

Prospectus

Prepared in relation to:
TM Cavendish Investments Funds
("the Company")

An Open-Ended Investment Company
with Variable Capital
Authorised and regulated by the Financial Conduct Authority

Prepared in accordance with
the Collective Investment Schemes Sourcebook

Dated and valid as at: 18 September 2017

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GLOSSARY

In this Prospectus, the following standard terms and abbreviations are used from time to time, and they shall have the meanings given to them here. Words and expressions contained in this Prospectus but not defined herein shall have the same meanings as in the Act or the Regulations.

“the ACD”	TUTMAN LLP;
"Administrator"	Northern Trust Global Services Limited;
"the Act"	the Financial Services and Markets Act 2000 as amended from time to time;
“Business Day”	any day (apart from Saturdays, Sundays and public holidays in the United Kingdom or any part of it) on which banks are ordinarily open for business;
“CASS”	the requirements relating to holding client assets and client money published by the FCA as part of their FCA Handbook;
"Class"	refers to a class of share issued by the Funds;
"COLL"	the Collective Investment Schemes Sourcebook made by the FCA as amended from time to time;
“the Company”	TM Cavendish Investments Funds, an investment company with variable capital;
“Conversion”	means the conversion of Shares in one Class in a Fund to Shares of another Class in the same Fund and “Convert” shall be construed accordingly;
“the Depositary”	National Westminster Bank Plc;
“EGM”	refers to any Company meeting apart from an Annual General Meeting;
“extraordinary resolution”	refers to a resolution which is put to a Meeting, and which requires the approval of at least 75% of all the votes cast for and against it in order to be passed;
“the FCA”	The Financial Conduct Authority of 25 The North Colonnade, Canary Wharf, London E14 5HS or any successor body thereto;
“the FCA Handbook”	the FCA Handbook of Rules and Guidance, including COLL, as amended from time to time;
“Financial Instrument”	as defined in the FCA Handbook;
“Fund” or “Funds”	a fund or sub-funds, comprised within the Company, each with its own investment objectives (as set out in Section 3 of this Prospectus);
“the Instrument”	the Company’s Instrument of Incorporation, as amended from time to time;
“ISA”	Individual Savings Account also referred to as New Individual Savings Account (“NISA”), which is governed by The Individual Savings Account Regulations 1998, as amended from time to time;

“the Investment Manager”	the investment manager to the ACD in respect of the Company;
“the OEIC Regulations”	the Open-Ended Investment Companies Regulations 2001, as amended from time to time;
"Registrar"	Northern Trust Global Services Limited;
“the Regulations”	the OEIC Regulations and COLL;
“Scheme Property”	the scheme property of the Company or a Fund (as appropriate) required under COLL to be given for safekeeping to the Depositary.
“Share”	a share issued by the Company;
“Shareholder”	the holder of one or more Shares;
"UCITS Directive"	the European Parliament and Council Directive of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (No 2009/65/EC) (as amended from time to time);
"UCITS Scheme"	a fund authorised by the FCA which complies with the conditions necessary for it to enjoy the rights conferred by the UCITS Directive;
“US Person”	as defined pursuant to Regulation S under the U.S. Securities Act of 1933, as amended, and pursuant to the Hiring Incentives to Restore Employment Act

INTRODUCTION

This Prospectus has been prepared in accordance with COLL. It relates to a continuing offer of Shares more fully described in the course of this document. Investors should be aware that information in this document is generic in nature, and there may be specific reasons why investing in Shares would not be in the interests of a particular prospective investor. Investors are encouraged to seek an appropriate degree of advice prior to investing in Shares.

This Prospectus describes the constitution and operation of the Company at the date of this Prospectus. In the event of any materially significant change in the matters stated herein or any materially significant new matter arising which ought to be stated herein this Prospectus will be revised. Investors should check with the ACD that this is the latest version and that there have been no revisions or updates.

This document is laid out in four sections. Section 1 contains generic information concerning the Company. Section 2 contains a description of the investment and borrowing powers of the Company. Specific information in relation to the Company (for example, the investment objective of the Company's various Funds and the eligible markets applicable to them) appears in Section 3. Section 4 contains past performance information.

You are advised to check with your financial adviser or with the ACD whether you have been provided with the current version of this Prospectus.

You should remember that past performance is no guarantee of future returns. The price and value of Shares and the amount of income from them can go down as well as up. You may not get back the amount that you originally invested. An investment in any Fund should be seen as medium to long term. Fluctuations in currency rates of exchange may adversely affect the value of Shares. Before investing, you should consider carefully whether this investment is appropriate for you, and if in doubt you should take independent advice. We recommend that Retail investors in particular should obtain advice from an appropriately qualified financial adviser before investing into the Funds. A summary of risk factors pertinent to each given Fund appears in Section 3, below.

Selling Restrictions

This Prospectus is intended for distribution in the European Economic Area ("EEA") only. Its distribution in other countries may be restricted. This Prospectus does not amount to an offer in any jurisdiction where such offer may be prohibited or to any investor outside the EEA who is prohibited by applicable laws from subscribing for Shares. If you are resident or domiciled in a country other than one which is in the EEA and wish to subscribe for Shares, you should seek professional advice as to the legal, tax and exchange control consequences of doing so.

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. If a Shareholder currently resident outside the U.S. becomes resident in the United States of America, or if a US Person otherwise has a direct or indirect holding in Shares in breach of the restriction on sale or offering of the Shares to such persons, we reserve the right to compulsorily redeem the Shares of the Shareholder.

Promotion of the Shares issued by one or more Funds may be permitted in other EEA Member States, in accordance with the provisions of the UCITS Directive (as locally implemented in each

applicable Member State). In any such State where English is not an official language, regard should be had by investors primarily to the version of this Prospectus translated into the official language of that State. However, in case of ambiguity, the provisions of this Prospectus will prevail. This statement is not intended as an indication or confirmation that the ACD intends to promote any Fund established by the Company in any such Member State other than the United Kingdom.

Section 1: General Information Concerning the Company

A: PARTIES

1. THE COMPANY

TM Cavendish Investments Funds, (the "Company"), is an open-ended investment company with variable capital, incorporated under the OEIC Regulations. It is a UCITS scheme as defined in COLL and is an umbrella company, for the purposes of the OEIC Regulations.

The Company is incorporated in England & Wales with registered number IC000195, and its registered office (and address for service of notices) is at Exchange Building, St John's Street, Chichester, West Sussex PO19 1UP. The Company was authorised by an order made by the FCA on 24 September 2002, and the Company's operation is governed by the Regulations, the Company's Instrument and this Prospectus. The Company is authorised and regulated by the FCA. The FCA's product reference number ("PRN") for the Company is 407782. The PRN for each Fund is set out in Section 3 below. The Shareholders of the Company will not be liable for the debts of the Company.

The Company issues Shares in relation to the following Funds:-

- TM Cavendish AIM Fund;
- TM Cavendish Asia Pacific Fund;
- TM Cavendish European Fund;
- TM Cavendish Japan Fund;
- TM Cavendish North American Fund;
- TM Cavendish Opportunities Fund;
- TM Cavendish Technology Fund;
- TM Cavendish UK Balanced Income Fund;
- TM Cavendish UK Select Fund;
- TM Cavendish International Fund.

The property attributable to each Fund is managed as if such Fund belonged to the UCITS Schemes category specified in COLL, subject always to each Fund's investment objective and policy. The Funds are segregated portfolios of assets and, accordingly, the assets of a Fund belong exclusively to that Fund and shall not be used or made available to discharge (directly or indirectly) the liabilities of, or claims against, any other person or body, including the Company or any other Fund and shall not be available for any such purpose.

The Company's base currency is Pounds Sterling. Its minimum permitted capital is £100 and its maximum permitted capital is £100,000,000,000. The address for service on the Company of notices or other documents required or authorised to be served on it is Exchange Building, St John's Street, Chichester, West Sussex PO19 1UP.

Shares in the Funds are not listed or dealt in on any investment exchange.

2. THE AUTHORISED CORPORATE DIRECTOR

General

The Company's ACD is TUTMAN LLP, a limited liability partnership incorporated in England on 2

November 2011 with registered number OC369415.

Thesis Unit Trust Management Limited, a designated member of the ACD, is wholly owned by Thesis Asset Management plc, a public limited company incorporated in England and Wales with number 1802101.

The members of the ACD are:

Thesis Unit Trust Management Limited	Designated Member
Thesis Asset Management plc	Designated Member

ACD's Members' Capital

The ACD has members' capital of £875,000.

Head Office and registered office of the ACD is at:

Exchange Building
St Johns Street
Chichester
PO19 1UP

The ACD is authorised under the Act to carry on investment business in the United Kingdom by virtue of being regulated by the FCA. The ACD is the sole director of the Company.

The directors of the ACD are:

SR Mugford	Member
DW Tyerman	Designated Member
S Noone	Member
Thesis Unit Trust Management Limited	Designated Member

The non-corporate members of the ACD also hold directorships of other companies within the Thesis Group, and are engaged in significant business activity within these companies. Such business activities may be of significance to the business of the ACD.

The Company entered into an agreement with the ACD on 1 May 2017 (the "**ACD Agreement**") for the provision of investment management and other services by the ACD to the Company. Under the terms of the ACD Agreement, the Company will indemnify the ACD against all costs and expenses which it may incur in managing the Company, other than where incurred as a consequence of the ACD's negligence, wilful default, breach of duty, breach of trust or fraud. If the ACD is removed as a director of the Company by an ordinary resolution of the Shareholders, the ACD Agreement will terminate as from three months after the date of such resolution. The ACD Agreement operates for an initial period of 3 years, 6 months prior to the end of which either party may give notice of termination to the other, but in the absence of such notice, the ACD Agreement shall continue indefinitely but subject to 6 months' notice in writing at any time. If the ACD's appointment as director ceases for any other reason, the ACD Agreement terminates forthwith.

The ACD may provide services to clients and investment funds other than the Company (including investment funds in which the Company may itself invest) in accordance with the Regulations. In that context, the ACD will not be obliged to make use of information which might cause it to breach a duty of confidentiality that it may owe to any such other client or fund, or which comes to the attention of an employee or agent of the ACD that is not him- or itself involved in managing the Company.

The ACD has pursuant to the ACD Agreement, delegated its administrative and registrar functions to Northern Trust Global Services Limited. The agreement with the Administrator may be terminated with immediate effect where it is in the interests of the Shareholders to do so.

3. THE DEPOSITARY

The Company's depositary is National Westminster Bank Plc. National Westminster Bank Plc is a public company limited by shares and incorporated in England and Wales on 18 March 1968. The principal business activity of the company is banking. The ultimate holding company of the Depositary is The Royal Bank of Scotland Group plc, incorporated in Scotland.

Its registered office is at 135 Bishopsgate, London EC2M 3UR. The principal business activity of the Depositary is banking. The Depositary is authorised by the Prudential Regulatory Authority and regulated by the Prudential Regulatory Authority and Financial Conduct Authority.

The Depositary is responsible for the safekeeping of all scheme property of the Company and has a duty to take reasonable care to ensure the Company is managed in accordance with the provisions of COLL relating to the pricing of and the dealing in Shares and also relating to the income of the Funds.

Terms of Appointment

The Company has entered into an agreement with the Depositary (the "**Depositary Agreement**") for the provision of depositary and other connected services to the Company.

The terms of the agreement between Company, the ACD, and the Depositary (the "Depositary Agreement") provide that the Depositary be engaged to maintain the safe custody of the property of the Company and to fulfil other duties required in the OEIC Regulations and COLL. Under the Depositary Agreement the Depositary has the power to appoint sub-custodians and may include in such appointment powers of sub-delegation.

The terms of the Instrument of Incorporation provide that the Depositary be engaged to maintain the safe custody of the property of the Company and to fulfil other duties required in COLL and FUND (as amended from time to time).

The Depositary Agreement may be terminated by the Company or by the Depositary on six months' written notice, with the proviso that the Depositary may not resign its appointment unless a replacement depositary is appointed to act immediately upon such resignation taking effect. The appointment of a new depositary in place of the Depositary requires the prior approval of the FCA.

The Company will indemnify the Depositary, its directors, officers and employees against charges, losses and liabilities suffered or incurred in the proper execution or exercise, or in the purported execution or exercise reasonably, and in good faith, of the Depositary's duties, powers and authorities except in the case of fraud or negligent breach of the Depositary Agreement, the FCA Rules, the OEIC Regulations and other applicable laws and regulations pertaining to the operation of the Company, ACD and/or Depositary.

Details of the fees payable to the Depositary are given paragraph 2, "Depositary's Charges and Expenses".

Under the Instrument of Incorporation, the Depositary has the power to appoint sub-custodians and may include in such appointment powers of sub-delegation. The Depositary has delegated custody services to the Northern Trust Company.

The Depositary is liable to the Company or the Shareholders for the loss of a Financial Instrument held in custody by the Depositary or a sub-custodian. The Depositary is also liable to the Company or the Shareholders for all other losses suffered by them as a result of the Depositary's negligent or intentional failure to properly fulfil its duties. However, where the event which led to the loss of a

Financial Instrument is not the result of the Depositary's own act or omission (or that of its sub-custodian), the Depositary is discharged of its liability for the loss of a Financial Instrument where the Depositary can prove that the Depositary could not have reasonably prevented the occurrence of the event which led to the loss despite adopting all precautions incumbent on a diligent depositary as reflected in common industry practice and despite rigorous and comprehensive due diligence. The ACD will inform investors without delay of any changes with respect to the Depositary's liability.

Unless otherwise agreed by the Company or the ACD, the Depositary shall not be entitled to, and no sub-custodian shall be authorised by the Depositary to re-use for its own purpose and benefit any of the Company's assets it has been entrusted with.

Conflicts of interest

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

It is possible that the Depositary and/or its delegates and sub-delegates may in the course of its or their business be involved in other financial and professional activities which may on occasion have potential conflicts of interest with the Company 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 FCA Handbook 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 and has confirmed that it is not aware of any conflict of interest arising from its delegation of custody of Company assets. Should any such conflict arise, the Depositary shall notify the ACD and take necessary steps to address the conflict.

Delegation of Safekeeping Functions

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

The Depositary has delegated safekeeping of the Scheme Property to The Northern Trust Company (the "Custodian"). In turn, the Custodian has delegated the custody of assets in certain markets in which the Company may invest to various sub-delegates ("sub-custodians"). A list of sub-custodians is given in Section 6. Investors should note that the list of sub-custodians is updated only at each Prospectus review.

Updated Information

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

4. THE INVESTMENT MANAGER

The ACD has appointed the Investment Manager, Cavendish Asset Management Limited, to provide investment management services to the ACD. The Investment Manager is authorised by the FCA.

The Investment Manager's registered office is at Chelsea House, West Gate, London W5 1DR.

The principal activity of the Investment Manager is providing investment management and advisory services to the ACD.

The terms of the Investment Management Agreement between the ACD and the Investment Manager include the provision of investment management to attain the investment objectives of the Sub-funds, the purchase and sale of investments and on the exercise of voting rights relating to such investments. The Investment Manager has authority to make decisions on behalf of the ACD on a discretionary basis in respect of day to day investment management of the Scheme Property including authority to place purchase orders and sale orders with regulated dealers and preparation of the Investment Manager's report half yearly for inclusion in the annual report for circulation to Shareholders. The Agreement may be terminated by either party on not less than three months' written notice or with immediate effect by the ACD if it is in the interests of Shareholders.

The Investment Manager will receive a fee paid by the ACD out of its remuneration received each month from the Funds and is also entitled to receive commission paid by the ACD in respect of investment in the Funds by its clients.

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

5. THE AUDITORS

The auditors of the Company are Ernst & Young of 1 More Place, London. SE1 2AF.

6. THE ADMINISTRATOR AND REGISTRAR

The ACD has appointed Northern Trust Global Services Limited to act as administrator and registrar to the Company. The Administrator's registered office address is 50 Bank Street, London E14 1BT. The register of Shareholders (and any plan sub-registers) may be inspected at that address. Northern Trust Global Services Limited is authorised and regulated by the FCA.

7. NO LIABILITY TO ACCOUNT

Neither the ACD, Depositary, Administrator, Registrar or any other person involved with the establishment and/or operation of the Company are liable to account to each other or to the Shareholders or former Shareholders of the Company for any profits or benefits they may make or receive which are made, derived from or in connection with:

- (a) dealings in the Shares of the Company;
- (b) any transaction in the underlying property of the Company; or
- (c) the supply of services to the Company.

8. US INVESTORS AND FOREIGN ACCOUNT TAX COMPLIANCE ACT ("FATCA")

The Funds are not designed for investors in the United States of America (US investors) or US Persons as defined.

FATCA is the section of the United States of America's Hiring Incentives to Restore Employment Act with the aim of ensuring that details of US Persons holding assets outside the US will be reported by financial institutions to the IRS, in order to prevent US tax evasion. So as to discourage non-US financial institutions from staying outside this regime, FATCA requires all US securities held by a financial institution not entering into an agreement to comply with the FATCA regime will be subject to a US withholding tax of 30% on gross sales proceeds as well as income. The UK and certain other European countries have entered into FATCA Intergovernmental Agreements (IGAs) with the US. Under the UK IGA the Company and its Funds will be required to comply with UK legislation that will mirror the terms of the IGA. It is envisaged that with effect from 1 January 2014 new Shareholders will be required to self-certify whether they are US Persons, within the meaning of FATCA and any corresponding UK legislation, and where ACD is aware of any information which results in the tax

status of Shareholder being unclear, the ACD will be required to request further information from the relevant Shareholder. The ACD will be required to report certain information to HMRC in respect of any Shareholders who are US investors or refuse to provide sufficient information to show that they are not US investors. Any information reported to HMRC will be forwarded to the US tax authorities. The full detail on the way in which HMRC will implement the IGA remain uncertain pending enactment of the relevant UK regulations and pending finalisation of the relevant HMRC guidance.

The ACD will meet its reporting obligations under FATCA; however in addition, as specified within this prospectus, we reserve the right to redeem compulsorily the Shares of US Persons.

B: CHARACTERISTICS OF SHARES; RIGHTS ATTACHING TO SHARES; SHAREHOLDERS' MEETINGS; AMALGAMATION, RECONSTRUCTION AND TERMINATION

1. CHARACTERISTICS OF SHARES

A Share is a division of the Company's capital. The holder of that Share is entitled to participate in the property and the income of the Company which it represents, in proportion to the value of that Share. However, Shareholders do not have rights in respect of any specific property or assets of the Company or of any Fund. Shareholders do not, for example, have the right to vote at any meeting called by a company or other vehicle whose securities are included within the property of the Fund in question or of the Company (the ACD shall exclusively be entitled to direct the manner in which votes and other rights attaching to such securities are exercised).

2. TYPES OF SHARE

The Company's Instrument permits the ACD to issue both income and accumulation Shares.

An income Share is one in respect of which income which accrues is distributed to the Shareholder on a periodic basis.

An accumulation Share is one in which accrued income is not distributed, but is instead periodically capitalised (i.e. reinvested), thus increasing the capital value of the Share. (As a matter of UK tax law, the income accumulated into the value of an accumulation Share is deemed to be distributed, and the Shareholder is taxed upon the income which he is deemed to have received. Further details of the taxation of the Company and of Shareholders are set out in Part E of this Section, below.)

Smaller and Larger Denomination Shares

The rights attaching to the Shares of any Class maybe expressed in two denominations and, in each of these Classes, the proportion of the larger denomination Share represented by a smaller denomination Share shall be one thousandth of the larger denomination. In all respects other than relative value, smaller and larger denomination Shares entitle Shareholders to equivalent proportionate rights in the property of the Fund in question.

3. SHARE CLASSES

In accordance with the Instrument, the following Classes of Share are available in the Company.

Class B Shares

Class B Shares are available in all of the Funds, to all investors able to meet the minimum investment and eligibility criteria set out at Section 3 in respect of those Shares. For each Fund except TM Cavendish UK Balanced Income Fund, Class B Shares carry a 0.60% annual management charge. In the case of TM Cavendish UK Balanced Income Fund, Class B Shares carry a 0.50% annual management charge.

Class C Shares

Class C Shares are available in the TM Cavendish AIM Fund, TM Cavendish Opportunities Fund and TM Cavendish International Fund for all investors able to meet the minimum investment and eligibility criteria set out at Section 3 in respect of those Shares. Class C Shares carry a 0.60% annual management charge.

Class L Shares

Class L Shares are available in all of the Funds for investors able to meet the eligibility criteria set out at Section 3 in respect of those Shares. Class L Shares carry a 0.48% annual management charge.

Class Y Shares

Class Y Shares are available in the TM Cavendish AIM Fund, TM Cavendish Opportunities Fund and TM Cavendish International Fund for investors able to meet the eligibility criteria set out at Section 3 in respect of those Shares. Class Y Shares carry a 0.48% annual management charge.

Section 3 of the Prospectus provides details of the types of Share currently issued by the Company, together with specific details of the charging structures applicable to those Share types.

Switching Between Funds and Conversions between Share Classes

A Shareholder in a Fund may switch all or some of his Shares in a Fund for the appropriate number of Shares in another Fund or Convert his Shares from one Class to another Class in the same Fund at any time. A switch involves a sale of the original Shares held and a purchase of the new Shares. A Conversion is effected by the ACD recording the change of Class in the Company register. Conversions will, where the ACD reasonably determines that it is practicable and feasible, be effected at the next valuation point following receipt of instructions to Convert from a Shareholder. However, in any case where the ACD reasonably determines it is not practicable or feasible for the Conversion instruction to be dealt with at the next valuation point, the Conversion instructions will be held over and dealt with at a later point. It is envisaged but not guaranteed that this extended period to process Conversion instructions will usually not exceed the lesser of the period until the next ex-distribution date of that Fund or 30 Business Days from receipt of the Shareholder's instruction.

The ACD may make a switch charge (instead of a preliminary charge on the purchase of the new Shares). Details are set out in Section 3: the rate of the charge will not be greater than the preliminary charge levied on a purchase. Details are also set out at Section 3 in respect of charges on Conversions.

If the switch or Conversion would result in the Shareholder holding a number of original or new Shares of a value which is less than the minimum holding in the Funds concerned, the ACD may, if it thinks fit, Convert the whole of the applicant's holding of original Shares to new Shares or refuse to effect any switch or Conversion of the original Shares.

Investors subject to UK tax on capital gains should note that a switch is treated as a disposal for the purposes of tax on capital gains. A gain realised on such transaction may give rise to liability to tax on capital gains for UK resident or ordinarily resident Shareholders. Conversions will not be treated as a disposal for capital gains tax purposes.

A Shareholder who switches Shares in one Fund for Shares in any other Fund (or Converts between Classes of Shares in the same Fund) will not be given a right by law to withdraw from or cancel the transaction. The ACD may carry out a compulsory Conversion of some or all of the Shares of one Class into another Class where it reasonably believes it is in the best interests of Shareholders (for example, to merge two existing share classes). The ACD will give Shareholders written notice as required before any compulsory Conversion is carried out.

4. MEETINGS OF SHAREHOLDERS

Powers of a Company Meeting

The ACD must, by way of an extraordinary resolution, obtain prior approval from the Shareholders (or, where applicable, class of Shareholders) for any proposed change to the Company or any of the

Funds which, in accordance with COLL, is a fundamental change. Such a fundamental change is likely to include:-

- certain changes to the investment objective and policy of the Funds;
- the removal of the ACD; and
- any proposal for a scheme of arrangement.

Other provisions of the Company's Instrument of Incorporation and the Prospectus may be changed by the ACD without the sanction of a Shareholders' meeting in accordance with the COLL.

The Company does not hold annual general meetings, Shareholders are therefore only entitled to exercise their voting rights at an EGM of the Company.

Convening a meeting and service of notice

The ACD may convene a meeting and shall do so if required to do so by the Depositary or by a requisition from Shareholders which complies with COLL, representing at least 10% in value of all Shares for the time being in issue. Notice of at least 14 days must be given in respect of a meeting (which period includes the date on which the Notice was posted and the date of the meeting itself). The notice is required to be sent to all persons who were Shareholders as of seven days prior to the date of issue of the notice (other than where any such person is known to have ceased to be a Shareholder during those intervening seven days). The notice must state the time and place for the meeting. The text of any ordinary and/or extraordinary resolution(s) to be proposed at the meeting must appear in the Notice. A copy of the Notice must also be sent to the Depositary.

Quorum and representation

The quorum for a meeting is two Shareholders present, in person or by proxy. A proxy for a Shareholder need not himself be a Shareholder. A Shareholder that is a legal person (such as a company) may appoint a natural person as its representative to attend the meeting. Where a quorum is not present at a meeting within 30 minutes of the time appointed for it to commence, it shall be adjourned (or where the meeting has been convened upon the requisition of Shareholders, dissolved). At least seven days' notice of the time and place for the reconvention of an adjourned meeting shall be given to Shareholders (including the date of service of the notice and the date of the reconvened meeting). At the reconvened meeting, those Shareholders present in person or by proxy, irrespective of their number, shall constitute a quorum.

Voting

Those entitled to receive notice of a meeting (see above) are entitled to vote at it. Votes may be counted at a meeting on a show of hands, though more commonly a poll is demanded. A poll may be demanded by the Chairman of the meeting, the Depositary or two Shareholders present in person or by proxy. On a show of hands each Shareholder present in person or by proxy or (in the case of a Shareholder which is a corporation) represented by an authorised representative shall have one vote (irrespective of the number or value of his/its Shares). On a poll, each Shareholder (whether present in person or by proxy) shall have one vote for every unit of value in the property of the Company represented by the Shares which he/it holds (smaller denomination Shares representing less than a complete unit of value will be treated as a unit of value for these purposes). Where two or more persons are jointly registered as Shareholders, the vote of the first named Shareholder (or his proxy) as shown in the register of Shareholders shall be accepted to the exclusion of the other joint holder(s).

Class Rights

The provisions about notice and conduct of meetings summarised above will apply, with the necessary alterations, to Class meetings.

Changes to the Instrument of Incorporation (requiring prior Shareholder approval) which relate only to a particular Class or Classes of Shares and do not prejudice Shareholders of any other Class may, subject to certain exceptions, be made by an extraordinary resolution passed at a Class meeting or Class meetings of the holders of the Class of Shares concerned

Rights of the ACD and its associates

The ACD is entitled to attend any meeting but, except in relation to third party Shares, is not entitled to vote or be counted in the quorum and any Shares it holds are treated as not being in issue for the purpose of such meeting. An associate of the ACD is entitled to attend any meeting and may be counted in the quorum, but may not vote except in relation to third party Shares. For this purpose third party Shares are Shares held on behalf of or jointly with a person who, if himself the registered Shareholder, would be entitled to vote, and from whom the ACD or the associate (as relevant) has received voting instructions.

5. TERMINATION, AMALGAMATION AND RECONSTRUCTION

The Company may be wound up under chapter 7.3 of COLL or as an unregistered company under Part V of the Insolvency Act 1986. Winding up of the Company or termination of a Fund under COLL is only permitted with the approval of the FCA and if a statement has been lodged with the FCA by the ACD confirming that the Company or the Fund will be able to meet all its liabilities within twelve months of the date of the statement (a "**solvency statement**").

Subject to the foregoing, the Company or the relevant Fund will be wound up or terminated (as appropriate) under COLL:

- if an extraordinary resolution of Shareholders of either the Company or the Fund (as appropriate) to that effect is passed; or
- on the date stated in any agreement by the FCA in response to a request from the ACD for the winding up of the Company or a request for the termination of the Fund; or
- on the effective date of a duly approved scheme of arrangement which is to result in the Company or the relevant Fund ceasing to hold any property.

The ACD may request that a Fund be terminated in certain situations such as if, at any time after the first anniversary of the issue of the first Shares linked to a Fund the net value of the assets of the Company attributable to such Fund is less than £1 million.

The winding up of the Company or termination of a Fund under COLL is carried out by the ACD which will, as soon as practicable, cause the property of the Company or that property attributable to the relevant Fund to be realised and the liabilities to be met out of the proceeds. Provided that there are sufficient liquid funds available after making provision for the expenses of winding up and the discharge of the liabilities of the Company or the Fund (as the case may be) the ACD may arrange for interim distribution(s) to be made to Shareholders. When all liabilities have been met, the balance (net of a provision for any further expenses) will be distributed to Shareholders. The distribution made in respect of each Fund will be made to the holders of Shares linked to that Fund, in proportion to the units of entitlement in the property of that Fund which their Shares represent.

Shareholders will be notified of any proposal to wind up the Company or terminate any of the Funds. On commencement of such winding up or termination the Company will cease to issue and cancel Shares and transfers of such Shares shall cease to be registered.

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

C: VALUATION OF PROPERTY AND PRICING OF AND DEALING IN SHARES

1. VALUATION OF PROPERTY

Valuations

Each Share linked to a Fund represents a proportional share of the overall property attributable to such Fund. Therefore, the value of a Share attributable to a Fund is calculated, in broad outline, by calculating the net value of the property attributable to the Fund, and dividing that value (or that part of that value attributed to Shares of the Class in question) by the number of Shares (of that Class in question) in issue.

The property of each Fund is valued by the ACD at its “valuation point”. The normal valuation point for each Fund is 12 noon each Business Day, although there may be instances where the ACD carries out an extra valuation, for example where required to do so in accordance with COLL. The ACD is required to notify the Depositary if it carries out an additional valuation. The prices at which the ACD will create and cancel Shares will be recalculated accordingly and will be notified to the Depositary.

Valuation Bases and Assumptions

The property of each Fund is valued on the following bases.

- (a) Transferable securities are valued at their most recently quoted single price (or if bid and offer prices are quoted, at the arithmetic mean of these two).
- (b) Units in collective investment schemes which operate on a pricing spread are valued at the mean of their most recent bid and offer prices (determined before charges are taken into account). The ACD has power to attribute what it considers to be a fair and reasonable price in the case of a security or unit for which no recent or reliable valuation or price exists.
- (c) Other non-cash assets will be valued by the ACD on a fair and reasonable basis.
- (d) Cash, near cash and cash deposits will be valued at their nominal values.
- (e) Contingent liability transactions will be valued using a method agreed between the ACD and the Depositary, provide it has the following characteristics, namely that: written options will be valued net of premium receivable; off-exchange futures will be valued at the net value upon close-out; and other transactions will be valued at the net value of margin upon closing out.
- (f) Fiscal and other charges, commissions and professional fees paid or payable upon acquisition or disposal of an asset shall be discounted in determining its value.
- (g) Estimated taxes due, outstanding borrowings (and accrued interest) and other estimated liabilities are deducted.
- (h) Assets which the Fund in question has agreed to sell but have not been transferred to the purchaser are deemed to have been disposed of, and assets which the Fund in question has agreed to acquire but which have not yet been delivered are deemed to form part of that Fund's property for the purposes of valuation.
- (i) Any other property will be valued at what the ACD considered a fair and reasonable mid-market price.

For the above purposes, instructions given to issue or cancel Shares are assumed to have been carried out (and any cash paid or received) and uncompleted arrangements for the unconditional sale

or purchase of property are (with certain exceptions) assumed to have been completed and all consequential action taken.

Each Fund has credited to it the proceeds of all Shares attributed to it, together with the assets in which such proceeds are invested or reinvested and all income, earnings, profits, or assets deriving from such investments. All liabilities and expenses attributable to a Fund are charged to it.

The Company is required to allocate (and the ACD may from time to time reallocate) any assets, costs, charges or expenses which are not attributable to a particular Fund against all the Funds in a manner which is fair to the Shareholders of the Company generally.

Where the ACD has reasonable grounds to believe that:

- (a) no reasonable price exists for a security at a valuation point; or
- (b) the most recent price available does not reflect the ACD's best estimate of the value of a security at a valuation point;
- (c) it will value an investment at a price which, in its opinion, reflects a fair and reasonable price for that investment (the fair value price).

The circumstance which may give rise to a fair value price being used includes where there has been no recent trade in the security concerned or where there has been the occurrence of a significant event since the most recent closure of the market where the price of the security is taken.

Prices of Shares

Shares in the Company are "single priced", which means that subject to any dilution levy referred to below and the preliminary charge, the price of a Share for both buying and selling purposes will be the same and determined by reference to a particular valuation point. The price of a Share is calculated at or about the valuation point each Business Day by:

- (a) taking the value of that Fund's property (ascertained as above);
- (b) dividing it by the number of units of entitlement in issue in that Fund immediately prior to the valuation; and
- (c) multiplying that dividend by the number of such units of entitlement which immediately prior to the valuation were represented by one Share of the Class in question.

Dilution Levy

The basis on which the Company's investments are valued for the purpose of calculating the dealing price of Shares is set out above, as required by COLL. However, the actual cost of purchasing or selling assets and investments for each Fund's portfolio may deviate from the mid-market value used in calculating the Share price, due to dealing charges, taxes and any spread between buying and selling prices of the investments. These costs have an adverse effect on the value of the Funds, known as "dilution". The FCA's rules allow the cost of dilution to be met directly from the Funds' assets or to be recovered from investors on the purchase or redemption of Shares in a Fund. It is not possible to predict accurately whether dilution would occur at any point in time.

To mitigate the effects of dilution the ACD has the right to raise a charge, called the "dilution levy", in relation to issues or redemptions of Shares of any Class in any Fund but it is not possible to predict accurately whether dilution would occur and the need to raise the levy would arise at any future point in time. It is estimated, based on future projections, that the levy will generally not exceed 3% as an addition to the issue price or a deduction from the redemption price of a Share, representing a proportion of the cost to the ACD of dealing in the underlying property of the Fund which that Share represents. If such costs were charged to the Fund directly, this would cause a dilution of the

interests of Shareholders remaining in that Fund. A levy made upon issue of a Share slightly increases its price to the incoming Shareholder. A levy charged to a redeeming Shareholder is collected by way of a deduction from the proceeds of redemption and will become part of the property of the relevant Fund. Any dilution levy will, so far as practicable, be fair to all Shareholders and potential Shareholders within the relevant Fund. Based on the types of transactions that have incurred in the Funds since their launch the ACD anticipates applying a dilution on very few occasions.

Generally the ACD reserves the right to impose a dilution levy on purchases and sales of whatever size and whenever made, but as a matter of current policy it is more likely, based on future projections, to impose a dilution levy on large deals rather than on smaller deals, and in respect of sales rather than purchases (since a sale is considered to have a more disruptive impact on a Fund's portfolio arising from the potential need to sell out of underlying positions held by that Fund). The amount that constitutes a "large deal" for these purposes is a transaction or series of transactions effective on the same dealing day to purchase or redeem Shares having an aggregate value, in the case of TM Cavendish AIM Fund in excess of 0.5% of the value of the Fund or £100,000 (whichever is the greater) and, in the case of all other Funds, in excess of 1.0% of the value of the Fund or £100,000 (whichever is the greater).

It is anticipated that the ACD's policy in relation to the imposition of a dilution levy on large deals will be beneficial to the future growth of the Company by apportioning the costs associated with large deals on investors entering into such deals rather than on the Company.

For illustrative purposes, the number of occasions a dilution levy was applied over the 12 month period ending 30 November 2016 and the average rates over that period are as follows:

Fund	Number of times levy was applied over a 12 month period ending 30 November 2016	Average rate applied over a 12 month period ending 30 November 2016 (%)
TM Cavendish AIM Fund	3	2.177
TM Cavendish Asia Pacific Fund	0	N/A
TM Cavendish European Fund	0	N/A
TM Cavendish Japan Fund	0	N/A
TM Cavendish North American Fund	0	N/A
TM Cavendish Opportunities Fund	3	1.299
TM Cavendish Technology Fund	1	0.314
TM Cavendish UK Balanced Fund	1	0.448
TM Cavendish UK Select Fund	3	0.446
TM Cavendish International Fund	0	N/A

Stamp Duty Reserve Tax ("SDRT")

SDRT on dealings in units in authorised investment funds is abolished with effect from 1 April 2014. As a result subscriptions and redemptions of units are exempt from SDRT.

Sales of shares by one shareholder to another may trigger SDRT at 0.5 per cent payable by the purchaser. If a shareholder redeems shares in specie, that is in return for an appropriate value of assets out of the relevant sub-fund, there will be no 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.

2. INCOME EQUALISATION

The price of a Share includes an "equalisation amount", which represents the ACD's best estimate of income accrued to that Share (or to Shares of the same type) since the last income allocation date for the Fund in question. That equalisation amount, although calculated with respect to allocation of that Fund's income, is capital in nature. Thus:

- (a) with respect to a Share issued, the equalisation amount will affect the capital value at which the Shareholder acquired it for capital gains taxation purposes; and
- (b) with respect to a Share redeemed, the equalisation amount affects the price at which the Share was redeemed for capital gains taxation purposes.

For Shares of each Class the amount of income equalisation is calculated by dividing the aggregate of the amounts of income included in the price of Shares of that Class issued in an accounting period by the number of those Shares and applying the resultant average to each of the Shares in question.

3. MINIMUM INVESTMENT AND HOLDING

The following provisions apply in relation to minimum initial and subsequent investment in, and to redemption of, Shares in each Fund:

- (a) Section 3 prescribes minimum lump sum amounts which an investor must commit when applying:
 - (i) to subscribe for Shares in any Fund for the first time (hereinafter referred as "the Minimum Amount"); and
 - (ii) to subscribe for further Shares in any Fund;in each case not inclusive of the appropriate preliminary charge.
- (b) Section 3 also prescribes a minimum monthly amount (inclusive of the appropriate preliminary charge) which an investor must commit when applying to subscribe for Shares under the ACD's monthly savings programme.
- (c) Other than where a Shareholder wishes to redeem his entire holding of Shares, the ACD reserves the right to refuse to process a redemption request if:
 - (i) the value of the Shares which the Shareholder seeks to redeem is less than the Minimum Amount provided for as regards the Fund in question; or
 - (ii) the Shareholder holds Shares of an aggregate value less than the Minimum Amount provided for as regards the Fund in question, or would do so following implementation of the redemption.

If the ACD refuses to process a redemption request on either of these grounds, it will notify the Shareholder as soon as is reasonably practicable after receiving that request.

4. ISSUE, REDEMPTION AND SWITCHING/CONVERTING OF SHARES

When can Shares be issued, redeemed and switched/converted

The Administrator will accept orders to buy, sell or switch/convert Shares on any Business Day between 9.00 a.m. and 5.00 p.m. Orders may be sent in writing on the Application Form available from the ACD or the Administrator to PO Box 3733, Wootton Bassett, Swindon SN4 4BG. Orders may be placed by telephone with the Administrator by calling 0333 300 0355.

In the case of orders given by telephone the Administrator may require these to be confirmed in writing on the appropriate Application Form. Additional Application Forms are available from the Administrator. Subject to its obligations under COLL, the ACD reserves the rights to reject any application in whole or in part. In that event, application monies or any balanced will be returned to the applicant by post at the applicant's risk.

Applications for the purchase (issue), sale (redemption) or switch/convert of Shares will be acknowledged by a contract note, which will normally be despatched by the close of the Business Day following execution of the transaction.

Compliance with Money Laundering Regulations

The Company is subject to the UK anti-money laundering regulations which require it to verify the identity of Shareholders and prospective Shareholders and the source of the money investments. This verification usually happens when an investment is made or Shares are transferred. It may also be required at other times whilst the investment is held. The ACD may in its absolute discretion require verification of identity from any person applying for Shares (the "**Applicant**") including, without limitation, any Applicant who:

- (a) tenders payment by way of cheque or banker's draft on an account in the name of a person or persons other than the Applicant; or
- (b) appears to the ACD to be acting on behalf of some other person.

In the former case, verification of the identity of the Applicant may be required. In the latter case, verification of the identity of any person on whose behalf the Applicant appears to be acting may be required. For Applicants investing through a financial adviser, part of their adviser's duty will be to provide the ACD with verification of the Applicant's identity.

We may carry out check to verify an Applicant's identity and these may include an electronic search of information held about the Applicant on the electoral roll and using credit reference agencies. In completing the application form to invest in Shares, Applicants must give the ACD and its agents permission to request information from them for the purposes of compliance with UK anti-money laundering regulations. If application is made through a financial adviser or other comparable agents, they must fill in and send to the ACD any identity verification certificate on the applicant's behalf that the ACD requires.

If the ACD does not receive acceptable verification evidence it reserves the right to delay or reject an Applicant's application. The ACD may, in accordance UK anti-money laundering regulations, withhold payment of the proceeds of a redemption and income distributions pending receipt of satisfactory verification of identity.

Client Money Protection

The FCA Handbook contains provisions (known as the "Client Money Rules") designed to safeguard client money in the hands of authorised persons. However, the CASS rules also provide that money need not be treated as client money in respect of a delivery versus payment transaction, for the

purpose of settling a transaction in relation to shares in a regulated collective investment scheme such as the Company, provided that:

- (a) the ACD receives the money from a client in relation to the ACD's obligation to issue shares in the fund in accordance with COLL; or
- (b) the money is held in the course of redeeming shares, where the proceeds are paid to the client within the timeframe specified in COLL.

Where money is received in either of the circumstances set out in (a) or (b) above, the ACD must cease to operate the exemption if, by close of business on the Business Day following receipt of the money, it has not paid it over to the Depositary or the client or, if direct issues and cancellations of Shares by the Company are permitted, to the Company, as applicable.

In order to facilitate management of the Company, the ACD makes use of the delivery versus payment exemption on the issue of shares. Money received for the issue of shares is, therefore, not protected under the Client Money Rules until the delivery versus payment exemption period has expired. Money received by the ACD in the form of redemptions, cheques or other remittances is paid directly into a client money account maintained by the ACD with an Approved Bank, as defined in the FCA Rules, and protected in line with the Client Money Rules. No interest is payable by the ACD on moneys credited to this account.

"Forward" basis for Share dealing

Dealing in Shares in each of the Funds takes place on a "forward" basis, i.e. any application to purchase, redeem or switch Shares will typically be treated as effective as at the next valuation point following the receipt of that application. However, an application for Shares that is received 15 minutes or less before the relevant Fund's next valuation point will be carried over by the ACD to the next-but-one valuation point for that Fund.

Issue of Shares in exchange for in specie assets

The ACD may arrange for the Funds 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 Funds' 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 Funds with effect from the issue of the Shares.

The ACD will not issue Shares in exchange for assets the holding of which would be inconsistent with the investment objective or policy of the Funds (as set out in Section 3).

Redemption in specie

Where a Shareholder holds Shares representing 5% or more of the value of the property of any given Fund, the ACD may notify that Shareholder that the ACD proposes to treat the redemption request as satisfied by a transfer to that Shareholder of investments comprised in the property of that Fund rather than by a cash payment in the normal way. Such notice may be served at any time prior to the time by which, in accordance with COLL, the ACD would be obliged to make payment of the proceeds of redemption to the Shareholder concerned. The Shareholder then has until the close of business on

the fourth Business Day following receipt of the redemption request to counter-notify the ACD to the effect that instead of receiving a transfer of investments from the Fund in question, that Shareholder requires the ACD to realise such investments in the market and transfer to him the cash proceeds of such realisation.

The ACD will select the property to be transferred (or sold) in consultation with the Administrator. They must ensure that the selection is made with a view to achieving no greater advantage or disadvantage to the redeeming Shareholder than to continuing Shareholders. The Company shall retain from that property (or proceeds) the value (or amount) of any stamp duty reserve tax to be paid on the cancellation of Shares.

Publication of dealing prices

The most recent prices will appear daily on the Financial Express website at www.fundlistings.com and can also be obtained by telephone on 01483 783 900.

For reasons beyond the control of the ACD, these may not necessarily be the current prices.

The cancellation price last notified to the Depositary is available from the ACD upon request.

Settlement for purchases of Shares

Settlement for purchases of Shares (if not made at the time of the application to purchase them) will be due from the Shareholder by 14:00 on the fourth Business Day following the date on which the dealing in the Shares took place. The ACD is not obliged to issue Shares unless it has received cleared funds from or on behalf of the applicant by 14:00 on the fourth Business Day following the date on which the dealing in the Shares took place. No interest will be paid on funds held prior to investment.

Money received by the ACD in the form of cheques or other remittances in respect of applications for the purchase of Shares which are not accepted or rejected by the following dealing day, are retained pending acceptance or rejection. Such moneys are paid into a client money account maintained by the ACD with the Royal Bank of Scotland. No interest is payable by the ACD on money credited to this account.

Settlement for redemptions of Shares

Payment due in respect of redemptions will be made, in accordance with COLL, not later than the close of business on the fourth Business Day after the valuation point occurring immediately following receipt by the ACD of all relevant documentation necessary to complete the redemption. Payments will usually be made by means of a cheque or crossed warrant and will be sent by first class post (if in the United Kingdom) or air mail post (if to an overseas Shareholder). Where specifically requested by a Shareholder (in which case he must provide the ACD with full details as appropriate) payments may be made by telegraphic transfer.

The ACD does not currently accept instructions to deal or otherwise transfer Shares by electronic communication.

Market timing and late trading and excessive trading

The ACD has a policy to prevent market timing or late trading or excessive trading activities in respect of the Shares as such practices can have a disruptive and detrimental impact on the Funds. The ACD monitors trading patterns in the Funds and may consider the trading history of investors in the Funds or any other funds managed by the ACD for the purposes of detecting and preventing such practices as far as possible. As part of its policy to prevent such practices, the ACD may refuse dealing requests from persons that it reasonably believes are engaged in market timing or late trading or excessive trading activities or may, where it believes it is warranted in the interests of Shareholders,

redeem the holding of a Shareholder who it reasonably believes is engaged in such practices in respect of Shares in the Fund.

5. COMPULSORY REDEMPTION

Under the Instrument, the ACD has the power to compulsorily redeem any Share which it believes to be held by or on behalf of a person who is ineligible as a Shareholder for any reason. A typical ground of ineligibility would be the residence or domicile of that person in, or his citizenship of, a country or territory in which it is unlawful for Shares to be promoted (whether generally or to that particular person) and therefore, in particular, US Persons holding Shares in the Fund may be subject to having their Shares in a Fund compulsorily redeemed. The ACD may also apply its compulsory redemption powers to the Shares of a Shareholder as part of the measures it has in place to address any of the practices described above under "*Market timing and late trading and excessive trading*".

Where the ACD exercises its rights of compulsory redemption, the ACD may deduct from the proceeds of redemption an amount representing the extra cost to the Fund in question and to the Depositary of administering the compulsory redemption

If it comes to the notice of the ACD, or if it reasonably believes it to be the case, that any Shares ("affected Shares") in the Company are acquired or held by any person whether beneficially or otherwise in circumstances ("relevant circumstances"):

- 5.1.1 which constitute a breach of the law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory; or
- 5.1.2 which would (or would if other Shares were acquired or held in like circumstances) result in the Company incurring any liability to taxation 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);

the ACD may (i) reject at its discretion any subscription for, sale or transfer of affected Shares or any exchange notice given in respect of the affected Shares and/or (ii) give notice to the holder of the affected Shares requiring the transfer of such Shares to a person who is qualified or entitled to own the same or to give a request in writing for the redemption or cancellation of such Shares in accordance with the Regulations. If any person upon whom such a notice is served does not within thirty days after the date of such notice transfer his Shares to a person qualified to hold the same, or establish to the satisfaction of the ACD (whose judgement shall be final and binding) that he and any person on whose behalf he holds the affected Shares are qualified and entitled to hold the Shares, he shall be deemed upon the expiration of that thirty day period to have given a request in writing for the redemption or cancellation (at the discretion of the ACD) of the affected Shares pursuant to the Regulations.

A person who becomes aware that he has acquired or holds Shares whether beneficially or otherwise in any of the relevant circumstances shall immediately, unless he has already received a notice from the ACD as set out above either transfer or procure the transfer of all the affected Shares to a person qualified to own the same or give a request in writing or procure that a request is so given for the redemption or cancellation of all the affected Shares pursuant to the Regulations.

6. RIGHT TO WITHDRAW

An investor who received advice may be entitled to cancel (i.e. withdraw from) an application to purchase Shares for a period of 14 days from his receipt of a contract note under the terms of the FCA's Conduct of Business Sourcebook and to request the return of his money. If the investor has a right to cancel and exercises that right, and if the value of the investment has fallen before the ACD receives notice of the cancellation, then the amount of the refund that the investor receives will be

reduced to reflect that fall in value.

7. SUSPENSION OF ISSUES AND REDEMPTIONS

The ACD may agree with the Depositary to temporarily suspend the issue and redemption of Shares in a given Fund, or the Depositary may require the ACD to suspend such issues, redemptions cancellations and switches of Shares, in exceptional circumstances where it is in the interests of Shareholders in that Fund for such dealings to be suspended (e.g. in circumstances where the ACD is unable to obtain reliable information on the prices of investments comprised within the property of the relevant Fund).

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 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. 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 suspensions.

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

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

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

The ACD may, however, during the period in which the issue, redemption and switch of Shares is suspended, agree to issue, redeem or switch Shares at prices calculated by reference to the first valuation point after resumption of issue and redemption.

Re-calculation of the Share price will commence on the next relevant valuation point after the period of suspension.

8. TITLE TO SHARES AND CERTIFICATES

Title

Title to Shares is evidenced by entries in the Register of Shareholders.

Inspection of the Register

The Register of Shareholders and any plan sub-registers maintained in accordance with COLL are kept by the Administrator as Registrar at: 50 Bank Street, London E14 5NT and may be inspected at that address during ordinary office hours. However, the Instrument provides that the Company has the right to close the Register of Shareholders to inspection for a maximum of 30 business days in any one year.

Certificates

Certificates are not issued in respect of Shares in any of the Funds. Any Shareholder whose title to Shares is evidenced by an entry in the Register of Shareholders may apply to the ACD for a printed statement of the Shares which he holds.

D: CHARGES AND EXPENSES

1. ACD'S CHARGES AND EXPENSES

Preliminary charge

The price payable by an investor upon issue to him of a Share (other than where this is effected as part of a switch) may include a preliminary charge receivable by the ACD. Section 3 sets out details of the current rate of the preliminary charge applicable to each Fund as a percentage of the amount invested.

Periodic charge

The Instrument provides for the ACD to be remunerated in respect of its services as director of the Company and manager of the property of each of the Funds. The ACD's periodic charge is calculated and accrues daily based on the value of the property of the relevant Fund as determined in accordance with Section C.1 above and is payable monthly in arrears on the last Business Day of the month.

Rates of periodic charge - Section 3 sets out details, in relation to each Fund, of the current rate of the ACD's periodic charge, and the basis upon which the periodic charge accrues and is paid.

Charge on redemption

Upon redemption of a Share, the ACD is entitled to deduct a redemption charge from the proceeds of redemption. Section 3 sets out details of the current rate of the redemption charge in relation to each Fund.

Charge on Switching

Upon switching from Shares in one Fund for Shares in another Fund or Class, the ACD is entitled to deduct a charge from the value of Shares switched. Section 3 sets out details of the current rate of the switching charge in relation to each Fund.

VAT

Under present UK law, all of the above charges are exempt from VAT. Any VAT which becomes chargeable in the future will be added to the above charges.

Other Remuneration

Foreign exchange transactions and trading of securities for the Company may be aggregated and carried out by the Lewis Trust Group Limited's central treasury department which will retain profits from such deals and transactions.

Treatment of Charges

The current policy of the ACD is that all expenses, including the ACD's annual management fee, other than those relating to purchases and sale of investments, the periodic charge and transaction charges which are considered to be capital in nature, are expensed within the net income of the Funds. Where such charges are charged to the capital account of the Funds, this may result in capital erosion or constrain the capital growth of the Fund.

Modification of Rates

Any increase in the current rates of the charges as explained requires not less than 60 days' prior notice in writing to the Shareholders before such increase may take effect. Also, the ACD is required to revise the Prospectus to reflect the new current rate and the date of its commencement.

2. DEPOSITARY'S CHARGES AND EXPENSES

The remuneration of the Depositary will be paid out of the property of a Fund to the extent that such expenses are attributable to that Fund. The Depositary is entitled to make the following charges: –

- Periodic Charge: for each Fund this is calculated on the value of the property of the Fund on each Calculation Date (which is the last valuation point of any calendar month) in respect of period beginning on that date and ending on the day before the next Calculation Date, and is accrued monthly in advance. The charge is calculated at 0.04% of the value of the Fund (while the Fund value is less than £50 Million), and at 0.02% for amounts in excess of that amount. The charge is payable on or as soon as practicable after the last day of the relevant accrual period. There is a minimum charge of £8,000 per annum.

Transaction Fees: these relate to purchases and sales of fund property and the charge for each transaction varies according to the Exchange on which the deal takes place and varies from £10 to £70.

Custody Charges: these relate to the safekeeping and administration of the scheme property and are levied on the value of the relevant items; the charges vary by country, from 0.01% to 0.20%.

- Expenses: The Depositary is also entitled to be reimbursed out of the property of the Company for its expenses properly incurred in performing duties imposed (or exercising powers conferred) upon it by the Regulations.

Expenses of the Depositary which are attributable to a given Fund will be borne by that Fund. Expenses attributable to the Company as a whole will be paid out of such Funds as the ACD may determine in a manner which the ACD considers is fair to the Shareholders of the Company generally.

Those duties include:

- (a) dealing with, and custody of, assets of each Fund (including effecting foreign currency and efficient portfolio management transactions, insurance of documents, and effecting borrowings). This will include in particular all charges imposed by, and any expenses of, any agents appointed by the Depositary to assist in the discharge of its duties;
- (b) submission of tax returns;
- (c) handling of tax claims;
- (d) preparing its annual report;
- (e) supervision of certain of the ACD's activities;
- (f) functions in relation to Meetings and communicating with Shareholders;
- (g) all charges and expenses incurred in connection with the collection and distribution of income;
- (h) all charges and expenses incurred in relation to stocklending;
- (i) clearing and dispatching distribution warrants;

- (j) supervision of certain of the activities of the Authorised Corporate Director;
- (k) other duties imposed upon the Depositary by the Regulations or the general law.

In circumstances where any of the above categories of expense represent payments intended to reimburse any third party to whom the Depositary has delegated any of its functions (e.g. fees of sub-custodians), the Company may make such payments to the Depositary for the account of such third party or to such third party directly (as the Depositary may direct). The Depositary may also recover expenses where it has needed to obtain professional advice or engage in legal proceedings.

- Other Charges: The Depositary is entitled to be reimbursed for actions such as money transfers (£15 each), proxy services (£20 each), foreign exchange transactions undertaken through a third party (£45 each) and account maintenance (£30 per month per account if number of accounts exceeds £10).

All these charges, fees and expenses carry VAT (where applicable).

3. FORMATION EXPENSES

The costs of authorising any additional Fund will be borne by the Fund in question.

4. OTHER CHARGES AND EXPENSES

In addition to the ACD's and Depositary's fees and expenses, the following expenses may also be payable by the Company out of its assets at the discretion of the ACD. Expenses may be paid by the Company out of the property of the Fund in relation to which they have been incurred, unless stated otherwise. To the extent any such fees, costs or expenses are treated as a capital expense of the Company, this may constrain capital growth.

- (a) Investment and borrowing costs and expenses
 - (i) The cost of investments acquired by each Fund.
 - (ii) Brokers' commissions, fiscal charges and other disbursements which are necessarily incurred in effecting transactions for each Fund.
 - (iii) Interest on permitted borrowings and charges incurred in effecting or terminating or negotiating or varying the terms of such borrowings.
- (b) Costs associated with the issue and redemption of Shares, distributions etc.
 - (i) Taxation and duties payable in respect of the Company or the issue of Shares.
 - (ii) The net proceeds of redemption of Shares (after deduction of redemption charges etc.).
 - (iii) Costs incurred in the production and despatch of dividends and distributions to Shareholders.
- (c) Regulatory registration fees etc.
 - (i) The fees of the FCA under the Act and COLL.
 - (ii) Periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which Shares are or may be marketed.
 - (iii) Costs associated with the admission of Shares to listing on an exchange and with the maintenance of that listing (including, for the avoidance of doubt, the fees

levied by the exchange in question as a condition of the admission to listing of the Shares and the periodic renewal of that listing, the cost of printing prospectus documentation therefor, and the cost of any creation, Conversion or cancellation of Shares associated therewith).

- (iv) Fees payable to FCA in relation to the filing of any details concerning the Company with the Registrar of Companies in accordance with the provisions of the OEIC Regulations.
- (d) Costs of, and arising from, Meetings etc.
 - (i) Any costs incurred in modifying the Instrument or the Prospectus, including costs incurred in respect of Meetings convened to sanction an appropriate resolution.
 - (ii) Any costs incurred in respect of Meetings, whether convened by the ACD, or on a requisition by Shareholders other than the ACD, the Depositary or its associates.
 - (iii) Certain liabilities of any collective investment scheme which has amalgamated with the Company if the relevant liabilities arose after the amalgamation.
- (e) Expenses of service providers to the Company
 - (i) The expenses of any person engaged by the ACD to assist it in the discharge of the ACD's duties as administrator of the Company (including expenses arising out of periodic valuations of the property of the Company, administration of Share dealing services, maintenance of registers of Shareholders and such other matters as may be agreed between the ACD and the administrator(s) in question).
 - (ii) Expenses from time to time payable to any person engaged by the ACD to provide it with investment advisory services.
- (f) Professional third party costs
 - (i) The audit fees properly payable and the proper expenses of the auditors (plus value added tax).
 - (ii) Fees, disbursements and proper expenses (plus value added tax) of the Company's legal or other professional advisers in relation to advice sought by the Company (or by the ACD on the Company's behalf) as to any matter concerning the proper conduct of the Company's affairs and compliance with COLL or with the law relating to the affairs of the Company in any jurisdiction outside the United Kingdom.
- (g) Costs associated with the corporate functioning and governance of the Company
 - (i) Costs associated with the corporate secretarial operations of the Company (including provision of minute books and other corporate documentation).
 - (ii) Any costs incurred in relation to insurance policies taken out in relation to the Company, each Fund and the ACD, and in relation to renewal of any such policies from time to time.
- (h) Publicity And Promotional Expenses
 - (i) The cost of preparation, production, printing and despatch of this Prospectus, including reprints thereof and printing of future editions thereof.
 - (ii) The cost of preparation, production, printing and despatch of annual and other periodic reports.

- (iii) The cost of producing (i.e. preparing and printing) any key investor information document in respect of each Class of Share.
- (iv) Costs incurred in the publication and circulation of the price of and net asset value of Shares of any Class from time to time.
- (i) any other charges/expenses that may be taken out of the Company's property in accordance with COLL.

The Company (or the Fund to which the payment relates) will also be responsible for payment of value added tax and any other relevant tax or imposition that relates to each and every such category of cost, fee, expense or payment identified above. Where costs cannot be allocated specifically to only one Fund they will be shared between the Funds as may be equitable. This will normally be across all Funds pro-rata to the value of the net assets of the Funds.

E. TAXATION

General

The taxation of both the Funds and its Shareholders is subject to the fiscal law and practice of the UK and of the jurisdictions in which Shareholders are resident or otherwise subject to tax. The following summary of the anticipated tax treatment in the UK does not constitute legal or tax advice. It does not describe the taxation treatment of Shareholders which are subject to specific tax regimes or of persons resident in jurisdictions other than the United Kingdom. Prospective investors should consult their own professional advisers on the tax implications of making an investment in a Fund, holding or disposing of Shares and the receipts of distributions. The following summary is based on the taxation law and practice in force at the date of this prospectus, but prospective investors should be aware that the relevant fiscal rules or their interpretation are subject to change.

The Funds

The UK tax regime applicable to the Company and the Funds is primarily set out in the Corporation Tax Act 2010, Part 13, Chapter 2 and the Authorised Funds (Tax) Regulations 2006 (SI 2006/964) (the "Tax Regulations").

Each Fund is regarded as a separate OEIC for tax purposes, and the Company as a whole is not so regarded.

Each Fund will be liable to corporation tax on its taxable income, less its expenses of management. Under the Corporation Tax Act 2010, Part 13, Chapter 2, corporation tax will be payable for a financial year at the basic rate of income tax for the tax year beginning in that financial year (currently 20%), and sums appropriated in accordance with the terms of this Prospectus (as amended from time to time) for the remuneration of the ACD will be treated as management expenses.

Like other UK companies, the Company will not be subject to corporation tax on dividends from both United Kingdom resident and non-United Kingdom resident companies. Dividends from other OEICs and authorised unit trusts will be received subject to the corporate streaming rules. The portion of such dividends deemed to represent unfranked income will constitute taxable income of the Company. Where foreign tax has been deducted from income from overseas sources, that tax may generally be treated as a deduction but in some instances be offset against any corporation tax payable by the Company under double taxation relief arrangements.

As an OEIC, each Fund will benefit from the exemption from corporation tax on chargeable gains in respect of disposals of its investments (other than on holdings in non-reporting fund status offshore funds). The Funds will also not be subject to corporation tax on any profits or gains (or be entitled to

corporation tax relief for any losses) which they derive from their creditor loan relationships or their derivative contracts, to the extent that those profits, gains or losses are treated as capital in nature. Capital profits, gains or losses for this purpose are those profits, gains or losses arising from an OEIC's creditor loan relationships or derivative contracts which fall to be dealt with under either the heading "net gains/losses on investments during the period" or the heading "other gains/losses" in the OEIC's statement of total return for the accounting period in question.

Dependent upon the nature of the income arising within individual Funds, the total amount shown in the distribution accounts of the Company in respect of that Fund is available for distribution to its Shareholders in one of two ways:-

- (a) it may be shown as available for distribution as a dividend; or
- (b) it may be shown as available for distribution as yearly interest.

It is not anticipated that any Fund will be able to pay distributions as yearly interest.

Shareholders

Individuals

An individual Shareholder resident in the United Kingdom for tax purposes is liable to income tax on distributions made by the Company.

Dividends paid to individual Shareholders resident in the United Kingdom for tax purposes will be treated in the same way as dividends received from a UK resident company and will have attached to them a tax credit equal to 10% of the grossed up dividend. The ability to reclaim a tax credit in relation to dividends has, generally, been withdrawn. The aggregate of the net dividend and the tax credit will be included in the Shareholder's total income for tax purposes. Individuals liable to income tax at either the starting rate or the basic rate will have no further tax liability. Higher rate tax payers will have a tax liability equal to 25% of the net dividend. Additional rate tax payers will have a tax liability equal to 36.11% of the net dividend for dividends paid before 6 April 2013 and 30.56% in respect of those PAIF from then on.

In the case of accumulation Shares, reinvested income is deemed to have been distributed to the Shareholder for the purposes of taxation and a tax voucher will be issued to the Shareholder to provide the appropriate details for their returns.

On a disposal of Shares in the Company individual Shareholders may, depending upon their personal circumstances, have a liability to capital gains tax. Any net gain giving rise to a liability to capital gains tax will be charged to tax at 18% in the case of non-tax payers and basic rate tax payers and 28% in the case of high and additional rate tax payers.

An exchange of Shares in one Fund for Shares in any other Fund will be treated as a disposal and acquisition for capital gains tax purposes. The disposal will be subject to capital gains tax as a disposal in its own right.

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

Corporate

Corporate Shareholders resident in the United Kingdom for tax purposes will be subject to the corporate streaming rules in relation to any dividends received from a Fund. Such dividends are

"streamed" into unfranked and franked income depending on the relative proportions of franked and unfranked income comprised in the gross income of the Fund. Any deemed unfranked income will be liable to corporation tax in the hands of any Shareholders within the charge to corporation tax (this includes Shareholders who are, themselves, either an OEIC or authorised unit trust).

In the case of accumulation Shares, reinvested income is deemed to have been distributed to the Shareholder for the purposes of taxation and a tax voucher will be issued to the Shareholder to provide the appropriate details for their returns.

Any chargeable gains arising to United Kingdom resident corporate Shareholders on a disposal of their Shares in a Fund will be subject to corporation tax.

An exchange of Shares in one Fund for Shares in another Fund will be treated as a disposal of the Shares in the first Fund and a separate acquisition of Shares in the second Fund. Any gain arising on a disposal of Shares in a Fund will be subject to corporation tax.

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

ISAs

Shares attributable to the Funds will be eligible for inclusion within a stocks and shares ISA (also referred to as NISA).

F: ACCOUNTS AND REPORTS; INCOME ALLOCATION

1. ANNUAL AND HALF-YEARLY REPORTS

The Company's annual accounting reference date (the "**accounting reference date**") is 15 November. The half-yearly accounting period ends on 15 May (the "**interim accounting reference date**").

The Company's annual report (the "**long report**") will be published on or before 15 March. A half yearly long report will be available on or before 15 July. Copies of the annual and half-yearly long report may be obtained from the Administrator or the ACD free of charge at the addresses listed in the Prospectus. These reports may also be inspected at the Depositary's office during normal office hours.

2. ALLOCATION OF INCOME

The annual distribution date is 15 March in relation to each Fund. The TM Cavendish Opportunities Fund, the TM Cavendish International Fund and the TM Cavendish UK Select Fund have an additional interim distribution date of 15 July and the TM Cavendish UK Balanced Income Fund has additional interim distribution dates of 15 April, 15 July and 15 October.

Income which has accrued to a Fund by an accounting date (be it an interim or a final accounting date) will be allocated to Shares in the Fund in question on the next following allocation date. For income Shares, income will be distributed to the Shareholders concerned by cheque. Shareholders will receive a statement of the tax deducted at source prior to the allocation being made (with regard to liability to tax, see Part E of this Section, above).

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 property of the relevant Fund on the relevant interim and/or annual accounting dates. This is reflected in the price of an accumulation Share. Where Shares of any other Class (such as income Shares) were in issue in relation to the relevant period, the interests of holders of accumulation Shares in that amount must be satisfied by an adjustment at the end of the relevant accounting period in the proportion of the scheme property to which the price of an accumulation Share is related. This ensures that the price of an accumulation Share remains unchanged despite the transfer of income to capital property.

The Company operates a policy of income equalisation, which has been explained in Section C.2 above.

As at the end of each annual and interim accounting period, the ACD must arrange for the Depositary to transfer the income payable for distribution attributable to the relevant Class to the distribution account of the relevant Fund.

In this context, income payable for distribution generally means all sums considered by the ACD, in each case after consultation with the Company's auditors, to be in the nature of income received or receivable for the account of and in respect of the property attributable to the relevant Fund, but excluding any amount (if any) for the time being standing to the credit of the distribution account.

The ACD need not comply with the above provisions for income Shares if the average of the allocations of income to the Shareholders of the relevant Fund would be less than £10 or such other amount agreed between the ACD and the Depositary. In that case, such amounts may be carried forward to the next interim accounting period and will be regarded as received at the start of that period. Otherwise, such sums may be credited to capital as determined by the ACD.

On or before each annual or interim income distribution date, the ACD must calculate the amount available for income distribution for the immediately preceding interim accounting period and must inform the Depositary of such amount.

The amount available for income distribution or accumulation is calculated by taking the aggregate of the income property received or receivable for the account of the relevant Fund in respect of the relevant period, deducting the charges and expenses of the Company paid or payable out of the income property in respect of that period and adding the ACD's best estimate of any relief from tax on those charges and expenses. Further adjustments may be made as the ACD considers appropriate (after consultation with the auditors) in relation to taxation and the proportion of the prices received or paid for Shares that relate to income (taking account of any provisions in the Instrument of Incorporation constituting the scheme relating to income equalisation), potential income which is unlikely to be received until 12 months after the relevant allocation date, income which should not be accounted for on an accrual basis because of lack of information about how it accrues, any transfer between the income and the capital account (regarding payments from capital or income) and making any other adjustments which the ACD considers appropriate (after consultation with the auditors).

In relation to income Shares, on or before each relevant income distribution date, the ACD will instruct the depositary to enable it to distribute the income allocated to income Shares among the holders of such Shares and the ACD in proportion to the number of such Shares held, or treated as held, by them respectively at the end of the relevant period.

In calculating the amount to be distributed for income Shares, the ACD must deduct any amounts previously allocated by way of interim allocation of income for that annual accounting period and deduct and carry forward in the income account such amount as is necessary to adjust the allocation of income to the nearest one hundredth of a penny per income Share or such lesser fraction as the ACD may determine.

If a distribution remains unclaimed for a period of six years after it has become due, it will be forfeited and revert to the relevant Fund, or if that no longer exists, to the Company. The payment of any unclaimed distribution, interest or other sum payable by the Company on or in respect of a Share into a separate account shall not constitute the Company a trustee thereof.

G: GENERAL AND MISCELLANEOUS

1. CONFLICTS OF INTEREST

The ACD may carry out transactions for the Company in which the ACD has a material interest (as defined in the rules of the FCA) or relating to which the ACD has a relationship which gives rise to a conflict, but the ACD will try to avoid conflicts of interest and when these cannot be avoided, will ensure the Shareholders are fairly treated.

The ACD and other companies within the ACD's group may, from time to time, act as investment manager or advisers to other funds or sub-funds which follow similar investment objectives to those of the Funds. It is therefore possible that the ACD may in the course of its business have potential conflicts of interest with the Company or a particular Fund or that a conflict exists between the Company and other funds managed by the ACD. The ACD will, however, have regard in such event to its obligations under the ACD Agreement 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.

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

2. TRANSFERS

Shareholders are entitled to transfer their Shares to another person or body. All transfers must be in writing in the form of an instrument of transfer approved by the ACD for this purpose. Completed instruments of transfer must be returned to the ACD in order for the transfer to be registered by the ACD. Transfers of Shares from one Shareholder to another may be exempt from Stamp Duty Reserve Tax, depending on the circumstances. The ACD may refuse to register a transfer unless an amount equivalent to the applicable SDRT (if applicable) has been paid.

3. INVESTING IN SHARES THROUGH THE SERVICES OF A FINANCIAL ADVISER

If you acquire Shares through the agency of a financial adviser or after taking advice from a financial adviser, the rules of the regulatory body of which that adviser is a member may entitle you to cancel that contract. If you exercise that right to cancel, the ACD will ensure that your money is refunded, subject to whatever fall in the value of the Shares may have taken place between the time the contract was entered into and the time of its cancellation.

4. RISK FACTORS

- (a) The price of Shares and the income that they generate can go down as well as up. A Shareholder may not be able to recover the total amount invested in Shares. Shares in all Funds should generally be regarded as a long-term investment.
- (b) Where an underlying investment of any Fund is not denominated in the currency of the Share Class which you hold, the effect of fluctuations in the rate of exchange between that currency and the currency of denomination of the investment may adversely affect the value of that investment, and this will be reflected in the value of Shares in that Fund.
- (c) Before investing, Shareholders should make specific enquiries as to whether, in view of their personal circumstances, an investment in Shares represents a significant risk for them. The statements in this Prospectus as to risk factors involved with investment in Shares are generic in nature, and are not intended to be exhaustive.

- (d) In certain circumstances, for hedging purposes to reduce or eliminate risk arising from fluctuations in interest or exchange rates and in the price of investments, the ACD may enter into certain derivatives transactions, including, without limitation, forward transactions, futures and options. The value of these investments may fluctuate significantly. By holding these types of investments there is a risk of capital depreciation in relation to certain Fund assets. There is also the potential for capital appreciation of such assets. Derivatives transactions are currently used solely for the purposes of hedging and are not intended to increase the risk profile of the Funds or have an adverse impact on the volatility of the relevant Fund. Other EPM techniques such as securities lending may not involve use of derivatives but may nonetheless involve similar risks with regard to exposure to a counterparty to that arrangement and that counterparty's default. **However**, the Funds do not currently engage in securities lending activities.
- (e) Under the OEIC Regulations, each Fund is a segregated portfolio of assets and those assets can only be used to meet the liabilities of, or claims against, that Fund. Whilst the provisions of the OEIC Regulations provide for segregated liability between Funds, the concept of segregated liability is relatively new. Accordingly, where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known whether a foreign court would give effect to the segregated liability and cross-investment provisions contained in the OEIC Regulations. Therefore, it is not possible to be certain that the assets of a Fund will always be completely insulated from the liabilities of another Fund of the Company in every circumstance.
- (f) The levels of relief from taxation will depend upon individual circumstances. Please note current tax levels and reliefs may change and their value will depend on the investor's individual circumstances.
- (g) The TM Cavendish AIM Fund will invest in a relatively concentrated portfolio of stock, which may give rise to a greater volatility than other more diverse portfolios. In addition, the Fund's investment criteria is likely to result in it being invested in smaller companies. Securities issued by smaller companies tend to exhibit wider than average price fluctuations and the market for securities in smaller companies may be less liquid by comparison to the market for larger companies.
- (h) The ACD has discretion to pay some or all of the periodic charge, transaction charges out of the capital property of the Funds. To the extent that it does so, the capital growth of the relevant Fund may be constrained. The ACD's present intention is that not more than one half of its periodic charge entitlement will be debited to the capital property.
- (i) The TM Cavendish International Fund invests in a global portfolio in a variety of countries, and will therefore also be exposed to exchange rate risks.
- (j) From time to time, the TM Cavendish UK Balanced Income Fund, or to a lesser extent, the TM Cavendish International Fund, may hold sub investment grade bonds. Such bonds have a lower credit rating and carry a higher degree of risk of default. Consequently there is a greater risk that you may lose the full amount that was invested in them.

5. INSPECTION OF DOCUMENTS AND SUPPLY OF COPIES

The Instrument, the prospectus and the most recent annual and half-yearly reports of the Company, may be inspected during normal business hours on any Business Day at the offices of the ACD.

Copies of these documents may be obtained from the ACD as further described below under the paragraph "Documents and information available".

6. COMPLAINTS

Complaints concerning the operation or marketing of the Company may be referred to the ACD at Exchange Building, St John's Street, Chichester, West Sussex PO19 1UP. If an investor is dissatisfied with the response received, complaints may be referred to The Financial Ombudsman Service, The Financial Ombudsman Service, Exchange Tower, London E14 9SR. More details about the Financial Ombudsman Service are available from the ACD.

A copy of the complaints handling procedure is available from the ACD on request.

The Financial Services Compensation Scheme Limited has been established under the rules of the FCA as a "rescue fund" for certain clients of firms authorised and regulated by the FCA which have gone out of business. The ACD will supply you with further details of the scheme on written request to its operating address. Alternatively, you can visit the scheme's website at www.fscs.org.uk or by writing to the Financial Services Compensation Scheme, 10th Floor, Beaufort House, 15 St Botolph Street, London EC3A 7QU.

7. GENUINE DIVERSITY OF OWNERSHIP

Shares in the Funds are and will continue to be widely available. The intended categories of investors are retail investors (who should seek independent financial advice before investing in a Fund) and institutional investors.

Shares in the Funds are and will continue to be marketed and made available sufficiently widely to reach the intended categories of investors for each Share Class, and in a manner appropriate to attract those categories of investors.

8. DOCUMENTS AND INFORMATION AVAILABLE

Copies of the following documents are available for all Shareholders on request, free of charge from the ACD at Exchange Building, St John's Street, Chichester, West Sussex PO19 1UP:

- Latest version of the Prospectus;
- Latest version of the Instrument of Incorporation which constitutes the Company and the Funds;
- Latest annual and half-yearly long reports applying to each of the Funds;
- Supplementary information relating to the quantitative limits which apply to the risk management of the Company and the Funds, the methods used for the purposes of such risk management and any recent developments which relate to the risk and yields of the main categories of investment which apply to the Company and Funds; and
- The following material contracts:
 - the ACD Agreement; and
 - the Depositary Agreement.

The above documents are also available for inspection on any Business Day during normal business hours at the offices of the ACD.

9. 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 Fund. A summary of this strategy is available from the ACD on request. Voting records and further details of the actions taken on the basis of this strategy in relation to each Fund are available free of charge from the ACD on request.

10. BEST EXECUTION

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

Details of the order execution policy are available on request from the ACD.

11. INDUCEMENTS AND SOFT COMMISSION

Where Shares are sold to retail investors who employ the services of an intermediary, the ACD may, in certain circumstances and subject to the FCA Rules, make commission payments to that intermediary out of fees due to the ACD comprising an initial sales commission and/or an annual commission payment based on the value of the investor's holding.

The provision of benefits described above will not result in any additional cost to the Company or the Funds.

The ACD will make disclosures to the Company in relation to inducements as required by the Rules.

Further details of any such inducements may be obtained on request from the ACD.

12. UNCLAIMED CASH AND ASSETS

Any cash (other than unclaimed distributions) or assets due to Shareholders which are unclaimed for a period of six years (for cash) or twelve years (for assets) will cease to be client money or client assets and may be paid to a registered charity of the ACD's choice. The ACD will take reasonable steps to contact Shareholders regarding unclaimed cash or assets in accordance with the requirements set out Client Money Rules which are contained in the FCA Handbook before it makes any such payment to charity. Payment of any unclaimed balance to charity will not prevent Shareholders from claiming the money or assets in the future.

If the client money or client assets are equal to or below a de minimis amount set by the FCA (£100 or less for professional Shareholders) the steps the ACD must take to trace the relevant Shareholders before paying the money or assets to charity are less but the ACD will still make efforts to contact you.

13. TRANSFERS OF CASH TO ANOTHER ACD

Whilst the ACD has no intention of doing so, if in the future, the ACD transfers its business to another open-ended investment company with variable capital incorporated under the OEIC Regulations manager or third party it may transfer any client money it holds at that time to that other manager or third party without obtaining Shareholders' specific consent at that time provided the ACD with its duties under the Client Money Rules which are contained in the FCA Handbook at the time of the transfer.

14. NOTICE TO SHAREHOLDERS

All notices or documents required to be served on Shareholders shall be served by post to the address of such Shareholder as evidenced on the register. All documents and remittances are sent at the risk of the Shareholder.

15. DATA PROTECTION

The Company acts as data controller for the purposes of the Data Protection Act 1998 and accordingly personal data of Shareholders may be processed, transferred, and/or disclosed by the Company, its agents, appointees (including the ACD, Administrator, Depositary and Registrar) and associates for the following purposes:

- subscribing, redeeming, or transferring Shares and complying with your instructions in connection therewith;
- providing ancillary administrative and management services in connection with your investment;
- compliance with anti-money laundering and other foreign and domestic legal and regulatory obligations;
- monitoring and/or recording of telephone calls and emails in order to detect and prevent fraud and/or to confirm and aid the accurate implementation of your instructions;
- sending you information on other products and services which may be of interest to you (unless you have notified the ACD in writing that you do not wish to receive such information).

Where necessary or consequent upon the way the Company, the ACD or third parties which provide services to the ACD have organised their business, personal data may be transferred outside the European Economic Area to countries which may not have the benefit of equivalent data protection legislation. In such instances the ACD will put in place appropriate safeguards to protect personal information. This personal information may be accessed by law enforcement agencies and other authorities in those countries.

SECTION 2: INVESTMENT AND BORROWING POWERS

1. Introduction

This Section sets out in general terms the investment and borrowing powers applicable to the Company.

It is not intended that any Fund will have an interest in any immovable property or tangible movable property.

The Company may exercise, in respect of each Fund, the full powers permitted by COLL applicable to a UCITS scheme. However, this is subject to the applicable investment restrictions set out in COLL, the Company's instrument, this Prospectus and the Funds' investment objectives and policies.

2. Prudent spread of risk

The ACD must ensure that, taking account of the investment objective and policy of a Fund, the property of the Funds aims to provide a prudent spread of risk.

3. Treatment of obligations

3.1 Where the COLL Sourcebook allows a transaction to be entered into or an investment to be retained only if possible obligations arising out of the transaction or out of the retention would not cause the breach of any limits in COLL 5, it must be assumed that the maximum possible liability of the authorised fund under any other of those rules has also to be provided for.

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

3.2.1 it must be assumed that in applying any of those rules, a Fund must also simultaneously satisfy any other obligation relating to cover; and

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

4. UCITS schemes – permitted types of Scheme Property

4.1 The Scheme Property of the TM Cavendish AIM Fund and the TM Cavendish Opportunities Fund must, subject to its investment objective and policy and except where otherwise noted below or provided in COLL 5, only consist of any or all of transferable securities.

4.2 In the case of the TM Cavendish Asia Pacific Fund, TM Cavendish European Fund, TM Cavendish Japan Fund, TM Cavendish North American Fund, TM Cavendish Technology Fund, TM Cavendish UK Balanced Income Fund, TM Cavendish UK Select Fund and TM Cavendish International Fund, the Scheme Property of a Fund must, subject to its investment objective and policy and except where otherwise provided in COLL 5, only consist of any or all of:

- 4.2.1 transferable securities;
 - 4.2.2 approved money-market instruments;
 - 4.2.3 deposits;
 - 4.2.4 units in collective investment schemes;
 - 4.2.5 derivatives and forward transactions; and
 - 4.2.6 movable or immovable property that is necessary for the direct pursuit of the Company's business.
- 4.3 The requirements on spread and investment in government and public securities do not apply until the expiry of a period of six months after the date of effect of the authorisation order in respect of a Fund (or on which the initial offer commenced if later) provided that the requirement to maintain prudent spread of risk is complied with.
- 5. Transferable Securities**
- 5.1 A transferable security is an investment which is any of the following:
- 5.1.1 a share;
 - 5.1.2 a debenture;
 - 5.1.3 an alternative debenture;
 - 5.1.4 a government and public security;
 - 5.1.5 a warrant; or
 - 5.1.6 a certificate representing certain securities.
- 5.2 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.
- 5.3 In applying paragraph 5.2 to an investment which is issued by a body corporate, and which is a share or a debenture the need for any consent on the part of the body corporate or any members or debenture holders of it may be ignored.
- 5.4 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.
- 5.5 No more than 5% of the value of the Scheme Property may be invested in warrants.
- 6. Investment in transferable securities**
- 6.1 A Fund may invest in a transferable security only to the extent that the transferable security fulfils the following criteria:

- 6.1.1 the potential loss which a Fund may incur with respect to holding the transferable security is limited to the amount paid for it;
- 6.1.2 its liquidity does not compromise the ability of the ACD to comply with its obligation to redeem shares at the request of any qualifying shareholder under the COLL Sourcebook;
- 6.1.3 reliable valuation is available for it as follows:
 - 6.1.3.1 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;
 - 6.1.3.2 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;
- 6.1.4 appropriate information is available for it as follows:
 - 6.1.4.1 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;
 - 6.1.4.2 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;
- 6.1.5 it is negotiable; and
- 6.1.6 its risks are adequately captured by the risk management process of the ACD.
- 6.2 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:
 - 6.2.1 not to compromise the ability of the ACD to comply with its obligation to redeem units at the request of any qualifying Shareholder; and
 - 6.2.2 to be negotiable.
- 7. **Closed end funds constituting transferable securities**
 - 7.1 A unit in a closed end fund shall be taken to be a transferable security for the purposes of investment by a Fund, provided it fulfils the criteria for transferable securities set out in paragraph 6 (investment in transferable securities), and either:

- 7.1.1 where the closed end fund is constituted as an investment company or a unit trust:
 - 7.1.1.1 it is subject to corporate governance mechanisms applied to companies; and
 - 7.1.1.2 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
- 7.1.2 where the closed end fund is constituted under the law of contract:
 - 7.1.2.1 it is subject to corporate governance mechanisms equivalent to those applied to companies; and
 - 7.1.2.2 it is managed by a person who is subject to national regulation for the purpose of investor protection.

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

- 8.1 A Fund may invest in any other investment which shall be taken to be a transferable security for the purposes of investment by a Fund provided the investment:
 - 8.1.1 fulfils the criteria for transferable securities set out in paragraph 6 (investment in transferable securities); and
 - 8.1.2 is backed by or linked to the performance of other assets, which may differ from those in which a Fund can invest.
- 8.2 Where an investment in paragraph 8.1 contains an embedded derivative component (see paragraph 23.4), the requirements of this Section with respect to derivatives and forwards will apply to that component.

9. **Approved money-market instruments**

- 9.1 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.
- 9.2 A money-market instrument shall be regarded as normally dealt in on the money market if it:
 - 9.2.1 has a maturity at issuance of up to and including 397 days;
 - 9.2.2 has a residual maturity of up to and including 397 days;
 - 9.2.3 undergoes regular yield adjustments in line with money market conditions at least every 397 days; or

- 9.2.4 has a risk profile, including credit and interest rate risks, corresponding to that of an instrument which has a maturity as set out in paragraphs 9.2.1 or 9.2.2 or is subject to yield adjustments as set out in paragraph 9.2.3.
- 9.3 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.
- 9.4 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:
- 9.4.1 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
- 9.4.2 based either on market data or on valuation models including systems based on amortised costs.
- 9.5 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.
10. **Transferable securities and approved money-market instruments generally to be admitted to or dealt in on an eligible market**
- 10.1 Transferable securities and approved money-market instruments held within a Fund must be:
- 10.1.1 admitted to or dealt on an eligible market (as described in paragraphs 11.1.1 or 11.1.2); or
- 10.1.2 dealt on an eligible market (as described in paragraph 11.1.2); or
- 10.1.3 for an approved money-market instrument not admitted to or dealt in on an eligible market, within paragraph 11.2; or
- 10.1.4 recently issued transferable securities (provided that the terms of issue include an undertaking that application will be made to be admitted to an eligible market; and such admission is secured within a year of issue).
- 10.2 Not more than 10% in value of the Scheme Property of a Fund is to consist of transferable securities and, in the case of the TM Cavendish Asia Pacific Fund, TM Cavendish European Fund, TM Cavendish Japan Fund, TM Cavendish North American Fund, TM Cavendish Technology Fund, TM Cavendish UK Balanced Income Fund and TM Cavendish UK Select Fund only, approved money-market instruments other than those referred to in paragraph 10.1.
11. **Eligible markets requirements**

- 11.1 A market is eligible for the purposes of the rules if it is:
 - 11.1.1 a regulated market; or
 - 11.1.2 a market in an EEA State which is regulated, operates regularly and is open to the public;
 - 11.1.3 any market within paragraph 11.2.
- 11.2 A market not falling within paragraph 11.1.1 or 11.1.2 is eligible for the purposes of COLL if:
 - 11.2.1 the ACD, after consultation with and notification to the Depositary, decides that market is appropriate for investment of, or dealing in, the Scheme Property;
 - 11.2.2 the market is included in a list in the Prospectus; and
 - 11.2.3 the Depositary has taken reasonable care to determine that:
 - 11.2.3.1 adequate custody arrangements can be provided for the investment dealt in on that market; and
 - 11.2.3.2 all reasonable steps have been taken by the ACD in deciding whether that market is eligible.
- 11.3 In paragraph 11.2.1, market must not be considered appropriate unless it is regulated, operates regularly, is recognised as a market or exchange or as a self-regulating organisation by an overseas regulator, is open to the public, is adequately liquid and has adequate arrangements for unimpeded transmission of income and capital to or for the order of investors.
- 11.4 The eligible markets in which the Funds may invest are set out in Section 3.
- 12. **Money-market instruments with a regulated issuer**
- 12.1 Each Fund except the TM Cavendish AIM Fund and the TM Cavendish Opportunities Fund may invest in money-market instruments in accordance with the provisions of this Section.
- 12.2 In addition to instruments admitted to or dealt in on an eligible market a Fund may invest in an approved money-market instrument provided it fulfils the following requirements:
 - 12.2.1 the issue or the issuer is regulated for the purpose of protecting investors and savings; and
 - 12.2.2 the instrument is issued or guaranteed in accordance with paragraph 13 (issuers and guarantors of money-market instruments).
- 12.3 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:

- 12.3.1 the instrument is an approved money-market instrument;
- 12.3.2 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 14 (appropriate information for money-market instruments); and
- 12.3.3 the instrument is freely transferable.

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

13.1 A Fund may invest in an approved money-market instrument if it is:

- 13.1.1 issued or guaranteed by any one of the following:
 - 13.1.1.1 a central authority of an EEA State or, if the EEA State is a federal state, one of the members making up the federation;
 - 13.1.1.2 a regional or local authority of an EEA State;
 - 13.1.1.3 the European Central Bank or a central bank of an EEA State;
 - 13.1.1.4 the European Union or the European Investment Bank;
 - 13.1.1.5 a non-EEA State or, in the case of a federal state, one of the members making up the federation;
 - 13.1.1.6 a public international body to which one or more EEA States belong; or
- 13.1.2 issued by a body, any securities of which are dealt in on an eligible market; or
- 13.1.3 issued or guaranteed by an establishment which is:
 - 13.1.3.1 subject to prudential supervision in accordance with criteria defined by Community law; or
 - 13.1.3.2 subject to and complies with prudential rules considered by the FCA to be at least as stringent as those laid down by Community law.

13.2 An establishment shall be considered to satisfy the requirement in 13.1.3.2 if it is subject to and complies with prudential rules, and fulfils one or more of the following criteria:

- 13.2.1 it is located in the European Economic Area;
- 13.2.2 it is located in an OECD country belonging to the Group of Ten;
- 13.2.3 it has at least investment grade rating;

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

14. Appropriate information for money-market instruments

- 14.1 In the case of an approved money-market instrument within paragraph 13.1.2 or which is issued by an authority within paragraph 13.1.1.2 or a public international body within paragraph 13.1.1.6 but is not guaranteed by a central authority within paragraph 13.1.1.1, the following information must be available:
- 14.1.1 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;
- 14.1.2 updates of that information on a regular basis and whenever a significant event occurs; and
- 14.1.3 available and reliable statistics on the issue or the issuance programme.
- 14.2 In the case of an approved money-market instrument issued or guaranteed by an establishment within paragraph 13.1.3, the following information must be available
- 14.2.1 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 updates of that information on a regular basis and whenever a significant event occurs; and
- 14.2.2 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.
- 14.3 In the case of an approved money-market instrument:
- 14.3.1 within paragraphs 13.1.1.1, 13.1.1.4 or 13.1.1.5; or
- 14.3.2 which is issued by an authority within paragraph 13.1.1.2 or a public international body within paragraph 13.1.1.6 and is guaranteed by a central authority within paragraph 13.1.1.1;
- 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.

15. Spread: general

- 15.1 This paragraph 15 on spread does not apply in respect of a transferable security of an Approved Money Market Instrument to which paragraph 17 "Spread: Government and public securities") below applies..
- 15.2 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.

- 15.3 Not more than 20% in value of the Scheme Property is to consist of deposits with a single body.
- 15.4 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.
- 15.5 The limit of 5% in paragraph 15.4 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 purpose of applying the limit of 40%.
- 15.6 The limit of 5% in paragraph 15.4 is raised to 25% in value of the scheme property in respect of covered bonds, provided that when a 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.
- 15.7 In applying paragraphs 15.4 and 15.5 certificates representing certain securities are treated as equivalent to the underlying security.
- 15.8 The exposure to any one counterparty in an OTC derivative transaction must not exceed 5% in value of Scheme Property; this limit is raised to 10% where the counterparty is an Approved Bank.
- 15.9 Not more than 20% in value of a Fund is to consist of transferable securities or approved money-market instruments issued by the same group (as referred to in paragraph 15.2).
- 15.10 Not more than 20% in value of the Scheme Property is to consist of the units of any one collective investment scheme.
- 15.11 In applying the limits in paragraphs 15.4, 15.5, 15.7 and 15.8 and subject to 15.6 in relation to a single body not more than 20% in value of the Scheme Property is to consist of any combination of two or more of the following:
 - 15.11.1 transferable securities or approved money-market instruments issued by that body; or
 - 15.11.2 deposits made with that body; or
 - 15.11.3 exposures from OTC derivatives transactions and other EPM transactions made with;

that body.

16. **Counterparty risk and issuer concentration**

- 16.1 The ACD must ensure that counterparty risk arising from an OTC derivative is subject to the limits set out in paragraphs 15.8 and 15.11 above.

- 16.2 When calculating the exposure of a Fund to a counterparty in accordance with the limits in paragraph 15.8 the ACD must use the positive mark-to-market value of the OTC derivative contract with that counterparty.
- 16.3 An ACD may net the OTC derivative positions of a Sub-fund with the same counterparty, provided they are able legally to enforce netting agreements with the counterparty on behalf of the Fund.
- 16.4 The netting agreements in paragraph 16.3 above are permissible only with respect to OTC derivatives with the same counterparty and not in relation to any other exposures the Fund may have with that same counterparty.
- 16.5 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.
- 16.6 The ACD must take collateral into account in calculating exposure to counterparty risk in accordance with the limits in paragraph 15.8 when it passes collateral to an OTC counterparty on behalf of a Fund.
- 16.7 Collateral passed in accordance with paragraph 16.6 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.
- 16.8 The ACD must calculate the issuer concentration limits referred to in paragraph 15.8 on the basis of the underlying exposure created through the use of OTC derivatives pursuant to the commitment approach.
- 16.9 In relation to the exposure arising from OTC derivatives as referred to in paragraph 15.8 the ACD must include any exposure to OTC derivative counterparty risk in the calculation.
17. **Spread: Government and public securities**
- 17.1 The restrictions in paragraph 15 (spread: general) do not apply in respect of a transferable security or an approved money market instrument ("such securities") that is issued by:
- 17.2 (a) an EEA State;
- (b) a local authority of an EEA State;
- (c) a non-EEA State; or
- (d) a public international body to which one or more EEA States belong.
- 17.3 The restrictions in relation to such securities are set out below.
- 17.4 Where no more than 35% in value of the Scheme Property is invested in such securities issued or guaranteed by a single state, local authority or public international body, there is no limit on the amount which may be invested in such securities or in any one issue.

- 17.5 A Fund may invest more than 35% in value of the Scheme Property in such securities issued or guaranteed by a single state, local authority or public international body provided that:
- 17.5.1 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 a Fund;
 - 17.5.2 no more than 30% in value of the Scheme Property consists of such securities of any one issue;
 - 17.5.3 the Scheme Property includes such securities issued by that or another issuer, of at least six different issues.

In giving effect to the foregoing, more than 35% of the property of each of the Funds may be invested in such securities issued or guaranteed by:

- 17.5.4 **the Governments of Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Japan, Luxembourg, Netherlands, Northern Ireland, Norway, Portugal, Spain, Sweden, Switzerland, the United Kingdom or the United States; or**
 - 17.5.5 **the Asian Development Bank (ADB), Council of Europe Development Bank, Deutsche Ausgleichsbank (DTA), Eurofima, European Bank for Reconstruction and Development (EBRD), European Investment Bank (EIB), Inter-American Development Bank (IADB), International Bank for Reconstruction & Development (IBRD), International Finance Corporation (IFC), Kreditanstalt Fuer Wiederaufbau (KFW), LCR Finance PLC, and the Nordic Investment Bank (NIB).**
- 17.6 In relation to such securities:
- 17.6.1 issue, issued and issuer include guarantee, guaranteed and guarantor; and
 - 17.6.2 an issue differs from another if there is a difference as to repayment date, rate of interest, guarantor or other material terms of the issue.

- 17.7 Notwithstanding paragraph 15.1 and subject to paragraphs 17.4 and 17.5, in applying the 20% limit in paragraph 15.11 with respect to a single body, such securities issued by that body shall be taken into account.

18. Investment in collective investment schemes

- 18.1 Up to 100% of the value of the Scheme Property of a Fund may be invested in units or shares in other collective investment schemes ("Second Scheme") provided the Second Scheme satisfies all of the following conditions:

:

- 18.1.1 it is a scheme which complies with the conditions necessary for it to enjoy the rights conferred by the UCITS Directive; or
- 18.1.2 is recognised under the provisions of section 270 of the Act (Schemes authorised in designated countries or territories);
- 18.1.3 be authorised as a non-UCITS retail scheme (provided the requirements of Article 50(1)(e) of the UCITS Directive are met); or
- 18.1.4 be authorised in another EEA State (provided the requirements of Article 50(1)(e) of the UCITS Directive are met);
- 18.1.5 be authorised be authorised by the competent authority of an OECD member country (other than another EEA State) which has:
 - 18.1.5.1 signed the IOSCO Multilateral Memorandum of Understanding; and
 - 18.1.5.2 approved the second scheme's management company, rules and depositary/custody arrangements;

(provided the requirements of article 50(1)(e) of the UCITS Directive are met);
- 18.1.6 it is a scheme which complies where relevant with paragraph 18.2 below; and
- 18.1.7 it is a scheme which has terms which prohibit more than 10% in value of the Scheme Property consisting of units in collective investment schemes.
- 18.1.8 where it is an umbrella scheme, the provisions in paragraph 15 and paragraphs 18.1.6 and 18.1.7 apply to each sub-fund as if it were a separate scheme.
- 18.2 A Fund may invest in units in collective investment schemes managed or operated by (or, if it is an open-ended investment company has as its authorised corporate director) the ACD or an associate of the ACD (including other Funds of the Company) provided paragraph 18.5 is complied with.
- 18.3 The Scheme Property attributable to a Fund may include shares in another Fund of the Company (the "Second Fund") subject to the requirements of paragraph 18.4 below.
- 18.4 A Fund may invest in or dispose of shares of a Second Fund provided that:
 - 18.4.1 the Second Fund does not hold shares in any other Fund of the Company;
 - 18.4.2 the requirements set out at paragraph 18.5 are complied with; and
 - 18.4.3 not more than 20% in value of the Scheme Property of the investing or disposing Fund is to consist of shares in the Second Fund.

- 18.5 A Fund must not invest in or dispose of units in another collective investment scheme (the second scheme), which is managed or operated by (or in the case of an open-ended investment company has as its authorised corporate director), the ACD, or an associate of the ACD, unless:
- 18.5.1 there is no charge in respect of the investment in or the disposal of units in the second scheme; or
 - 18.5.2 the ACD is under a duty to pay to the Fund, by the close of business on the fourth Business Day next after the agreement to buy or to sell, the amount referred to in paragraphs 18.5.3 and 18.5.4;
 - 18.5.3 on investment, either:
 - 18.5.3.1 any amount by which the consideration paid by the Fund for the units in the second scheme exceeds the price that would have been paid for the benefit of the second scheme had the units been newly issued or sold by it; or
 - 18.5.3.2 if such price cannot be ascertained by the ACD, the maximum amount of any charge permitted to be made by the seller of units in the second scheme;
 - 18.5.4 on disposal, the amount of any charge made for the account of the authorised fund manager or operator of the second scheme or an associate of any of them in respect of the disposal.
- 18.6 In paragraph 18.5:
- 18.6.1 any addition to or deduction from the consideration paid on the acquisition or disposal of units in the second scheme, which is applied for the benefit of the second scheme and is, or is like, a dilution levy, is to be treated as part of the price of the units and not as part of any charge; and
 - 18.6.2 any switching charge made in respect of an exchange of units in one sub-fund or separate part of the second scheme for units in another sub-fund or separate part of that scheme is to be included as part of the consideration paid for the units.

19. Investment in nil and partly paid securities

A transferable security on which any sum is unpaid falls within a power of investment only if it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by a Fund, at the time when payment is required, without contravening the rules in this Section.

20. Investment in deposits

Each of the Funds except the TM Cavendish AIM Fund and the TM Cavendish Opportunities Fund may invest in deposits, but 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.

21. Use of derivatives: general

21.1 The Funds may enter into derivatives and forward transactions for hedging purposes only, as described in paragraph 22 (hedging techniques). It is not expected that investment in derivatives will affect the volatility of the Funds.

21.2 The eligible derivatives markets on which the Company may deal are set out in Section 3.

22. Efficient portfolio management techniques

22.1 The ACD may apply any efficient portfolio management techniques that are permitted by COLL (i.e. arrangements that are economically appropriate for (i) the reduction of risk, (ii) the reduction of cost or (iii) the generation of additional capital or income for a Fund with a risk level which is consistent with the risk profile of that Fund and the risk diversification limits laid down in COLL. Transactions may not be entered into for speculative purposes.

22.2 Efficient portfolio management techniques employ the use of derivatives and/or forward transactions and may also involve stock lending or repurchase or reverse repurchase transactions. EPM transactions undertaken in respect of a Fund must be in line with the best interests of a Fund. Any derivative which a Fund acquires in relation to efficient portfolio management must be fully covered from within the property of that Fund. The cover provided will depend on the nature of the exposure. Cover may be provided through the holding of certain classes of property (including cash, near cash, borrowings permitted to the Fund and transferable securities appropriate to provide cover for the exposure in question) and/or rights to acquire or dispose of property. Cover for a derivative may also be provided by entering into one or more countervailing derivatives.

22.3 Any income or capital generated by EPM transactions, net of direct or indirect operational costs, will be paid to the relevant Fund.

23. Derivatives: general

23.1 A transaction in derivatives or a forward transaction must not be effected for a Fund unless the transaction is of a kind specified in paragraph 24 (permitted transactions (derivatives and forwards)) below; and the transaction is covered, as required by paragraph 34 (cover for transactions in derivatives and forward transactions).

23.2 Where a Fund invests in derivatives, the exposure to the underlying assets must not exceed the limits set out in paragraphs 15 (spread: general) and 16 (spread: government and public securities) except for index based derivatives where paragraph 23.6 applies.

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

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

23.4.1 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;

- 23.4.2 its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and
 - 23.4.3 it has a significant impact on the risk profile and pricing of the transferable security or approved money-market instrument.
- 23.5 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.
- 23.6 Where a scheme invests in an index based derivative, provided the relevant index falls within paragraph 25 (financial indices underlying derivatives), the underlying constituents of the index do not have to be taken into account for the purposes of the paragraphs 15 (spread: general) and 16 (spread: government and public securities). The relaxation is subject to the ACD continuing to ensure that the Scheme Property provides a prudent spread of risk.
24. **Permitted transactions (derivatives and forwards)**
- 24.1 A transaction in a derivative must be in an approved derivative; or be one which complies with paragraph 28 (OTC transactions in derivatives).
- 24.2 A transaction in a derivative must have the underlying consisting of any or all of the following to which the scheme is dedicated:
- 24.2.1 transferable securities permitted under 10.1,
 - 24.2.2 approved money-market instruments,
 - 24.2.3 permitted deposits,
 - 24.2.4 derivatives permitted under this paragraph,
 - 24.2.5 collective investment scheme units permitted under paragraph 18
 - 24.2.6 financial indices which satisfy the criteria set out in paragraph 25,
 - 24.2.7 interest rates,
 - 24.2.8 foreign exchange rates; and
 - 24.2.9 currencies.
- 24.3 A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market.

- 24.4 A transaction in a derivative must not cause a Fund to diverge from its investment objectives as stated in the Instrument constituting the scheme and the most recently published version of this Prospectus.
- 24.5 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 provided that the sale is not to be considered as uncovered if the conditions in paragraph 27 (requirement to cover sales) are satisfied.
- 24.6 Any forward transaction must be with an Eligible Institution or an Approved Bank.
- 24.7 A derivative includes an instrument which fulfils the following criteria:
- 24.7.1 it allows the transfer of the credit risk of the underlying independently from the other risks associated with that underlying;
 - 24.7.2 it does not result in the delivery or the transfer of assets other than those referred to in paragraph 4 including cash;
 - 24.7.3 in the case of an OTC derivative, it complies with the requirements in paragraph 28.
 - 24.7.4 its risks are adequately captured by the risk management process of the ACD, and by its internal control mechanisms in the case of risks of asymmetry of information between the ACD and the counterparty to the derivative, resulting from potential access of the counterparty to non-public information on persons whose assets are used as the underlying by that derivative.
- 24.8 The scheme may not undertake transactions in derivatives on commodities.

25. Financial indices underlying derivatives

- 25.1 The financial indices referred to in paragraph 24.2.5 are those which satisfy the following criteria:
- 25.1.1 the index is sufficiently diversified;
 - 25.1.2 the index represents an adequate benchmark for the market to which it refers;
and
 - 25.1.3 the index is published in an appropriate manner.
- 25.2 A financial index is sufficiently diversified if:
- 25.2.1 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;

- 25.2.2 where it is composed of assets in which the scheme 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 Section; and
 - 25.2.3 where it is composed of assets in which the scheme 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 Section.
- 25.3 A financial index represents an adequate benchmark for the market to which it refers if:
- 25.3.1 it measures the performance of a representative group of underlyings in a relevant and appropriate way;
 - 25.3.2 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
 - 25.3.3 the underlyings are sufficiently liquid, allowing users to replicate it if necessary.
- 25.4 A financial index is published in an appropriate manner if:
- 25.4.1 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
 - 25.4.2 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.
- 25.5 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 paragraph 24 (permitted transactions (derivatives and forwards)) be regarded as a combination of those underlyings.

26. **Transactions for the purchase of property**

A derivative or forward transaction which will or could lead to the delivery of property for the account of the Company may be entered into only if that property can be held for the account of the Company, 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 the COLL Sourcebook.

27. **Requirement to cover sales**

- 27.1 No agreement by or on behalf of the Company 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 Company by delivery of property or the assignment (or, in Scotland, assignation) of rights, and the property and rights above are owned by the Company at the time of the agreement. This requirement does not apply to a deposit.

- 27.2 Paragraph 27.1 does not apply where:
- 27.2.1 the risks of the underlying Financial Instrument of a derivative can be appropriately represented by another Financial Instrument and the underlying Financial Instrument is highly liquid; or
 - 27.2.2 the ACD or the Depositary has the right to settle the derivative in cash and cover exists within the Scheme Property which falls within one of the following asset classes:
 - 27.2.2.1 cash;
 - 27.2.2.2 liquid debt instruments (e.g. government bonds of first credit rating) with appropriate safeguards (in particular, haircuts); or
 - 27.2.2.3 other highly liquid assets having regard to their correlation with the underlying of the financial derivative instruments, subject to appropriate safeguards (e.g. haircuts where relevant).
- 27.3 In the asset classes referred to in 27.2.2, an asset may be considered as liquid where the instrument can be converted into cash in no more than seven business days at a price closely corresponding to the current valuation of the Financial Instrument on its own market.
28. **OTC transactions in derivatives**
- 28.1 Any transaction in an OTC derivative under paragraph 24.1 must be:
- 28.1.1 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 FCA Register or whose Home State authorisation, permits it to enter into the transaction as principal off-exchange;
 - 28.1.2 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 a further transaction to sell, liquidate or close out that transaction at any time, at its fair value;
 - 28.1.3 capable of reliable valuation; a transaction in derivatives is capable of reliable valuation only if the ACD having taken reasonable care determines that, throughout the life of the derivative (if the transaction is entered into), it will be able to value the investment concerned with reasonable accuracy: on the basis of an up-to-date market value which the ACD and the Depositary have agreed is reliable; or, if that value is not available, on the basis of a pricing model which the ACD and the Depositary have agreed uses an adequate recognised methodology; and
 - 28.1.4 subject to verifiable valuation; a transaction in derivatives is subject to verifiable valuation only if, throughout the life of the derivative (if the transaction is entered

into) verification of the valuation is carried out by 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 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.

- 28.1.5 For the purposes of paragraph 28.1.2, “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.

29. **Risk management**

- 29.1 The ACD uses a risk management process 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 a Fund’s positions and their contribution to the overall risk profile of the Fund. The following details of the risk management process must be regularly notified to the FCA and at least on an annual basis:

29.1.1 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.

29.1.2 the methods for estimating risks in derivative and forward transactions.

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

30. **Significant influence**

- 30.1 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:

30.1.1 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

30.1.2 the acquisition gives the Company that power.

- 30.2 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).

31. **Concentration**

A UCITS scheme:

- 31.1 must not acquire transferable securities (other than debt securities) which:

- 31.1.1 do not carry a right to vote on any matter at a general meeting of the body corporate that issued them; and
- 31.1.2 represent more than 10% of those securities issued by that body corporate;
- 31.2 must not acquire more than 10% of the debt securities issued by any single body;
- 31.3 must not acquire more than 25% of the units in a collective investment scheme;
- 31.4 in respect of the TM Cavendish Asia Pacific Fund, TM Cavendish European Fund, TM Cavendish Japan Fund, TM Cavendish North American Fund, TM Cavendish Technology Fund, TM Cavendish UK Balanced Income Fund and TM Cavendish UK Select Fund, must not acquire more than 10% of the money-market instruments issued by any one single body (no other Fund may invests in money-market instruments, except where they fall within “cash” or “near cash” as defined in the glossary of definitions in the FCA Handbook); and
- 31.5 need not comply with the limits in paragraphs 31.1 to 31.3 if, at the time of acquisition, the net amount in issue of the relevant investment cannot be calculated.

32. **Relevant indices**

- 32.1.1 The indices referred to in paragraph 37 are those which satisfy the following criteria:
 - 32.1.1.1 The composition is sufficiently diversified;
 - 32.1.1.2 The index represents an adequate benchmark for the market to which it refers;
 - 32.1.1.3 The index is published in an appropriate manner; and
 - 32.1.1.4 The index otherwise meets the requirements for financial indices set out in the ESMA Guidelines on ETFs and other UCITS issues dated 18 December 2012 (ESMA/2012/832/EN).
- 32.1.2 The composition of an index is sufficiently diversified if its components adhere to the spread and concentration requirements in this paragraph.
- 32.1.3 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.
- 32.1.4 An index is published in an appropriate manner if:
 - 32.1.4.1 it is accessible to the public;
 - 32.1.4.2 the index provider is independent from the index-replicating fund; this does not preclude index providers and the fund from forming part of the same group, provided that effective arrangements for the management of conflicts of interest are in place.

33. Derivatives exposure

33.1 A Fund may invest in derivatives and forward transactions as long as the exposure to which the 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.

33.2 Cover ensures that a 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. Therefore, a Fund must hold Scheme Property sufficient in value or amount to match the exposure arising from a derivative obligation to which the Fund is committed. Paragraph 34 (cover for transactions in derivatives and forward transactions) sets out detailed requirements for cover of a Fund.

33.3 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.

34. Cover for transactions in derivatives and forward transactions

34.1 A Fund may invest in derivatives and forward transactions as part of its investment policy provided:

34.1.1 its global exposure relating to derivatives and forward transactions held in the Fund does not exceed the net value of the Scheme Property; and

34.1.2 its global exposure to the underlying assets does not exceed in aggregate the investment limits laid down in paragraph 15 above.

35. Cover and borrowing

35.1 Cash obtained from borrowing, and borrowing which the ACD reasonably regards an Eligible Institution or an Approved Bank to be committed to provide, is available for cover under the previous paragraph 34 (cover for transactions in derivatives and forward transactions) as long as the normal limits on borrowing (see below) are observed.

35.2 Where, for the purposes of this paragraph a 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 his agent or nominee), then this applies as if the borrowed currency, and not the deposited currency, were part of the Scheme Property

35.3 The ACD must (as frequently as necessary), recalculate the amount of cover required in respect of derivatives and forward positions already in existence under this paragraph.

35.4 Derivatives and rights under forward transactions may be retained in the Scheme Property only so long as they remain covered globally under paragraph 34 (cover for transactions in derivatives and forward transactions).

36. Calculation of Global Exposure

36.1 The ACD must calculate the global exposure of a Fund on at least a daily basis.

- 36.2 The ACD must calculate the global exposure of any Fund it manages either as:
- 36.2.1 the incremental exposure and leverage generated through the use of derivatives and forward transactions (including embedded derivatives), which may not exceed 100% of the net value of the Scheme Property; or
 - 36.2.2 the market risk of the Scheme Property.
- 36.3 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.
- 36.4 The ACD must calculate the global exposure of a Fund by using:
- 36.4.1 commitment approach; or
 - 36.4.2 the value at risk approach.
- 36.5 The ACD must ensure that the method selected above is appropriate, taking into account:
- 36.5.1 the investment strategy pursued by the Fund;
 - 36.5.2 types and complexities of the derivatives and forward transactions used; and
 - 36.5.3 the proportion of the Scheme Property comprising derivatives and forward transactions.
- 36.6 Where a Fund employs techniques and instruments including repo contracts or stock lending transactions 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.
37. **Schemes replicating an index**
- 37.1 Notwithstanding paragraph 15 (spread: general), a 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 in paragraph 32 (relevant indices).
- 37.2 Replication of the composition of a relevant index shall be understood to be a reference to 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.
- 37.3 The limit in paragraph 37.1 can be raised up to 35% in value of the Scheme Property, but only in respect of one body and where justified by exceptional market conditions.

38. Cash and near cash

38.1 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:

38.1.1 redemption of units; or

38.1.2 efficient management of a Fund in accordance with its investment objectives; or

38.1.3 other purposes which may reasonably be regarded as ancillary to the investment objectives of a Fund.

38.2 The ACD may vary the level of cash actually held within the Company in accordance with changes or anticipated changes in market conditions (usually up to a maximum of 10% of the value of each Fund, although this limit may be exceeded where, in the opinion of the ACD, market conditions, in particular the temporary absence of suitable investment opportunities, require it). During the period of the initial offer the Scheme Property may consist of cash and near cash without limitation.

38.3 In addition to paragraphs 38.1 and 35.2, each of the Funds may also use cash and near cash for the pursuit its investment objectives.

39. General power to borrow

39.1 A Fund may, in accordance with this paragraph and paragraph 40 (borrowing limits), borrow money for the use of the Fund on terms that the borrowing is to be repayable out of the Scheme Property. This power to borrow is subject to the obligation of a Fund to comply with any restriction in the instrument constituting the Fund.

39.2 A Fund may borrow under paragraph 40.1 only from an Eligible Institution or an Approved Bank.

39.3 The ACD must ensure that any borrowing is on a temporary basis and that borrowings are not persistent, and for this purpose the ACD must have regard in particular to:

39.3.1 the duration of any period of borrowing; and

39.3.2 the number of occasions on which resort is had to borrowing in any period.

39.4 The ACD must ensure that no period of borrowing exceeds three months, without the consent of the Depositary.

39.5 The ACD must ensure that the borrowing does not, on any business day, exceed 10% of the value of the property of each Fund.

39.6 These borrowing restrictions do not apply to "back to back" borrowing for currency hedging purposes.

39.7 A Fund must not issue any debenture unless it acknowledges or creates a borrowing that complies with paragraph 39.1 to 39.6.

40. Borrowing limits

- 40.1 The ACD must ensure that a Fund's borrowing does not, on any business day, exceed 10% of the value of the Scheme Property of a Fund.
- 40.2 In this paragraph 40 (borrowing limits), "borrowing" includes, as well as borrowing in a conventional manner, any other arrangement (including a combination of derivatives) designed to achieve a temporary injection of money into the Scheme Property in the expectation that the sum will be repaid.
- 40.3 The borrowing limits do not apply to "back to back" borrowing under paragraph 35.2.

41. Restrictions on lending of money

- 41.1 None of the money in the Scheme Property of a Fund may be lent and, for the purposes of this prohibition, money is lent by a Fund if it is paid to a person ("the payee") on the basis that it should be repaid, whether or not by the payee.
- 41.2 Acquiring a debenture is not lending for the purposes of paragraph 41.1; nor is the placing of money on deposit or in a current account.
- 41.3 Paragraph 41.1 does not prevent a Fund from providing an officer of the Fund with funds to meet expenditure to be incurred by him for the purposes of the Fund (or for the purposes of enabling him properly to perform his duties as an officer of the Fund) or from doing anything to enable an officer to avoid incurring such expenditure.

42. Restrictions on lending of property other than money

- 42.1 The Scheme Property of a Fund other than money must not be lent by way of deposit or otherwise.
- 42.2 Transactions permitted by paragraph 46 (stocklending) are not lending for the purposes of paragraph 42.1.
- 42.3 The Scheme Property of a Fund must not be mortgaged.
- 42.4 Where transactions in derivatives or forward transactions are used for the account of the Company in accordance with COLL 5, nothing in this paragraph prevents the Company or the Depositary at the request of the Company: 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.

43. General power to accept or underwrite placings

43.1 Any power in Chapter 5 of the COLL Sourcebook to invest in transferable securities may be used for the purpose of entering into transactions to which this paragraph applies, subject to compliance with any restriction in the Instrument of Incorporation.

43.2 This section applies, subject to paragraph 43.3, to any agreement or understanding:

43.2.1 which is an underwriting or sub-underwriting agreement; or

43.2.2 which contemplates that securities will or may be issued or subscribed for or acquired for the account of a Fund.

43.3 Paragraph 43.2 does not apply to:

43.3.1 an option; or

43.3.2 a purchase of a transferable security which confers a right:

43.3.2.1 to subscribe for or acquire a transferable security; or

43.3.2.2 to convert one transferable security into another.

43.3.3 The exposure of a Fund to agreements and understandings within paragraph 43.2 must, on any business day:

43.3.3.1 be covered in accordance with the requirements of rule 5.3.3AR of the COLL Sourcebook; and

43.3.3.2 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 Chapter 5 of the COLL Sourcebook.

44. Guarantees and indemnities

44.1 A Fund or the Depositary for the account of a Fund must not provide any guarantee or indemnity in respect of the obligation of any person.

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

44.3 Paragraphs 44.1 and 44.2 do not apply in respect of a Fund to:

44.3.1 any indemnity or guarantee given for margin requirements where the derivatives or forward transactions are being used in accordance with the FCA rules;

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

44.3.3 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

44.3.4 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 or a Fund and the holders of units in that scheme become the first Shareholders in the Company or a Fund.

45. **Schemes replicating an index**

45.1 In the case of a 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 a Fund's investment objective is to achieve a result consistent with the replication of an index rather than an exact replication.

46. **Stocklending**

46.1 As an extension of efficient portfolio management techniques explained above, the Company or the Depositary at the request of the Company, may enter into certain stocklending arrangements or repo contracts if the arrangement or contract is (i) for the account of an for the benefit of the Fund; and (ii) the best interest of its Shareholders.

46.2 An arrangement or contract referenced above is not in the interests of Shareholders unless it reasonably appears to the Company or the ACD to be appropriate with a view to generating additional income for the Fund with an acceptable degree of risk.

46.3 Any stocklending arrangements or repo entered into must be of the kind described in section 263 B of the Taxation of Chargeable Gains Act 1992 (without extension by section 263 C), but only if:

46.3.1 all the terms of the agreement under which securities are to be reacquired by the Depositary for the account of the Company are in a form which is acceptable to the Depositary and are in accordance with good market practice;

46.3.2 the counterparty is:

46.3.2.1 an authorised person; or

46.3.2.2 a person authorised by a Home State regulator; or

46.3.2.3 a person registered as a broker-dealer with the Securities and Exchange Commission of the United States of America; or

46.3.2.4 a bank, or a branch of a bank, supervised and authorised to deal in investments as principal, with respect to OTC derivatives by at least one of the following federal banking supervisory authorities of the United States of America: the Office of the Comptroller of the

Currency; the Federal Deposit Insurance Corporation; the Board of Governors of the Federal Reserve System; and the Office of Thrift Supervision; and

46.3.3 collateral is obtained to secure the obligation of the counterparty under the terms referred to in 38.3.1 and the collateral is:

46.3.3.1 acceptable to the Depositary;

46.3.3.2 adequate ; and

46.3.3.3 sufficiently immediate .

46.4 The counterparty for the purpose of paragraph 46.2 is the person who is obliged under the agreement referred to in paragraph 46.3.1 to transfer to the Depositary the securities transferred by the Depositary under the stock lending arrangement or securities of the same kind.

46.5 Paragraph 46.3.3 does not apply to a stock lending transaction made through Euroclear Bank SA/NV's Securities Lending and Borrowing Programme.

46.6 The Funds do not currently undertake stocklending activity and do not enter into repo or reverse repo transactions or total return swaps.

47. **Treatment of collateral**

47.1 Collateral is adequate for the purposes of this paragraph only if it is:

47.1.1 transferred to the Depositary or its agent;

47.1.2 at least equal in value, at the time of the transfer to the Depositary, to the value of the securities transferred by the Depositary; and

47.1.3 in the form of one or more of:

47.1.4 cash; or

47.1.5 a certificate of deposit; or

47.1.6 a letter of credit; or

47.1.7 a readily realisable security ; or

47.1.8 commercial paper with no embedded derivative content; or

47.1.9 a qualifying money market fund.

47.2 Collateral will be acceptable only if it transferred to the Depositary or its agent under a title transfer arrangement, and is at all times equal in value to the market value of the securities transferred by the Depositary plus a premium.

- 47.3 Where the collateral is invested in units in a qualifying money market fund managed or operated by (or, for an ICVC, whose authorised corporate director is) the ACD or an associate of the ACD, the conditions in paragraph 18.2 must be complied with.
- 47.4 Collateral is sufficiently immediate for the purposes of this paragraph if:
- 47.4.1 it is transferred before or at the time of the transfer of the securities by the Depositary; or
 - 47.4.2 the Depositary takes reasonable care to determine at the time referred to in paragraph 47.4.1 that it will be transferred at the latest by the close of business on the day of the transfer.
- 47.5 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.
- 47.6 The duty in paragraph 47.5 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.
- 47.7 Any agreement for transfer at a future date of securities or of collateral (or of the equivalent of either) under this paragraph may be regarded, for the purposes of valuation and pricing of the Company or this Section, as an unconditional agreement for the sale or transfer of property, whether or not the property is part of the property of the authorised fund.
- 47.8 Collateral transferred to the Depositary is part of the Scheme Property for the purposes of the rules in the COLL Sourcebook, except in the following respects:
- 47.8.1 it does not fall to be included in any calculation of NAV or this Section, because it is offset under paragraph 47.7 by an obligation to transfer; and
 - 47.8.2 it does not count as Scheme Property for any purpose of this Section other than this paragraph.
- 47.9 Paragraphs 47.7 and 47.8.1 not apply to any valuation of collateral itself for the purposes of this paragraph.

SECTION 3: PARTICULARS OF THE FUNDS

TM CAVENDISH AIM FUND

Classification of the Fund:	UCITS scheme
PRN:	636731
Investment Objective:	The objective of the Fund is to achieve long-term capital growth.
Investment Policy:	The Fund aims to invest mainly in equities on the UK Alternative Investment Market ('AIM'). This will be achieved by an actively managed diversified portfolio of shares spread across any sector of AIM. In addition the Fund may on occasion invest in fully listed shares of companies with smaller market capitalisations.
Typical Investor Profile	<p>Shares in the Fund may be suitable for those investors with smaller amounts to invest and who are looking for capital growth over the long term from investment in equities on AIM. Such investors should intend to hold their investment in the Fund for the longer term. Retail investors will have received advice from an appropriately qualified financial adviser.</p> <p>The Fund is not designed for persons wishing to make speculative investments or short term gains, or looking for immediate income, and no investor should invest more than a small or moderate percentage of his capital in the Fund. The Fund is not designed to be risk free, and there is always a risk that the investor may not receive back on a sale as much as was originally invested.</p>

TM CAVENDISH ASIA PACIFIC FUND

Classification of the Fund:	UCITS scheme
PRN:	636736
Investment Objective:	The objective of the Fund is to achieve long term capital growth.
Investment Policy:	<p>The Fund will invest mainly in a diversified portfolio of equities within the Asia Pacific region, excluding Japan but incorporating Australia. The Fund is likely to have a bias towards the shares of medium and larger-sized companies, although it will not be restricted in its choice of company, either by size, market capitalisation or industry.</p> <p>If considered appropriate the Fund may also invest in other markets as specified in the Prospectus and in other assets including government and public securities, other debt instruments other transferable securities, cash and near cash, deposits and money market instruments. Derivative instruments may be used to manage exposure to risk, reduce cost, or for the generation of income.</p>
Typical Investor Profile	Shares in the Fund may be suitable for those investors with smaller amounts to invest and who are looking for capital growth over the long

term from investment in equities within the Asia Pacific region, excluding Japan but including Australia. Such investors should intend to hold their investment in the Fund for the longer term. Retail investors will have received advice from an appropriately qualified financial adviser.

The Fund is not designed for persons wishing to make speculative investments or short term gains, or looking for immediate income, and no investor should invest more than a small or moderate percentage of his capital in the Fund. The Fund is not designed to be risk free, and there is always a risk that the investor may not receive back on a sale as much as was originally invested.

TM CAVENDISH EUROPEAN FUND

Classification of the Fund: UCITS scheme

PRN: 636735

Investment Objective: The objective of the Fund is to achieve long term capital growth.

Investment Policy: The Fund will invest mainly in a diversified portfolio of European equities, consisting predominately of companies listed in the developed markets of Europe. The Fund will not be restricted in the choice of company, either by size or industry or market capitalisation.

If considered appropriate the Fund may also invest in undeveloped European markets as specified in the Prospectus and in other assets including government and public securities, other debt instruments, other transferable securities, cash and near cash, deposits and money market instruments. Derivative instruments may be used to manage exposure to risk, reduce cost, or for the generation of income.

Typical Investor Profile

Shares in the Fund may be suitable for those investors with smaller amounts to invest and who are looking for capital growth over the long term from investment in a diversified portfolio of European equities, consisting predominately of companies listed in the developed markets of Europe. Such investors should intend to hold their investment in the Fund for the longer term. Retail investors will have received advice from an appropriately qualified financial adviser.

The Fund is not designed for persons wishing to make speculative investments or short term gains, or looking for immediate income, and no investor should invest more than a small or moderate percentage of his capital in the Fund. The Fund is not designed to be risk free, and there is always a risk that the investor may not receive back on a sale as much as was originally invested.

TM CAVENDISH JAPAN FUND

Classification of the Fund:	UCITS scheme
PRN:	636734
Investment Objective:	The objective of the fund is to achieve long term capital growth.
Investment Policy:	<p>The Fund will invest predominantly in a diversified portfolio of Japanese equities listed on the local and international stock exchanges.</p> <p>The Fund portfolio will not be restricted in the choice of company, either by market capitalisation size or industry. If considered appropriate, it may invest in other markets and in other assets including government and public securities, other debt instruments, other transferable securities, cash and near cash, deposits, and money market instruments. Derivative instruments may be used to manage exposure to risk, reduce cost, or for the generation of income.</p>

Typical Investor Profile	<p>Shares in the Fund may be suitable for those investors with smaller amounts to invest and who are looking for capital growth over the long term from investment in a diversified portfolio of Japanese equities listed on the local and international stock exchanges. Such investors should intend to hold their investment in the Fund for the longer term. Retail investors will have received advice from an appropriately qualified financial adviser.</p> <p>The Fund is not designed for persons wishing to make speculative investments or short term gains, or looking for immediate income, and no investor should invest more than a small or moderate percentage of his capital in the Fund. The Fund is not designed to be risk free, and there is always a risk that the investor may not receive back on a sale as much as was originally invested.</p>
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TM CAVENDISH NORTH AMERICAN FUND

Classification of the Fund:	UCITS scheme
PRN:	636733
Investment Objective:	The objective of the fund is to achieve long term capital growth.
Investment Policy:	<p>The Fund will invest mainly in a diversified portfolio of North American equities, consisting predominantly of companies listed in the United States of America. The Fund is likely to have a strong bias towards the shares of medium and larger-sized companies, although it will not be restricted in its choice of company, either by industry, by market capitalisation or by size.</p> <p>If considered appropriate the Fund may also invest in the other North</p>

American markets as specified in the Prospectus and in companies that have significant business interest in the US but a non US listing. It may also invest in other assets including government and public securities, other debt instruments, other transferable securities, cash and near cash, deposits and money market instruments. Derivative instruments may be used to manage exposure to risk, reduce cost, or for the generation of income.

Typical Investor Profile

Shares in the Fund may be suitable for those investors with smaller amounts to invest and who are looking for capital growth over the long term from investment in a diversified portfolio of North American equities, consisting predominantly of companies listed in the United States of America. Such investors should intend to hold their investment in the Fund for the longer term. Retail investors will have received advice from an appropriately qualified financial adviser.

The Fund is not designed for persons wishing to make speculative investments or short term gains, or looking for immediate income, and no investor should invest more than a small or moderate percentage of his capital in the Fund. The Fund is not designed to be risk free, and there is always a risk that the investor may not receive back on a sale as much as was originally invested.

TM CAVENDISH OPPORTUNITIES FUND

Classification of the Fund:

UCITS scheme

PRN:

636729

Investment Objective:

The objective of the Fund is to achieve long-term capital growth.

Investment Policy:

The Fund aims to invest in equities falling mainly under the following categories: smaller companies which offer long-term growth; companies which offer recovery prospects; and companies in sectors which are perceived to be unduly depressed. There is no geographical restriction but in practice the fund will be mainly invested in the UK.

Typical Investor Profile

Shares in the Fund may be suitable for those investors with smaller amounts to invest and who are looking for capital growth over the long term from investment in equities falling mainly under the following categories: smaller companies which offer long-term growth; companies which offer recovery prospects; and companies in sectors which are perceived to be unduly depressed. Such investors should intend to hold their investment in the Fund for the longer term. Retail investors will have received advice from an appropriately qualified financial adviser.

The Fund is not designed for persons wishing to make speculative investments or short term gains, or looking for immediate income, and no investor should invest more than a small or moderate percentage of his capital in the Fund. The Fund is not designed to be risk free, and there is always a risk that the investor may not receive back on a sale as

much as was originally invested.

TM CAVENDISH TECHNOLOGY FUND

Classification of the Fund:	UCITS scheme
PRN:	636732
Investment Objective:	The objective of the Fund is to achieve long-term capital growth.
Investment Policy:	<p>The Fund will invest mainly in equities of technology companies globally without any geographical restriction. In practice the fund will be mainly invested in North American equities although investments could be made in the UK, Europe, and the Far East or elsewhere if considered appropriate.</p> <p>The Fund portfolio will not be restricted in the choice of company, either by market capitalisation or size. If considered appropriate it may invest in other market sectors and in other assets including government and public securities, other debt instruments, other transferable securities, cash and near cash, deposits and money market instruments. Derivative instruments may be used to manage exposure to risk, reduce cost, or for the generation of income.</p>
Typical Investor Profile	<p>Shares in the Fund may be suitable for those investors with smaller amounts to invest and who are looking for capital growth over the long term from investment in equities of technology companies globally without any geographical restriction. Such investors should intend to hold their investment in the Fund for the longer term. Retail investors will have received advice from an appropriately qualified financial adviser..</p> <p>The Fund is not designed for persons wishing to make speculative investments or short term gains, or looking for immediate income, and no investor should invest more than a small or moderate percentage of his capital in the Fund. The Fund is not designed to be risk free, and there is always a risk that the investor may not receive back on a sale as much as was originally invested.</p>

TM CAVENDISH UK BALANCED INCOME FUND

Classification of the Fund:	UCITS scheme
PRN:	636737
Investment Objective:	The objective of the Fund is to provide income and growth.
Investment Policy:	<p>The Fund will be a diversified portfolio invested predominantly in UK equities typically from the FTSE 350 and in a range of fixed interest stocks such as government and public securities, debentures and corporate bonds.</p> <p>The Fund will not be restricted in the choice of fixed interest stocks in terms of duration or rating. If considered appropriate the Fund may also invest in other markets as specified in the Prospectus and in other assets including other transferable securities, cash and near cash,</p>

deposits and money market instruments. Derivative instruments may be used to manage exposure to risk, reduce cost, or for the generation of income.

Typical Investor Profile

Shares in the Fund may be suitable for those investors with smaller amounts to invest and who are looking for capital growth over the long term from investment in a diversified portfolio invested predominantly in UK equities typically from the FTSE 350 and in a range of fixed interest stocks such as government and public securities, debentures and corporate bonds. Such investors should intend to hold their investment in the Fund for the longer term. Retail investors will have received advice from an appropriately qualified financial adviser.

The Fund is not designed for persons wishing to make speculative investments or short term gains, or looking for immediate income, and no investor should invest more than a small or moderate percentage of his capital in the Fund. The Fund is not designed to be risk free, and there is always a risk that the investor may not receive back on a sale as much as was originally invested.

TM CAVENDISH UK SELECT FUND

Classification of the Fund: UCITS scheme

PRN: 636738

Investment Objective: The objective of the Fund is to achieve long term capital growth.

Investment Policy: The Fund will have a diversified portfolio, predominantly to be invested in companies listed on the UK stock exchange, with no bias across industrial sectors.

If considered appropriate the Fund may also invest in other markets as specified in the Prospectus and in other assets including government and public securities, other debt instruments other transferable securities, cash and near cash, deposits and money market instruments. Derivative instruments may be used to manage exposure to risk, reduce cost, or for the generation of income.

Typical Investor Profile

Shares in the Fund may be suitable for those investors with smaller amounts to invest and who are looking for capital growth over the long term from investment in a diversified portfolio, predominantly to be invested in companies listed on the UK stock exchange, with no bias across industrial sectors. Such investors should intend to hold their investment in the Fund for the longer term. Retail investors will have received advice from an appropriately qualified financial adviser.

The Fund is not designed for persons wishing to make speculative investments or short term gains, or looking for immediate income, and no investor should invest more than a small or moderate percentage of his capital in the Fund. The Fund is not designed to be risk free, and

there is always a risk that the investor may not receive back on a sale as much as was originally invested.

TM CAVENDISH INTERNATIONAL FUND

Classification of the Fund: UCITS scheme

PRN: 636730

Investment Objective: The objective of the Fund is to achieve long-term capital growth.

Investment Policy: The Fund shall invest mainly in equity securities of companies listed on stock exchanges anywhere in the world. There will be no restrictions on the countries, regions or industrial sectors in which invested. Equally there will be no presumption or expectation that the Fund will maintain asset allocation across all countries, regions or industrial sectors on an ongoing basis. The Fund will be free to invest globally, but there may be a bias towards one or more countries, regions or industrial sectors to the exclusion of other countries, regions or industrial sectors

The Fund may also invest in the following types of assets located anywhere in the world;

other transferable securities (such as government and public securities, other debt instruments and exchange traded funds),

cash and near cash,

deposits;

other regulated collective investment schemes and

money market instruments.

Derivative instruments may be used for efficient portfolio management purposes only.

Typical Investor Profile

Shares in the Fund may be suitable for those investors with smaller amounts to invest and who are looking for capital growth over the long term from investment in equity securities which offer good growth prospects and/or offer reasonable value in the medium term to long term in any part of the world without restriction on economic sectors of investment. Such investors should intend to hold their investment in the Fund for the longer term. Retail investors will have received advice from an appropriately qualified financial adviser.

The Fund is not designed for persons wishing to make speculative investments or short term gains, or looking for immediate income, and no investor should invest more than a small or moderate percentage of his capital in the Fund. The Fund is not designed to be risk free, and there is always a risk that the investor may not receive back on a sale as much as was originally invested.

FURTHER DETAILS OF THE FUNDS

Types of Share:	Income Shares - Class B Shares and Class L Shares are Income Shares
	Accumulation Shares - Class C Shares and Class Y Shares are Accumulation Shares
Share Classes:	Class B
	Class C (which are currently only available in the TM Cavendish AIM Fund, TM Cavendish Opportunities Fund and the TM Cavendish International Fund).
	Class L
	Class Y (which are currently only available in the TM Cavendish AIM Fund, TM Cavendish Opportunities Fund and TM Cavendish International Fund)
Base Currency:	Pounds Sterling
Current Preliminary Charge:	5% of the price of a Share (or approximately 4.8% when calculated based on the amount invested).
Current Redemption Charge:	2% of the price of both types of Share. The ACD currently does not levy an exit charge.
Current Switching Charge:	One switch between Shares of the same type but different Funds in any 12 month period will be permitted without charge. Thereafter, a switching charge of 2% of the price of all types of Share is currently permitted.
	In respect of Conversions between types of Shares of the same Fund a conversion charge of 2% of the price of both types of Share is currently permitted. This will be waived where the Conversion is compulsorily carried out by the ACD.
	The ACD currently restricts the switching/Conversion charge (where applicable) to £15 per switch/Conversion.
Current Annual Management Charge for all Funds except TM Cavendish UK Balanced Income Fund	0.60% in the case of Class B and C Shares.
	0.48% in the case of Class L Shares
	0.48% in the case of Class Y Shares
Current Annual Management Charge for TM Cavendish UK Balanced Income Fund	0.50% in the case of Class B Shares
	0.48% in the case of Class L Shares

Valuation point:	Daily on Business Days at 12 noon London time.
Minimum investment criteria:	<p>The minimum subscriptions and holdings described below do not apply where Shares are in an Individual Savings Account.</p> <p>.</p> <p>Class B and C Shares are available to the following investors (or their nominees) only:</p> <ol style="list-style-type: none"> 1. (a) A firm authorised by the FCA or an equivalent overseas regulator to provide retail clients with platform services, fund link arrangements, or advice on retail investment products, that has a written platform, distribution, fund link, intermediary terms of business or similar agreement in place with the ACD (or one of its associates) relating to the relevant investment; or (b) such a firm's retail client who invests in the relevant Shares in their own name on advice from the firm. 2. Investors, other than those in 1 above, investing a minimum of £50,000 (subject to the ACD's discretion to waive this minimum from time to time). For such investors, the minimum subsequent investment subscription for Class B and Class C Shares in a Fund is an amount not less than £5,000 and such investors must maintain a minimum holding of Class B and Class C Shares of £50,000 in value for each Fund held. <p>Class L and Class Y Shares are available to the following investors (or their nominees) only:</p> <ol style="list-style-type: none"> 1) Investors, excluding LFH International Limited, investing a minimum of £50 million (subject to the ACD's discretion to waive this minimum from time to time) in total investments in TM Cavendish Investment Funds. 2) These share classes are also open to members of the LFH Group together with their associated investment structures and staff of LFH International Limited group. The ACD may at its discretion accept subscriptions lower than the minimum amount. <p>If a holding is below the minimum holding the ACD may require redemption of the entire holding.</p>

ELIGIBLE SECURITIES AND DERIVATIVES MARKETS

Eligible securities and derivatives markets are regulated markets as defined in the glossary to the FCA Handbook or MARKETS ESTABLISHED IN an EEA state WHICH are regulated, operate regularly and are open to the public. In addition, each Fund may deal through the SECURITIES AND derivatives markets indicated below which the ACD, after consultation with the Depositary, has decided are appropriate for the purpose of investment of or dealing in the property of the Company having regard to the relevant criteria in the FCA Handbook.

Eligible securities markets

Australia	The Australian Stock Exchange
Bermuda	Bermuda Stock Exchange
Canada	TMX Group
Chile	Santiago Stock Exchange
Czech Republic	Prague Stock Exchange
Brazil	BMF Bovespa SA
Hong Kong	The Hong Kong Stock Exchange
Hungary	Budapest Stock Exchange
India	National Stock Exchange of India Bombay Stock Exchange
Indonesia	The Indonesia Stock Exchange
Israel	The Tel Aviv Stock Exchange
Japan	The Tokyo Stock Exchange
The Republic of Korea	Korea Exchange Incorporated
Malaysia	Bursa Malaysia Berhad
Mexico	The Mexican Stock Exchange
Norway	Oslo Bors
New Zealand	New Zealand Stock Exchange
Philippines	Philippine Stock Exchange (PSE)
Russia	The Moscow Exchange

Singapore	The Singapore Stock Exchange
South Africa	The Johannesburg Stock Exchange
Sri Lanka	Colombo Stock Exchange
Switzerland	SIX Swiss Exchange AG
Taiwan	The Taiwan Stock Exchange Gre-Tai Securities Market
Thailand	The Securities Exchange of Thailand
Turkey	Istanbul Stock Exchange
United Kingdom	The Alternative Investment Market of the London Stock Exchange
USA	The New York Stock Exchange The United States Bond Market (OTC Bulletin Board & OTC Market in US Government Securities). NASDAQ

“Eligible derivatives markets”

Australia	Australia Securities Exchange
Hong Kong	Hong Kong Exchanges (Stock Exchange of Hong Kong)
Singapore	Singapore Exchange
Japan	Tokyo Financial Exchange
United States	Chicago Board of Trade (Globex) Chicago Board of Options Exchange

SECTION 4: PAST PERFORMANCE

The following is the past performance of the Fund

Period	30/11/2015 to 30/11/2016	30/11/2014 to 30/11/2015	30/11/2013 to 30/11/2014	30/11/2012 to 30/11/2013	30/11/2011 to 30/11/2012
TM Cavendish AIM A GBP Income	21.91	6.49	-1.73	37.53	11.95
TM Cavendish AIM B GBP Income	22.81	7.37	-1.01	38.42	12.83
FTSE AIM TR	12.78	6.63	-16.53	21.33	2.86
TM Cavendish Asia Pacific A GBP Income	23.79	-3.52	11.23	-3.67	16.45
TM Cavendish Asia Pacific B GBP Income	24.72	-2.84	12.11	-3.03	17.27
TM Cavendish Asia Pacific C GBP Accumulation	24.74	-2.85	12.13		
MSCI AC Asia Pacific ex Japan TR GBP	30.82	-3.85	9.51	1.73	17.24
TM Cavendish European A GBP Income	15.85	10.65	-8.82	25.62	20.76
TM Cavendish European B GBP Income	16.89	11.40	-8.09	26.51	21.68
FTSE AW Europe ex UK TR GBP	13.03	5.48	-1.35	23.97	17.43
TM Cavendish Japan A GBP Income	21.20	13.73	-2.79	27.41	6.07
TM Cavendish Japan B GBP Income	22.14	14.56	-2.01	28.44	6.77
Topix TR	23.94	18.16	2.68	24.67	2.82
TM Cavendish North American A GBP Income	20.90	2.64	16.97	22.77	3.45
TM Cavendish North American B GBP Income	21.86	3.44	17.75	23.72	4.22
S&P 500 TR	30.19	7.25	20.76	29.93	10.91
TM Cavendish Opportunities A GBP Income	4.03	9.39	-5.37	36.81	26.23
TM Cavendish Opportunities B GBP Income	4.91	10.30	-4.65	37.84	27.19
TM Cavendish Opportunities C GBP Accumulation	4.98	10.27	-4.64		
FTSE Small Cap ex Investment Companies) TR	7.95	12.99	-2.68	43.86	36.29
TM Cavendish Technology A GBP Income	25.51	13.10	13.29	23.54	4.21
TM Cavendish Technology B GBP	26.39	14.02	14.12	24.51	5.02

Period	30/11/2015 to 30/11/2016	30/11/2014 to 30/11/2015	30/11/2013 to 30/11/2014	30/11/2012 to 30/11/2013	30/11/2011 to 30/11/2012
Income					
FTSE AW/Technology TR	32.07	8.96	25.51	25.17	9.61
TM Cavendish UK Balanced Income A GBP Income	7.65	4.20	2.51	20.10	21.28
TM Cavendish UK Balanced Income B GBP Income	7.62	4.53	3.78	20.92	22.05
FTSE All-Share TR	9.77	0.98	1.18	20.81	12.30
TM Cavendish UK Select A GBP Income	5.73	-4.51	-3.72	27.76	29.46
TM Cavendish UK Select B GBP Income	6.52	-3.77	-2.97	28.71	30.37
FTSE All-Share TR	9.77	0.98	1.18	20.81	12.30
TM Cavendish* International A GBP Income	16.71	0.87	4.90	14.96	12.27
TM Cavendish International B GBP Income	17.46	1.72	5.69	15.76	13.14
TM Cavendish International C GBP Accumulation	17.58	1.63	5.69		
FTSE World TR GBP	25.57	4.34	11.29	22.36	11.83

Source: Lipper, % Growth TR Def ExD GBP

*TM Cavendish International Fund was previously called the TM Cavendish Worldwide Fund (name changed on [18 September] 2017)

Past performance should not be seen as an indication of future performance. The value of OEIC shares and income from them may go down as well as up and investors may not get back the amount they originally invested. Change in rates of exchange may also cause the value of investments to go up or down. The TM Cavendish AIM Fund invests in securities issued by smaller companies and the market for these securities may be less liquid than the market for securities issued by larger companies. Clients of TUTMAN LLP (TUTMAN LLP) may hold investments in some of the companies mentioned in this publication. TUTMAN LLP is authorised and regulated by the Financial Conduct Authority. TUTMAN LLP is remunerated via the annual management fee and may receive payment on the purchase of shares.

Section 5: List of other Authorised Collective Investment Schemes operated by the ACD

Authorised Contractual Schemes

TM Lansdowne Developed Markets Long Only Funds

Authorised Investment Companies with Variable Capital

The Beamish Fund

The Primrose Fund

The Serissa Fund

TM Fulcrum Diversified Growth Fund

TM Fulcrum UCITS Fund

TM Opus Fund

TM Lake House Fund

TM Lansdowne DMLO SRI Feeder Fund

Authorised Unit Trusts

The Mishka Fund

Section 6: List of Sub-Custodians

As appropriate in line with the Eligible Markets

Country	Sub-custodian	Sub-delegates
Argentina	Citibank N.A., Buenos Aires Branch	
Australia	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Australia Limited
Austria	UniCredit Bank Austria A.G	
Bahrain	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited
Bangladesh	Standard Chartered Bank	
Belgium	Deutsche Bank AG	
Bermuda	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Bermuda Limited
Bosnia and Herzegovina - Federation of B & H	Raiffeisen Bank International AG	Raiffeisen Bank Bosnia DD BiH
Bosnia and Herzegovina - Republic of Srpska	Raiffeisen Bank International AG	Raiffeisen Bank Bosnia DD BiH
Botswana	Standard Chartered Bank Botswana Limited	
Brazil	Citibank, N.A., Brazilian Branch	Citibank Distribuidora de Titulos e Valores Mobiliarios S.A ("DTVM")
Bulgaria	Citibank Europe plc, Bulgaria Branch	
CD's – USD	Deutsche Bank AG, London Branch*	
Canada	The Northern Trust Company, Canada	
Canada*	Royal Bank of Canada	
Chile	Citibank N.A.	Banco de Chile
China A Share	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank (China) Company Limited
China (A Shares) through Shanghai Hong Kong Stock Connect	The Hongkong and Shanghai Banking Corporation Limited	
China B Share	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank (China) Company Limited
Colombia	Cititrust Colombia S.A. Sociedad Fiduciaria	

Country	Sub-custodian	Sub-delegates
Costa Rica	Banco Nacional de Costa Rica	
Croatia	UniCredit Bank Austria A.G.	Zagrebacka Banka d.d.
Cyprus	Citibank International Limited	
Czech Republic	UniCredit Bank Czech Republic and Slovenia, a.s.	
Denmark	Nordea Bank Danmark A/S	
Egypt	Citibank, N.A., Cairo Branch	
Estonia	Swedbank AS	
Finland	Nordea Bank Finland plc	
France	Deutsche Bank AG	
Germany	Deutsche Bank AG	
Ghana	Standard Chartered Bank Ghana Limited	
Greece	Citibank Europe plc	
Hong Kong SAR	The Hongkong and Shanghai Banking Corporation Limited	
Hungary	UniCredit Bank Hungary Zrt	
India	Citibank, N.A.	
Indonesia	Standard Chartered Bank	
Ireland	Euroclear UK and Ireland Limited (Northern Trust self-custody)*	
Israel	Bank Leumi Le-Israel BM	
Italy	Deutsche Bank SpA	
Japan	The Hongkong and Shanghai Banking Corporation Limited	
Jordan	Standard Chartered Bank	
Kazakhstan	Citibank Kazakhstan JSC	
Kenya	Standard Chartered Bank Kenya Limited	
Kuwait	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited
Latvia	Swedbank AS	
Lebanon	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited
Lithuania	AB SEB Bankas	
Luxembourg	Euroclear Bank S.A./N.V	

Country	Sub-custodian	Sub-delegates
Malaysia	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Malaysia Berhad
Mauritius	The Hongkong and Shanghai Banking Corporation Limited	
Mexico	Banco Nacional de Mexico, S.A. integrante del Grupo Financiero Banamex	
Morocco	Societe Generale Marocaine de Banques	
Namibia	Standard Bank Namibia Ltd	
Netherlands	Deutsche Bank AG	
New Zealand	The Hongkong and Shanghai Banking Corporation Limited	
Nigeria	Stanbic IBTC Bank Plc	
Norway	Nordea Bank Norge ASA	
Oman	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Oman S.A.O.G
Pakistan	Citibank, N.A., Karachi Branch	
Palestinian Territories	HSBC Bank Middle East Limited	
Panama	Citibank, N.A., Panama Branch	
Peru	Citibank del Peru S.A.	
Philippines	The Hongkong and Shanghai Banking Corporation Limited	
Poland	Bank Polska Kasa Opieki Spółka Akcyjna	
Portugal	BNP Paribas Securities Services	
Qatar	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited
Romania	Citibank Europe plc	
Russia	AO Citibank	
Saudi Arabia	The Hongkong and Shanghai Banking Corporation Limited	HSBC Saudi Arabia Limited
Serbia	UniCredit Bank Austria A.G.	UniCredit Bank Serbia JSC
Singapore	DBS Bank Ltd	
Slovakia	Citibank Europe plc	
Slovenia	UniCredit Banka Slovenija d.d.	

Country	Sub-custodian	Sub-delegates
South Africa	The Standard Bank of South Africa Limited	
South Korea	The Hongkong and Shanghai Banking Corporation Limited	
Spain	Deutsche Bank SAE	
Sri Lanka	Standard Chartered Bank	
Sweden	Svenska Handelsbanken AB (publ)	
Switzerland	Credit Suisse (Switzerland) Ltd	
Taiwan	Bank of Taiwan	
Tanzania	Standard Chartered Bank (Mauritius) Limited	Standard Chartered Bank Tanzania Ltd
Thailand	Citibank, N.A., Bangkok Branch	
Tunisia	Banque Internationale Arabe de Tunisie	
Turkey	Deutsche Bank AG & Deutsche Bank A.S.	
Uganda	Standard Chartered Bank Uganda Limited	
United Arab Emirates (ADX)	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited (DIFC) Branch
United Arab Emirates (DFM)	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited (DIFC) Branch
United Arab Emirates (NASDAQ)	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited (DIFC) Branch
United Kingdom	Euroclear UK and Ireland Limited(Northern Trust self-custody)	
United States	The Northern Trust Company	
Uruguay	Banco Itau Uruguay S.A.	
Vietnam	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank (Vietnam) Ltd
Zambia	Standard Chartered Bank Zambia plc	