

# CAZENOVE INVESTMENT FUND MANAGEMENT LIMITED



Simplified Prospectus and ISA Terms and  
Conditions for B Class Shares of sub-funds of Cazenove  
Investment Fund Company

April 2011

The Simplified Prospectus provides important information which will help you decide if you want to invest in one or more of the sub-funds of Cazenove Investment Fund Company. You should be confident that a fund is right for you, so please read this Simplified Prospectus before making your investment decision.



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# Helping you decide

## **What you should know before you invest**

The Simplified Prospectus gives you information that will help you decide if you want to invest in the B Class Shares of one or more of the sub-funds (the Funds) of the Cazenove Investment Fund Company (the "Company").

## **What information do I need before I invest?**

We have provided information in this Simplified Prospectus on:

- The aims of each Fund
- Your commitment
- The risk factors associated with each Fund
- Questions and answers about investing
- The costs of investing
- Additional investor information which may be of assistance to you
- How to contact us
- ISA terms and conditions

This information will help you decide whether an investment in one of our Funds is suitable for you. You should be comfortable that you understand the Simplified Prospectus before deciding whether to invest.

A glossary has been included in Appendix two to help you understand certain terms used in the Simplified Prospectus.

# Your commitment

You should be confident that a Fund is right for you before you invest. The following are some of the factors that should be considered in assessing whether one (or more) of our Funds is a suitable investment for you:

- Each Fund may be suitable for investors seeking to spread their risk by investing in a collective investment scheme. Collective investment schemes are a convenient way to invest in equities, bonds or other assets without taking the risk of investing directly in these assets.
- You should only invest in a Fund if you are happy for your money to be invested directly in shares, bonds and other assets and intend to hold on to your investment for the medium- to long-term. You must be able to accept that you may not get back all of the money you have invested.
- Investment in a Fund will not be suitable for all investors and, in particular, will not be suitable for someone who is not prepared to take risks with their capital. Any investment should be considered against your specific investment needs and your appetite for risk.

# Fund aims

The Funds are sub-funds of the Cazenove Investment Fund Company. The Company is an umbrella investment company with variable capital and registered in England and Wales under Regulation 4 of the Open-Ended Investment Companies Regulations 2001. The Company is established as a UCITS Scheme and authorised by the Financial Services Authority (FSA) in the United Kingdom. It is open-ended which means each Fund can keep on growing as new shareholders invest or contract as shareholders liquidate their holdings.

The Authorised Corporate Director (“ACD”) of the Company is Cazenove Investment Fund Management Limited which is authorised and regulated by the FSA.

## The Aims of each Fund

The investment objective and aim of each Fund is summarised below. The full objective and policy for each Fund can be found in the full Prospectus which is available from us on request.

### Equity Funds

#### Cazenove UK Growth & Income Fund

*Investments held in the fund: mainly shares in larger UK companies but may hold some smaller companies.*

- Aims to achieve long-term capital and income growth through investment primarily in the UK.
- Investments will be made predominantly in UK equities.

#### Cazenove UK Opportunities Fund

*Investments held in the fund: mainly shares in larger UK companies but may have some smaller companies.*

- Aims to achieve an income return, together with long-term capital growth, by investing in any economic sector of the UK market.
- Investment will be made predominantly in UK equities.

#### Cazenove UK Smaller Companies Fund

*Investments held by the fund: shares in UK smaller companies.*

- Aims to achieve long-term capital growth by investing primarily in UK smaller companies.
- Invests at least 80% of its assets in UK listed companies that form the bottom 10% of companies by market capitalisation.
- Seeks to invest in a broad spread of high quality smaller companies that are capable of producing above average growth in earnings and dividends over the medium- to long-term.

#### Cazenove UK Equity Income Fund

*Investments held by the fund: predominantly shares in UK companies although may also invest in government and corporate bonds, cash, deposits and money market instruments.*

- Aims to provide a high level of income together with long-term capital growth by investing predominantly in UK equities.
- May also invest in fixed interest securities, cash, deposits and money market instruments and in other markets.

# Fund aims

## Cazenove European Fund

*Investments held by the fund: shares in European companies.*

- Aims to achieve long-term capital growth by investing in any or all European markets, excluding the UK, and any or all economic sectors.
- Invests in a diversified range of companies and seeks out industry groups exhibiting above average growth prospects, strong financial characteristics and proven management.
- Additional diversification is provided by a flexible country allocation strategy.

## Cazenove Multi-Manager Diversity Balanced Fund

*Investments held by the fund: Predominantly collective investment funds and closed-ended funds*

- Aims to deliver long term capital growth from a diversified portfolio of investments.
- Invests both in the UK and overseas.
- Seeks consistent rates of return with lower risk than more traditional approaches to portfolio management which tend to be largely dependent on the performance of equities.
- Investment is mainly in collective investment funds but investment may also be made in closed-ended funds, individual transferable securities, money market instruments and deposits.
- Investment diversification may be sought by obtaining exposure to alternative asset classes including absolute return funds, private equity, commodities and property.

## Fixed Income Funds

### Cazenove UK Corporate Bond Fund

*Investments held by the fund: primarily UK based corporate bonds rated investment grade or better. May invest up to 20% of its assets in unrated issues and those of non-investment grade issuers.*

- Aims to achieve a high income return together with capital growth by investing primarily in fixed income instruments including bonds, notes of fixed and variable interest, preference shares, convertibles and other securities issued by governments, banks and companies.

- Can invest in derivatives (forward foreign exchange transactions, credit default swaps, interest rate and government bond futures, and other exchange traded and off exchange traded derivative contracts) to meet the investment objectives.
- Derivatives used have the potential to significantly increase the fund's risk profile. We employ a risk management process that seeks to control the volatility of fund returns.

### Cazenove Strategic Bond Fund

*Investments held by the fund: primarily investment grade bonds, non-investment grade bonds and derivative instruments, but may include notes of fixed and variable interest, preference shares, and equities issued by governments, banks and corporate entities. May also invest in money market instruments and deposits*

- Aims to generate a total return above sterling cash interest rates, primarily through a flexible allocation to investment grade bonds, non-investment grade bonds and derivative instruments.
- May invest in rated and unrated securities including bonds, notes of fixed and variable interest, preference shares, equities, convertible and other securities issued by governments, banks and corporate entities.
- Can use derivatives (forward foreign exchange transactions, futures, credit default swaps and other exchange traded and off-exchange traded derivative contracts) to meet the investment objectives.
- Derivatives used have the potential to significantly increase the fund's risk profile and may create leveraged exposure to the credit market.

# Risk factors

The level of risk varies between Funds. In assessing the risk profile of each Fund, the following factors should be taken into account (note that more detailed information on the risks mentioned below can be found in the Full Prospectus):

## Market Risk

- Each Fund's investments are subject to normal market fluctuation and other risks inherent in investing in securities. There can be no assurance that investments will increase in value, and the capital value of your original investment is not guaranteed. The value of your holding and the income from it may go down as well as up, and you may not get back the original amount invested. **There is no assurance that the investment objective of the Fund will be achieved.**
- Past performance is not a guide to, nor a guarantee of, future returns.

## Inflation Risk

- Inflation risk is the loss of purchasing power associated with inflation. It is possible that the value of assets or income will decrease as inflation impacts the purchasing power of your wealth. The value-decreasing effect is certain but the impact can be mitigated by positive investment returns in excess of inflation.

## Equities

- Most of our funds primarily invest in equities and as such tend to be more volatile than funds investing in bonds, but may also offer greater potential for growth. The value of the underlying investments in equity funds may fluctuate quite dramatically in response to the activities and results of individual companies, as well as in connection with general market and economic conditions.

## Bonds

- Funds investing partly or wholly in bonds will tend to be less volatile than pure equity funds, as bonds are generally considered to be more secure, usually including a condition to repay the original sum at a specified date in the future and normally provide a fixed level of income. However, the capital value of a bond fund and the level of its income will still fluctuate.

## Effect of Preliminary Charge

- We may apply a preliminary charge of up to 5 per cent. on any initial investment in the B Class Shares of each Fund. Where a preliminary charge is imposed, an investor who redeems a holding may not get back the amount originally invested (even if the value of the relevant investments has not fallen). Investment in a Fund should therefore be for the medium- to long-term.

## Liquidity Consideration

- Our ability to invest and to liquidate the assets of funds investing in smaller companies may, from time to time, be restricted by the liquidity of the market for smaller company securities.

## Charges to Capital

- Some funds may take the annual management charge from the capital if insufficient income is generated by the investment. This may result in the Fund not growing and would result in capital erosion.

## Liabilities of the Company

- Each Fund, under normal circumstances, is treated as a separate entity with its own assets and liabilities. However, the funds are not "ring-fenced" and, if the assets of any fund are insufficient to meet the liabilities attributable to it, the excess liabilities may have to be met out of the assets of the other funds.



# Risk factors

- You are not liable for the debts of the Company and you are not liable to make any further payment to the Company after you have paid the purchase price of the shares.

## Taxation

- The taxation of open-ended investment companies could change. This may result in the tax borne by each fund increasing.

## Specific Risks Attached to Funds

### Cazenove Multi-Manager Diversity Balanced Fund

- This Fund may invest in funds that invest in stock markets of developing countries where price volatility may be greater than that experienced in more developed economies and stock markets, and deals may be carried out at unfavourable prices. There is also a risk associated with different settlement and custody practices.
- The Fund may invest in closed-ended funds that invest in hedge funds or in funds containing alternative asset classes. Hedge funds may hold assets where there is no recognised market in which to sell these investments or to obtain reliable information about the value of the assets. Hedge funds may significantly increase the risk profile of this Fund.
- The Fund may also invest in funds that invest directly in property. Property values can be volatile, and property valuation can be a matter of judgement by independent property valuers. The value of capital and income will therefore fluctuate as property values and rental incomes fluctuate. In certain circumstances the right to buy or sell units in property funds may be restricted or suspended

### Cazenove UK Smaller Companies Fund

- This is a specialist Fund, which invest in small, less liquid companies. The Fund is likely to provide a higher level of volatility and this may carry increased risk.

### Cazenove Multi-Manager Diversity Balanced Fund, Cazenove UK Corporate Bond Fund, Cazenove UK Equity Income Fund, Cazenove Strategic Bond Fund and Cazenove UK Growth and Income Fund.

- These Funds may invest partly or wholly in bonds and thus will generally tend to be less volatile than funds that invest in pure equities. However, the capital value of a bond fund and the level of its income will still fluctuate.

### Cazenove UK Corporate Bond Fund and Cazenove Strategic Bond Fund

- These Funds invest partly in higher yielding bonds which will be issued by borrowers with lower credit ratings. Such bonds will have a greater risk of default by the lender and the incidence of such risk may have a negative impact on income and capital value.
- The Funds may extensively use derivative instruments and forward transactions to meet their investment objectives. The use of derivatives for investment purposes involves special risks which may:
  - (i) significantly raise the risk profile of each fund;
  - (ii) increase the volatility of the share price when taking additional market or securities exposure;
  - (iii) depend on the ability of the fund manager to predict movements in the prices of securities;
  - (iv) place some reliance on the imperfect match between instruments and the underlying securities; and
  - (v) involve investing in instruments that are not traded on investment exchanges, that are not standardised and which in turn may involve negotiations on transactions on an individual basis.

# Risk factors

- The value of derivative and forward transactions may fluctuate and, whilst they may in certain circumstances reduce or eliminate risk, they may also limit the potential for capital appreciation. Moreover, the use of derivatives may lead to higher volatility of the net asset value.
- **In general the possible effect on each Fund's risk profile from the use of these instruments and techniques will be to reduce volatility when used for efficient portfolio management and could increase volatility when taking additional market or securities exposure.**
- The use of derivative and forward investments is supported by a risk management process. The risk management process takes into account the objectives and policy of the Fund, its investment limits and the rules of the FSA.

## Leveraged

- Since many derivatives have a leverage component, adverse changes in the value or level of the underlying asset, rate or index can result in a loss substantially greater than the amount invested in the derivative itself. Certain derivatives have the potential for unlimited loss regardless of the size of the initial investment. If there is a default by the other party to any such transaction, there will be contractual remedies; however, exercising such contractual rights may involve delays or costs which could result in the value of the total assets of the related portfolio being less than if the transaction had not been entered into.

# Questions & answers

## How can I make an investment?

You can buy shares in one or more of our Funds by:

- Investing a lump sum amount.
- Investing in our Stocks and Shares ISA.
- Transferring your existing ISA (an ISA Transfer) to us for investment in our ISA.

## How do I make a lump sum investment?

You can buy shares in a Fund by completing a lump sum application form and sending it to us at:

**Cazenove Investment Fund  
Management Limited  
PO Box 67546  
London  
United Kingdom EC2P 2JB**

Direct investment into a fund (not ISA investments) may also be made by telephoning +44 (0)20 3479 0000 between the hours of 9.00 a.m. and 5.00 p.m. on each business day.

The minimum lump sum investment in B Class Shares of each Fund is £1,000. Additional investments can be made with a minimum value of £500.

Alternatively you may decide to take the advice of a professional financial adviser. Your adviser will explain to you about investing in the Fund.

## Are both accumulation and income shares available?

Some of our Funds offer both accumulation and income shares whilst others offer just income or just accumulation shares (see Total Expense Ratio section). Accumulation shares do not pay income as this is retained and is reflected in the daily share price. Income shares are paid out to the investor or reinvested into a Fund. Income payments are paid by cheque or directly to the investor's bank account, if the investor has supplied bank account details.

## What do I need to know before I open an ISA?

There are two types of ISA:

- 1) Stocks and Shares ISA – You can invest the full £10,680 in a Stocks and Shares ISA in the 2011/2012 tax year.

- 2) Cash ISA – You can invest a maximum of £5,340 in a Cash ISA in the 2011/2012 tax year.

The maximum total investment you can make in an ISA in the 2011/2012 tax year is £10,680.

If you invest the maximum of £5,340 in a Cash ISA then you can only invest £5,340 in a Stocks and Shares ISA

If, for example, you invest £2,000 in a Cash ISA then you can only invest £8,680 in a Stocks and Shares ISA.

## What are the ISA limits for future years?

The annual ISA subscription limits increase in line with the Retail Prices Index (RPI). The limits are rounded to the nearest multiple of 120, so that individuals who save monthly can calculate their monthly savings more easily. The annual limit is calculated by reference to the RPI figure for the September before the start of each new tax year.

## What type of ISA is available?

We offer a Stocks and Shares ISA only to UK residents aged 18 or over. The minimum investment in a Fund within our ISA is £3,000 per fund. Additional investments can be made with a minimum value of £500.

## How can I open an ISA with you?

You can open our ISA through a professional financial adviser or by completing our ISA Application Form.

## Can I transfer my ISA which is held with another manager?

You can transfer an ISA from another manager to us. If you do so, you will not lose any tax advantages but you must transfer the entire ISA from the current tax year. If you transfer a Cash ISA into a Stocks and Shares ISA in the same tax year that you subscribe for a Cash ISA the amount that you have subscribed into that Cash ISA will count towards your overall investment limit for that tax year.

The minimum investment through an ISA transfer into our Funds is £3,000.

# Questions & answers (continued)

## **How do I transfer an ISA to you?**

You should complete an ISA Transfer Application Form (which is available from us) and return it to your professional financial adviser or directly to us. ISA transfers can only be made in cash. Once we receive the completed ISA Transfer Application Form we will approach your existing ISA provider directly to arrange the transfer. There is no charge for this service, but you may have to pay the initial charge on buying our Fund(s).

## **Can I transfer out of the ISA?**

To transfer an ISA held with us to another ISA manager you need to request an application form from the manager to whom you wish to transfer the ISA.

## **Can I switch between share classes?**

You can switch free of charge between share classes of a Fund provided that you fulfil the minimum investment requirements.

## **How can I sell my shares in a Fund?**

Your investment can be sold through your professional financial adviser or directly by sending to us a signed, written instruction to sell your holding. Non-ISA holdings can also be sold by telephoning us on 020 3479 0000.

## **How will I know how a Fund is performing?**

The share price of each Fund is available on the Cazenove Capital website: [www.cazenovecapital.com](http://www.cazenovecapital.com)

## **What documentation will I receive?**

You will be sent a contract note on purchasing shares in a Fund and then on selling those shares back to us. The contract note will normally be sent on the day after shares have been bought or sold. You will not be issued with a share certificate. All shares are registered in an uncertificated form.

We will also send you six-monthly valuations of your investment. You may also be sent half yearly and annual report and accounts. If you do not receive the report and accounts or you want a copy of the Prospectus then you can request these documents from us.

If you require further information about the Funds please telephone us on 020 3479 0000. Telephone calls may be recorded for your protection.

## **Can I change my mind?**

You can cancel your investment in a Fund only if you have received advice from a professional financial adviser. We will assume that you did not receive advice if you invest directly with us (i.e. your investment does not come through a professional financial adviser).

You will have 14 business days to cancel from the day you receive the contract note. To cancel your investment you must telephone us on +44(0)20 3479 0000. The value of your investment could fall between buying shares and cancellation. In the sale of higher risk funds, such a fall in value could be substantial. If the value has fallen you will receive less than you originally invested.

If you have made an ISA Transfer, cancellation may result in the return of the ISA proceeds directly to you and you may therefore lose the favourable tax status of the investment. We recommend that you carefully consider the implications of cancellation before doing so as this may mean the loss of those ISA allowances relating to the transfer.

# The cost of investing

When you invest there are certain fees and expenses either to be paid by you directly or by each Fund in which you have bought shares. A summary of the most significant annual operating charges and expenses is provided below:

- You may pay an initial charge of up to 5% on buying B Class Shares. This will be taken from your subscription amount.
- An annual management charge (“AMC”) of up to 1.5% for B Class Shares. The AMC is paid out of each Fund’s assets.
- Other fees and expenses including administration expenses, depositary, audit and regulatory fees and other expenses relating to the day-to-day management of each Fund.
- We may also charge a dilution adjustment which may mean that the price at which you purchase or sell shares in a fund may be higher or lower than the mid-market value used in calculating the share price.
- Currently there is no exit charge when you sell your shares.

Full details of the fees and expenses and an explanation of the dilution adjustment are in the Prospectus which is available from us on request.

## Total Expense Ratio (“TER”)

The TER represents our best estimate of the total direct and indirect fees and expenses that will be borne by a Fund. These expenses are expressed as a percentage of the net assets of that Fund. The TER does not include costs associated with buying and selling securities for that Fund. TERs help you compare annual operating expenses between funds. The figures have been calculated for the 12 months to 31 December 2010.

## Total Expense Ratios: B Class Shares

	Initial Charge %	Annual Mngmt Charge %	Income/ Accum Shares	Total Expense Ratio	Income Dividend Payment Dates
Cazenove Multi-Manager Diversity Balanced Fund	5	1.25	Acc	2.13	Feb, Aug
Cazenove UK Opportunities Fund	5	1.50	Acc	1.71	Feb, Aug
Cazenove UK Smaller Companies Fund	5	1.50	Acc	1.77	Feb, Aug
Cazenove UK Corporate Bond Fund	5	1.00	Inc	1.09	Feb, May Aug, Nov
Cazenove European Fund	5	1.50	Acc	1.58	Feb
Cazenove UK Growth and Income Fund	5	1.50	Both	1.58	Feb, Aug
Cazenove UK Equity Income Fund	5	1.50	Inc	1.71	Feb, Aug
Cazenove Strategic Bond Fund	5	1.00	Inc	1.09	Feb, Aug

## Portfolio Turnover Ratio

The Portfolio Turnover Ratio is defined as the monetary value of total purchases and total sales of underlying securities in a fund less the monetary value of all purchases and sales of shares in that fund, divided by the average value of that fund during the year. The rate is calculated in accordance with an established formula which is set out below.

$$\frac{\text{(Purchases of securities plus sales of securities)} - \text{(Monetary value of shares purchased and sold in the fund)}}{\text{Average fund value over the last 12 months} \times 100}$$

Portfolio turnover has been calculated for the 12 months to 31 December 2010.

# The cost of investing (continued)

## Portfolio Turnover

	Annual Turnover 2010 (%)
Cazenove Multi-Manager Diversity Balanced Fund	82
Cazenove UK Opportunities Fund	198
Cazenove UK Smaller Companies Fund	116
Cazenove UK Corporate Bond Fund	45
Cazenove European Fund	187
Cazenove UK Growth and Income Fund	35
Cazenove UK Equity Income Fund	105
Cazenove Strategic Bond Fund	67

## How will charges and expenses affect my investment?

The following tables are calculated to show the way the initial charge and each fund's expenses affect the performance of the fund over a ten-year period. The effect of charges calculations (or reduction in yield due to the effect of charges on the investment) are compiled using standard growth rates of 7% p.a. for ISAs and 6% p.a. for direct fund investments.

Details of an investment of £10,680 or £1,000 respectively are given. The reduction in yield calculations for all funds is shown in the table beneath the illustrations. These figures are not guaranteed and are for illustrative purposes only (all figures are for 12 months to 31 December 2010).

## Examples of the effect of charges and expenses

The tables show the reduction in yield for representative balanced, growth and income Funds.

### Cazenove UK Growth and Income Fund B Class Shares - 6% growth for investments outside of an ISA

At end of year	Income			Accumulation		
	Investment to date £	Effect of deductions to date £	Income to date £	What you might get at 6% £	Effect of deductions to date £	What you might get at 6% £
1	1,000	69	30	961	69	991
3	-	110	90	985	112	1,079
5	-	157	151	1,008	164	1,175
10	-	306	311	1,070	338	1,453

The last line of the table shows that after 10 years the effect of total charges and expenses could amount to £338 if you purchase accumulation shares and £306 if you purchase income shares. Putting it another way, this would have the same effect as bringing the illustrated investment growth from 6.0% p.a. down to 3.8%.

### 7% growth for investments in an ISA

At end of year	Income			Accumulation		
	Investment to date £	Effect of deductions to date £	Income to date £	What you might get at 7% £	Effect of deductions to date £	What you might get at 7% £
1	10,680	740	396	10,280	742	10,686
3	-	1,204	1,200	10,560	1,230	11,854
5	-	1,744	2,035	10,850	1,831	13,149
10	-	3,511	4,212	11,623	3,969	17,040

The last line of the table shows that after 10 years the effect of total charges and expenses could amount to £3,969 if you purchase accumulation shares and £3,511 if you purchase income shares. Putting it another way, this would have the same effect as bringing the illustrated investment growth from 7.0% p.a. down to 4.8%.

### Cazenove Multi-Manager Diversity Balanced Fund B Class Shares - 6% growth for investments outside of an ISA

At end of year	Income			Accumulation		
	Investment to date £	Effect of deductions to date £	Income to date £	What you might get at 6% £	Effect of deductions to date £	What you might get at 6% £
1	1,000	N/a	N/a	N/a	75	986
3	-				130	1,061
5	-				195	1,143
10	-				416	1,375

The last line of the table shows that after 10 years the effect of total charges and expenses could amount to £416. Putting it another way, this would have the same effect as bringing the illustrated investment growth from 6.0% p.a. down to 3.2%.

# The cost of investing (continued)

## 7% growth for investments in an ISA

At end of year	Income			Accumulation		
	Investment to date £	Effect of deductions to date £	Income to date £	What you might get at 6% £	Effect of deductions to date £	What you might get at 6% £
1	10,680	N/a	N/a	N/a	800	10,620
3	-				1,420	11,650
5	-				2,188	12,790
10	-				4,882	16,127

The last line of the table shows that after 10 years the effect of total charges and expenses could amount to £4,882. Putting it another way, this would have the same effect as bringing the illustrated investment growth from 7.0% p.a. down to 4.2%.

## Cazenove UK Corporate Bond Fund B Class Shares - 6% growth for investments outside of an ISA

At end of year	Income			Accumulation		
	Investment to date £	Effect of deductions to date £	Income to date £	What you might get at 6% £	Effect of deductions to date £	What you might get at 6% £
1	1,000	64	47	948	N/a	N/a
3	-	94	141	945		
5	-	124	234	942		
10	-	230	465	933		

The last line of the table shows that after 10 years the effect of total charges and expenses could amount to £230. Putting it another way, this would have the same effect as bringing the illustrated investment growth from 6.0% p.a. down to 4.2%.

## 7% growth for investments in an ISA

At end of year	Income			Accumulation		
	Investment to date £	Effect of deductions to date £	Income to date £	What you might get at 7% £	Effect of deductions to date £	What you might get at 7% £
1	10,680	686	627	10,010	N/a	N/a
3	-	1,020	1,873	10,000		
5	-	1,400	3,106	9,907		
10	-	2,611	6,139	9,673		

The last line of the table shows that after 10 years the effect of total charges and expenses could amount to £2,611. Putting it another way, this would have the same effect as

bringing the illustrated investment growth from 7.0% p.a. down to 5.2%.

## Reduction in Yield for B Class Shares

	Reduction in yield 6%	Reduction in yield 7%
Cazenove Multi-Manager Diversity Balanced Fund	3.2%	4.2%
Cazenove UK Opportunities Fund	3.6%	n/a
Cazenove UK Smaller Companies Fund	3.6%	4.6%
Cazenove UK Corporate Bond Fund	4.2%	5.2%
Cazenove European Fund	3.8%	4.8%
Cazenove UK Growth and Income Fund	3.8%	4.8%
Cazenove UK Equity Income Fund	3.5%	4.5%
Cazenove Strategic Bond Fund	4.4%	5.4%

## Is there a provision to pay Stamp Duty Reserve Tax?

Stamp Duty Reserve Tax ('SDRT') may either be paid by a fund or an individual investor (up to a maximum of 0.5% of the value of the transaction). If SDRT is charged it will increase the cost of buying shares and lessen the proceeds of sales. We do not intend charging SDRT on the purchase and sale of shares in our Funds, however, we may charge investors this tax should circumstances arise which make the payment of the charge fair to all current investors in a Fund.

## How much will advice cost?

We can only provide information on our products and cannot offer advice based on your circumstances. You should contact a professional financial adviser if you are uncertain about an investment.

We may pay the adviser commission for recommending our Fund(s) to you, which may be paid out of your investment. Typical commissions include a one-off payment between nil and 3% of the assets introduced to the firm and ongoing payments of up to 0.50% per annum of the assets under management. If we do not pay commission to the adviser, you may have to pay a fee to the adviser. The adviser will disclose commissions received and other costs of providing financial advice to you.

# Additional investor information

## What are the tax implications of investing inside our ISA?

You do not pay any UK income tax or capital gains tax on income or growth within an ISA and any income received in the ISA does not need to be declared on your tax return. UK equity dividends paid are free of further UK income tax.

If you decide to close an ISA, the future tax advantages on this money will be lost. You cannot open another ISA in the same tax year if your current year's ISA is closed outside any cancellation period which may apply. The taxation of the Company and of ISAs could change. This may result in the tax borne by a Fund or the investor increasing.

## What are the tax implications of investing in a fund outside our ISA?

Tax rules are subject to change. You should consult a professional financial adviser or tax adviser if you are in any doubt as to your tax position or if you are subject to tax in a jurisdiction other than the UK. The value of tax benefits depends on your circumstances and the favourable tax treatment of some financial products may not be maintained

**Dividend distributions** carry a tax credit currently equivalent to 10% of distribution. If you do not pay income tax at the higher rate, you should have no further liability. If you are a higher rate income tax payer then you may have a further income tax liability at the difference between higher rate tax on the gross distribution and the tax paid.

**Interest Distributions** are paid after the deduction of UK income tax. If you do not pay income tax then you should be able to claim back the tax credit as detailed on the distribution tax voucher. If you pay income tax at the basic rate then you should have no further liability. If you are a higher rate income tax payer then you will need to account to the Her Majesty's Revenue & Customs for the difference between the tax deducted and the higher rate of tax.

The Cazenove UK Corporate Bond Fund and Cazenove Strategic Bond Fund pay out available income in the form of interest distributions (and not dividend distributions) generally after the deduction of income tax (currently 20%). Shareholders who are not ordinarily resident in the UK may receive interest distributions gross by providing to us a declaration of non-residence.

## Capital gains

You may be liable to capital gains tax in respect of capital gains arising from the sale of shares in a Fund.

More detailed information on the taxation of shareholders can be found in the Full Prospectus.

## Will I need to provide information in relation to anti-money laundering?

We are required to maintain procedures to combat money laundering. This means that in certain circumstances persons buying, selling or switching shares may be required to provide proof of identity. Until satisfactory proof of identity is provided, we may refuse to issue shares, pay the proceeds from the sale of an investment or pay income to that person.

## What do I do if I have a complaint regarding my investment?

In the first instance you can complain about your investment in our funds by either contacting your professional financial adviser who may then contact us on your behalf or you can write directly to us. Letters should be addressed to the Compliance Officer.

You may also complain directly to the Financial Ombudsman Service (FOS) if you remain dissatisfied with the response you get to your complaint. The FOS can be contacted at the following address:

**Financial Ombudsman Service**  
**South Quay Plaza**  
**183 Marsh Walk**  
**London E14 9SR**  
**Tel 0845 080 1800**

[www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk)

## Are there compensation arrangements covering my investment?

The Financial Services Compensation Scheme ('FSCS') has been set up to handle compensation claims if a firm cannot meet claims made against it. Currently, for eligible claims for investment business, 100% is covered to a maximum of £50,000. Details of your right to lodge a claim with the FSCS are available at [www.fscs.org.uk](http://www.fscs.org.uk) or by telephone on 020 7892 7300.



# Appendix one

## Who looks after the Company?

### The Authorised Corporate Director

The ACD of the Company is Cazenove Investment Fund Management Limited. The ACD is located at:

**12 Moorgate  
London EC2R 6DA  
www.cazenovecapital.com**

### Depository

**JP Morgan Trustee and Depository Company Limited  
Chaseside  
Bournemouth BH7 7DA**

### Auditors

**PricewaterhouseCoopers LLP  
Hay's Galleria  
1 Hay's Lane  
London SE1 2RD**

### Registrar

**JP Morgan Europe Limited  
125 London Wall  
London E14 4AJ**

### Competent Authority

The Company is an ICVC authorised by:

**The Financial Services Authority  
25 The North Colonnade  
Canary Wharf  
London E14 5HS**

## Historical Performance

This section provides details on the historical performance of the Funds.

### Annual Returns

The Annual Return chart shows the percentage growth on an annual basis for the last 10 years for the B Class Shares of each Fund as at 31 December 2010. If the Fund has been in operation for less than ten years, but at least one year, annual returns are shown for as many years as are available. Please note that the Company only issued B Class Shares in 2002. Therefore, where appropriate, A Class Share performance figures have been used prior to the issuance of B Class Shares.

### Cumulative Performance

The Cumulative Performance chart shows the cumulative returns of each Fund's B Class Shares for the last ten years.

If the Fund has been in operation for less than ten years, but at least one year, cumulative performance is shown for as many years as are available. As above, where appropriate,

A Class Share performance figures have been used prior to the issuance of B Class Shares.

Historical performance figures are calculated net of tax with income reinvested. The performance figures do not include the effect of subscription or redemption charges.

**Past performance does not necessarily indicate future performance. It can in no way provide a guarantee of returns that you will receive in future.**

**The information about past performance does not constitute a projection of the possible future value of an investment in any Fund and should not be taken as an indication that similar returns will be achieved in the future. The value of investments and the income from that investment can go down as well as up and investors may not get back the amount originally invested.**

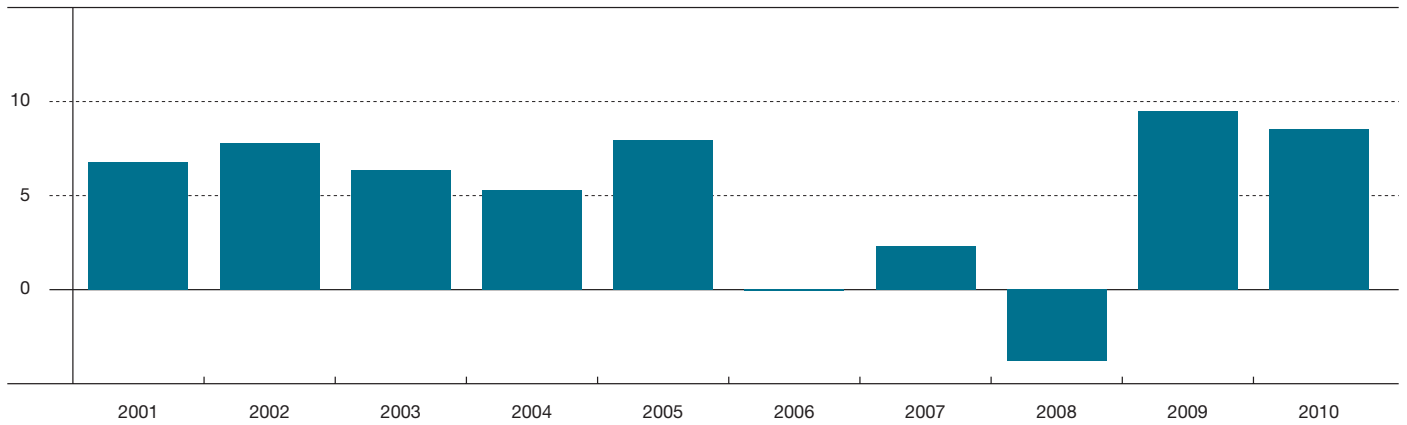
**All Fund annual and cumulative returns are sourced from Lipper and calculated net of management fees and with income reinvested net of basic rate tax in sterling terms.**

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### Cazenove UK Corporate Bond Fund Annual Returns

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Percentage growth



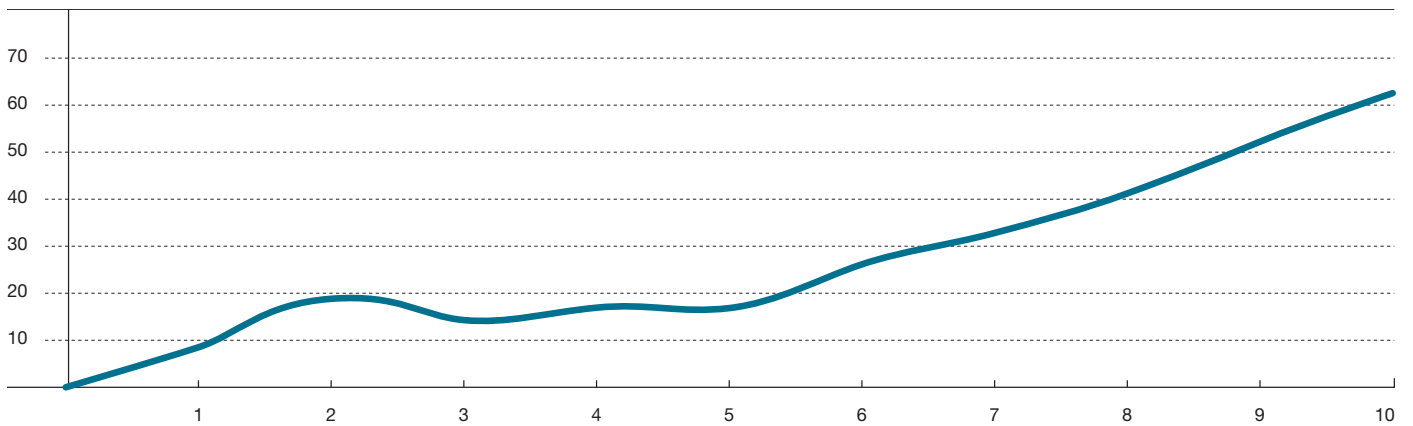
Years (for period from 1 January 2001 to 31 December 2010)

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### Cumulative Performance

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Percentage growth



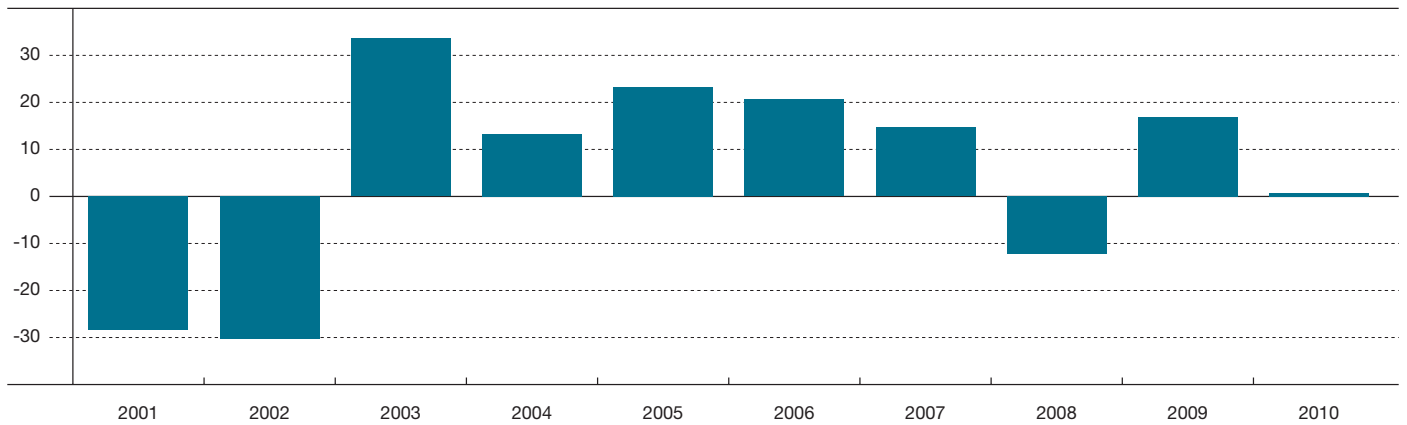
Years (for period from 1 January 2001 to 31 December 2010)

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### Cazenove European Fund Annual Returns

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Percentage growth



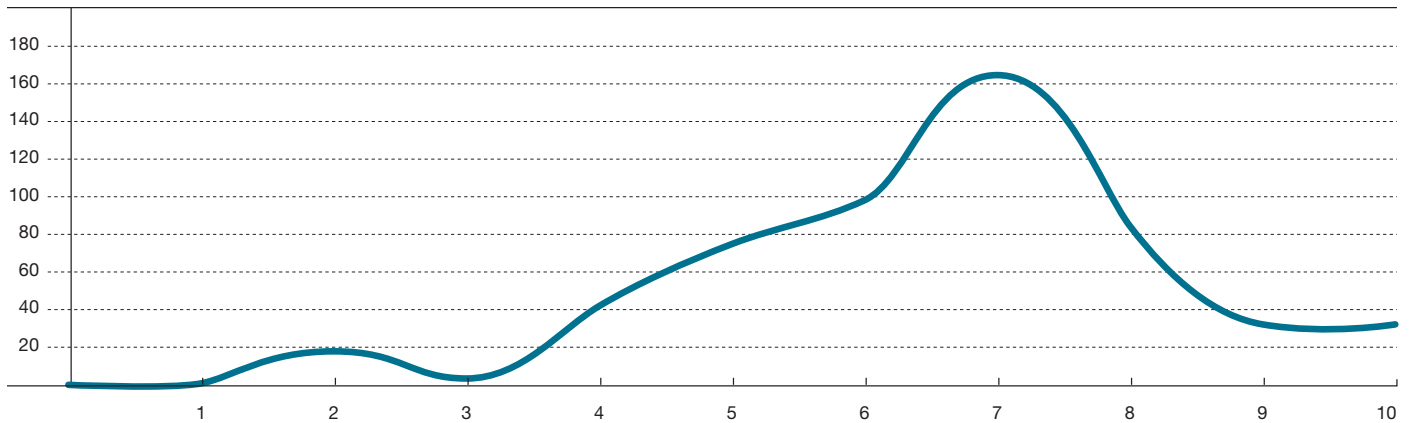
Years (for period from 1 January 2001 to 31 December 2010)

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### Cumulative Performance

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Percentage growth



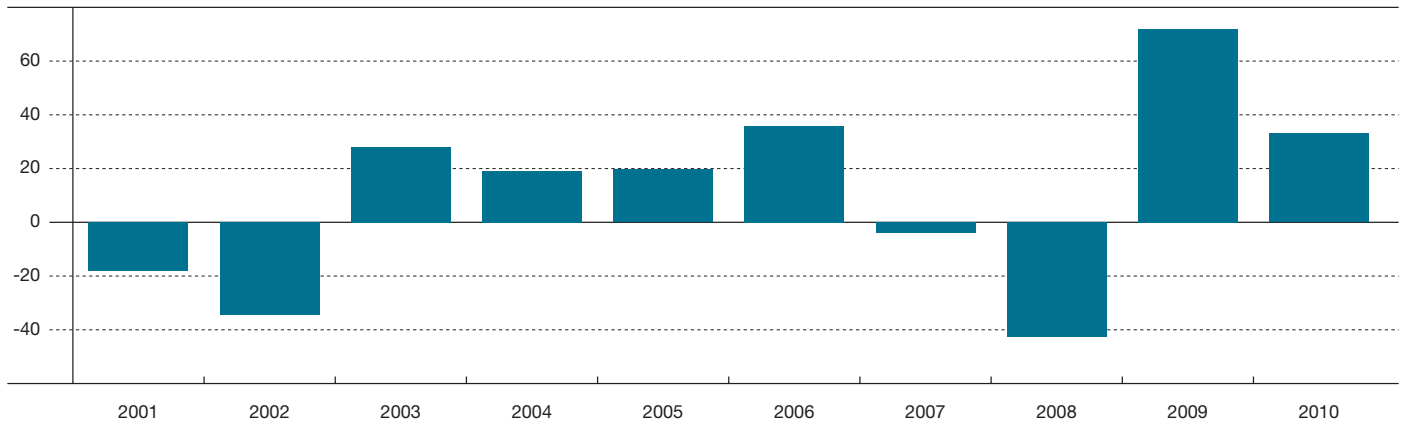
Years (for period from 1 January 2001 to 31 December 2010)

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### Cazenove UK Smaller Companies Fund Annual Returns

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Percentage growth



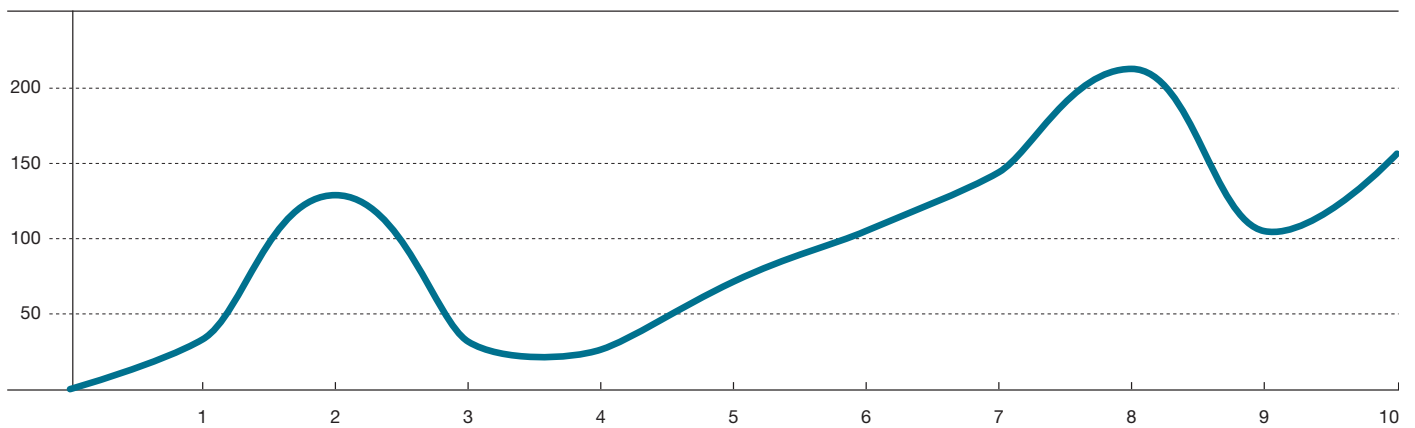
Years (for period from 1 January 2001 to 31 December 2010)

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### Cumulative Performance

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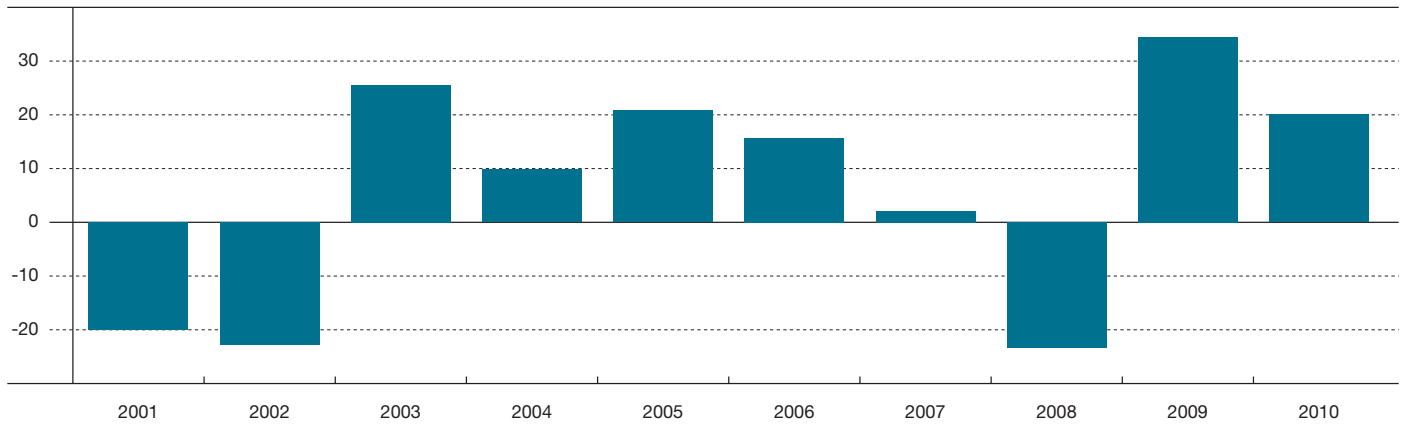
Percentage growth



Years (for period from 1 January 2001 to 31 December 2010)

**Cazenove UK Opportunities Fund Annual Returns**

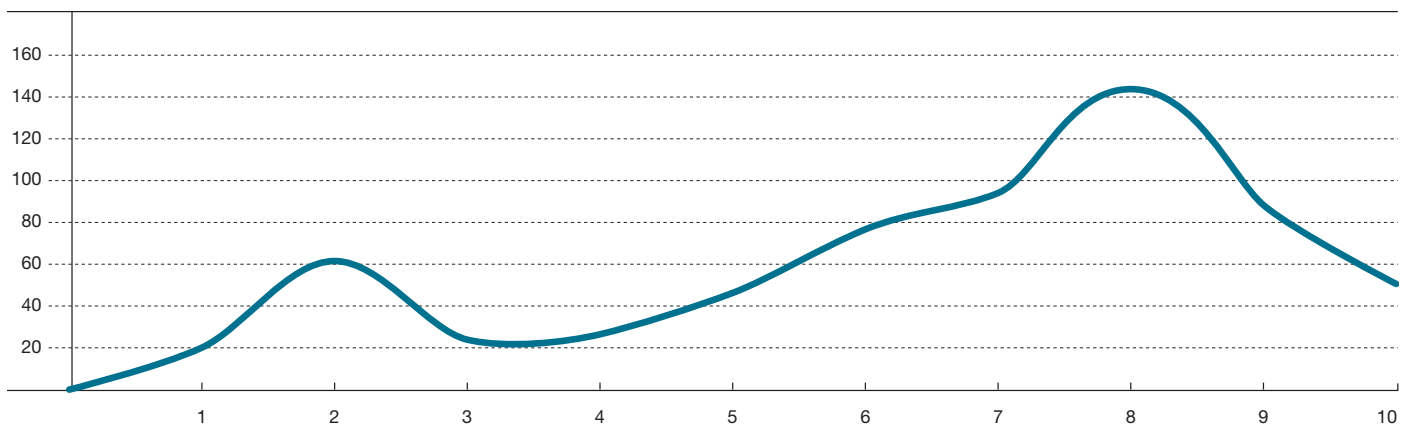
Percentage growth



Years (for period from 1 January 2001 to 31 December 2010)

**Cumulative Performance**

Percentage growth



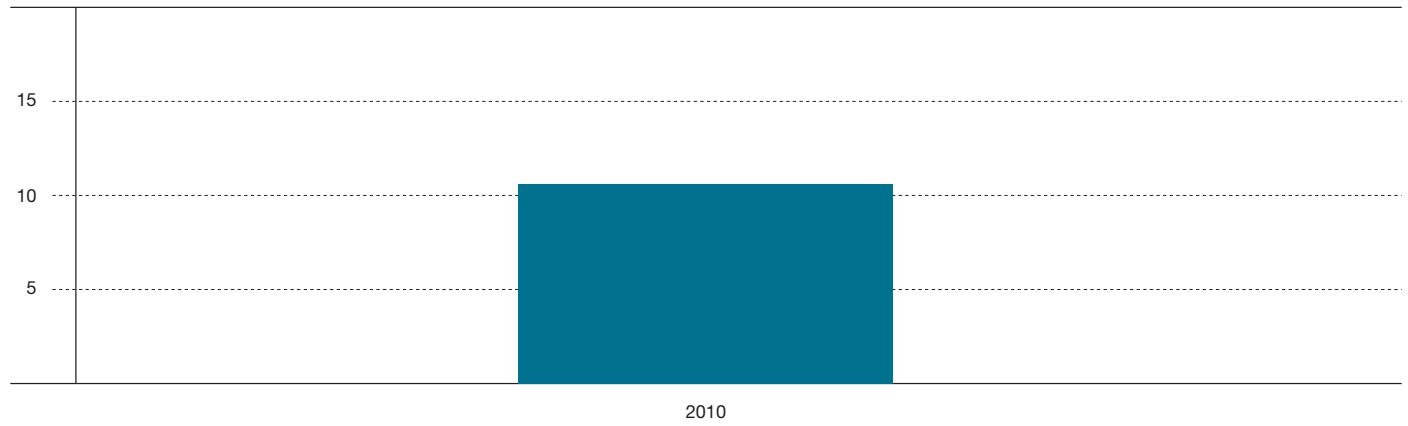
Years (for period from 1 January 2001 to 31 December 2010)

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**Cazenove Multi-Manager Diversity Balance Fund Annual Returns**

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Percentage growth



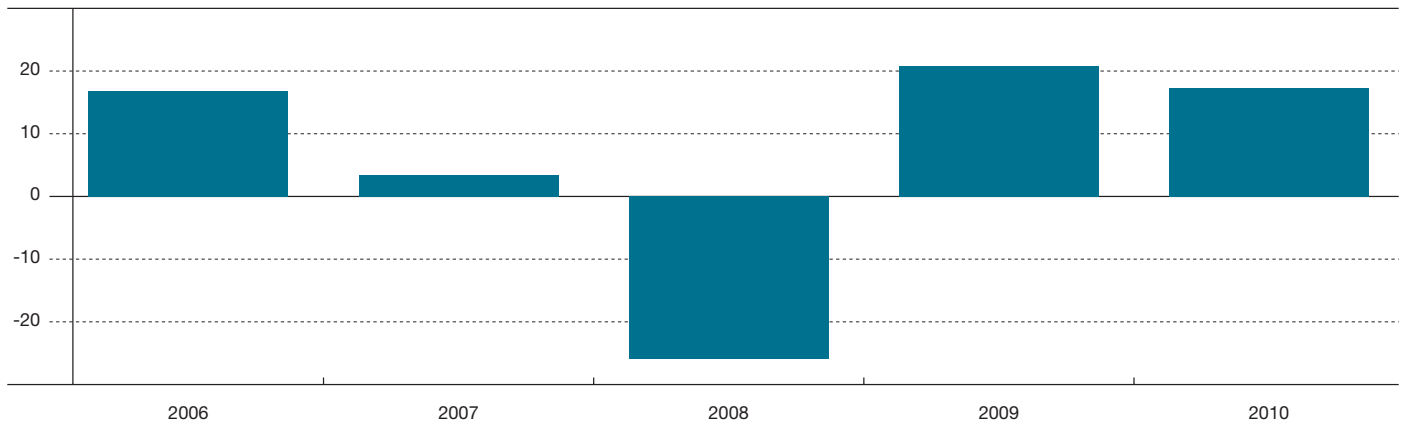
Years (for period from 1 January 2010 to 31 December 2010)

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### Cazenove UK Equity Income Fund Annual Returns

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Percentage growth



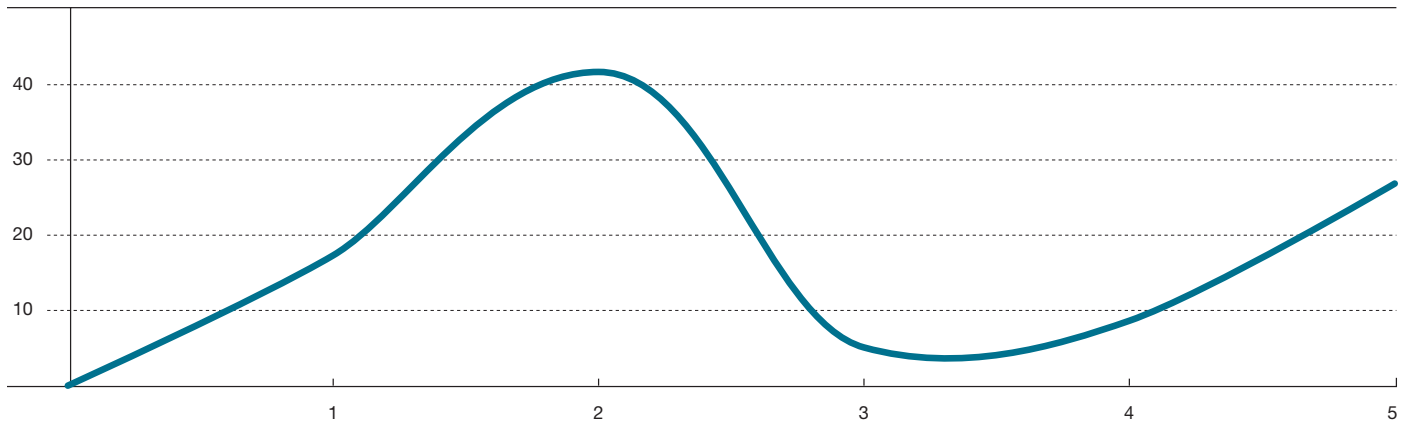
Years (for period from 1 January 2006 to 31 December 2010)

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### Cumulative Performance

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Percentage growth



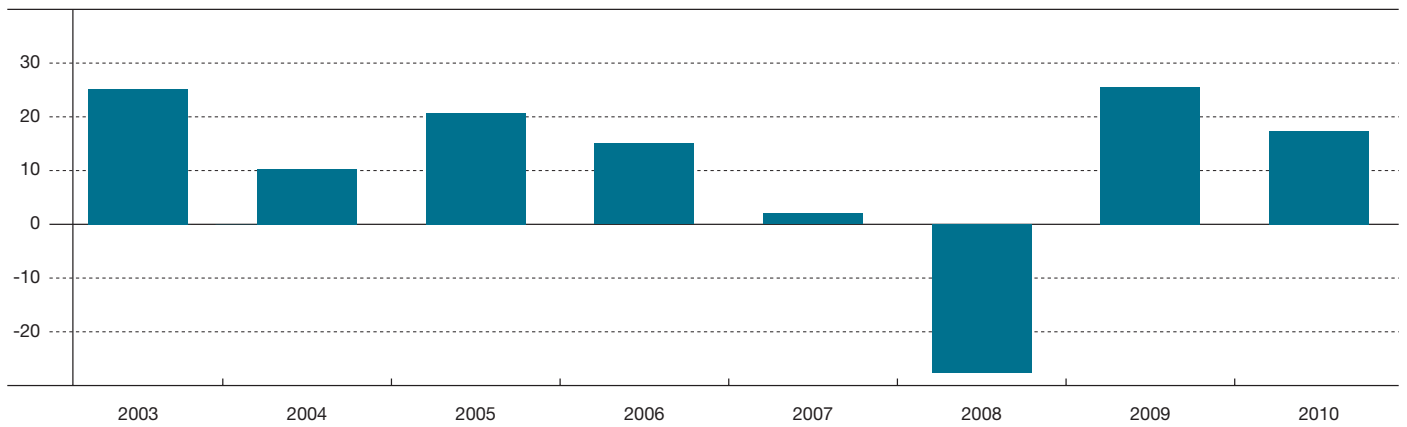
Years (for period from 1 January 2006 to 31 December 2010)

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### Cazenove UK Growth and Income Fund Annual Returns

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Percentage growth



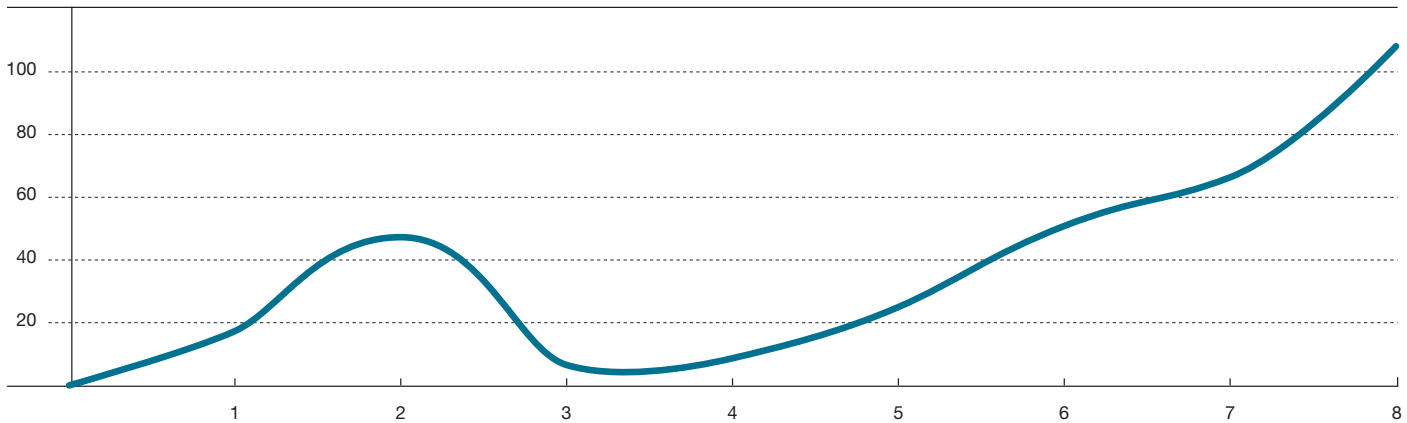
Years (for period from 1 January 2003 to 31 December 2010)

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### Cumulative Performance

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Percentage growth



Years (for period from 1 January 2003 to 31 December 2010)

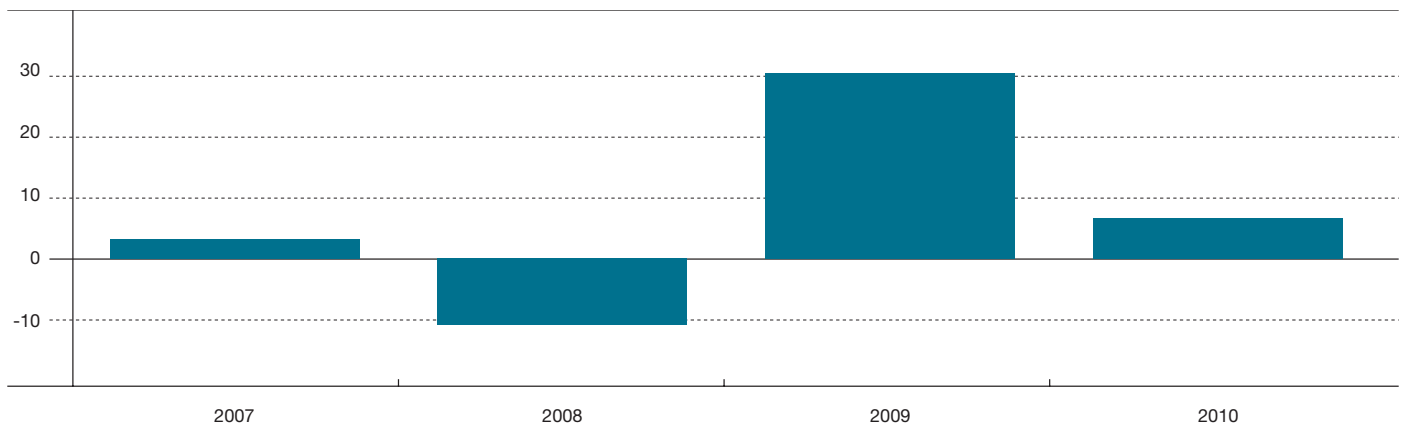


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### Cazenove Strategic Bond Fund Annual Returns

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Percentage growth



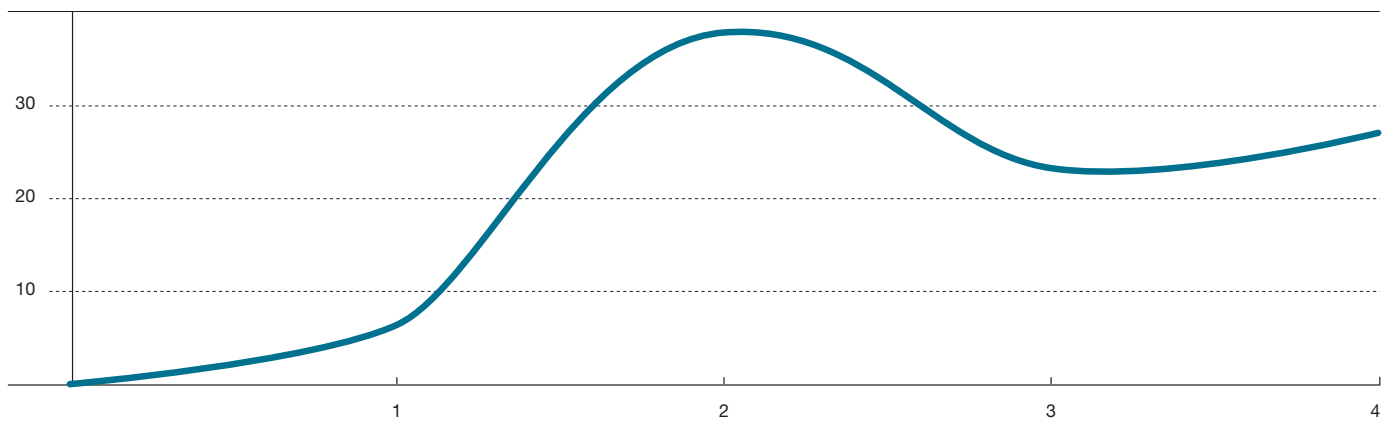
Years (for period from 1 January 2007 to 31 December 2010)

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### Cumulative Performance

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Percentage growth



Years (for period from 1 January 2007 to 31 December 2010)

# Appendix two

## Glossary

**Authorised Corporate Director:** The manager of an Open Ended Investment Company.

**Bonds:** A debt instrument issued for a period of more than one year with the purpose of raising capital by borrowing. Generally, a bond is a promise to repay the principal along with interest on a specified date or its maturity.

**Commodities:** Physical substances such as food, oil and metals, which investors buy or sell, usually through futures contracts.

**Convertibles:** A convertible security is a security that can be converted into another security, for example, a bond that under certain terms can be converted into equity.

**Counterparty:** The other party that participates in a financial transaction. Every transaction must have a counterparty in order for the transaction to go through.

**Credit default swap:** A agreement between two parties in which one party transfers the credit exposure of fixed income products to another in return for a series of payments.

**Derivatives:** A right or an obligation to buy from or sell to someone else another type of asset – such as a share or a bond – at a specific date and time in the future.

**Efficient Portfolio Management:** Investment techniques used by the fund manager with the specific purpose of reducing risk, reducing cost and/or generating additional capital or income.

**Equities:** The interest of the owner of common shares in a company.

**Forward transaction:** An agreement between two parties in which one agrees to buy from the other either foreign currency, a bond or some other asset on a fixed future date at a fixed rate of exchange.

**Futures:** An exchange traded contract in which one party agrees to buy from or sell to another party a specified commodity or financial instrument at a certain date in the future, at a market determined price.

**Hedge funds:** The hallmark of hedge funds is the pursuit of absolute returns in which they seek a positive return regardless of whether equity or fixed income markets are rising or falling. Hedge funds may adopt aggressive investment strategies and may apply non-traditional portfolio management techniques.

**Leverage:** Leverage takes the form of a loan or other borrowings (debt), the proceeds of which are (re)invested with the intent to earn a greater rate of return than the cost of interest. Derivatives may allow leverage without borrowing explicitly, though the “effect” of borrowing is implicit in the cost of the derivative.

**Liquidity:** The ease at which a share or bond can be bought and sold in the market. Generally it will be considered liquid if the purchase or sale does not significantly change the price.

**Preference shares:** These are a lower-risk class of share which give priority rights to a dividend from the company ahead of the ordinary shareholders. Preference shareholders, however, are usually behind bondholders in the priority payment queue.

**Professional Financial Adviser:** A professional financial adviser will assess your personal circumstances and recommend financial products that are suitable for you. You will generally have to pay for this service.

**Money market instruments:** Short-term financial instruments commonly called “paper” and will include commercial paper, repurchase agreements and similar instruments.

**Private equity:** Equity capital that is not quoted on a stock market. The funds raised through private equity are often used to develop new products and technologies, to expand working capital, to make acquisitions, or to strengthen a company’s balance sheet.

**Volatility:** The relative rate at which the price of a security moves up and down. Volatility is found by calculating the annualised standard deviation of the daily change in price. If the price of a stock moves up and down rapidly over short time periods, it has high volatility. If the price almost never changes, it has low volatility.

# Terms & conditions

These Terms and Conditions together with the appropriate Application Form, Simplified Prospectus and Prospectus are to be construed as one document constituting the entire terms of the agreement for the ISA between the parties and are together referred to as the 'ISA Agreement'.

The parties to the ISA Agreement are Cazenove Investment Fund Management Limited ('CIFM' or the 'Plan Manager') and the subscriber to the ISA (the 'Plan Holder').

- 1 CIFM is authorised and regulated by the Financial Services Authority ('FSA'). Copies of the Cazenove Investment Fund Company (the 'Company') Prospectus are available on request from CIFM at 12 Moorgate, London EC2R 6DA.
- 2 CIFM is approved by Her Majesty's Revenue and Customs ('HMRC') as an ISA Plan Manager and will manage the ISA in accordance with regulations for Individual Savings Accounts made under Sections 333, 333A and 333B of the Income and Corporation Taxes Act 1988, Sections 75 and 76 of the Finance Act 1998 and Section 151 of the Chargeable Gains Act 1992 as amended from time to time, currently the Individual Savings Account Regulations 1998 (together the 'ISA Regulations').
- 3 The Plan Holder warrants that he or she has not subscribed and will not subscribe to any other ISA for the same tax year he or she subscribes to a CIFM ISA under this ISA Agreement.
- 4 For the investment objective of each fund, please refer to the section in the Simplified Prospectus or Prospectus.
- 5 The Plan Manager will not enter into a transaction which will result in the Plan Holder having a short position in any investment nor a contingent liability in respect of any investments. Nor will the Plan Manager commit the Plan Holder to any underwriting obligations or borrow or raise money on behalf of the Plan Holder.
- 6 The Plan Manager may employ agents including any connected company to perform, or advise in relation to the performance by, of any of the functions and responsibilities required to be performed or provided under the terms of this ISA Agreement, provided that the Plan Manager is satisfied that any agent so appointed is competent to carry out those functions and

responsibilities. By an agreement entered into between the Plan Manager and Bank of New York Mellon (International) Limited (the 'Plan Administrator')(also the Registrar), the Plan Manager has appointed the Plan Administrator to perform administrative and other services in relation to and the ISA. Save as set out in clause 8 below, the Plan Manager will not be responsible and liable for the actions of the Plan Administrator and of other agents.

- 7 The Plan Manager may deal with the Plan Holder's money only in accordance with the regulations to which it, as a FSA regulated firm, are subject. Cash will not be held in relation to the Stocks and Shares ISA. Any income will be reinvested or paid directly into a bank account specified by the Plan Holder.
- 8 Investments held on behalf of the Plan Holder will be registered in the name of an eligible nominee. All securities are held by the Plan Administrator on behalf of our investors in a pooled account.

This means that the legal title to the investment is recorded in a single name. Individual investor interests are identified only within the Plan Administrator's safe custody records. The Plan Manager may merge ISAs held from discrete tax years. In doing so ISAs may not be identifiable by the tax year in which the ISA Holder invested and ISA Holders will not be permitted to make a partial transfer of their ISA Plan to another Plan Manager.

In relation to the safe custody of the Company's assets and in the event of a default by the Plan Administrator, the Plan Manager will be liable to the Plan Holder only to the extent that the Plan Manager failed to exercise reasonable skill and care over the Plan Administrator's appointment, or has failed to comply with the Rules and Regulations of the FSA, or where any loss arising is due to the Plan Manager's fraud, negligence or wilful default.

The Plan Manager will ensure collection of dividends, interest payments and other rights and their prompt posting.

- 9 The Plan Holder's ISA investment will be, and must remain in, the beneficial ownership of the Plan Holder and must not be used as security for a loan.

## Terms & conditions (continued)

- 10 The Plan Manager may effect transactions through such intermediaries as it may from time to time select. Subject to compliance with the Rules and Regulations of the FSA and of the London Stock Exchange, the Plan Manager shall bear any loss or be entitled to retain any profit or gain arising on any of the purchase or sale transactions made through the ISA.
- 11 Full details of the charges payable in respect of the ISA are set out in the Simplified Prospectus. The Plan Manager may change the bases and levels of charging one month after giving Plan Holders notice of such changes.
- 12 Unless the Plan Holder specifies otherwise, all cash received by way of dividends, income distributions, interest on bank deposits and payments of tax credits in respect of the ISA will be reinvested in that ISA (subject to the payment of charges due, if any).
- 13 The Plan Holder will be sent half-yearly valuations and reports for the ISA. The Plan Holder will also be sent a half-yearly statement of all purchases and sale transactions (if any) made on his behalf through the ISA.
- 14 The Plan Manager will, if the Plan Holder so requests, arrange for the Plan Holder to receive a copy of the annual short or long report and accounts. The Plan Manager will also, if the Plan Holder so requests, arrange for the Plan Holder to attend and vote, or vote by proxy, at meetings of investors convened by the Company.
- 15 The Plan Holder may at any time instruct the Plan Manager to transfer the ISA in cash to another plan manager. ISA transfers will be accepted on the Plan Holder's written instruction and within the time the Plan Holder stipulates, provided the plan manager to whom the transfer is to take place accepts the transfer. The Plan Manager will only accept instructions to transfer an ISA holding in whole. Partial transfers will not be accepted. Whilst in general the Plan Manager will carry out the transfer within the time stipulated, it may in certain circumstances take longer to complete the transfer and transfers will be subject to settlement of any outstanding transactions and payment of any commissions or charges due to the Plan Manager.
- 16 The Plan Holder shall have the right at any time to terminate the ISA Agreement (and thereby his/her ISA) by written notice which shall be effective upon receipt or such later date as may be specified in such notice.  
  
The Plan Manager may terminate the ISA Agreement (and thereby the Cazenove Investment Fund Management Limited ISA) by giving one month's written notice to the Plan Holder and if after the Plan Manager has given the Plan Holder such notice, the Plan Holder fails to give a direction under paragraph 17 below then in either case the Plan Manager shall sell all the investments and, as soon as reasonably practicable after the expiry of the notice of termination, transfer to the Plan Holder the net cash proceeds following such realisation. Any such transfer shall be subject to the completion of outstanding transactions and to any deductions which the Plan Manager may be entitled or bound to make under the ISA Regulations or in respect of accrued charges.
- 17 The Plan Holder may at any time request the Plan Manager to withdraw part or all of the ISA and release the proceeds to the Plan Holder. The Plan Manager reserves the right to make a charge of up to £15 (plus VAT) for each withdrawal. Unless the Plan Holder makes a full withdrawal, the minimum partial withdrawal amount is £500. The value of the ISA following any withdrawal must be at least £1,000. Withdrawals will normally be carried out no later than the next business day following the receipt of your written instructions, and in the case of total withdrawals, will be subject to settlement of any outstanding transactions and payment of any commissions or charges due to the Plan Manager. Payment will be made by post within five business days of the sale of the Plan Holder's shares, subject to the receipt of the Plan Holder's requirements.
- 18 Subject to 11, the Plan Manager may amend the terms of the ISA Agreement by giving the Plan Holder not less than 10 business days' notice unless it is impracticable in the circumstances to do so.
- 19 This ISA Agreement is personal to the Plan Holder and shall not be capable of assignment by him/her or of being transferred by him/her to any third party.

# Terms & conditions (continued)

- 20 The Plan Manager may assign or transfer any of its rights and obligations under the ISA Agreement, in whole or in part to any subsidiary of CCH or ultimate holding company of CCH (if any) that is authorised and regulated by the FSA and approved by HMRC as an ISA Plan Manager.
- 21 Neither the Plan Manager nor any connected company will be responsible for any loss of opportunity whereby the value of a fund could have been increased or for any decline in the value of a fund howsoever arising, except to the extent that such loss or decline is due to their negligence, willful default or fraud, or that of their employees. Neither the Plan Manager nor any connected company will be liable for any loss arising from errors of fact or judgement or any action taken (or omitted to be taken) by them, howsoever arising, except to the extent that any such error or action (or the omission thereof) is due to their negligence, willful default or fraud, or that of their employees.
- The Plan Manager shall not be liable for the consequence of any delay or failure in the performance of any of its obligations under this ISA Agreement if such delay or failure is caused by circumstances beyond its reasonable control.
- 22 The Plan Manager will make all appropriate claims, conduct appeals and agrees, on the Plan Holder's behalf, liabilities for and reliefs from tax in respect of the ISA's investment. It will account to HMRC for any tax arising under each ISA plan's investments out of ISA's assets. In all other respects, as regards taxation, the Plan Holder and any professional tax adviser of the Plan Holder are solely responsible for the management of the Plan Holder's affairs to the best advantage for tax purposes.
- 23 In making any decision or taking any step in connection with the management of the investment in the ISA neither the Plan Manager nor any connected company shall be obliged to disclose to the Plan Holder or to take into consideration information the disclosure of which to the Plan Holder would or might be a breach of duty or confidence to any other person. Nor, in such case, will the Plan Manager or connected company be obliged to disclose information or take into consideration information which comes to the notice of any director, employee, officer or agent of the Plan Manager or any connected company, but does not come to the actual notice of the individual making the decision or taking the step in question.
- 24 Any personal data obtained in the provision to the Plan Holder of the Plan Manager's services under this ISA Agreement will be held and processed by the Plan Manager in accordance with the relevant legislation. The Plan Manager will hold, use and otherwise process only such of the Plan Holder's personal data as is necessary to provide him or her with the Plan Managers' services. The Plan Manager will not pass the Plan Holder's personal data to any other organisation unless it is necessary to do so to fulfil its obligations under this ISA Agreement, or where required by any regulation or enactment, or with the Plan Holder's consent in accordance with the Data Protection Act 1998 as amended from time to time. The Plan Manager may need to transfer personal data internationally both to affiliates or to third parties for the purposes described above, including countries which may not offer protection for personal data as high as countries in the EEA. Agreement to this clause constitutes your consent to such transfers. The Plan Holder has a right to request access to his or her personal data held by the Plan Manager at any time and in writing. The Plan Holder may exercise his or her right by writing to the Compliance Officer.
- 25 The Plan Manager may provide to HMRC all material particulars of the Company, its sub-funds and its investments which HMRC may reasonably request.
- 26 The Plan Manager will notify the Plan Holder in writing, if, by reason of any failure to satisfy the provisions of the ISA Regulations, investment in the ISA Plan has or will become void.
- 27 Subject to the FSA Rules, the ISA Agreement (including the levels of the costs and charges charged to the Company and the remuneration receivable by the Plan Manager) may be amended by the Plan Manager from time to time. Plan Holders will be given notice of any such amendments.
- 28 The Plan Manager may make unsolicited calls on the Plan Holder under this ISA Agreement provided that the subject matter of any call is limited to matters relating to the Plan Holder's investment.

## Terms & conditions (continued)

- 29 This ISA Agreement is governed by and construed in accordance with English Law. The English Courts are to have exclusive jurisdiction to settle any disputes or claims which may arise out of or in connection with this ISA Agreement, for which purpose all parties agree to submit to the jurisdiction of the English Courts.
- 30 The information contained in the ISA Agreement is based on CIFM's understanding of current legislation and HMRC practice. Accordingly, the tax treatment of ISAs may be altered by future legislation or changes in interpretation.
- 31 Words and expressions defined in the FSA Handbook shall have the same meaning as in this ISA Agreement.
- 32 The provisions of the ISA Agreement are intended to be enforceable by any subsidiary of CCH or ultimate holding company of CCH (if any) by virtue of the Contract (Rights of Third Parties) Act 1999. The parties to the ISA Agreement agree that the agreement shall not be enforceable by any other person other than an investor, CIFM or subsidiary of CCH or ultimate holding company of CCH (if any).
- 33 These Terms and Conditions will come into force when the Plan Holder's Application Form is accepted by the Plan Manager, which will normally be on the day of its receipt. The Plan Manager reserves the right not to accept any application.



