Office
Iceland	Landsbankinn hf
India	(1) Deutsche Bank AG (2) The Hong Kong and Shanghai Banking Corporation Ltd
Indonesia	Deutsche Bank AG, Jakarta 7th Floor, Deutsche Bank Building Jl. Imam Bonjol No.80 Jakarta 10310 Indonesia The Bank of New York Mellon
Ireland	Bank Hapoalim B.M.
Israel	Banca Intesa Sanpalo S.P.A
Italy	Société Générale de Banques en Côte d'Ivoire
Ivory Coast	(1) Mizuho Bank Ltd (2) The Bank of Tokyo-Mitsubishi UFJ, Limited
Japan	(1) The Bank of New York Mellon (2) Depository and Clearing Centre (DCC) Deutsche Bank AG, London Branch
Jersey	Standard Chartered Bank, Jordan Branch. P.O Box 926190, Amman 11110, Jordan
Jordan	CfC Stanbic Bank Limited
Kenya	HSBC Bank Middle East Ltd, Kuwait
Kuwait	AS SEB banka
Latvia	HSBC Bank Middle East Limited – Beirut Branch
Lebanon	AB SEB Bankas
Lithuania	Euroclear Bank
Luxembourg	Standard Bank Limited, Africa Unity Avenue, PO Box 30380, Lilongwe 3, Malawi
Malawi	Deutsche Bank (Malaysia) Berhad. Level 18, Menara IMC, No 8 Jalan Sultan Ismail, 50250 Kuala Lumpur
Malaysia	The Bank of New York Mellon SA/NV, Asset Servicing, Niederlassung Frankfurt am Main
Malta	The Hong Kong and Shanghai Banking Corporation Ltd
Mauritius	Banco Nacional de Mexico S.A
Mexico	Citibank Maghreb
Morocco	Standard Bank Namibia Limited
Namibia	The Bank of New York Mellon SA/NV
Netherlands	National Australia Bank Limited
New Zealand	Stanbic IBTC Bank Plc
Nigeria	Skandinaviska Enskilda Banken AB, (Publ)
Norway	HSBC Bank Oman S.A.O.G.
Oman	Deutsche Bank AG
Pakistan	HSBC Bank Middle East Limited – Palestinian Autonomous Area Branch
Palestinian Automous Area	Citibank Del Peru S.A.
Peru	

Philippines	Deutsche Bank AG
Poland	ING Bank Slaski S.A
	Warsaw Stock Exchange
Portugal	Citibank Europe Plc
Qatar	HSBC Bank Middle East Limited, Doha
Romania	Citibank Europe Plc, Romania Branch
Russia	Deutsche Bank Ltd
Saudi Arabia	HSBC Saudi Arabia Limited
Serbia	UniCredit Bank Serbia JSC
Singapore	(1) DBS Bank Ltd
	(2) United Overseas Bank Ltd
Slovak Republic	Citibank Europe
	pobocka zahraničnej banky
Slovenia	UniCredit Banka Slovenia d.d.
South Africa	(1) The Standard Bank of South Africa Limited
	(2) Deutsche Bank AG
South Korea	(1) Deutsche Bank AG, Seoul
	(2) The Hongkong and Shanghai Banking Corp. Limited, Seoul
Spain	(1) Santander Investment S.A
	(2) Banco Bilbao Vizcaya Argentaria, S.A. (bonds)
Sri Lanka	The Hong Kong and Shanghai Banking Corporation Ltd
Swaziland	Standard Bank Swaziland Limited
Sweden	Skandinaviska Enskilda Banken AB, (Publ)
Switzerland	Credit Suisse AG
Taiwan	HSBC Bank (Taiwan) Limited
Tanzania	Stanbic Bank Tanzania Limited, Stanbic House, PO Box 72647, Dar es Salaam
Thailand	(1) The Hongkong and Shanghai Banking Corporation Ltd
	(2) The Hong Kong and Shanghai Banking Corporation Ltd
Togo	Société Générale de Banques en Côte d'Ivoire
Trinidad & Tobago	The Republic Bank Limited
Tunisia	Banque Internationale Arabe de Tunisie
Turkey	Deutsche Bank A.S.
Uganda	Stanbic Bank Uganda Ltd
Ukraine	ING Bank Ukraine
United Arab Emirates-NASDAQ	HSBC Bank Middle East Limited, Dubai
United Kingdom	(1) The Bank of New York Mellon
	(2) Depository and Clearing Centre (DCC) Deutsche Bank AG, London Branch
United States	(1) The Bank of New York Mellon
	(2) HSBC Bank, USA, N.A
Uruguay	Banco Itaú Uruguay S.A.
Venezuela	Citibank N.A. Sucursal Venezuela
Vietnam	HSBC Bank (Vietnam) Ltd

WAEMU (West African Economic  
and Monetary Union)  
Zambia  
Zimbabwe

Société Générale de Banques en Côte d'Ivoire  
Stanbic Bank Zambia Ltd  
Stanbic Bank Zimbabwe Limited

## Appendix X

### Directory

#### **THE COMPANY AND HEAD OFFICE:**

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London  
EC2V 7NQ

#### **AUTHORISED CORPORATE DIRECTOR:**

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65 Gresham Street  
London  
EC2V 7NQ

#### **DEPOSITARY:**

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250 Bishopsgate  
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EC2M 4AA

#### **INVESTMENT MANAGER:**

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