

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

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

**PROSPECTUS**  
**of**  
**Vanguard FTSE 100 Index Unit Trust**

**(An authorised unit trust  
established under the laws  
of England and Wales)**

This document constitutes the Prospectus for Vanguard FTSE 100 Index Unit Trust which has been prepared in accordance with the Collective Investment Schemes Sourcebook.

This Prospectus is dated and is valid as at 14 March 2024.

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

## **Vanguard FTSE 100 Index Unit Trust**

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

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

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

The Units have not been and will not be registered under the U.S. Securities Act of 1933, as amended. Subject to certain exceptions, the Units may not be offered or sold in the U.S. or offered or sold to U.S. Persons. The Scheme has not been and will not be registered under the U.S. Investment Scheme Act of 1940, as amended. The Manager has not been registered under the U.S. Investment Advisers Act of 1940.

Units in the Scheme are not listed or dealt on any investment exchange.

For purposes of the General Data Protection Regulation 2016 as it forms part of the law of England and Wales, Scotland and Northern Ireland by virtue of section 3 of the EUWA and the Data Protection Act 2018, the data controller in relation to any personal data supplied is the Manager.

The Manager is responsible for the personal data received on behalf of the Scheme. The Manager and its affiliates take their data protection and privacy responsibilities seriously. For full details on how we collect, use and share personal data in the course of our business activities, what legal rights you have to help manage your privacy, and how you can contact us for support, please follow the link to our privacy policy <https://fund-docs.vanguard.com/uk-limited-privacy-policy.pdf>.

The provisions of the Scheme's Trust Deed are binding on each of its Unitholders (who are taken to have notice of them).

This Prospectus has been issued and approved for the purpose of Section 21 of the Financial Services and Markets Act 2000 by the Manager.

This Prospectus is based on information, law and practice at the date hereof. The Scheme cannot be bound by an out of date prospectus when it has issued a new prospectus, and investors should check with the Manager that this is the most recently published prospectus.

**The value of the Scheme may go down as well as up, and investors may not get back the amount invested or any return on an investment. There can be no assurance that the**

**Scheme will achieve its investment objective. Potential investors should not treat the contents of this Prospectus as advice relating to legal, taxation, investment or any matters and are recommended to consult their own professional advisers concerning the acquisition, holding or disposal of Units. No representations or warranties are made in respect of suitability.**

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## TERMS USED IN THIS DOCUMENT

<b>‘Accumulation Units’</b>	Units (of whatever Class) in the Scheme as may be in issue from time to time in respect of which income allocated thereto is credited periodically to capital pursuant to the COLL Sourcebook net of any tax deducted or accounted for by the Scheme;
<b>‘Administrator and Registrar’</b>	both SS&C Financial Services Europe Limited and SS&C Financial Services International Limited or such other person or persons to whom the Manager may delegate such functions from time to time;
<b>‘BACS’</b>	Bankers’ Automated Clearing Services;
<b>‘Business Day’</b>	every day on which the London Stock Exchange is open for trading; provided, however, that if for any reason (in the sole determination of the Manager) the fair and accurate valuation of the Scheme’s portfolio of securities, or a significant portion thereof, in accordance with the COLL Sourcebook, this Prospectus and the Trust Deed is impeded, the Manager may decide that any Business Day shall not be construed as such;
<b>‘Class’</b>	all of the Units relating to a particular class or classes of Units;
<b>‘COLL’</b>	refers to the appropriate chapter, section or rule in the COLL Sourcebook;
<b>‘COLL Sourcebook’</b>	the rules contained in the Collective Investment Schemes Sourcebook, as amended from time to time, issued by the FCA as part of the FCA Handbook, which shall, for the avoidance of doubt, not include guidance or evidential requirements contained in the said sourcebook;
<b>‘Custodian’</b>	State Street Bank and Trust Company or such other person to whom the Trustee may delegate the function of custody from time to time;
<b>‘Cut-Off Time’</b>	the point on a Dealing Day prior to which a transaction must be received by the Administrator and Registrar in order to permit the transaction to receive that Dealing Day’s Valuation Point for the Scheme as set out in Appendix 1;
<b>‘Dealing Day’</b>	any day that the Manager accepts subscription or redemption orders for the Scheme, or any such other day or days as may be determined by the Manager and notified to Unitholders in advance, details of which are set out in Appendix 1;
<b>‘EEA’</b>	the European Economic Area;
<b>‘EEA State’</b>	a member state of the EEA;
<b>‘EEA UCITS Scheme’</b>	a collective investment scheme established in accordance with

	the UCITS Directive in an EEA State;
<b>‘ESMA’</b>	the European Securities and Markets Authority;
<b>‘EU’</b>	the European Union;
<b>‘Euro’ or ‘€’</b>	the European euro, the lawful currency of the Economic and Monetary Union of the EU from time to time;
<b>‘EUWA’</b>	the European Union (Withdrawal) Act 2018;
<b>‘Excess Return’</b>	the difference between the performance of the Scheme and the performance of the index tracked by the Scheme over a stated period of time, as further described in the “Excess Return and Tracking Error” section of this Prospectus;
<b>‘FCA’</b>	the Financial Conduct Authority or any successor body thereto;
<b>‘FCA Handbook’</b>	the FCA Handbook of rules and guidance, as amended from time to time;
<b>‘FDI’</b>	financial derivative instruments;
<b>‘FSMA’</b>	the Financial Services and Markets Act 2000;
<b>‘HMRC’</b>	HM Revenue & Customs;
<b>‘Income Units’</b>	Units (of whatever Class) in the Scheme as may be in issue from time to time in respect of which income allocated thereto is distributed periodically to the holders thereof pursuant to the COLL Sourcebook net of any tax deducted or accounted for by the Scheme;
<b>‘Investment Adviser’</b>	Vanguard Global Advisers, LLC;
<b>‘Manager’</b>	Vanguard Investments UK, Limited, the authorised fund manager of the Scheme;
<b>‘Member State’</b>	a member state of the EU;
<b>‘Net Asset Value’ or ‘NAV’</b>	the value of the Scheme Property less the liabilities of the Scheme as calculated in accordance with the Trust Deed and the FCA Handbook;
<b>‘OTC derivative’</b>	an FDI dealt over-the-counter (off-exchange);
<b>‘Register’</b>	the register of Unitholders kept on behalf of the Scheme;
<b>‘Regulations’</b>	the rules set out in the COLL Sourcebook;
<b>‘Relevant Institution’</b>	a credit institution which is authorised in the EEA, the U.K., Switzerland, Canada, Japan, the United States, Jersey, Guernsey, the Isle of Man, Australia or New Zealand;
<b>‘Scheme’</b>	Vanguard FTSE 100 Index Unit Trust;

<b>‘Scheme Property’</b>	the property of the Scheme required under the COLL Sourcebook to be given for safekeeping to the Trustee;
<b>‘SDRT’</b>	U.K. Stamp Duty Reserve Tax;
<b>‘SDRT Charge’</b>	a charge to reimburse the Scheme for SDRT;
<b>‘Sterling’ or ‘£’ or ‘GBP’</b>	U.K. pounds sterling, the lawful currency of the U.K.;
<b>‘Tracking Error’</b>	the volatility of the difference between the return of the Scheme and the return of the index tracked by the Scheme, as further described in the “Excess Return and Tracking Error” section of this Prospectus;
<b>‘Trust Deed’</b>	the trust deed of the Scheme dated 20 September 2016, as amended from time to time;
<b>‘Trustee’</b>	State Street Trustees Limited, the trustee of the Scheme, or such other entity as is appointed to act as Trustee;
<b>‘UCITS Directive’</b>	European Parliament and Council Directive No. 2009/65/EC of 13 July 2009 as amended, which applies to EEA UCITS Schemes;
<b>‘U.K.’</b>	the United Kingdom;
<b>‘U.K. UCITS Rules’</b>	the COLL Sourcebook and the Collective Investment Schemes (Amendment etc) (EU Exit) Regulations 2019 No.325;
<b>‘U.K. UCITS Scheme’</b>	a UK UCITS as defined in the glossary of definitions in the FCA Handbook;
<b>‘Unit’ or ‘Units’</b>	a unit in the property of the Scheme;
<b>‘Unitholder’</b>	a holder of registered Units;
<b>‘U.S.’</b>	the United States of America, its possessions and territories, including any state of the United States of America and the District of Columbia;
<b>‘U.S. Person’</b>	any person falling within the definition of the term U.S. Person under Regulation S promulgated under the U.S. Securities Act of 1933, as amended;
<b>‘Valuation Point’</b>	the point on a Dealing Day whether on a periodic basis or for a particular valuation, at which the Manager carries out a valuation of the Scheme Property for the Scheme for the purpose of determining the price at which Units of a Class may be issued, cancelled, sold or redeemed, as set out in Appendix 1;
<b>‘Vanguard Group of Companies’</b>	the group of companies of which The Vanguard Group, Inc. is the ultimate parent.

## **DIRECTORY**

### **The Manager**

Vanguard Investments UK, Limited  
4th Floor, The Walbrook Building  
25 Walbrook  
London EC4N 8AF  
United Kingdom

### **The Trustee**

State Street Trustees Limited  
20 Churchill Place  
London E14 5HJ  
United Kingdom

### **Administrator and Registrar**

SS&C Financial Services Europe Limited  
and SS&C Financial Services International  
Limited  
St. Nicholas Lane  
Basildon  
Essex SS15 5FS  
United Kingdom

### **Auditor**

PricewaterhouseCoopers LLP  
7 More London Riverside  
London SE1 2RT  
United Kingdom

### **Investment Adviser**

Vanguard Global Advisers, LLC  
P.O. Box 2600  
Valley Forge, PA 19482  
U.S.A.

## **THE SCHEME**

### **General**

Vanguard FTSE 100 Index Unit Trust is a unit trust established under the Trust Deed and authorised by the FCA under Section 243 of the Act on 20 September 2016 (FCA Product Reference Number: 758854). The Scheme is governed by the Regulations, the Trust Deed and this Prospectus and is of unlimited duration.

### **Units**

The nature of the right represented by Units is that of a beneficial interest under a trust.

Unitholders are not liable for the debts of the Scheme.

Units in the Scheme may be marketed in countries other than the U.K., subject to the Regulations, and any regulatory constraints in those countries, if the Manager so decides.

### **Base Currency**

The base currency for the Scheme is Sterling or such other currency or currencies as shall be the lawful currency of the U.K.

### **Category of Scheme**

The Scheme is a U.K. UCITS Scheme.

### **Further Information**

Further general information concerning the Scheme, Unitholder meetings and voting rights, provisions relating to the winding up of the Scheme and other matters is contained in Appendix 5.

## MANAGEMENT AND ADMINISTRATION

### **The Manager**

#### *General*

The Manager of the Scheme is a private limited company incorporated in England and Wales on 8 May 2001 with registered number 4212659. Its registered office address is 4th Floor, the Walbrook Building, 25 Walbrook, London EC4N 8AF.

The Manager's ultimate parent company is The Vanguard Group, Inc., which is incorporated in Pennsylvania, U.S.

#### *Share Capital*

The Manager has an issued and fully paid-up share capital of £5,200,000.

#### *Regulatory status*

The Manager is authorised and regulated by the FCA.

#### *Directors of the Manager*

The directors of the Manager are:

- John Bendl
- Maureen Erasmus
- Paul Jakubowski
- Robyn Laidlaw
- Daniel Waters

No director of the Manager is engaged in any business activity of significance to the Scheme's business that is not connected with the business of the Manager, its ultimate parent company or other affiliated companies.

#### *Responsibilities of the Manager*

The Manager is responsible for managing and administering the Scheme's affairs pursuant to the Trust Deed and the Regulations.

The Manager may delegate all or some of its powers and duties, subject to conditions set out in the Regulations, and has delegated the certain administrative functions and the function of registrar to the Administrator and Registrar, the function of accounting to State Street Bank and Trust Company and the function of investment management to the Investment Adviser.

The Manager may provide similar services for other clients.

Details of the remuneration payable to the Manager are provided under the heading "Manager's Charges and Expenses" in the "Charges and Expenses" section of this Prospectus.

#### *Other schemes managed/operated by the Manager*

The Manager also serves as the authorised fund manager of Vanguard FTSE U.K. All Share Index Unit Trust and as the authorised corporate director of Vanguard Investments Funds ICVC, Vanguard Investments Money Market Funds and Vanguard LifeStrategy Funds ICVC.

## *Remuneration Policies and Practices*

Vanguard personnel providing services to the Manager are subject to the Vanguard European Remuneration Policy (the “**Remuneration Policy**”). The Remuneration Policy has been designed to ensure that Vanguard’s European remuneration policies and practices are consistent with, and promote, sound and effective risk management, and are in line with the business strategy and objective of the Vanguard group of European companies (“**Vanguard Europe**”) and the interests of the group and its stakeholders. The Remuneration Policy complies with the requirements of the UK IFPRU Remuneration Code and the U.K. UCITS Rules.

The Remuneration Policy provides for an appropriate balance of fixed salary; benefits, such as pension, life assurance and health insurance; and bonus arrangements, based on the overall business performance of the Vanguard Group, or individual, team, business unit and fund performance, together with certain qualitative criteria, such as compliance with policies and procedures.

Details of the Remuneration Policy are available through <https://fund-docs.vanguard.com/ucits-v-remuneration-policy.pdf>, which will be updated periodically to reflect changes to the Policy. A paper copy of these details may be obtained, free of charge on request, from the Head of Human Resources, Europe, Vanguard Asset Services, Limited, 4<sup>th</sup> Floor, The Walbrook Building, 25 Walbrook, London EC4N 8AF.

## **Investment Adviser**

The Investment Adviser to the Scheme is a private limited company incorporated in Pennsylvania, U.S. and is part of the Vanguard Group of Companies. The Investment Adviser is registered with the U.S. Securities and Exchange Commission (“**SEC**”) as an investment adviser under the U.S. Investment Advisers Act of 1940. The Investment Adviser currently provides investment management and advisory services to collective investment schemes domiciled in the U.K. and Ireland as well as non-U.S. separate account clients.

The Investment Adviser or the Manager may, from time to time, appoint other companies, including without limitation companies connected with the Vanguard Group of Companies, as sub-investment managers with responsibility to provide investment management and advisory services with respect to the Scheme. Details of sub-investment advisers will be disclosed in the Scheme’s periodic reports.

## *Terms of Appointment*

The Investment Adviser provides its services under the terms of an investment advisory and management agreement between the Manager and Vanguard Group, Inc (the former investment adviser) dated 12 October 2016 (the “**Investment Advisory Agreement**”) pursuant to a novation and amendment agreement between the Manager, Vanguard Group, Inc and the Investment Adviser, dated 2 January 2018 and effective 15 January 2018. The Investment Advisory Agreement provides that the Investment Adviser will have discretionary authority to manage the Scheme Property within the investment objectives, investment policy and any restrictions set out in the Trust Deed, this Prospectus, the COLL Sourcebook and FSMA. The Investment Adviser has authority to delegate certain functions to sub-advisers. The Investment Advisory Agreement may be terminated by the mutual written agreement of the parties or earlier upon the happening of certain specified events.

The Investment Adviser is entitled to a fee for its services, which is paid out of the annual

management charge made by the Manager. The Investment Adviser has authority to delegate certain functions to sub-advisers, and such sub-advisers are remunerated by the Investment Adviser out of its own fee.

### **The Administrator and Registrar**

The Manager has appointed the Administrator and Registrar, with the responsibilities to act as registrar to the Scheme and to provide services to it including certain administration functions.

The registered office of the Administrator and Registrar is at St. Nicholas Lane, Basildon, Essex SS15 5FS. The Administrator and Registrar is an affiliated company of the Trustee.

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

The Administrator and Registrar will receive a fee paid by the Manager out of its remuneration received from the Scheme.

### **The Trustee**

#### *General*

The Scheme's Trustee is a private limited company incorporated in England and Wales on 24 October 1994 (registered no. 2982384). Its registered office is at 20 Churchill Place, London E14 5HJ. The ultimate holding company of the Trustee is State Street Corporation, which is incorporated in Massachusetts, U.S. The principal business activity of the Trustee is to provide trustee and depositary services to collective investment schemes. The Trustee is authorised and regulated by the FCA.

The Trustee provides its services under the terms of an agreement between the Manager and the Trustee dated 27 September 2016 as amended pursuant to an addendum agreement dated 23 April 2019 (the "**Depositary Agreement**"). The Depositary Agreement may be terminated by not less than 90 days' notice given by either the Manager or the Trustee, provided that the Trustee may not retire voluntarily except on the appointment of a new trustee.

The Trustee will receive a fee paid by the Manager out of its remuneration received from the Scheme.

#### *Trustee's functions*

Subject to the Regulations and the terms of the Trust Deed and the Depositary Agreement, the Trustee has been entrusted with the following main functions:

- (i) ensuring that the sale, issue, repurchase, redemption and cancellation of Units are carried out in accordance with applicable law, the Regulations, the Trust Deed and this Prospectus;
- (ii) ensuring that the value of the Units is calculated in accordance with applicable law, the Regulations, the Trust Deed and this Prospectus;
- (iii) carrying out the instructions of the Manager unless they conflict with applicable law, the Regulations, the Trust Deed and this Prospectus;

- (iv) ensuring that in transactions involving the assets of the Scheme any consideration is remitted within the usual time limits;
- (v) ensuring that the income of the Scheme is applied in accordance with applicable law, the Regulations, the Trust Deed and this Prospectus;
- (vi) monitoring the Scheme's cash and cash flows; and
- (vii) safekeeping of the Scheme Property, including the safekeeping of financial instruments to be held in custody and ownership verification and record keeping in relation to other assets.

In carrying out its duties the Trustee shall act honestly, fairly, professionally, independently and solely in the interests of the Scheme and its Unitholders.

#### *Trustee's liability*

In the event of a loss of a financial instrument held in custody, determined in accordance with the U.K. UCITS Rules, the Trustee shall return financial instruments of identical type or the corresponding amount to the Manager acting on behalf of the Scheme without undue delay.

The Trustee shall not be liable if it can prove that the loss of a financial instrument held in custody has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary pursuant to the U.K. UCITS Rules.

In case of a loss of financial instruments held in custody, the Unitholders may invoke the liability of the Trustee directly or indirectly through the Manager provided that this does not lead to a duplication of redress or to unequal treatment of the Unitholders.

The Trustee is indemnified by the Scheme against all liabilities suffered or incurred by the Trustee by reason of the proper performance of the Trustee's duties under the terms of the Depositary Agreement save where any such liabilities arise as a result of the Trustee's negligence, fraud, bad faith, wilful default or recklessness of the Trustee or the loss of financial instruments held in custody.

The Trustee will be liable to the Scheme for all other losses suffered by the Scheme as a result of the negligent or intentional failure to properly fulfil its obligations pursuant to the U.K. UCITS Rules.

The Trustee shall not be liable for consequential or indirect or special damages or losses, arising out of or in connection with the performance or non-performance by the Trustee of its duties and obligations.

#### *Delegation*

The Trustee has full power to delegate the whole or any part of its safekeeping functions but its liability will not be affected by the fact that it has entrusted to a third party some or all of the assets in its safekeeping. The Trustee's liability shall not be affected by any delegation of its safekeeping functions under the Depositary Agreement.

Information about the safekeeping functions which have been delegated and the identification of the relevant delegates and sub-delegates are contained in Appendix 6.

### *Conflicts of interest*

The Trustee is part of an international group of companies and businesses (“**State Street**”) that, in the ordinary course of their business, act simultaneously for a large number of clients, as well as for their own account, which may result in actual or potential conflicts. Conflicts of interest arise where the Trustee or its affiliates engage in activities under the Depositary Agreement or under separate contractual or other arrangements. Such activities may include:

- (i) providing nominee, administration, registrar and transfer agency, research, agent stock lending, investment management, financial advice and/or other advisory services to the Scheme; and
- (ii) engaging in banking, sales and trading transactions including foreign exchange, derivative, principal lending, broking, market making or other financial transactions with the Scheme, either as principal and in the interests of itself, or for other clients.

The Trustee or its affiliates:

- (i) will seek to profit from such activities and are entitled to receive and retain any profits or compensation in any form, except as required by law, the Trustee is not bound to disclose to the Scheme the nature or amount of any such profits or compensation, including any fee, charge, commission, revenue share, spread, mark-up, mark-down, interest, rebate, discount, or other benefit received in connection with any such activities or earned by the Trustee or any of its affiliates when acting in any other capacity;
- (ii) may buy, sell, issue, deal with or hold, securities or other financial products or instruments as principal acting in its own interests, the interests of its affiliates or for its other clients;
- (iii) may trade in the same or opposite direction to the transactions undertaken, including based upon information in its possession that is not available to the Scheme;
- (iv) may provide the same or similar services to other clients including competitors of the Scheme and the fee arrangements it has in place will vary; and
- (v) may be granted creditors’ rights by the Scheme e.g. indemnification, which it may exercise in its own interest. In exercising such rights the Trustee or its affiliates may have the advantage of an increased knowledge about the affairs of the Scheme relative to third party creditors thus improving its ability to enforce and may exercise such rights in a way that may conflict with the Scheme’s strategy.

The Scheme may use an affiliate of the Trustee to execute foreign exchange, spot or swap transactions for the account of the Scheme. In such instances, the affiliate shall be acting in a principal capacity and not as a broker, agent or fiduciary of the Scheme. The affiliate will seek to profit from these transactions and is entitled to retain and not disclose any profit to the Scheme. The affiliate shall enter into such transactions on the terms and conditions agreed with the Scheme. The Trustee will not, except as required by law, disclose any profit made by such affiliates.

Where cash belonging to the Scheme is deposited with an affiliate being a bank, cash is not segregated from its own assets and a conflict arises in relation to the interest (if any) which the affiliate may pay or charge to such account and the fees or other benefits which it may derive from holding such cash as banker.

The Manager may also be a client or counterparty of the Trustee or its affiliates and a conflict may arise where the Trustee refuses to act if the Manager directs or otherwise instructs the Trustee to take certain actions that might be in direct conflict with the interest of the investors in a Scheme.

The types and levels of risk that the Trustee is willing to accept may conflict with the Scheme's preferred investment policy and strategy.

Conflicts that may arise in the Trustee's use of sub-custodians include five broad categories:

- (i) our global custodian and sub-custodians seek to make a profit as part of or in addition to their custody services. Examples include profit through the fees and other charges for the services, profit from deposit taking activities, revenue from sweeps and repo arrangements, foreign exchange transactions, contractual settlement, error correction (where consistent with applicable law) and commissions for sale of fractional shares;
- (ii) the Trustee will typically only provide depositary services where global custody is delegated to an affiliate of the Trustee. Our global custodian in turn appoints a network of affiliated and non-affiliated sub-custodians. Multiple factors influence the determination of our global custodian to engage a particular sub-custodian or allocate assets to them, including their expertise and capabilities, financial condition, service platforms and commitment to the custody business as well as the negotiated fee structure (which may include terms that result in fee reductions or rebates to the global custodian), significant business relationships and competitive considerations;
- (iii) sub-custodians, both affiliated and non-affiliated, act for other clients and in their own proprietary interest, which might conflict with clients' interests and the fee arrangements they have in place will vary;
- (iv) sub-custodians, both affiliated and non-affiliated, have only indirect relationships with clients and look to the Trustee as their counterparty, which might create incentive for the Trustee to act in its self-interest, or other clients' interests to the detriment of clients; and
- (v) sub-custodians may have creditors' rights against client assets and other rights that they have an interest in enforcing.

The Trustee has functionally and hierarchically separated the performance of its depositary tasks from its other potentially conflicting tasks. The system of internal controls, the different reporting lines, the allocation of tasks and the management reporting allow potential conflicts of interest to be properly identified, managed and monitored. Additionally, in the context of the Trustee's use of sub-custodians, the Trustee imposes contractual restrictions to address some of the potential conflicts and maintains due diligence and oversight of sub-custodians. The Trustee makes available frequent reporting on clients' activity and holdings, with the underlying sub-custodians subject to internal and external control audits. Finally, the Trustee segregates the Scheme's assets from the Trustee's proprietary assets and follows a Standard of Conduct that requires employees to act ethically, fairly and transparently with clients.

State Street has implemented a global policy laying down the standards required for identifying, assessing, recording and managing all conflicts of interest which may arise in the course of business. Each State Street business unit, including the Trustee, is responsible for establishing and maintaining a Conflicts of Interest Program for the purpose of identifying and

managing organisational conflicts of interest that may arise within the business unit in connection with providing services to its clients or in delivering its functional responsibilities.

Up-to-date information on the Trustee, its duties, any conflicts that may arise, the safekeeping functions delegated by the Trustee, the list of delegates and sub-delegates in Appendix 6, and any conflicts of interest that may arise from such a delegation, will be made available to Unitholders on request.

## **The Auditor**

The auditor of the Scheme is PricewaterhouseCoopers LLP.

## **General**

The Manager and the Trustee must each comply with the relevant requirements of the COLL Sourcebook in a timely manner unless delay is lawful and also in the interests of the Scheme.

The Manager and the Trustee may retain the services of the other, or of third parties, to assist them in fulfilling their respective roles. However:

- (i) the Trustee may not delegate oversight of the Scheme to the Manager or any associate of the Manager, or custody or control of the Scheme Property to the Manager; and
- (ii) any delegation of custody of the Scheme Property must be under arrangements which allow the custodian to release documents into the possession of a third party only with the Trustee's consent.

Where functions are performed by third parties, the Manager remains responsible for the management of the Scheme Property and, if the third party is an associate, any other functions which are within the role of the Manager.

## **Conflicts of Interest**

The COLL Sourcebook contains various requirements relating to transactions entered into between the Scheme and the Manager, the Trustee, the Investment Adviser or any associate of them which may involve a conflict of interest. These are designed to protect the interests of the Scheme.

The Manager, the Trustee, the Investment Adviser, the Administrator and Registrar and other companies connected with them may, from time to time, act as manager, depositary / custodian, trustee, investment manager / adviser, administrator, registrar or distributor in relation to, or be otherwise involved in, other funds or collective investment schemes which follow similar investment objectives to that of the Scheme. It is therefore possible that any of them may, in the course of their business, have potential conflicts of interest with the Scheme. Each will at all times have regard in such event to its obligations under the Trust Deed, the Regulations and any relevant agreement by which it is bound in relation to the Scheme, and, in particular, to its obligation to act in the best interests of the Scheme so far as is practicable, having regard to its obligations to other clients when undertaking any investment or otherwise where potential conflicts of interest may arise, and each will endeavour to ensure that any such conflicts are resolved fairly.

In selecting brokers to make purchases and sales of investments for the Scheme, the Investment Adviser (or any sub-investment adviser) will choose those brokers who provide best execution to the Scheme in accordance with applicable law. In determining what constitutes best

execution, the Investment Adviser (or sub-investment adviser) will consider, amongst other things, the overall economic result of the Scheme (including the price of commission), the efficiency of the transaction, the broker's ability to effect the transaction if a large block is involved, the availability of the broker for difficult transactions in the future and the financial strength and stability of the broker. The brokers selected to make purchases and sales of investments for the Scheme will be required to comply with the Investment Adviser's execution policy. A copy of the Investment Adviser's execution policy is available on request.

The Manager, the Investment Adviser or any sub-investment adviser are prohibited from receiving any in-kind benefits, soft commission arrangements or other inducements from a broker, whether utilised in executing a transaction or otherwise. In managing the assets of the Scheme, the Investment Adviser (or sub-investment adviser) may from time to time receive or utilise certain investment research and other investment related commentary, statistics, information or material (collectively "**Research**") provided by third parties. Direct charges for Research will be borne by the Investment Adviser out of its fees and will not, in any circumstances be allocated to the Scheme.

At the time of launch, the Scheme may have received initial (or "seed") investment from entities within the Vanguard Group of Companies. The Scheme is permitted to receive such seed investment, and entities within the Vanguard Group of Companies are at liberty to provide it, notwithstanding any relevant restrictions on investment in the Scheme by non-UK entities.

The Manager, Trustee, Investment Adviser, including any of their associates, and the Auditor are not liable to account to one another or to the Unitholders of the Scheme for any profits or benefits they make or receive that are made or derived from or in connection with: (1) dealings in the Units of the Scheme; or (2) any transaction in Scheme Property; or (3) the supply of services to the Scheme.

## THE SCHEME

### Investment Objective and Policy of the Scheme

The investment objective and policy of the Scheme are set out in **Appendix 1**.

The assets of the Scheme will be invested with the aim of achieving the investment objective and in accordance with the investment policy. They must also be invested so as to comply with the investment and borrowing powers and restrictions set out in the COLL Sourcebook as they apply to a U.K. UCITS Scheme, the Trust Deed and this Prospectus.

As stated in **Appendix 1**, the Scheme follows a passive investment strategy in seeking to achieve its objective. “Passive management” takes the form of tracking a specific index in order to replicate its performance, in contrast to “active management” which involves the making of specific investment decisions with the aim of outperforming an index or benchmark. A passive style of management can be less volatile than actively managed funds which invest in the securities of the same index. However, passive funds are not free from risks and still exhibit the same return and risk characteristics of investing in a large number of shares in companies and other securities.

A summary of the investment powers and restrictions applicable to the Scheme is set out in **Appendix 3**. Details of eligible security and derivative markets for the Scheme are also set out in **Appendix 3**.

### Portfolio Investment Techniques

Investment techniques and instruments relating to transferable securities and money market instruments may be employed for efficient portfolio management of the assets of the Scheme, including hedging against market movements, currency exchange or interest rate risks under the conditions and within the limits stipulated by the COLL Sourcebook, as described in **Appendix 4**. Except as the COLL Sourcebook may permit and this Prospectus specify, the Scheme may not be leveraged in excess of 100% of its Net Asset Value.

### Index Tracking

As set out in the Investment Objective of the Scheme, the performance of the Scheme will normally be measured against an index, which will be tracked as set out in **Appendix 1**.

### Benchmarks Regulation

Regulation (EU) 2016/1011 (the “**Benchmarks Regulation**”) came into full effect on 1 January 2018. In respect of the Scheme, the Benchmarks Regulation prohibits the use of indices provided by benchmark administrators, other than in accordance with the Benchmarks Regulation. The Benchmarks Regulation, which is part of U.K. law by virtue of the EUWA, introduced a requirement for all benchmark administrators providing indices in the EU or the U.K. to be authorised or registered on a public register maintained by ESMA for those provided in the EU (or the FCA for those provided in the U.K.). The benchmark administrator providing the index used by the Scheme, FTSE International Limited, has obtained authorisation as an administrator in respect of the FTSE 100 Index, the index used by the Scheme.

The Manager maintains a robust written plan setting out the actions that it would take in the event that a benchmark materially changes or ceases to be provided.

## **Index Rebalancing and Costs**

Index providers periodically publish new constituents, reflecting changes in the securities which are included in an index depending on the relevant index rules. This process is called “rebalancing”. The rebalancing frequency of the index relevant to the Scheme is set out in **Appendix 1**.

When the constituents of the relevant index change, the Scheme will typically (to the extent that it is possible and practicable to do so) seek to realign its exposure so that it more closely reflects that of the index and thereby reduce Excess Return and Tracking Error (explained below).

To realign the exposures in the Scheme, securities must be bought and sold. This rebalancing will incur costs which are not reflected in the theoretical calculation of the index return and, consequently, may impact on the Scheme’s ability to provide returns consistent with those of the relevant index. Such costs can be direct or indirect and include (but are not limited to): transaction costs (such as brokerage fees), custody fees, exchange costs and commissions (including foreign exchange spreads), and stamp duty.

## **Excess Return and Tracking Error**

### **Excess Return**

Excess Return is the difference between the performance of the Scheme and the performance of the index tracked by the Scheme over a stated period of time. Excess Return can be either positive (where the Scheme outperforms the relevant index) or negative (where the Scheme underperforms the relevant index). It is calculated as the Scheme’s total return less the index’s total return. Because the Scheme’s total return includes fund expenses, Excess Return will usually be negative.

An index’s return is theoretical – it is reflective of the increase or decrease in the value of the securities within that index. However, an index provider does not actually buy and sell these securities when calculating an index’s performance. This means that an index’s performance does not take into account the costs of buying and selling securities, such as brokerage fees, commissions, stamp duty, custody fees, regulatory fees, exchange fees, and spreads. The Scheme incurs all of these expenses in tracking the index, and these expenses will have a negative impact on the Scheme’s performance relative to the index.

In addition, an index’s performance will not always take into account the exact same costs related to withholding tax payable on income derived from the component securities (i.e., dividends or coupon payments). This can either have a positive or negative impact on the performance of the Scheme against the relevant index. Index performance also does not take into account capital gains tax arising from selling securities, which may have a negative impact on the performance of the Scheme against the relevant index.

The Scheme may also engage in stock lending. The net income from this lending is paid back into the Scheme, and this will have a positive impact on the performance of the Scheme relative to the relevant index.

Excess Return can also occur when the Scheme’s index tracking strategy involves a representative sampling process rather than full replication. For more information on this and other causes of Excess Return, please refer to “Index tracking” in the “Risk Factors and Performance” section of this Prospectus.

## Tracking Error

Tracking Error is the volatility of the difference between the return of the Scheme and the return of the index tracked by the Scheme. Tracking Error indicates the consistency of the Scheme's Excess Return during the same stated period of time. It is the annualised standard deviation of Excess Return data points for the given time period.

Tracking Error can be expressed in two different ways:

- (i) ex-post (or realised / actual) Tracking Error – which is the Tracking Error of the Scheme calculated using historical data; or
- (ii) ex-ante (or anticipated) Tracking Error – which is the expected Tracking Error of the Scheme looking forward into the future.

The estimated Tracking Error of the Scheme is set out in **Appendix 1**.

## Profile of a Typical Investor in the Scheme

- Investors seeking general capital formation and / or asset optimisation.
- Investors with a long-term<sup>1</sup> investment horizon.
- Investors with at least basic knowledge of and / or experience with financial products.
- Investors that can bear financial losses (up to the total loss of the invested amount) and attach no importance to capital guarantees.

Investors should in particular read the Risk Factors and Performance section as set out in this Prospectus and, if they are in any doubt about making an investment, should consult their professional advisor concerning the acquisition, holding or disposal of any Units.

## Sustainable Finance

### Sustainability Risk

Sustainability risks are environmental, social, or governance events or conditions that, if they occur, could cause actual or potential material negative impacts on the value of a Scheme's assets. For further details in respect of sustainability risks and the impact of the same on the returns of the Scheme please see "Sustainability Risk" in the Risk Factors section.

A policy and guidelines on the integration of sustainability risk into the management of the Scheme's assets has been established. The integration of financially material environmental, social and governance ("ESG") considerations into the investment process ("ESG Integration") can help mitigate sustainability risk.

The Manager, Investment Adviser or its delegate, will consider the impact of sustainability risks on each Scheme's investments as detailed below.

While portfolio managers and analysts within the Investment Adviser are provided with information on sustainability risks and are encouraged to take relevant material sustainability risks into account when making an investment decision, except as described below, for example

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<sup>1</sup> More than 5 years.

for index funds, sustainability risk would not by itself prevent the Investment Adviser from making any investment. Instead, sustainability risk forms part of the overall risk management processes, and is one of many risks which may, depending on the specific investment opportunity, be relevant to a determination of risk. However, the Investment Adviser does not apply any absolute risk limits or risk appetite thresholds which relate exclusively to sustainability risk as a separate category of risk.

The Investment Adviser uses information and data from third-party data providers (which may include providers for research, reports, screenings, ratings and/or analysis such as index providers and consultants), where available, to help inform its decisions around different types of ESG factors.

#### *Equity index Schemes (no ESG objectives)*

Vanguard's equity index products offer investors broad exposure to the publicly traded investment universe. These products have a primary investment objective to track the performance of their stated index and do not consider any explicit sustainability characteristics (including sustainability risks) in the selection of portfolio holdings. The index in this case is intended to provide a broad representation of investment securities that make up the target market or sector. In seeking to provide broad representation, the index contains members/constituents on a market capitalisation weighted basis and is not screened or adjusted to take account of ESG criteria.

Whilst ESG considerations are not directly integrated in the investment process for these Schemes, the Vanguard Group of Companies' Investment Stewardship team (the "**Stewardship Team**"), as described in more detail below under the heading "Investment Stewardship", stewards the global equity holdings of the Vanguard managed Schemes through engagement, voting and public advocacy, for good corporate governance practices which serve as the most important levers Vanguard has to apply ESG oversight to the relevant Scheme's portfolio companies, to protect clients' investments, and to help build long-term value.

#### *Investment risk management of sustainability risk integration*

The Investment Adviser's risk management teams undertake independent oversight of the investment management processes and systems employed in respect of each internally-managed fund. As part of this oversight, the investment and operational risks associated with all internally-managed funds, including ESG investment strategies, are considered. The Investment Adviser's risk management team oversees ESG risk as part of the Investment Adviser's general investment risk and operational risk monitoring activities. Operational risk monitoring includes trade compliance controls, that will check whether new instruments bought are benchmark constituents as well as checking for any scheme holdings that may no longer be part of the benchmark. These checks aim to confirm that out of benchmark holdings are not added and are removed in a timely fashion. The Investment Adviser's risk teams will monitor Tracking Error on a daily basis and follow up on any significant deviations with the investment management teams.

#### *Investment Stewardship*

As part of the ongoing risk monitoring for internally managed equity assets, the Stewardship Team serves as a voice for its investors by promoting long-term value creation at the companies in which the globally internally-managed equity funds managed by Vanguard invest, through engagement, voting and public advocacy for good corporate governance practices. As a

steward of our clients' assets, Vanguard has a process to monitor material risks that can impact investor value over the long term.

Vanguard's Stewardship Team assesses material risks by region and sector. Vanguard believes there are fundamental, corporate governance principles with which all companies should consider in the context of their regulatory and listing requirements. Vanguard's investment stewardship approach is framed by four pillars of good governance: board composition and effectiveness, executive compensation, oversight of strategy and risk, and shareholder rights. The Stewardship Team believes good management of each of these pillars drives sustainable, long-term value creation. The Stewardship Team holds year-round engagements with boards of directors and company executives to encourage boards to effectively oversee material risks, including material environmental and social risks. The Stewardship Team expects companies to disclose material risks to investors, explain why those risks are considered material to their business and their approach to and progress on risk oversight and mitigation. This enables investors to understand and appropriately price companies. In determining how to engage with companies and exercise voting rights, The Stewardship Team relies on its own internal analysis and assessment consistent with its published voting guidelines and engagement policy. The Stewardship Team's analysis is supported by proprietary data sets as well as data and research from a variety of third-party providers.

## **UNITS**

### **Classes of Units**

Different Classes of Units may be issued in respect of the Scheme. Classes may be distinguished by their different characteristics, including, without limitation, criteria for subscription, currency of denomination, allocation of costs, liabilities, gains and losses and charges. The Classes currently available in the Scheme and their characteristics are set out in Appendix 1.

Further Classes of Units may be established from time to time by the Manager in accordance with the Regulations, subject to the agreement of the Trustee and in accordance with the Trust Deed. On the introduction of any new Class, a revised Prospectus will be prepared, setting out the details of each Class.

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

### **Income and Accumulation Units**

The Scheme has the power to issue Income Units and Accumulation Units. Currently both types of Units are issued.

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

Holders of Accumulation Units are not entitled to be paid the income attributed to such Accumulation Units, but that income is automatically transferred to (and retained as part of) the capital assets of the Scheme on the relevant interim and/or annual accounting dates. This is reflected in the price of an Accumulation Unit.

Further details relating to distributions and allocations of income in respect of Units are set out under the “Income” section of this Prospectus.

### **Register of Unitholders**

All Classes of Units are in registered, uncertificated form. Certificates will not be issued to Unitholders.

The Administrator and Registrar has established and maintains the Register for the Scheme, which is available for inspection by Unitholders at its office at St. Nicholas Lane, Basildon, Essex SS15 5FS. The Register shall be prima facie evidence as to the persons respectively entitled to the Units entered in the Register. No notice of any trust – express, implied or constructive – shall be entered on the Register in respect of any Unit and the Manager and the Administrator and Registrar shall not be bound by any such notice.

## DEALING

### General

Requests to deal in Units may be made by:

- (i) “per se professional clients” and “eligible counterparties” directly at the dealing office of the Administrator and Registrar, which is normally open from 9.00 a.m. to 5.00 p.m.<sup>2</sup> (London time) on each Dealing Day; or
- (ii) all investors, including “retail investors”, via a range of third party intermediaries including platform providers and through Vanguard’s direct personal investing platform.

When dealing via the Administrator and Registrar, requests to deal in Units may be made by telephone, by fax or by post on each Dealing Day (at the Manager’s discretion) directly to the office of the Administrator and Registrar (telephone: 0800 408 2065 or such other number as published from time to time; fax number 0844 620 0002 or such other number as published from time to time; postal address Vanguard Investments UK, Limited, P.O. Box 10315, Chelmsford, CM99 2AT, or such other address as published from time to time). Telephone calls may be recorded.

All requests to deal in Units received on a Dealing Day after the Cut-Off Time will be treated as having been received on the next Dealing Day. The Manager has made arrangements for the purchase and redemption of Units via third party intermediaries, including via on-line platform providers and the Vanguard personal investor platform, and the dealing procedures of the relevant platform provider should be referred to by any investor who wishes to purchase Units via these routes.

Units may also be purchased or redeemed on-line or through other communication media.

The Manager may also, at its discretion, introduce further methods of dealing in Units in the future.

For the purposes of this section, “retail investors”, “per se professional client” and “eligible counterparty” are as defined in the FCA Handbook.

### Money Laundering Prevention

As a result of legislation in force in the U.K. to prevent money laundering, the Manager is responsible for compliance with anti money laundering regulations. In order to implement these regulations, investors may be asked to provide proof of identity when buying, converting, switching or redeeming Units. In certain circumstances it may be necessary for the Manager to re-verify an investor’s identity and request additional information for this purpose. The Manager may also choose to obtain information on any applicant for Units and investor from a credit reference agency. Until satisfactory proof of identity is provided, the Manager reserves the right to refuse to sell Units, pay the proceeds of a redemption of Units or pay income on Units to the investor. The Manager will not be liable for any Unit price movements or loss of opportunity during any delays while money laundering checks are carried out. If additional administration is required to complete the registration of an investment as a result of anti-

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<sup>2</sup> The Administrator and Registrar may vary these times at its discretion.

money laundering or fraud protection checks and procedures, the Manager reserves the right to make an administration charge in connection therewith.

### **Minimum Holdings**

The minimum holdings for each Class are set out in Appendix 1. The Manager has the right to waive these limits. In the event that the minimum holdings are not maintained, the Manager reserves the further right to redeem the relevant shareholding in any Class of Units.

Further, if following a redemption, switch or transfer, a holding in any Class of Units should fall below the minimum holding for that Class, as set out in Appendix 1, the Manager has the discretion to effect a redemption of that Unitholder's entire holding in that Class of Units. Failure of the Manager to do so immediately after such redemption, switch or transfer does not remove this right.

## **BUYING UNITS**

### **Procedure**

“Per se professional clients” and “eligible counterparties” may purchase Units directly from the Administrator and Registrar. Application forms may be obtained from the Administrator and Registrar. Other categories of investor may engage with the Administrator and Registrar through a professional adviser or other intermediary. Applicable tax regulations require the Manager to collect information about each investor’s tax residency. Application forms for Units request this information. In certain circumstances (including if the Manager does not receive a valid self-certification from an investor), the Manager may be obliged to share information on the investor’s account with HMRC. If an investor has any questions about their tax residency, they should contact a tax adviser. Should any information provided change in the future, investors are requested to advise the Manager promptly of the changes.

Valid applications to purchase Units will be processed at a purchase price calculated with reference to the next Valuation Point following receipt of the application, except in the case where dealing in Units has been suspended as set out below. For the avoidance of doubt, all valid applications received before the Cut-Off Time on a Dealing Day will receive that Dealing Day’s Valuation Point. All valid applications received after the Cut-Off Time on a Dealing Day will receive the next Dealing Day’s Valuation Point.

The Manager reserves the right to instruct the Trustee to limit the issue of Units in the Scheme or in any Class where the liquidity within the Scheme or Class is deemed to be detrimental to its performance by closing the Scheme or Class to new subscriptions, conversions or switches into it, either from existing Unitholders or new applicants or both. An example of the circumstances in which this may occur could be where the Manager determines that it would be prudent to limit the capacity of the size of the Scheme to reflect conditions a particular market or sector identified in the investment objective or policy.

### **Settlement**

Settlement of purchase monies is due within two Business Days following the relevant Valuation Point. An order for the purchase of Units will only be deemed to have been accepted by the Administrator and Registrar once the Administrator and Registrar is in receipt of cleared funds for the application. If full settlement of purchase monies is not made within a reasonable period, then the Manager reserves the right to make an administration charge and/or cancel any Units sold/issued in respect of the application and recover any shortfall. Purchase monies must be received by telegraphic transfer or BACS transfer. The applicant shall bear all bank costs or other costs associated which are levied on such transfer. The Manager reserves the right to accept other forms of payment in its discretion; however, please note that no cheques will be accepted, subject to the ultimate discretion of the Manager.

### **Acceptance of Applications**

A purchase of Units in writing or by telephone or any other communication media made available is a legally binding contract.

Once made, applications to purchase are, except in the case where cancellation rights are applied, irrevocable on the part of the applicant for Units, subject to the complete discretion of the Manager to permit an applicant to withdraw or amend any application after it has been submitted but before the Scheme’s Valuation Point has been reached.

The Manager has the right to reject, on reasonable grounds but without providing an explanation and at any time before the Valuation Point, any application for Units in whole or in part. In this event, the Manager will return any money sent, or the balance of such monies, without interest. Such rejection is at the risk of the applicant as is the return of any monies. The Manager may scale back applications by investors to purchase Units on the relevant Dealing Day on such basis as it may deem appropriate and may reject any application for Units in whole or in part to give effect to such a scale back. In such event the Manager will return any money sent, or the balance of such monies, at the risk of the applicant and without interest.

The Manager, at its discretion, also has the right to cancel a purchase deal if settlement is overdue. Any loss arising on such cancellation shall be the liability of the applicant and the Manager reserves the right to pursue the applicant for any shortfall owing to the Scheme or the Manager together with interest (equivalent to the Manager's cost of borrowing) thereon. Alternatively, at the Manager's discretion, interest may be charged (at the Manager's cost of borrowing) if settlement is overdue.

Any subscription monies remaining after a whole number of Units have been issued will not be returned to the applicant and will instead be used to purchase fractions of whole Units (known as smaller denomination Units). A smaller denomination Unit is equivalent to one-tenthousandth of a whole Unit (or to four decimal places).

### **Documents the Applicant Will Receive**

A confirmation giving details of the price and number of Units purchased will be issued, normally no later than the end of the Business Day following the Valuation Point (making reference to the determination of the price and, where appropriate, a notice of the applicant's right to cancel).

Registration of Units can only be completed by the Administrator and Registrar upon receipt of any required registration details and receipt of all purchase monies. These details may be supplied separately in writing to the Administrator and Registrar or by returning to the Administrator and Registrar the properly completed application form and copy of the confirmation.

Unit certificates will not be issued in respect of Units. Ownership of Units will be evidenced by an entry on the Register. Tax vouchers in respect of periodic distributions or accumulations of income on Units will show the number of Units held by the recipient.

### **Minimum Subscriptions**

The minimum subscription levels for each Class of Units in the Scheme are set out in Appendix 1. The Manager may, at its sole discretion, accept subscriptions lower than the minimum amount(s).

### **Cancellations**

Applicants who have received advice from their financial advisers may have the right to cancel their application to buy Units at any time during the 14 calendar days after the date on which they receive a cancellation notice from the Administrator and Registrar. If an applicant decides to cancel the contract and the value of the investment has fallen from the time of the Valuation Point to the time when after the Administrator and Registrar receives the completed cancellation notice, the applicant may not receive a full refund as an amount equal to any fall in value will be deducted from the sum originally invested. No interest will be paid on refunds

due to cancellations.

### **Market Timing and Frequent Trading**

The Scheme is designed and managed to support longer-term investment and active trading in Units is discouraged. Short-term or frequent trading into and out of the Scheme as well as market timing may harm performance by disrupting fund management and by increasing expenses. The Manager may, at its discretion, refuse to accept applications for purchase of Units, especially where transactions are deemed disruptive, particularly from possible frequent traders or market timers.

In general, market timing refers to the investment behaviour of a person or group of persons buying, selling or switching investments in anticipation of making a profit on the basis of predetermined market indicators. Market timing may also be characterised by transactions that seem to follow a timing pattern. Frequent trading is characterised by transactions in and out of funds, occurring on a frequent basis.

Market timing can include elements of frequent trading and vice-versa. Both behaviours will tend to include frequent purchases and redemptions of Units with a view to profiting from anticipated changes in market prices between Valuation Points or arbitraging on the basis of market price changes subsequent to those that are used in a fund's valuation.

Such market timing and frequent trading activities are disruptive to fund management, may lead to additional dealing charges - which cause losses/dilution to the Scheme - and may be detrimental to performance and to the interests of long term Unitholders. Accordingly, the Manager may in its absolute discretion and without providing any reason, reject any application for subscription of Units from applicants that it considers to be associated with market timing activities.

The Manager may also combine Units which are under common ownership or control for the purposes of determining whether the activities of Unitholders can be deemed to involve market timing or frequent trading.

### **Issue of Units in Exchange for In Specie Assets**

The Manager may, at its discretion, arrange for the Trustee to issue Units in exchange for in specie assets (that is, for securities rather than for cash). Such in specie assets must be in a form in which the Scheme may invest in accordance with its investment objective and policy as set out in Appendix 1.

No Units may be issued in exchange for such in specie assets unless the Trustee has taken reasonable care to ensure that the Scheme's acquiring of the assets concerned would not be likely to result in any material prejudice to the interests of Unitholders.

The Manager will ensure that the beneficial interest in the assets is transferred to the Scheme with effect from the issue of the Units. The Manager reserves the right to pass all costs associated with the transfer of such assets, including without limitation any applicable SDRT, directly onto the Unitholder contributing such assets in exchange for Units.

## **REDEEMING UNITS**

### **Procedure**

Every Unitholder is entitled on any Dealing Day to redeem its Units.

Valid instructions to the Administrator and Registrar to redeem Units will be processed at a redemption price calculated with reference to the next Valuation Point following receipt of the instruction, except in the case where dealing in Units has been suspended as set out under the “Suspension of Dealings” section of this Prospectus. For the avoidance of doubt, all redemption instructions received before the Cut-Off Time on a Dealing Day will receive that Dealing Day’s Valuation Point. All redemption instructions received after the Cut-Off Time on a Dealing Day will receive the next Dealing Day’s Valuation Point. Currently, transfers of title to Units may not be effected on the authority of an electronic communication.

A redemption instruction to the Administrator and Registrar made in writing or by telephone or any other communication media made available is a legally binding contract and is irrevocable on the part of the redeeming Unitholder, subject to the complete discretion of the Manager to permit an applicant to withdraw or amend any application after it has been submitted but before the Valuation Point has been reached. However, an instruction to the Administrator and Registrar to redeem Units, although irrevocable, may not be settled by either the Scheme or the Administrator and Registrar if the redemption represents Units where the money due on the earlier purchase of those Units has not yet been received or if insufficient documentation or anti-money laundering information has been received by the Manager.

The amount to be paid as the proceeds of a redemption of Units shall not be less than the price of Units of the relevant Class less:

- a) any redemption charge permitted; and
- b) any SDRT permitted to be retained by the Manager (and not otherwise already paid by the Unitholder).

The Manager reserves the right to make a charge for redemptions and details of any such applicable charge against the Scheme and Class are set out in Appendix 1.

### **Documents a redeeming Unitholder will receive**

A confirmation giving details of the price and number of Units redeemed will be sent to the redeeming Unitholder (or the first named Unitholder, in the case of joint Unitholders) together with (if sufficient written instructions have not already been given) a form of renunciation for completion and execution by the Unitholder (or, in the case of a joint holding, by all the joint Unitholders) no later than the end of the Business Day following the later of the request to redeem Units or the Valuation Point by reference to which the price of the redeemed Units is determined.

### **Settlement**

Payment of redemption proceeds will normally be made by telegraphic transfer or BACS transfer in accordance with any instruction received (the Manager may recover any bank charge levied on such transfers), or, at the Manager’s discretion, by cheque to the first named Unitholder (at their risk).

Such payment will be made within two Business Days of the later of:

- a) receipt by the Administrator and Registrar of the form of renunciation (or other sufficient written instructions) duly signed and completed by all the relevant Unitholders together with any other documentation and appropriate evidence of title, and any required anti-money laundering related documentation; or
- b) the Valuation Point at which the price for the redemption was determined.

### **Deferred Redemption**

In times of high redemption, to protect the interests of continuing Unitholders, the Manager may defer all redemptions at any Valuation Point to the next Valuation Point where requested redemptions exceed 10% of the Scheme's value. This will allow the Manager to match the sale of the Scheme Property to the level of redemptions. At the next such Valuation Point all deals relating to the earlier Valuation Point will be completed before those relating to a later Valuation Point are considered.

### **In Specie Cancellation**

In the event that a Unitholder requests the redemption or cancellation of Units that the Manager considers substantial in relation to the total size of the Scheme, the Manager may, at its discretion, elect to satisfy the redemption request by the transfer of an appropriate amount of the Scheme Property in specie to the Unitholder instead of paying the price of the Units in cash.

A deal involving Units representing 3% or more in value of the Scheme will normally be considered substantial.

Before the proceeds of cancellation of the Units become payable, the Manager will give written notice to the Unitholder that the Scheme Property will be transferred to that Unitholder.

The Manager, in consultation with the Trustee, will select the Scheme Property to be transferred. They must ensure that the selection is made with a view to achieving no greater advantage or disadvantage to the redeeming Unitholder than to continuing Unitholders. Where a redemption request is received that is not substantial in relation to the total size of the Scheme concerned, the Manager may, in its discretion after consultation with the Trustee, agree to an in specie cancellation with the relevant Unitholder in accordance with the provisions set out above.

In the event of an in-specie cancellation, the Manager reserves the right to pass all costs associated with the transfer of such assets, including without limitation any applicable SDRT, directly onto the redeeming Unitholder.

## SWITCHING AND CONVERTING UNITS

Should there be more than one Class or type of Units in existence, Unitholders are entitled, subject to any instructions on eligibility of investors in a particular Class, to convert or switch some or all of their Units of one Class or type (“**Original Units**”) for Units of another Class or type (“**New Units**”). A conversion or switch involves the redemption of the Original Units and the purchase of the New Units.

The number of New Units issued will be determined by reference to the respective purchase prices of New Units and redemption prices of Original Units established with reference to the Valuation Point applicable when the Original Units are redeemed and the New Units are issued.

Subject to any restrictions on eligibility of investors in a particular Unit Class:

- instructions for converting Units may be given by telephoning the Administrator and Registrar’s Dealing Department on telephone number 0800 408 2065 or in writing to the Administrator and Registrar on fax number 0844 620 0002;
- instructions for switching Units may be given by “per se professional clients” and “eligible counterparties” by telephoning the Administrator and Registrar’s Dealing Department on telephone number 0800 408 2065 or in writing to the Administrator and Registrar on fax number 0844 620 0002;
- other categories of investor (including “retail investors”) may effect a switch (or conversion) of Units by engaging with the Administrator and Registrar through a professional adviser or other intermediary.

If a conversion or switch would result in the Unitholder holding a number of Original Units or New Units of a value which is less than the minimum holding, the Manager may, if it thinks fit, convert the whole of the Unitholder’s holding of Original Units to New Units or refuse to effect any switch of the Original Units. No conversion or switch will be made during any period when the right of Unitholders to require the redemption of their Units is suspended. The general provisions on procedures relating to redemption will apply equally to a conversion or switch. Written instructions must be received by the Administrator and Registrar before the Cut-Off Time on a Dealing Day to be dealt with at the prices at the Valuation Point on that Dealing Day. Conversion and Switching requests received after a Cut-Off Time will be held over until the next Dealing Day.

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

Unitholders subject to U.K. tax should note that a conversion of Units within the Scheme will generally not be treated as a disposal for the purposes of capital gains taxation.

Cancellation rights will not be given on conversions or switches. Unitholders who switch or convert Units of one Class or type for Units of any other Class or type will not be given a right by law to withdraw from or cancel the transaction.

For the purposes of this section, “retail investors”, “per se professional client” and “eligible counterparty” are as defined in the FCA Handbook.

## **SUSPENSION OF DEALING IN UNITS**

The Manager may, with the prior agreement of the Trustee or must, if the Trustee so requires, at any time temporarily suspend the purchase, cancellation, redemption, conversion and switching of Units if the Manager or the Trustee, as appropriate, is of the opinion that due to exceptional circumstances there is a good and sufficient reason to do so having regard to the interests of all Unitholders.

If the redemption of Units is suspended, the obligations contained in Chapter 6 of the COLL Sourcebook relating to the creation, cancellation, issue and redemption of Units will cease to apply and the obligations relating to the valuation of Units will be complied with only to the extent practicable in light of the suspension.

Appropriate notification of suspension will be given to Unitholders as soon as practicable after suspension commences. This notification will draw Unitholders' particular attention to the exceptional circumstance which resulted in the suspension and tell them how to obtain further information on the suspension, which will be published on the Manager's website or by other general means and will include sufficient details to keep Unitholders appropriately informed about the suspension including, if known, its likely duration. In accordance with the COLL Sourcebook, the FCA will also be immediately informed of the suspension and the reasons for it.

The Manager and the Trustee will review the suspension at least every 28 days and will inform the FCA of the results. The suspension will continue only for as long as it is justified having regard to the interests of the Unitholders and will cease as soon as practicable after the exceptional circumstances which resulted in the suspension have ceased.

Recalculation of Unit prices will commence at the next relevant Valuation Point immediately after the period of suspension ends.

## **GOVERNING LAW**

All deals in Units are governed by English law.

## **MANAGER DEALING AS PRINCIPAL**

Subject to and in accordance with FSMA and the Regulations, the Manager may deal as principal in Units and may hold Units for its own account. The Manager will, on the completion of the valuation of the Scheme, advise the Trustee of the price of Units of the Scheme. This is the price which the Manager has to pay to the Trustee for the issue of Units and which the Manager will receive from the Trustee upon the cancellation of Units. Units will generally only be held by the Manager to facilitate Unit orders. Any profits or losses arising from such transactions shall accrue to the Manager and not to the Scheme. The Manager is under no obligation to account to the Trustee or to Unitholders for any profit it makes on the issue or re-issue of Units or cancellation of Units which it has redeemed.

Alternatively, in the discretion of the Manager and subject to and in accordance with the Regulations, the issue or cancellation of Units may take place through the Trustee on the instructions of the Manager to do so.

## RESTRICTIONS AND COMPULSORY TRANSFER AND REDEMPTION OF UNITS

### General

The Manager may from time to time impose such restrictions as it may think necessary to ensure that no Units are acquired or held by any person in breach of the law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory or otherwise contrary to any provision of this Prospectus. In connection with this, the Manager may reject in its discretion any application for the purchase, redemption, conversion or switching of Units.

In particular, the Manager may impose such restrictions in respect of “**Non-Qualified Persons**”, defined as any person to whom a transfer of Units (legally or beneficially) or by whom a holding or acquisition of Units (legally or beneficially) would or, in the opinion of the Manager, might:

- (i) be in or constitute a breach of any law (or regulation by a competent authority) of any country or territory, or of any provision of this Prospectus, by virtue of which the person in question is not qualified or permitted to hold such Units; or
- (ii) require the Scheme to be registered under any law or regulation whether as an investment fund or otherwise, or cause the Scheme to be required to apply for registration, or comply with any registration requirements in respect of any of its Units, whether in the U.S. or any other jurisdiction; or
- (iii) cause the Scheme or its Unitholders some legal, regulatory, taxation, pecuniary or material administrative disadvantage or other adverse consequence which the Scheme or its Unitholders might not otherwise have incurred or suffered, which shall include, without limitation, subjecting the Scheme to any reporting or withholding obligation or liability under Sections 1471-1474 of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”); or
- (iv) result in the Scheme having more than 80 beneficial owners of its Units (whether directly or by attribution pursuant to Section 3(c)(1)(A) of the U.S. Investment Company Act of 1940) who are U.S. Persons; or
- (v) subject to (i) through (iv) above, result in any direct or indirect beneficial interest in any Units held by any U.S. Taxpayer (as defined below) other than (1) a “**specified United States person**” (as defined in Section 1473(3) of the Code) and (2) such other persons whose direct or indirect ownership of Units shall not, as determined by the Manager, subject the Scheme to any reporting or withholding obligation or liability under Sections 1471-1474 of the Code.

For these purposes, a “**U.S. Taxpayer**” includes: (i) a U.S. citizen or resident alien of the United States (as defined for U.S. federal income tax purposes); (ii) any entity treated as a partnership or corporation for U.S. federal tax purposes that is created or organised in, or under the laws of, the United States or any state thereof (including the District of Columbia); (iii) any other partnership that is treated as a U.S. Taxpayer under U.S. Treasury Department regulations; (iv) any estate, the income of which is subject to U.S. income taxation regardless of source; and (v) any trust over whose administration a court within the United States has primary supervision and all substantial decisions of which are under the control of one or more U.S. fiduciaries. Persons who have lost their U.S. citizenship and who live outside the United States may nonetheless, in some circumstances, be treated as U.S. Taxpayers.

If it comes to the notice of the Manager that any Units are or may be owned or held legally or beneficially by a Non-Qualified Person (“**affected Units**”) the Manager may give notice to the registered holder(s) of the affected Units requiring either the transfer of such Units to a person who is not a Non-Qualified Person or a request in writing for the redemption or cancellation of such Units in accordance with the COLL Sourcebook. If any person upon whom such a notice is served does not, within 30 days after the date of such notice, transfer the affected Units to a person who is not a Non-Qualified Person or establish to the satisfaction of the Manager (whose judgement is final and binding) that he and the beneficial owner are not Non-Qualified Persons, he shall be deemed upon the expiration of that 30 day period to have given a request in writing for the redemption or cancellation (at the discretion of the Manager) of all the affected Units pursuant to the COLL Sourcebook.

A person who becomes aware that he has acquired or holds affected Units as described above shall forthwith, unless he has already received a notice from the Manager as above, either transfer the affected Units to a person qualified to own them or give a request in writing for the redemption or cancellation of such Units pursuant to the COLL Sourcebook.

The Scheme may refuse to register a transfer of Units.

### **U.S. Persons**

The Units have not been and will not be registered under the U.S. Securities Act of 1933 as amended and, subject to certain exceptions, may not be offered or sold in the U.S. or offered or sold to U.S. Persons. The Scheme has not been and will not be registered under the U.S. Investment Company Act of 1940, as amended. The Manager has not been and will not be registered under the U.S. Investment Advisors Act of 1940.

## **VALUATION**

### **Valuation**

The price of a Unit is calculated by reference to the Net Asset Value, the basis of calculation of which is summarised in Appendix 2.

The Manager will carry out a valuation of the Scheme with the frequency and at the Valuation Points detailed in Appendix 1.

The Manager reserves the right, subject to prior approval from the Trustee, to:

- (i) value the Scheme Property at an alternative time on any day; and
- (ii) suspend valuation of the Scheme Property at any time when the buying, selling, converting and switching of Units is suspended.

### **Fair Value Pricing Policy**

Where the Manager, or its appointed investment adviser, considers that no reliable price exists for a share in a collective investment scheme or for a security or investment at a Valuation Point, the Manager, or its appointed investment adviser, may value an investment at a price that in its opinion reflects a fair and reasonable price for that investment (the fair value price). The circumstances which may prompt the Manager, or its appointed investment adviser, to apply fair value prices may include (but are not limited to): (a) there being no recent transaction in the relevant security; (b) the occurrence of a market closure or suspension, including by way of a national or declared holiday; (c) the suspension of dealings in securities (including in a collective investment scheme); or (d) the occurrence of a significant event since the most recent market closure or the Valuation Point at which one or more of the underlying collective investment schemes or securities is valued.

The Manager, or its appointed investment adviser, may adjust values for individual securities, sectors, geographic areas or units in collective investment schemes. Adjustment for sectors, geographic areas or units in collective investment schemes will be based upon the percentage movement in a benchmark index or composite index or part thereof, one or more exchange traded funds or such other publicly available comparator which the Manager, or its appointed investment adviser, believes is correlated to part or the whole of a relevant Scheme's value. The Manager, or its appointed investment adviser, will determine the threshold at which any adjustment will be applied.

### **Special Valuations**

The Manager, or its appointed investment adviser, may carry out an additional valuation of the Scheme Property at any time during a Dealing Day if it considers it desirable to do so and may carry out special valuations in certain circumstances (which the Manager, or its appointed investment adviser, may treat as not creating a Valuation Point for dealing purposes), including, without limitation, the following:

- (a) where necessary for the purposes of effecting a scheme of reconstruction or amalgamation; or
- (b) on the day on which the annual or half-yearly accounting period ends.

## **UNIT PRICES**

### **Pricing Basis**

The Scheme deals on a forward-pricing basis at Unit prices which are calculated with reference to the next Valuation Point determined for the Scheme Property after the purchase, redemption, conversion or switch of Units is agreed.

Units are priced on a single, mid-market basis in accordance with the FCA Handbook.

### **Calculation of Unit Prices**

There will only be a single price for any Unit as determined from time to time by reference to a particular Valuation Point.

The price of Units of a relevant Class is calculated by reference to the Net Asset Value, as adjusted by any dilution adjustment (further details of which are set out in the “Dilution Adjustment” section below). In addition, as set out in Appendix 1, for purchases, there may be a preliminary charge and for redemptions, there may be a redemption charge.

### **Publication of Prices**

Daily Unit prices will be published on <https://www.vanguard.co.uk/uk-fund-directory/product> and may be published on **www.ft.com**, and/or on such other websites and publications as may be determined by the Manager from time to time.

Unitholders can obtain up-to-date Unit prices free of charge by telephoning the Administrator and Registrar at 0800 408 2065 or by fax on 0844 620 0002.

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

## **DILUTION ADJUSTMENT**

The actual cost of purchasing Units may be higher or lower than the mid-market value used in calculating the Unit price. These costs may include dealing costs such as brokerage charges, commissions and transfer taxes (including SDRT (as applicable)), and the effects of dealing at prices other than the mid-market price. When investors purchase and redeem Units, such charges and the dealing spread can have a materially disadvantageous effect on a Unitholder’s interest in the Scheme, known as “dilution”. In order to mitigate the effect of dilution, the Manager may determine, at its discretion, to make a dilution adjustment in calculating the dealing price of Units of the Scheme (a policy called “swing pricing”).

When applying a dilution adjustment, the Manager will calculate the Net Asset Value for the Scheme, and then adjust or “swing” the Net Asset Value with reference to the rate of the applicable dilution adjustment. These swings are intended to protect non-dealing Unitholders in the Scheme from the impact of transaction charges and dealing spreads (as described above) triggered by dealing investors. The Manager will not benefit from the operation of its swing pricing policy, and a dilution adjustment will only be applied for the purpose of reducing dilution in the interests of all Unitholders and potential Unitholders in the Scheme.

As dilution is directly related to the inflows and outflows of monies in the Scheme, it is not possible to predict accurately whether dilution will occur at any point in time, or to predict accurately how frequently the Manager will make a dilution adjustment to the dealing price of Units. However, the Manager's current policy is that it will normally make a dilution adjustment whenever there are net purchases or net redemptions of Units on a Dealing Day that exceed a pre-determined level (the “**Swing Threshold**”) and if, in its opinion, Unitholders may otherwise be materially adversely affected. The Manager currently anticipates that a dilution adjustment will regularly be applied when the Scheme experiences cash flows.

The direction in which the Net Asset Value is swung will depend on whether there are net purchases or net redemptions in the Scheme on the relevant Dealing Day. For example, if the Scheme is experiencing net inflows (i.e., the aggregate number of Units purchased exceeds the number of Units redeemed), and the Swing Threshold has been reached, its Net Asset Value may be swung upwards as the dilution adjustment would increase the price of Units above the Net Asset Value per Unit. Conversely, where the aggregate number of Units redeemed in the Scheme exceeds the number of Units purchased (net redemptions), and the Swing Threshold has been reached, the Net Asset Value may be swung downwards as the dilution adjustment would reduce the price of Units to below the Net Asset Value per Unit. Where the Swing Threshold has been reached on a Dealing Day, the adjusted dealing price of Units of the Scheme will be applicable to all transactions on that Dealing Day. In specie transfers will not be taken into account when determining any dilution adjustment, and any incoming portfolio will be valued on the same basis as the Scheme is priced.

As the estimated costs of buying and selling the underlying investments of the Scheme can vary with market conditions, the amount of the dilution adjustment can vary over time. Based on historical data, the Manager does not anticipate that the dilution adjustment will exceed 2% of the Net Asset Value of the Scheme; however, the Manager reserves the right to adjust this figure at any time in the event of exceptional market conditions or in any case where it is of the opinion that the interests of Unitholders require the imposition of a higher level of adjustment.

Even where the Swing Threshold has been met, the Manager may in its discretion decide not to make a dilution adjustment if it considers that the benefits to Unitholders of not making one outweigh the detriments. Where a Scheme is experiencing net purchases or net redemptions of Units and a dilution adjustment is not applied, there may be an adverse impact on the Unitholders of the Scheme.

The Swing Threshold and the Manager's policy to swing the dealing price of the Scheme will be reviewed regularly and may change. The Manager's decision as to whether or not to make a dilution adjustment at any time, and as to the level of adjustment made either in particular circumstances or generally, will not prevent it from making a different decision in similar circumstances at a later time.

In the event that a dilution adjustment is applied to the Net Asset Value on any particular Dealing Day in accordance with the criteria outlined above, the Net Asset Value per Unit of each class of Units, prior to the application of the dilution adjustment, will be available to Unitholders on request.

### **SDRT PROVISION**

The Scheme will generally owe SDRT on purchases of U.K. stocks.

The cost of SDRT may be met directly from the Scheme Property or recovered from

Unitholders on the purchase or redemption of Units in the Scheme.

The Manager's current policy is that all SDRT charges are paid directly from the Scheme Property at the applicable rate (currently 0.5%). Where a charge to SDRT arises as a result of subscriptions and redemptions in the Scheme, this is currently included in the dilution adjustment calculation, as set out above. However, the Manager reserves the right to recover any such SDRT charge directly from investors on the purchase or redemption of Units.

## RISK FACTORS AND PERFORMANCE

Investment in any fund involves a degree of risk. Investors should consider the following risk factors before investing in the Scheme. Risk factors apply directly to the Scheme in connection with investments it holds or strategies it undertakes and, indirectly, through any collective investment schemes in which the Scheme may invest. The value of Units may go down as well as up, and investors may not get back the amount invested or any return on an investment. There can be no assurance that the Scheme will achieve its investment objective. Upon request by any Unitholder, information relating to risk management methods employed for the Scheme, including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments, may be provided to such Unitholder.

### Past Performance

**The figures below refer to the past. Past performance is not a reliable indicator of future results and can in no way provide a guarantee of future returns. The price of Units and the income from them can fall as well as rise and Unitholders may not get back the amount originally invested.** Performance shown is from 1 January to 31 December of each year. Performance of each Class and the benchmark is shown in GBP.

	Launch date	2019	2020	2021	2022	2023
General Accumulation	08.11.16	17.19%	-11.49%	18.30%	4.62%	7.79%
General Income	08.11.16	17.16%	-11.51%	18.30%	4.60%	7.79%
<i>Benchmark</i> <i>FTSE 100 Index</i>		17.28%	-11.58%	18.40%	4.67%	7.90%

Source: The Vanguard Group Inc. Performance calculations are based on NAV to NAV prices with net income reinvested. Please note that past performance does not include the effect of the SDRT Charge (as applicable). Past performance is shown for complete 12 month calendar year periods.

### Stock Market Risk

The investments of the Scheme are subject to normal market fluctuations and the risks inherent in investment in securities markets, and there can be no assurance that appreciation will occur. The Scheme will invest in stocks and is therefore subject to stock market risk, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices.

### Investment Style Risk

The Scheme is also subject to investment style risk, which is the chance that returns from the types of stocks in which the Scheme invests will trail returns from the overall stock market. Specific types of stocks tend to go through cycles of doing better - or worse - than the stock market in general. These periods have, in the past, lasted for as long as several years, and there can be no assurances that appreciation will occur.

## **Index Tracking Risk**

The Scheme is not expected to track or replicate the performance of its index at all times with perfect accuracy. The Scheme is, however, expected to provide investment results which, before expenses, generally correspond to the price and yield performance of its index. Although the Investment Adviser will regularly monitor the level of correspondence of the performance of the Scheme with the performance of the relevant index (i.e., the “tracking accuracy”), there can be no assurance that the Scheme will achieve any particular level of tracking accuracy. The annual and semi-annual reports of the Scheme will disclose the level of tracking accuracy over the relevant periods. The annual report of the Scheme will also provide an explanation of any divergence between anticipated and realised Tracking Error for the relevant period.

The following factors may adversely affect the tracking by the Scheme of its index:

- (i) the Scheme must pay various expenses, while the index does not reflect any expenses;
- (ii) the Scheme must comply with regulatory constraints, such as the investment and borrowing restrictions (as set out in Appendix 3), that do not affect the calculation of the index;
- (iii) the existence of uninvested assets in the Scheme (including cash and deferred expenses);
- (iv) the timing difference between when the index reflects the event of dividends and when the Scheme reflects the event of dividends;
- (v) the temporary unavailability of certain securities comprising the index;
- (vi) the presence of small, illiquid components in the index which the Scheme may not be able to, or may choose not to, acquire;
- (vii) the extent to which the Scheme is not invested identically in respect of the composition and/or weighting of the component securities of the index, and to which securities in which it is underweighted or overweighted in relation to the index perform differently from the index as a whole; and
- (viii) the extent to which dividends are reinvested in the Scheme.

In seeking to track an index, the Investment Adviser will not normally reduce or increase the Scheme’s holdings in or exposure to any component security of the index when to do so would reduce the tracking accuracy. Therefore, if an index security is decreasing in value, the Scheme will generally continue to hold such security (or any other securities which give exposure or equivalent price performance to such security’s price performance) until the weight of the security is reduced in the index, or the security is removed from the index, by the index provider.

For the avoidance of doubt, it is at the discretion of the Investment Adviser as to when to dispose of a security after it ceases to form part of the index tracked by the Scheme.

The Scheme will purchase and sell securities having regard to the effect on portfolio turnover. Higher portfolio turnover will cause the Scheme to incur additional transaction costs.

## **Index Sampling Risk**

As stated in Appendix 1 (see “Investment Objective and Policy”), an index sampling process may be used occasionally when it is inefficient or impracticable to hold all of the component securities of the index tracked by the Scheme and to mirror their proportionate index weightings. Where this limited replication strategy is employed, the Scheme holds a representative sample of securities which approximates the full index in terms of key risk factors and other characteristics. These factors include price/earnings ratio, industry weights, country weights, market capitalisation, dividend yield, and other financial characteristics of stocks. While a sampling strategy keeps currency, country, industry sector and sub-sector exposure within tight boundaries compared with that of the index, there is the risk that the securities selected for the Scheme, in the aggregate, will not provide investment performance matching that of the relevant index.

## **Accuracy Risk**

There is no assurance that the index provider will compile the benchmark index (the “Benchmark Index”) accurately, or that the Benchmark Index will be determined, composed or calculated accurately. While the index provider does provide descriptions of what the Benchmark Index is designed to achieve, the index provider does not provide any warranty or accept any liability in relation to the quality, accuracy or completeness of data in respect of the Benchmark Index, and does not guarantee that the Benchmark Index will be in line with the described index methodology.

The Manager, the Investment Adviser, the Scheme and affiliates do not provide any warranty or guarantee for index provider errors. Errors in respect of the quality, accuracy and completeness of the data may occur from time to time and may not be identified and corrected for a period of time, particularly where the indices are less commonly used. Therefore gains, losses or costs associated with index provider errors will be borne by the Scheme and its investors. For example, during a period where the Benchmark Index contains incorrect constituents, the Scheme would have market exposure to such constituents and would be underexposed to the constituents that should have been included in the Benchmark Index. As such, errors may result in a negative or positive performance impact to the Scheme and its investors. Investors should understand that any gains from index provider errors will be kept by the Scheme and its investors and any losses resulting from index provider errors will be borne by the Scheme and its investors.

## **Unscheduled Rebalancing Risk**

Apart from scheduled rebalances, the index provider may carry out additional ad hoc rebalances to the Benchmark Index in order, for example, to correct an error in the selection of index constituents. Where the Benchmark Index is rebalanced and the Scheme in turn rebalances its portfolio to bring it in line with its Benchmark Index, any transaction costs (including any capital gains tax and/or transaction taxes) and market exposure arising from such portfolio rebalancing will be borne directly by the Scheme and its investors.

Unscheduled rebalances to the Benchmark Index may also expose the Scheme to tracking error risk, which is the risk that its returns may not track exactly those of the Benchmark Index (see “Index Tracking Risk” for more detail). Therefore, errors and additional ad hoc rebalances carried out by the index provider to a Benchmark Index may increase the costs and market exposure risk of the Scheme.

## **Sustainability Risk**

Sustainability risks are ESG events or conditions that could cause material negative impacts on the value of a Scheme's assets. Sustainability risks can be risks in their own right or may combine with, exacerbate or contribute to other risks such as market risks, liquidity risks or counterparty risks.

Sustainability risks are frequently split between ESG headings. Common examples of each of these risks may include, but are not limited to, climate change (environmental), human rights (social) and management remuneration overly focused on short term goals (governance).

### *Assessment and Mitigation of Sustainability Risks*

As outlined in the Sustainable Finance section above, in certain cases the Investment Adviser, or its delegate, may not be able to take material sustainability risks (i.e., those that might have an impact on the financial outcomes or returns of a business) into account when assessing whether the Scheme should be invested in a particular security and the Scheme's investments may therefore be exposed to material sustainability risks. However, Vanguard's Investment Stewardship activities – through proxy voting and direct meetings (engagement) with portfolio companies and their board – are used to effectively apply ESG oversight to all portfolio companies of equity funds managed by Vanguard, to protect clients' investments, and to help build long-term value. For more information, see the Sustainable Finance section above.

Where indicated in Appendix 1, a Scheme may track an ESG index which screens out possible investments if they do not meet certain ESG criteria. This may affect the Scheme's exposure to certain issuers and cause the Scheme to forego certain investment opportunities relative to indices which cover the same broad universes but which do not apply such screens. Therefore, the relevant Scheme may perform differently to other funds, including underperforming funds that track indices which do not seek to screen investments in this way.

Investors should also note that where a Scheme uses FDI, such FDI on an index (e.g., swaps, futures) may provide indirect exposure to some underlying constituents which may not meet the relevant ESG criteria applied by the relevant index tracked by the Scheme. Similarly, where a Scheme engages in stock lending transactions for efficient portfolio management purposes, the Scheme may receive collateral which may not meet the relevant ESG criteria applied by the relevant index tracked by the Scheme.

## **Investment Adviser Risk**

The Scheme is subject to the risk that the Investment Adviser (or a sub-investment adviser) may do a poor job of selecting securities.

## **Country Risk**

Country risk is the chance that domestic events—such as political upheaval, financial troubles, or natural disasters—will weaken a country's securities markets. The value of the assets of the Scheme may be affected by uncertainties such as political developments, changes in government policies, taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in applicable laws and regulations.

## Liquidity Risk

The Manager's ability to invest and liquidate the assets of the Scheme in smaller companies may, from time to time, be restricted by the liquidity of the market for smaller company securities in which the Scheme, or any collective investment scheme in which the Scheme is invested, is invested.

## Financial Derivative Instruments ("FDI") Risk

**The investment policy of the Scheme provides that it may use derivatives for the purposes of efficient portfolio management (including hedging) as described under "Portfolio Investment Techniques" in Appendix 4, but not for speculative purposes. The aim of any derivative or forward used for such reasons is not to alter materially the risk profile of the Scheme; rather their use is to assist the Manager in meeting the investment objective of the Scheme as set out in Appendix 1.**

The risks associated with the use of FDI are different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. Generally, a derivative is a financial contract the value of which depends upon, or is derived from, the value of an underlying asset, reference rate or index, and which may relate to stocks, bonds, interest rates, currencies or currency exchange rates, commodities, and related indices. There is no assurance that any derivative strategy used by the Scheme will succeed.

The following risks are particularly relevant in terms of the use of FDI:

- *Correlation risk.* Although the Manager believes that taking exposure to underlying assets through the use of FDI will benefit Unitholders in certain circumstances, by reducing operational costs and creating other efficiencies, there is a risk that the performance of the Scheme will be imperfectly correlated with the performance that would be generated by investing directly in the underlying assets.
- *Interest rate risk.* These are risks primarily associated with the chance that the market value of FDI held by the Scheme will decline because of rising interest rates.
- *Management risk.* FDI are highly specialised instruments that require investment techniques and risk analysis different from those associated with stocks and bonds. The use of FDI requires an understanding not only of the underlying instrument but also of the FDI itself, without the benefit of observing the performance of the FDI under all possible market conditions.
- *Credit risk.* The use of FDI involves the risk that a loss may be sustained as a result of the failure of another party to the contract (usually referred to as the "counterparty") to make required payments or otherwise comply with the contract's terms. Counterparties to these transactions are therefore required to provide collateral, in the form of cash or securities, to protect the Scheme against the risk of the counterparty's default.

There is also the risk that, due to a significant change in the value of the FDI because of market conditions, the collateral posted by the counterparty would not be sufficient to cover the counterparty's obligations under the FDI, should the counterparty become insolvent, bankrupt or default prior to the receipt of additional collateral. This may result in substantial losses to the Scheme. Collateralisation policies are maintained for the Scheme to mitigate counterparty risk, including as follows:

- cash or securities held by the Scheme or by the counterparty, as applicable, are posted as collateral to cover daily mark-to-market changes to the value of the FDI, and specific haircut policies will apply depending on collateral type and risk associated with the underlying security;
- based on changes in the market value of each FDI transaction, collateral is posted, or received, daily on a net basis, to ensure that the value of the collateral covers the Scheme's mark-to-market exposure to the counterparty; and
- in the event of a counterparty default, collateral held is immediately available (without recourse) to cover the Scheme's current mark-to-market exposure to a counterparty.

Additionally, credit default swaps could result in losses if the Investment Adviser does not correctly evaluate the creditworthiness of the company on which the credit default swap is based.

- *Collateral reinvestment risk.* There is a risk that cash collateral reinvestment could result in a reduction of the value of the collateral capital (because the investment declines in value). This, in turn, may cause losses to the Scheme because it is obliged to return collateral to the counterparty. In order to manage this risk, the Scheme reinvests cash collateral in accordance with the guidelines set out in Appendix 4.
- *Liquidity risk.* This risk exists when a particular FDI is difficult to purchase or sell. If a derivative transaction is particularly large or if the relevant market is illiquid (as in the case with many OTC derivatives), it may not be possible to initiate a transaction or liquidate a position at an advantageous time or price.
- *Pricing risk.* This risk exists when a particular FDI becomes extraordinarily expensive relative to historical prices or the prices of corresponding cash market instruments. Under certain market conditions, it may not be economically feasible to initiate a transaction or liquidate a position in time to avoid a loss or to take advantage of an opportunity.
- *Gearing (or leverage) risk.* Because many FDI have a leveraged component, adverse changes in the value or level of the underlying asset, reference rate or index can result in a loss substantially greater than the amount invested in the FDI itself. The Scheme is managed on a non-g geared basis.
- *Market risk.* Like most other investments, FDI are subject to the risk that the market value of the instrument will change in a way detrimental to the Scheme's interests. While hedging strategies involving FDI can reduce the risk of loss, they can also reduce the opportunity for gain or even result in losses by offsetting favourable price movements in other portfolio investments. The Scheme may also have to buy or sell a security at a disadvantageous time or price because it is legally required to maintain offsetting positions or asset coverage in connection with certain FDI transactions.
- *Settlement risk.* Derivative markets will have different clearance and settlement procedures and in certain markets there have been times when settlements have been unable to keep pace with the volume of transactions, thereby making it difficult to conduct such transactions. Delays in settlement could result in temporary periods when assets of the Scheme are uninvested and no return is earned thereon. The Scheme's

inability to make intended purchases due to settlement problems could cause it to miss attractive investment opportunities. Inability to dispose of portfolio securities due to settlement problems could result either in losses to the Scheme due to subsequent declines in the value of the security or, if the Scheme has entered into a contract to sell the security, it could result in a possible liability of it to the purchaser.

- *Legal risk.* The terms of OTC FDI are generally established through negotiation between the parties thereto. While therefore more flexible, OTC FDI may involve greater legal risk than exchange-traded instruments, which are standardised as to the underlying instrument, expiration date, contract size and strike price, as there may be a risk of loss if the OTC FDI are deemed not to be legally enforceable or are not documented correctly. There may also be a legal or documentation risk that the parties to the OTC FDI may disagree as to the proper interpretation of its terms. If such a dispute occurs, the cost and unpredictability of the legal proceedings required for the Scheme to enforce its contractual rights may lead the Scheme to decide not to pursue its claims under the OTC FDI. The Scheme thus assumes the risk that it may be unable to obtain payments owed to it under OTC arrangements, and that those payments may be delayed or made only after the Scheme has incurred the costs of litigation. Further, legal, tax and regulatory changes could occur which may adversely affect the Scheme. The regulatory and tax environment for FDI is evolving, and changes in the regulation or taxation of FDI may adversely affect the value of such instruments held by the Scheme and the Scheme's ability to pursue its trading strategies.

The Scheme employs a risk management process which enables it to accurately identify, measure, monitor and manage the various risks associated with the use of FDI. For further information, see "Risk Management" in Appendix 3.

Derivatives held in the Scheme will be accounted for and taxed in accordance with the Statement of Recommended Practice for Financial Statements of Authorised Funds. The way in which HMRC taxes derivatives held in collective investment schemes may change, which could adversely affect the tax paid by the Scheme.

### **Plain Talk About Derivatives**

Derivatives can take many forms. Some forms of derivatives, such as exchange-traded futures and options on securities or indexes, have been trading on regulated exchanges for decades. These types of derivatives are standardised contracts that can easily be bought and sold, and whose market values are determined and published daily. Non-standardised derivatives (such as swap agreements), on the other hand, tend to be more specialised or complex, and may be harder to value, and the impact to the Scheme may be greater where complex derivatives are used.

## **Futures Contracts Risk**

Positions in futures contracts may be closed out only on an exchange that provides a secondary market for such futures. However, there can be no assurance that a liquid secondary market will exist for any particular futures contract at any specific time. Thus, it may not be possible to close a futures position. In the event of adverse price movements, the Scheme would continue to be required to make daily cash payments to maintain its required margin. In such situations, if the Scheme has insufficient cash, it may have to sell portfolio securities to meet daily margin requirements at a time when it may be disadvantageous to do so. In addition, the Scheme may be required to make delivery of the instruments underlying the futures contracts it holds. The inability to close options and futures positions also could have an adverse impact on the ability to effectively hedge the Scheme.

The Scheme may minimise the risk that it will be unable to close out a futures contract by entering into contracts that are traded on eligible futures exchanges and for which there appears to be a liquid secondary market.

The risk of loss in trading futures contracts in some strategies can be substantial, due both to the low margin deposits required and the extremely high degree of leverage involved in futures pricing. As a result, a relatively small price movement in a futures contract may result in immediate and substantial loss (or gain) to the investor. Thus, a purchase or sale of a futures contract may result in losses in excess of the amount of investment in the contract itself. The Scheme also bears the risk that the Investment Adviser will incorrectly predict future stock market trends. However, because the futures strategies of the Scheme are currently engaged in only for efficient portfolio management purposes, the Manager does not believe that the Scheme is subject to the risks of loss frequently associated with futures transactions. The Scheme would generally have sustained comparable losses if, instead of the futures contract, it had invested in the underlying financial instrument and sold it after the decline.

Utilisation of futures transactions by the Scheme involves the risk of imperfect or no correlation where the securities underlying the futures contracts have different maturities than the Scheme securities being hedged. It is also possible that the Scheme could both lose money on futures contracts and experience a decline in the value of its securities. There is also a risk of loss by the Scheme of margin deposits in the event of the bankruptcy of a broker with whom the Scheme has an open position in a futures contract or related option.

## **Investment Techniques Risk**

There are certain investment risks that apply in relation to techniques and instruments that the Investment Adviser may employ for efficient portfolio management purposes, as described in Appendix 4. To the extent that the Investment Adviser's expectations in employing such techniques and instruments are incorrect, the Scheme may suffer a substantial loss with an adverse effect on the Net Asset Value per Unit.

The Scheme's ability to use such techniques and instruments may be limited by market conditions, regulatory limits, and tax considerations. Use of these techniques involves certain special risks (in addition to those described elsewhere in this "Risk Factors and Performance" section), including:

- (i) dependence on the Investment Adviser's ability to predict movements in the price of securities being hedged and movements in interest rates;
- (ii) imperfect correlation between movements in the securities or currency on which a futures

or options contract is based and movements in the securities or currencies in the Scheme;

- (iii) the absence of a liquid market or of accurate pricing information for any particular instrument at any particular time;
- (iv) the fact that, while the Scheme may not be leveraged or geared in any way through the use of derivatives, the degree of leverage inherent in futures trading (that is, the low margin deposits normally required in futures trading) means that a relatively small price movement in a futures contract may result in an immediate and substantial loss to the Scheme; and
- (v) possible impediments to effective portfolio management or the ability to meet redemption requests or other short-term obligations because of the percentage of the Scheme's assets segregated to cover its obligations.

### **Repurchase and Reverse Repurchase Agreements Risk**

If the seller of a repurchase agreement fails to fulfill its commitment to repurchase the security in accordance with the terms of the agreement, the Scheme may incur a loss to the extent that the proceeds realised on the sale of the securities are less than the repurchase price. If the seller becomes insolvent, the transaction may be subject to regulatory stays and moratoriums, which may result in a delay in the Scheme's ability to liquidate the collateral notwithstanding the title transfer provided under the terms of the agreement. The Scheme may experience both delays in liquidating the underlying securities and losses during the period while it seeks to enforce its rights thereto, including possible sub-normal levels of income and lack of access to income during the period and expenses in enforcing its rights.

Likewise with repurchase agreements, there are risks of counterparty insolvency and decline in the market value of the securities at which the Scheme is obliged to repurchase such securities under the agreement.

### **Stock Lending Arrangements Risk**

*Counterparty risk:* Counterparty risk exists when the Scheme may be exposed to credit risk on the counterparties with which it makes stock lending arrangements. The risk is that the borrower of securities will default on its obligation to return the securities, which could result in losses to the Scheme. Borrowers are therefore required to provide collateral in the form of cash or securities to protect the Scheme against the risk of default.

Collateralisation policies are maintained for the Scheme to mitigate counterparty risk, including the following:

- ensuring that the value of the collateral required exceeds the market value of securities on loan for each security loan entered into by the Scheme;
- collateral is posted, or received, on a daily basis, based on changes in the market value of each security loan, to ensure that the value of the collateral held exceeds the market value of the securities on loan; and
- in the event of counterparty default, the collateral held is immediately available to the Scheme (without recourse) and it will be used to buy the securities lent but not returned.

While the Scheme engages in conservative collateralisation policies intended to ensure that all stock lending is fully collateralised, to the extent that any stock lending is not fully collateralised (for example, due to timing lags associated with the posting of cash collateral), the Scheme will have a credit risk exposure to the counterparty of a stock lending contract.

Additional risk mitigation against counterparty default is provided through: (i) contractual protections in the event of default of a counterparty; and (ii) ongoing monitoring of the creditworthiness of counterparties.

*Collateral reinvestment risk:* this is the risk that collateral cash reinvestment could result in a reduction of the value of the collateral capital (because the investment declines in value). This, in turn, may cause losses to the Scheme because it is obliged to return collateral equivalent to the value of the returned security. In order to manage this risk, the Scheme reinvests cash collateral in accordance with the guidelines set out in Appendix 4.

It is important to understand that, when a stock lending contract is entered into, the lender has the ability to recall the loan at any time, and the borrower has the ability to return the security to the lender at any time. To the extent that collateral may need to be returned at any time, it is important that the collateral be available to return to the securities borrower. The Scheme maintains collateral reinvestment policies to mitigate this risk. These policies aim to preserve collateral capital and provide sufficient liquidity for the Scheme to: (i) fund redemption orders; and (ii) return collateral to borrowers who return the loaned securities.

*Conflict of interest risk:* the Scheme does not enter into stock lending transactions with any entities within the Vanguard Group of Companies.

### **Charges to Capital**

Where this Prospectus states that all or part of the Manager's fee and/or other charges in respect of the Scheme and/or Class may be charged against capital rather than income, this will enhance income returns but may constrain future capital growth and/or result in an erosion of capital. Details of whether charges are made to capital or income for the Scheme are set out in Appendix 1 of this Prospectus.

### **Suspension of Dealings in Units**

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

### **Dilution adjustment risk**

As described in the section "Dilution Adjustment", the Manager may, where it so determines, "swing" the NAV of the Scheme to attempt to mitigate the potentially dilutive effects of dealing on the NAV on any Dealing Day on which there are net subscriptions or redemptions in the Scheme that exceed a pre-determined level. In such cases, investors should be aware that the application of a dilution adjustment may not always prevent the dilution of the NAV through transaction and other dealing costs and the adjustments made to the NAV may also benefit certain investors relative to the Unitholders in the Scheme as a whole. In the event that the Manager determines not to make a dilution adjustment, this may have the effect of constraining capital growth.

**Restriction on the Scheme's Activities Due to Embargo, etc.**

From time to time, the Scheme's activities, or the activities of collective investment schemes in which it invests, may be restricted due to governmental and/or regulatory restrictions applicable to the Manager or its delegates or another entity within the relevant respective groups of companies, and/or their internal policies designed to comply with such restrictions. As a result, there may be periods, for example, during which the Manager or the Scheme or a collective investment scheme in which the Scheme invests may be restricted from engaging in certain transactions.

**Ownership Limit Risk**

The ability to purchase or dispose of investments in regulated industries, the derivatives markets, certain international markets, and certain issuers that limit ownership by a single shareholder or group of related shareholders, or to exercise rights on behalf of the Scheme, may be restricted or impaired because of limitations on the aggregate level of investment unless regulatory or corporate consents are obtained. As a result, the Manager or the Investment Adviser may be required to limit purchases, sell existing investments, or otherwise restrict or limit the exercise of shareholder rights on behalf of the Scheme, including voting rights. If the Scheme is required to limit its investment in a particular issue, the Scheme may seek to obtain economic exposure to that issuer through alternative means, such as through a derivative, which may be more costly than owning securities of the issuer directly.

## **CHARGES AND EXPENSES**

### **Manager's Charges and Expenses**

#### *Preliminary Charge*

The Manager currently makes no preliminary charge on a Unitholder's purchase of Units.

The Manager reserves the right to make a preliminary charge, which would be added to the purchase price of the Units. Before making any such charge the Manager will provide prior notice to Unitholders in accordance with the COLL Sourcebook (currently 60 days).

#### *Redemption Charge*

The Manager currently makes no redemption charge on a Unitholder's redemption of Units.

The Manager reserves the right to make a redemption charge, which would be deducted from the redemption price of the Units. Before making any such charge the Manager will provide prior notice to Unitholders in accordance with the COLL Sourcebook (currently 60 days).

#### *Switching and Conversion Charges*

The Manager does not currently charge Unitholders for the switching or conversion of Units.

The Manager reserves the right to make a conversion or switching charge. Before making any such charge the Manager will provide prior notice to Unitholders in accordance with the COLL Sourcebook (currently 60 days) which includes details of how the charge will apply to the purchase and redemption sides of the switch or conversion transaction.

#### *Management Charge*

The Manager is entitled to make a periodic management charge (plus value added tax, if any) calculated at an annual percentage rate based upon the value of the property of the Scheme. The actual amount applicable to each Class is set out in Appendix 1.

The Manager reserves the right to increase or decrease the management charge. Before making any increase in such charge the Manager will provide prior notice to Unitholders in accordance with the COLL Sourcebook (currently 60 days).

The periodic management charge shall accrue daily and will be determined by reference to the value of the Scheme on each Dealing Day and shall be deducted and paid at the end of each month.

As mentioned below, the Manager pays the fees of the Investment Adviser from its management charge. Out of such fees the Investment Adviser pays the fees of any sub-investment advisers appointed by it and any costs associated with the provision of Research.

#### *Ongoing Charges Figure*

The Ongoing Charges Figure ("OCF") for each Class is based on actual expenses for a given period. It covers all aspects of operating the Class during the period, including fees paid for investment management, administration, audit, trustee, legal, registration and regulatory fees. The Manager will usually pay those fees out of its periodic management charge, which means that the OCF will normally equal the rate of management charge. There may, however, be

certain unusual or extraordinary expenses which cause the OCF to exceed the annual rate of the management charge.

The OCF does not include portfolio transaction costs or the fees of investors' financial advisers.

### **SDRT Charge**

An SDRT charge arises in respect of every subscription for Units (the “**SDRT Charge**”), save in the case of certain in specie subscriptions. Prior to 2 October 2017, the SDRT Charge was paid directly by investors subscribing into the Scheme. The SDRT Charge is currently paid out of the Scheme Property at the applicable rate (currently 0.5%) on the purchase of U.K. stocks. However, the Manager reserves the right to recover the SDRT Charge directly from Unitholders on the purchase or redemption of Units. Where the Manager intends to recover the SDRT Charge for the Scheme directly from Unitholders, this will be set out in Appendix 1.

### **Other Expenses**

In addition to the Manager's management charge and any applicable value added tax thereon, the Scheme may, so far as the COLL Sourcebook allows, also pay out of the Scheme Property all relevant costs, charges, fees and expenses including the following:

- (i) costs incurred by the Scheme in connection with transactions on its portfolio, including brokerage fees (excluding costs for research), taxes and linked charges and the market impact of the transaction taking into account the remuneration of the broker and the liquidity of the concerned assets;
- (ii) interest on borrowing; and
- (iii) payments incurred because of financial instruments.

The Manager is also entitled to be paid by the Scheme out of the Scheme Property any expenses incurred by the Manager or its delegates of the kinds described above.

### **Rebates**

The Manager may rebate all or part of its remuneration to any party that invests in or provides services to the Scheme.

### **Initial Expenses and Promotion Costs**

The costs and expenses relating to the authorisation of the Scheme, the offer of Units, the preparation, production and printing of the Trust Deed, this Prospectus and the Key Investor Information Document for each Class of Units, and the fees of the professional advisers to the Scheme in connection with the offer, will be borne by the Manager.

### **Allocation of Expenses Between Capital and Income**

All charges and expenses payable by the Scheme are allocated between capital and income in accordance with the Regulations. The approach is set out in Appendix 1. If deductions are made from capital, this will result in capital erosion and will constrain growth.

### **Plain Talk About Costs of Investing**

Costs are an important consideration in choosing to invest in a fund. That's because you, as a Unitholder, pay the costs of operating a fund, plus any transaction costs incurred when the Scheme buys or sells securities. These costs can erode a substantial portion of the gross income or the capital appreciation the fund achieves. Even seemingly small differences in expenses can, over time, have a dramatic effect on the fund's performance.

## **INCOME**

### **Accounting Periods**

The annual accounting period of the Scheme ends each year on 31 July (the accounting reference date). The interim accounting period ends each year on 31 January.

### **Income Allocations**

Allocations of income are made in respect of the income available for allocation in each accounting period in accordance with Appendix 1.

For all Income Units, distributions of income are paid on or before the annual income allocation date of 30 September. Interim distributions will be paid on or before the interim income allocation dates set out in Appendix 1 (if any). The amount available for allocation in an accounting period is calculated by:

- (i) taking the aggregate of the income received or receivable for the account of the Scheme for the accounting period;
- (ii) deducting the charges and expenses of the Scheme paid or payable out of income where appropriate for that accounting period; and
- (iii) making such adjustments as the Manager considers appropriate (and after consulting the Auditor as appropriate) in relation to tax and certain other issues.

If a distribution remains unclaimed for a period of six years after it has become due, it will be forfeited and become part of the capital property of the Scheme.

The Manager and the Trustee may agree a de minimis amount in respect of which a distribution of income is not required, and how any such amounts are to be treated. Notice of such a decision will be dealt with in accordance with the COLL Sourcebook.

Distributable income payable on Income Units may be paid by cheque, at the Unitholder's risk, or by electronic bank transfer (including BACS) if the Unitholder has supplied to the Manager appropriate bank details.

In order to conduct a controlled dividend flow to Unitholders interim distributions may be made at the Manager's discretion, up to the maximum of the distributable income available for the period. All remaining income is distributed in accordance with the COLL Sourcebook.

For all Accumulation Units, no distributions will be paid to the Unitholder and instead income allocations are reflected in the value of the Scheme Property.

### **Income Equalisation**

The Manager intends to operate income equalisation arrangements in respect of the pro rata entitlement to share in any accrued income of the Scheme existing at the time a Unit is purchased by a Unitholder and which is therefore reflected in the purchase price of the Unit. If a Unitholder acquires Units at a date when the Scheme has accrued income which has not yet been allocated, the Manager may credit to the Unitholder's equalisation account part of the subscription price representing the accrued income which would be attributable to those Units on the date of purchase. When income is next allocated, a holder of Income Units to which income equalisation applies will receive the same amount of cash as the existing Unitholders,

but the amount in respect of income accrued before he acquired his Units will be paid not as income but out of the equalisation account, as capital, comprising the repayment of part of the subscription price. For a holder of Accumulation Units to which income equalisation applies, no cash payment will be made to that Unitholder from his equalisation account, but an amount equal to that Unitholder's equalisation account may be added to his acquisition cost when calculating the capital gain realised on a disposal of those Units.

## **U.K. TAXATION**

### **General**

The taxation of income and capital gains of both the Scheme and Unitholders is subject to the fiscal law and practice of the U.K. and of the jurisdictions in which Unitholders are resident or otherwise subject to tax. The information below is a general guide based on current U.K. law and HMRC practice, all of which are subject to change. It summarises the tax position of the Scheme and of investors who are U.K. tax residents and hold Units as investments.

Prospective investors should consult their own professional advisers on the tax implications of making an investment in, holding or disposing of Units and the receipt of distributions and deemed distributions with respect to such Units under the laws of the countries in which they may be liable to taxation.

This summary is based on the taxation law and practice in force at the date of this document, but prospective investors should be aware that the relevant fiscal rules and practice or their interpretation might change. The following tax summary is not a guarantee to any investor of the tax results of investing in the Scheme.

### **The Scheme**

The Scheme will be treated as a separate entity for U.K. tax purposes.

The Scheme is generally exempt from U.K. tax on capital gains realised on the disposal of investments (including interest-paying securities and derivatives) held within it.

Subject to certain anti-avoidance rules, dividends received by the Scheme from U.K. and most overseas companies (whether received directly or through another authorised investment fund) are exempt from U.K. income taxation. The Scheme may be subject to corporation tax at the basic rate at which income tax is charged which is currently 20% (2023/24) on some other types of income, but after deducting allowable management expenses and any interest distributions. Where the Scheme suffers foreign tax on income received, some or all of this may normally be deducted from the U.K. tax due on that income.

The Scheme will make dividend distributions except where over 60% of its property has been invested throughout the distribution period in interest-paying investments, in which case it will make interest distributions. It is currently anticipated that, if any distributions are made, the Scheme will make dividend distributions rather than interest distributions. The Unitholder tax section below therefore only describes the position where dividend distributions are made.

Part 2B of the Authorised Investment Funds (Tax) Regulations 2006 provides certainty that specified transactions carried out by an authorised fund, such as the Scheme, will not be treated as trading transactions for funds that meet a genuine diversity of ownership condition. For these purposes, the Manager confirms that all Classes of the Scheme are primarily intended for and marketed to the category of retail and institutional investors. The Manager undertakes that Units in the Scheme will be widely available and will be marketed and made available sufficiently widely to reach the intended categories of investors and in a manner appropriate to attract those kinds of investors.

## Unitholders

### *Income*

The Scheme will pay dividend distributions, which will be automatically retained in the Scheme in the case of Accumulation Units. U.K. tax resident Unitholders holding Accumulation Units will be liable to tax on their income as if they had actually received a distribution. U.K. individual taxpayers will be eligible for a tax-free allowance on dividends, currently £1,000 for 2023/24 but will be lowered to £500 for 2024/25.

Corporate Unitholders liable to U.K. tax which receive dividend distributions may have to divide them into two parts (in which case the division will be indicated on the tax vouchers). The part treated as dividend income will not be subject to any further taxation.

### *Income Equalisation*

The first income allocation received by an investor after buying Units 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 Units for capital gains tax purposes. Equalisation will be applied to the Scheme.

### *Gains*

Unitholders may, depending on their personal circumstances, be liable to capital gains tax or, if a corporate Unitholder, corporation tax on gains arising from the redemption, transfer, or other disposal of Units (but not generally on conversions or switches between Classes within the Scheme). A corporate investor that is, at any time in an accounting period, a Unitholder in the Scheme which is, at any time during that period, over 60% invested in interest-paying investments must treat the Units as a creditor relationship of the investor for U.K. corporation tax purposes and all returns on the Units will be taxed or relieved as an income receipt or expense on a “fair value” basis. Accordingly, a corporate investor in such circumstances may, depending on its own circumstances, incur a charge to corporation tax on an unrealised increase in the value of its holding of Units (or, likewise, obtain relief against corporation tax on an unrealised reduction in the value of its holding of Units).

Part of any increase in value of Accumulation Units represents the accumulation of income (including income equalisation). These amounts may be treated as allowable costs when calculating the capital gain realised on their disposal.

### *Foreign Account Tax Compliance Act (“FATCA”)*

The International Tax Compliance Regulations 2015 (and amendments thereunder) give effect to an Intergovernmental agreement (“IGA”) between the United States and the United Kingdom in relation to the U.S. Foreign Account Tax Compliance Act (“FATCA”). FATCA is designed to assist the U.S. Internal Revenue Service combat U.S. tax evasion by requiring financial institutions to report certain U.S. investors or U.S. holdings.

The Scheme intends to carry on its business in such a way to ensure that it is FATCA compliant. Failure of the Scheme to be FATCA compliant would result in a 30% withholding tax on certain payments of U.S. source income made to the Scheme which could reduce the amounts available to make payments to investors. The Scheme or its authorised agents or distributors reserve the right to request such information or documents as is necessary to verify the identity and

FATCA status of an applicant for Units. This can include, but is not limited to, date of birth, countries of citizenship, countries of tax residency and associated taxpayer identification numbers. Failure to provide information as required may result in the rejection of the relevant application. The Scheme shall have the right to require all investors to be compliant with FATCA. Certain investors, such as non-participating foreign financial institutions (“**FFIs**”) or recalcitrant account holders (as defined by FATCA), may be reported to the local tax authority and redeemed at the sole discretion of the Manager. The Scheme may disclose the information or documentation that it receives from or regarding investors to HMRC, the US Internal Revenue Service, other taxing authorities, or other parties as necessary to comply with FATCA, related intergovernmental agreements or other applicable law or regulation.

Vanguard does not support U.S. tax evasion or any request to help investors avoid detection under FATCA. Vanguard is not able to provide tax advice and cannot determine the impact or compliance obligations of FATCA or an applicable IGA for investors’ business activities. Vanguard strongly encourages investors to seek the advice of an experienced tax advisor to determine what actions investors may need to take.

### **OECD Common Reporting Standard (CRS)**

In addition to the IGA signed with the U.S. relating to FATCA, the U.K. has signed the Multilateral Competent Authority Agreement to implement the Common Reporting Standard (“**CRS**”) regime. The CRS regime has been implemented in the UK by the International Tax Compliance Regulations 2015 (as amended).

The CRS regime, which was proposed by the Organisation for Economic Cooperation and Development (“**OECD**”), generalises the automatic exchange of information between participating countries from 1 January 2016. Under the adopted provisions, the Manager may be required to report certain information relating to Unitholders (including name, address, tax residency, tax identification number (TIN), date and place of birth (as appropriate)), and details of income and redemption proceeds received by Unitholders in respect of their Units. This information may be shared with tax authorities in jurisdictions which implement the OECD’s CRS.

Investors should consult their own tax advisers regarding any potential obligations that the CRS may impose on them.

## APPENDIX 1

### VANGUARD FTSE 100 INDEX UNIT TRUST

#### Investment Objective and Policy

The Vanguard FTSE 100 Index Unit Trust (the “**Scheme**”) seeks to track the performance of the FTSE 100 Index (the “**Index**”).

The Index is a market-capitalisation weighted index representing the performance of the 100 largest companies traded on the London Stock Exchange that pass screening for size and liquidity. Further information on the composition of the Index may be obtained at <https://www.ftserussell.com/analytics/factsheets/home/constituentsweights> and <https://www.ftserussell.com/products/indices/uk>. Market-capitalisation is the value of a company’s outstanding shares in the market and shows the size of a company.

The Scheme is a passive fund with an indexing investment strategy designed to replicate the performance of the Index by investing in all of the component shares of the Index, holding each share in approximately the same proportion as its weighting in the Index (an indexing strategy called “full replication”). Occasionally, when it is not practicable to achieve full replication, the Scheme will instead invest in a representative sample of the component shares of the Index. For more information on the potential implications for investors of this tracking strategy, please see below and refer also to the “Index tracking risk” and “Index sampling risk” sections of this Prospectus.

To track the Index as closely as possible, the Scheme attempts to remain fully invested in shares. The Fund may also use derivatives in order to reduce risk or cost and/or generate extra income or growth (often referred to as ‘efficient portfolio management’). Generally speaking, a derivative is a financial contract whose value is based on the value of a financial asset (such as a share, bond, or currency) or a market index. The Scheme will not use derivatives for speculative purposes, and only a limited percentage of its assets is committed to them. The Scheme may also use certain techniques and instruments in accordance with the limits and conditions specified under “**Portfolio Investment Techniques**” in **Appendix 4**.

Further details on the investment powers and restrictions for the Scheme are set out in Appendix 3 headed “Investment Powers and Restrictions”.

#### *Tracking Error*

In tracking the performance of the Index, the Scheme attempts to replicate the Index by investing all, or substantially all, of its assets in the securities which make up the Index, holding each security in approximately the same proportion as its weighting in the Index. Tracking Error reflects the volatility in the difference of performance between the Fund and the Index. Realised (ex-post) Tracking Error may vary from time to time depending on a range of circumstances that may introduce either positive or negative Tracking Error. These include transaction costs, stock lending income, and withholding tax differences. The annualised ex-post Tracking Error of the Scheme is 1.22% over a 36-month period ending 31 January 2024. While it is anticipated that the ex-post Tracking Error of the Scheme will not vary significantly from this level under normal circumstances, there is no guarantee that this level of Tracking Error will be realised, and the Investment Adviser will not be liable for any discrepancies between the anticipated Tracking Error and the level of Tracking Error subsequently observed. The annual report of the Scheme will provide an explanation of any divergence between anticipated and realised Tracking Error for the relevant period. Please refer to the “Excess

Return and Tracking Error” section of this Prospectus for further information on Tracking Error.

The Index rebalances on a quarterly basis in March, June, September and December. For the potential cost impact of rebalancing, please see the “Index rebalancing and costs” section of this Prospectus.

#### *Change of Index*

The Scheme reserves the right to substitute a different index for the Index it currently tracks if the Index is discontinued, if the Scheme’s agreement with the sponsor of the Index is terminated, or for any other reason determined in good faith by the Manager. In any such instance, the substitute index would measure substantially the same market segment as the Index.

#### *Temporary Investment Measures*

The Scheme may temporarily depart from this investment policy in response to the Investment Adviser’s perception of extraordinary market, political or similar conditions. During these periods and for as long as the Investment Adviser deems it necessary, the Scheme may increase its holdings of cash and near cash. In doing so, the Scheme may succeed in avoiding losses, but may otherwise fail to achieve its investment objective.

#### **Other information**

The Scheme may make use of total return swaps for the purpose of efficient portfolio management. See Appendix 4 (Use of total return swaps and Securities Financing Transactions) for more information.

#### **Performance**

The performance of the Scheme may be compared against the Index. As the Scheme seeks to track the performance of the Index and will invest in its component securities, the Manager considers that this benchmark best reflects the investment strategy of the Scheme as a means to assess its performance.

#### **Scheme Details**

<b>DEALING DAY</b>	<p>Each Business Day will be a Dealing Day except for any day on which, in the sole determination of the Investment Adviser:</p> <ul style="list-style-type: none"><li>(a) markets on which the securities included in the Index are listed or traded, or markets relevant to that Index, are closed and as a result of which 25% or more of the securities in the Index may not be traded; or</li><li>(b) there is a public holiday in the jurisdiction in which the Investment Adviser or a delegate of the Investment Adviser which has been appointed in respect of the Fund is based, or</li><li>(c) the fair and accurate valuation of the Fund’s portfolio of securities, or a significant portion thereof, in accordance</li></ul>
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	<p>with the COLL Sourcebook, this Prospectus and the Trust Deed, is impeded,</p> <p>(each such Business Day, being a “<b>Fund Holiday</b>”).</p> <p>A calendar of the Fund Holidays for the Fund is available on <a href="https://fund-docs.vanguard.com/Vanguard-FTSE-100-Index-UT.pdf">https://fund-docs.vanguard.com/Vanguard-FTSE-100-Index-UT.pdf</a></p>
<b>INITIAL OFFER PRICE (ONE DAY)</b>	General Class: £100 per Unit
<b>VALUATION POINT</b>	4.30 p.m. (London time)
<b>CUT-OFF TIME</b>	12.00 noon (London time)

<b>CLASSES OF UNITS</b>	<b>General</b>
Income or Accumulation	Both
Currency of Denomination	GBP
Minimum Investment	£1,000,000
Minimum Subsequent Investment	None
Minimum Holding	£1,000,000

<b>CHARGES</b>	<b>General</b>
Preliminary Charge	None
Redemption Charge	None
Conversion Charge	None
Switching Charge	None
Management Charge	
Annual rate	0.06%
Charged to	Income

<b>ACCOUNTING PERIODS AND INCOME ALLOCATION DATES</b>	
Annual Accounting Period	31 July
Interim Accounting Period	31 January
Annual Income Allocation Date	30 September

Interim Income Allocation Date	None
Grouping Periods for Income Equalisation	Annual Accounting Periods

## GLOSSARY OF TERMS – ‘INVESTMENT OBJECTIVE’ AND ‘INVESTMENT POLICY’

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**Accumulation share/unit** – Funds are divided into portions called shares or units. In accumulation shares/units, the income earned by the fund is paid into the fund and reflected by an increase in the value of each share/unit.

**Active** – Where the fund manager uses their expertise to pick investments to achieve the fund’s objectives.

**Advanced/developed markets** – Countries with relatively high levels of personal income and established economies.

**Annual management charge** – An ongoing fee paid to the management company for managing the fund, usually charged as a percentage of the investment.

**Asset allocation** – Dividing the money invested in the fund across different investments (‘assets’), e.g. in different geographic areas or by industry sectors such as oil and gas or financial companies.

**Bond/Fixed Income** – A loan, usually to a company or government, that pays interest.

**Bottom-up** – An investment approach that focuses on analysing individual shares rather than stock markets.

**Capital markets** – Markets that raise money from those who want to invest and make those funds available to businesses or governments.

**Currency exposure** – The potential for a fund that invests overseas to lose or gain money purely because of changes in the currency exchange rate.

**Deposit** – A deposit is a fixed term investment that gathers interest over the period of its term. A deposit cannot be withdrawn until its term ends unless early termination is granted.

**Derivatives** – Investments whose value is linked to another investment, or to the performance of a stock exchange or to some other variable factor, such as interest rates.

**Dilution levy/adjustment** – An amount you pay to cover the dealing costs incurred by the fund when it buys or sells investments as a result of you buying or selling shares/units in the fund. It is normally only charged when those costs are significant.

**Diversification** – Holding a variety of investments that typically perform differently from one another.

**Efficient portfolio management** – Managing the fund in a way that is designed to reduce risk or cost and/or generate extra income or growth

**Emerging markets** – Countries that are progressing toward becoming advanced, usually shown by some development in financial markets, the existence of some form of stock exchange and a regulatory body.

**Entry/Initial charge** – An up-front fee paid to the management company when you buy shares/units.

**Equity** – See ‘Share’ below.

**Excess Return** – The discrepancy between the Benchmark performance and the Fund performance. Excess return shows how a product’s performance compares with that of its benchmark over a stated period of time.

**Float adjusted** - Float adjusted only counts shares that are available to purchase on the market rather than the total amount of shares issued when calculating a company’s weight in a given index.

**Growth** – The increase in value of investments

**Growth stocks** – A company whose earnings are expected to grow faster than the market (or peers if you prefer). Opposite to value stocks, they tend to be more expensive than the overall market i.e. you pay premium for growth.

**Hedging** – Using some investments as a way to reduce risk.

**Income** – Money paid out by an investment, such as interest from a bond or a dividend from a share.

**Income share/unit** – Funds are divided into portions called ‘shares’ or ‘units.’ In income shares/units, the income earned by the fund is paid out to investors.

**Inflation-linked Bond** – Inflation can have a dampening effect on the performance of an investment as it affects buying power for consumers in a negative way when it rises. Inflation linked considers this and helps to protect investors of inflation risk by linking the bond’s principal to a nationally recognised inflation measure (Retail Price Index in the UK)

**Large/mid/small cap** – Essentially a tiering process based on market cap, the most common are:

**Large cap** – \$10-\$100 billion

**Mid cap** – \$2-\$10 billion

**Small cap** – \$250 million-\$2 billion

**Market capitalisation** – The value of a company's outstanding shares in the market and in a monetary value shows how big a company is. To calculate we multiply the number of outstanding shares by the company's individual share price.

**Money market instruments** – Investments usually issued by banks or governments that are a short-term loan to the issuer by the buyer. The buyer receives interest and the return of the original amount at the end of a certain period.

**Ongoing Charges Figure (OCF)** – A measure of what it costs to invest in a fund. It includes the fee paid to the management company and other operating costs.

**Passive** – The fund manager aims to track the performance of a stock exchange index or another investment.

**Platform** – An online service that allows you to buy and sell shares and funds and see your investments in one place.

**Relative return** – The profit or loss on an investment compared to how other investments have performed.

**Return** – The money made or lost on an investment.

**Share** – An equal portion representing part ownership of a company. Can also apply to a fund.

**Stock lending** – Process whereby those holding investments (such as a fund) lend them to other parties who pay a fee for borrowing.

**Top-down** – An investment approach that looks at the big picture first, e.g. the economy, then at the detail, like how individual shares are performing.

**Tracking Error** – When using an index or benchmarking strategy, it looks at the volatility in the difference of performance between the fund and its index.

**Unit class** – One of the types of unit representing part ownership of the Scheme that is different to other unit classes for some reason, such as it pays out income rather than paying it back into the Scheme.

**Unit** – An equal portion representing part ownership of a unit trust fund.

**Value (stocks)** – Investments that are considered to have been undervalued by the market.

**Volatility** – A measure of the size of short-term changes in the value of an investment.

**Warrants** – Provide the holder with the right, but not the obligation, to purchase a stock at a fixed price or amount at a fixed time in the future. A warrant is similar to an option but is issued by a company.

**Yield** – The income from an investment, usually stated as a percentage of the value of the investment.

## **APPENDIX 2: VALUATION**

### **Calculation of the Net Asset Value**

The Scheme's Trust Deed provides that the value of the Scheme Property of the Scheme shall be the value of its assets less the value of its liabilities determined in accordance with the following provisions:

1. All the Scheme Property (including receivables) is to be included, subject to the following provisions.
2. Property which is not cash (or other assets dealt with in paragraphs 3 and 4 below) shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:
  - (a) units or shares in a collective investment scheme:
    - (i) if a single price for buying and selling units or shares is quoted, at that price; or
    - (ii) if separate buying and selling prices are quoted, at the average of the two prices provided the buying price has been reduced by any initial charge included therein and the selling price has been increased by any exit or redemption charge attributable thereto; or
    - (iii) if, in the opinion of the Manager, the price obtained is unreliable or no recent traded price is available or if no recent price exists, at a value which in the opinion of the Manager is fair and reasonable;
  - (b) exchange-traded derivative contracts:
    - (i) if a single price for buying and selling the exchange-traded derivative contract is quoted, at that price; or
    - (ii) if separate buying and selling prices are quoted, at the average of the two prices;
  - (c) over-the-counter derivative contracts shall be valued in accordance with the method of valuation as shall have been agreed between the Manager and the Trustee;
  - (d) any other investment:-
    - (i) if a single price for buying and selling the security is quoted, at that price; or
    - (ii) if separate buying and selling prices are quoted, at the average of the two prices; or
    - (iii) if, in the opinion of the Manager, the price obtained is unreliable or no recent traded price is available or if the most recent price available does not reflect the Manager's best estimate of the value, at a value which in the opinion of the Manager, is fair and reasonable; and
  - (e) property other than that described in (a), (b), (c) and (d) above: at a value which, in the opinion of the Manager, represents a fair and reasonable mid-market price.

3. Cash and amounts held in current, deposit and margin accounts and in other time-related deposits shall be valued at their nominal values.
4. In determining the value of the Scheme Property, all instructions given to issue or cancel Units shall be assumed (unless the contrary is shown) to have been carried out and any cash payment made or received and all consequential action required by the Regulations or the Trust Deed shall be assumed (unless the contrary has been shown) to have been taken.
5. Subject to paragraphs 6 and 7 below, agreements for the unconditional sale or purchase of property which are in existence but uncompleted, shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and, in the opinion of the Manager, their omission shall not materially affect the final net asset amount.
6. Futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under paragraph 5.
7. All agreements are to be included under paragraph 5 which are, or ought reasonably to have been, known to the person valuing the property assuming that all other persons in the Manager's employment take all reasonable steps to inform it immediately of the making of any agreement.
8. Deduct an estimated amount for anticipated tax liabilities (on unrealised capital gains where the liabilities have accrued and are payable out of the Scheme Property; on realised capital gains in respect of previously completed and current accounting periods; and on income where liabilities have accrued) including (as applicable and without limitation) capital gains tax, income tax, corporation tax, value added tax, stamp duty and SDRT.
9. Deduct an estimated amount for any liabilities payable out of the Scheme Property and any tax thereon, treating periodic items as accruing from day to day.
10. Deduct the principal amount of any outstanding borrowings whenever payable and any accrued but unpaid interest on borrowings.
11. Add an estimated amount for accrued claims for tax of whatever nature which may be recoverable.
12. Add any other credits or amounts due to be paid into the Scheme Property.
13. Add a sum representing any interest or any income accrued due or deemed to have accrued but not received and any SDRT provision anticipated to be received.
14. Currencies or values in currencies other than the base currency shall be converted at the Valuation Point at a rate of exchange that is not likely to result in any material prejudice to the interests of Unitholders or potential Unitholders.

## **APPENDIX 3: INVESTMENT POWERS AND RESTRICTIONS**

### **Investment Restrictions**

The investment objective and policy of the Scheme, as set out in Appendix 1, are subject to the limits on investment for U.K. UCITS Schemes under Chapter 5 of the COLL Sourcebook, relevant parts of which are summarised below.

#### **1. Prudent Spread of Risk**

The Manager must ensure that, taking account of the investment objective and policy of the Scheme, the Scheme Property aims to provide a prudent spread of risk.

#### **2. Transferable Securities**

The Scheme may invest, except where otherwise specifically stated, in transferable securities (as defined for the purposes of the COLL Sourcebook) that are:

- (i) admitted to or dealt in on an eligible market; or
- (ii) recently issued transferable securities, provided that the terms of the 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.

The Scheme may invest up to 10 per cent. of its net asset value in aggregate in transferable securities not falling within (i) or (ii) above and approved money market instruments not admitted to or dealt in on an eligible market (described under “Approved Money Market Instruments” below).

Eligible markets for the Scheme are explained and set out under Section 20 below headed “Eligible Markets”.

Units in a closed end fund will be taken to be transferable securities for the purposes of investment by the Scheme, provided the closed end fund fulfils the relevant criteria in Chapter 5 of the COLL Sourcebook

#### **3. Government and Public Securities**

No more than 35% in value of the Scheme may be invested in government and public securities issued by any one body.

#### **4. Risk Management**

The Manager applies a risk management process enabling it to monitor and measure at any time the risk associated with the Scheme's positions and their contribution to the overall risk profile of the property of the Scheme and to the Scheme Property.

The following details of the risk management process must be notified regularly by the Manager to the FCA and at least on an annual basis:

- (i) a true and fair view of the types of derivatives and forward transactions to be used within the Scheme, together with their underlying risks and any relevant quantitative limits; and
- (ii) the methods for estimating risks in derivative and forward transactions.

An investor may obtain on request from the Manager details of the quantitative limits and methods used in applying the risk management of the Scheme as well as any recent developments in the risks and yields of the main categories of investment of the Scheme.

## **5. Nil and Partly Paid Securities**

A transferable security or an approved money market instrument (as defined in the COLL Sourcebook) on which any sum is unpaid may be invested in only if it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by the Scheme, at the time when payment is required, without contravening the other investment restrictions in this Appendix 3 and the COLL Sourcebook.

## **6. Collective Investment Schemes**

The Scheme may invest in units or shares of any other collective investment schemes which are:

- (i) U.K. UCITS Schemes or EEA UCITS Schemes;
- (ii) recognised schemes authorised by the supervisory authorities of Guernsey, Jersey or the Isle of Man (provided the requirements of COLL 5.2.13AR are met);
- (iii) non-UCITS retail schemes as defined in the FCA Handbook, provided the requirements provided the requirements of COLL 5.2.13AR(1), (3) and (4) are met;
- (iv) schemes authorised in an EEA State, provided the requirements of COLL 5.2.13AR are met; or
- (v) schemes authorised by the competent authority of an OECD member country (other than an EEA State) which has signed the IOSCO Multilateral Memorandum of Understanding and approved the scheme's management company, rules and depositary/custody arrangements (provided the requirements of COLL 5.2.13AR are met),

provided that the schemes invested in must have terms that prohibit more than 10 per cent. in value of the property of that scheme to consist of units or shares in other collective investment schemes. Where a scheme invested in is a sub-fund of an umbrella scheme, the spread limits in Section 11 below apply to each sub-fund of the umbrella as if it were a separate scheme.

The Scheme may invest in units or shares of collective investment schemes managed or operated by the Manager or an associate of the Manager, provided there is no charge to the Scheme in connection with the investment in or disposal of the units or shares.

The Scheme will not invest more than 10 per cent. of its respective Net Asset Value in units or shares of collective investment schemes.

## **7. Approved Money Market Instruments**

The Scheme may invest, where this is specifically stated in its investment objective and policy, in the following approved money market instruments (as defined for the purposes of the COLL Sourcebook):

- (a) approved money market instruments admitted to or dealt in on an eligible market;

- (b) other approved money market instruments where the issue or issuer is regulated for the purpose of protecting investors and savings which are:
- (i) issued or guaranteed by a central, regional or local authority or central bank of the U.K. or an EEA State, the Bank of England, the European Central Bank, the EU or the European Investment Bank, a non-EEA State or, in the case of a federal state, by one of the members making up the federation, or by a public international body to which the U.K. or one or more EEA States belong;
  - (ii) issued by a body, any securities of which are dealt in on an eligible market; or
  - (iii) issued or guaranteed by an establishment subject to prudential supervision in accordance with criteria defined by U.K. or EU law or an establishment which is subject to and complies with prudential rules considered by the FCA to be at least as stringent as those laid down by U.K. or EU law.

The Scheme may invest up to 10 per cent. of its net asset value in aggregate in approved money market instruments not falling within (a) or (b) above and transferable securities that are not admitted to or dealt in on an eligible market and recently issued transferable securities (as described in “Transferable Securities” above).

Eligible markets for the Scheme are explained and set out under Section 20 below headed “Eligible Markets”.

## **8. Deposits**

Without limitation, the Scheme may invest in deposits, only with an Approved Bank (as defined in the COLL Sourcebook), which are repayable on demand or have the right to be withdrawn and maturing in no more than 12 months.

## **9. Ancillary Liquid Assets - Cash and Near Cash**

The property of the Scheme may consist of cash and near cash where this may reasonably be regarded as necessary in order to enable the pursuit of the Scheme’s investment objective, redemption of shares, efficient portfolio management of the Scheme in accordance with its investment objective or other purposes which may reasonably be regarded as ancillary to the investment objective of the Scheme.

## **10. Financial Derivative Instruments (“FDI”)**

The Manager has the power to buy and sell FDI both on exchange and off exchange, in the Scheme to the extent permitted by the Regulations and as set out below in Sections 10.1 and 10.2. Where the Scheme invests in FDI, the exposure to the underlying assets must not exceed the limits set out in Section 11.

The limits do not apply to index-based FDI where, provided the composition of the relevant index is sufficiently diversified, the index represents an adequate benchmark for the market to which it refers, and the index is published in an appropriate manner. The underlying constituents of the index do not have to be taken into account for the purposes of the spread limits. The Manager must continue to ensure a prudent spread of risk.

An FDI transaction must have underlying assets consisting of any one or more of the investments permitted in this Appendix 3 but may also include financial indices.

An FDI transaction which will or may lead to the delivery of the underlying asset for the account of the Scheme may be entered into only if that asset can be held for the account of the Scheme, and the Manager, having taken reasonable care, determines that delivery of the asset under the transaction will not occur or will not lead to a breach of the rules in the COLL Sourcebook.

An FDI transaction must not cause the Scheme to diverge from its investment objective as stated in this Prospectus and must not be effected if the intended effect is to create the potential for an uncovered sale of one or more transferable securities, money market instruments, units in collective investment schemes or derivatives.

Any forward transaction must be with an Eligible Institution or an Approved Bank (as those terms are defined in the FCA Handbook). Where a transferable security or approved money market instrument embeds an FDI, this must be taken into account for the purposes of complying with the rules in the COLL Sourcebook on derivatives and forward transactions.

When using derivatives the Manager will employ its risk management process as set out in Section 4.

An investor may obtain on request from the Manager details of the quantitative limits and methods used in applying the risk management of the Scheme as well as any recent developments in the risks and yields of the main categories of investment of the Scheme.

#### *10.1 Use of FDI for Efficient Portfolio Management*

FDI may be used for efficient portfolio management purposes as described in **Appendix 4** ("Portfolio Investment Techniques"). **The aim of any FDI used for such purposes is not to alter materially the risk profile of the Scheme; rather, their use is to assist the Manager in meeting the investment objective of the Scheme.**

#### *10.2 Use of FDI for Specific Investment*

If permitted pursuant to the investment objective and policy, the Scheme may use FDI for specific investment purposes in accordance with the rules summarised in this Section 10. This may lead to a higher volatility in the Unit price of the Scheme.

**Currently, the investment policy of the Scheme provides that it may use FDI for efficient portfolio management or hedging purposes, but not for purposes of investment.**

#### *10.3 FDI Dealt on Exchange*

Any FDI entered into on an exchange must be effected on or under the rules of an eligible derivatives market.

#### *10.4 OTC Derivative Transactions*

The Scheme may, subject to the FCA Handbook, enter into OTC derivative transactions. Any transaction in an OTC derivative must be:

- (a) with a counterparty which is an Eligible Institution or an Approved Bank (as defined in the FCA Handbook) or which is authorised by the FCA or its home state regulator to enter into transactions as principal off exchange;

- (b) on approved terms within the requirements of the COLL Sourcebook, in that the Manager:
  - (i) carries out, at least daily, a reliable and verifiable valuation in respect of that transaction corresponding to its fair value (being the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction) and which does not rely only on market quotations by the counterparty; and
  - (ii) can enter into one or more transactions to sell, liquidate or close out the transaction at any time, at its fair value;
- (c) capable of reliable valuation, in that the Manager 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:
  - (i) on the basis of an up-to-date market value which the Manager and the Trustee have agreed is reliable, or
  - (ii) if the value referred to in (i) is not available, on the basis of a pricing model which the Manager and the Trustee have agreed uses an adequate recognised methodology; and
- (d) subject to verifiable valuation in that, throughout the life of the derivative (if the transaction is entered into) verification of the valuation is carried out by:
  - (i) an appropriate third party which is independent from the counterparty of the derivative, at an adequate frequency and in such a way that the Manager is able to check it; or
  - (ii) a department within the Manager which is independent from the department in charge of managing the scheme property and which is adequately equipped for such a purpose.

The maximum exposure under an OTC derivative contract to any one counterparty is 5 per cent. of the Scheme's assets (10 per cent. where the counterparty is an Approved Bank (as defined in the COLL Sourcebook)). For these purposes, the Scheme's exposure to a counterparty must be calculated using the positive mark-to-market value of the OTC derivative contract with that counterparty.

OTC derivative positions with the same counterparty may be netted, provided the Manager is able legally to enforce netting agreements with the counterparty on behalf of the Scheme and these netting agreements do not apply to any other exposures the Scheme may have with that same counterparty.

The exposure to a counterparty on an OTC derivative transaction may be reduced through the receipt of collateral. See **Appendix 4** for details regarding collateral.

### *10.5 Cover and Exposure*

The Manager must ensure that the global exposure relating to derivative and forward transactions held in the Scheme does not exceed the net value of the Scheme Property. The Manager must calculate the Scheme's global exposure on at least a daily basis. For these purposes, 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 FDI positions.

The Manager must calculate the Scheme's global exposure using either the commitment approach or the value at risk approach. **It is the current policy of the Manager to calculate the Scheme's global exposure using the commitment approach.**

In using the commitment approach to calculate the Scheme's global exposure:

- (a) the Manager must:
  - (i) ensure that it applies this approach to all derivative and forward transactions (including embedded derivatives), whether used as part of the Scheme's general investment policy, for the purposes of risk reduction or for the purposes of efficient portfolio management; and
  - (ii) convert each derivative or forward transaction into the market value of an equivalent position in the underlying asset of that derivative or forward (the standard commitment approach);
- (b) the Manager may:
  - (i) apply other calculation methods which are equivalent to the standard commitment approach;
  - (ii) take account of netting and hedging arrangements, where those arrangements do not disregard obvious and material risks and result in a clear reduction in risk exposure;

Where the use of derivative or forward transactions does not generate incremental exposure for the Scheme, the underlying exposure need not be included in the commitment calculation; and

Where the commitment approach is used, temporary borrowing arrangements entered into on behalf of the Scheme in accordance with the COLL Sourcebook (as set out under Section 15 below headed "Borrowing") need not form part of the global exposure calculation.

The Scheme must not dispose of property or rights unless the obligation thus created could immediately be honoured by the Scheme by delivery of the property or the assignment of rights which belong to the Scheme at the time of the agreement. This requirement does not apply to a deposit. The FCA has stated that this requirement may be met where:

- (a) the risks of the underlying financial instrument of a derivative can be properly represented by another financial instrument and the underlying instrument is liquid or the Manager or the Trustee has the right to settle the derivative in cash and cover exists within the property of the Scheme which is also liquid; or
- (b) the Manager or the Trustee has the right to settle the derivative in cash and the Scheme has property which is either cash or liquid debt instruments or other highly liquid assets having regard to their correlation with the underlying financial instrument of the derivative instruments, subject to appropriate safeguards.

The FCA has also stated that, for these purposes, the underlying asset of a derivative will be considered liquid if it can be converted into cash in no more than seven business days at a price closely corresponding to the current valuation of the instrument on its own market.

## 11. Spread Limits

The following spread limits apply to the Scheme:

- (a) For the purposes of this Section 11, companies included in the same group for the purposes of consolidated accounts as defined in accordance with section 399 of Companies Act 2006, Directive 2013/34/EU or, in the same group in accordance with international accounting standards, are regarded as a single body.
- (b) Not more than 20 per cent. in value of the property of the Scheme is to consist of deposits with a single body.
- (c) Not more than 5 per cent. in value of the property of the Scheme is to consist of Transferable Securities (as defined in the COLL Sourcebook) or approved money market instruments issued by any single body.
- (d) The limit of 5 per cent. in (c) is raised to 10 per cent. in respect of up to 40 per cent. in value of the property of the Scheme. Covered bonds need not be taken into account for the purpose of applying the limit of 40 per cent.
- (e) The limit of 5 per cent. in (c) is raised to 25 per cent. in value of the property of the Scheme in respect of covered bonds, provided that when the Scheme invests more than 5 per cent. in covered bonds issued by a single body, the total value of covered bonds held must not exceed 80 per cent. in value of the Scheme.
- (f) In applying (c) and (d), certificates representing certain securities (as defined in the FCA Handbook) are to be treated as equivalent to the underlying security.
- (g) The exposure to any one counterparty in an off-exchange derivatives transaction must not exceed 5 per cent. in value of the property of the Scheme; this limit is raised to 10 per cent. where the counterparty is an Approved Bank (as defined in the COLL Sourcebook).
- (h) Not more than 20 per cent. in value of the property of the Scheme is to consist of transferable securities and approved money market instruments issued by the same group (as referred to in (a)).

In applying the limits in (b), (c), (d), (f) and (g) in relation to a single body, and subject to (e), not more than 20 per cent. in value of the property of the Scheme is to consist of any combination of two or more of the following:

- (a) transferable securities (including covered bonds) or approved money market instruments issued by that body; or
- (b) deposits made with that body; or
- (c) exposures from off-exchange derivatives transactions made with that body. In applying the 20 per cent. limit with respect to a single body, government and public securities issued by that body must be taken into account.

None of the preceding limits apply to government and public securities, as to which see Section 3 above.

## **12. Index Replication**

**Notwithstanding the investment restrictions in Section 11 (Spread Limits), the Scheme may invest up to 20 per cent. in value of its Scheme Property in shares and debentures which are issued by the same body where the investment policy of the Scheme is to replicate the composition of a relevant index which satisfies the criteria specified below.** 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.

This 20 per cent. limit can be raised for the Scheme up to 35 per cent. in value of its Scheme Property, but only in respect of one body and where justified by exceptional market conditions.

For these purposes, a relevant index is one which satisfies the following criteria:

- (a) the composition is sufficiently diversified, in that its components adhere to the spread and concentration requirements for U.K. UCITS Schemes in COLL 5.2;
- (b) the index represents an adequate benchmark for the market to which it refers, in that 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; and
- (c) the index is published in an appropriate manner, in that it is accessible to the public and the index provider is independent from the Scheme, although this does not preclude the index provider and the Scheme from forming part of the same group, provided that effective arrangements for the management of conflicts of interest are in place.

## **13. Significant Influence**

The Manager must not acquire, or cause to be acquired for an authorised unit trust of which it is the manager, 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 immediately before the acquisition, the aggregate of any such securities held by the Scheme, taken together with any such securities already held for other authorised unit trusts of which it is also the manager, gives the Manager power significantly to influence the conduct of business of that body corporate; or the acquisition gives the Manager that power.

The Manager 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 for all the authorised unit trusts of which it is the manager, exercise or control the exercise of 20 per cent. 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).

## **14. Concentration**

The Scheme must not acquire:

- transferable securities (other than debt securities) which do not carry a right to vote on any matter at a general meeting of the body corporate that issued them and represent more than 10 per cent. of those securities issued by that body corporate;
- more than 10 per cent. of the debt securities issued by any single body;
- more than 25 per cent. of the units or shares of another single collective investment

scheme;

- more than 10 per cent. of the approved money market instruments issued by any single body.

However, the Scheme need not comply with the above stated limits if, at the time of acquisition, the net amount in issue of the relevant investment cannot be calculated.

## **15. Borrowing**

The Scheme may, subject to the rules in the COLL Sourcebook, borrow money from an eligible institution or an Approved Bank (as defined in the FCA Handbook) for the use of the Scheme on terms that the borrowing is to be repayable out of the property of the Scheme.

Borrowing must be on a temporary basis, must not be persistent and in any event must not exceed three months without the prior consent of the Trustee, which may be given only on such conditions as appear appropriate to the Trustee to ensure that the borrowing does not cease to be on a temporary basis. The Manager must ensure that borrowing does not, on any business day, exceed 10 per cent. of the value of the property of the Scheme.

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

## **16. Stock lending**

The Trustee at the Manager’s request may enter into a repo agreement or a stock lending agreement of the kind described in Section 263B of the Taxation of Chargeable Gains Act 1992, as amended (without extension by Section 263C) and will be carried out in accordance with the Regulations and on the terms specified in the COLL Sourcebook.

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

For more information on stock lending, please refer to the “Stock Lending Arrangements Risk” section under “Risk Factors and Performance” and to Appendix 4.

## **17. Exchange Traded Funds**

Investment may be made by the Scheme in exchange traded funds. The Manager will consider each investment in exchange traded funds on an individual basis to determine how the investment should be categorised. Generally, an investment in open-ended exchange traded funds will be categorised as an investment in collective investment schemes and any investment in closed-ended exchange traded funds will be categorised as an investment in transferable securities.

## **18. Other Investment Restrictions**

In the event that the Scheme invests in or disposes of shares or units in another collective investment scheme managed or operated by the Manager or an associate of the Manager, the Manager shall be under a duty to make the payments referred to in Rule 5.2.16 of the COLL Sourcebook.

## **19. Interests in Immovable and Tangible Movable Property**

The Scheme will not have any direct interest in any immovable property (for example, its office) or tangible movable property (for example, its office equipment).

## **20. Eligible Markets**

To protect investors, markets on which certain investments of the Scheme are admitted to or dealt in must be of an adequate quality (“eligible”) at the time of acquisition of the investment and until it is sold. If a securities market ceases to be eligible, investments on that market cease to be approved securities and the 10% restriction on investing in non-approved securities will apply to them. If a derivatives market ceases to be eligible, investments on that market cease to be approved derivatives and the restrictions on OTC derivatives will apply to them.

For these purposes, an eligible market is:

- (A) a regulated market as defined in the FCA Handbook (which definition will include all regulated markets systems operated within the U.K. and the EEA);
- (B) any other exchange or market (including any board of trade or similar entity, or automated quotation section) which is regulated, operates regularly and is open in the U.K. or any EEA State; or
- (C) one of the additional derivatives markets, as set out below, which the Manager, after consultation with the Trustee, has decided is appropriate for the purpose of investment of or dealing in the Scheme Property.

Additional eligible markets may be added (by appearing in a supplement to, or an updated version of, this Prospectus) and markets will only be transacted on for the Scheme if:

- (a) the Manager, after consultation with and notification to the Trustee, decides that market is appropriate for investment of, or dealing in, the Scheme Property and the Trustee agrees in writing that the addition is of minimal significance to the investment strategy of the Scheme; and
- (b) the Trustee has taken reasonable care to determine that:
  - (i) adequate custody arrangements can be provided for the investment dealt in on that market; and
  - (ii) the Manager has taken all reasonable steps in considering the eligibility of that market.

However, a market will 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 to the order of investors.

Notice of any changes to the eligible markets will be dealt with in accordance with the COLL Sourcebook.

## APPENDIX 4: PORTFOLIO INVESTMENT TECHNIQUES

### General

The Manager may employ investment techniques and instruments relating to transferable securities and money market instruments (“Portfolio Investment Techniques”) for efficient portfolio management of the assets of the Scheme. Portfolio Investment Techniques may include hedging against market movements, currency exchange or interest rate risks under the conditions and within the limits stipulated under the COLL Sourcebook, as described below. In particular, the Scheme may enter into spot and forward contracts, repurchase and reverse repurchase agreements and stock lending arrangements, and may purchase securities on a “when issued” or “forward commitment” basis.

Portfolio Investment Techniques which are used for the purpose of efficient portfolio management, including financial derivative instruments (“FDI”) which are not used for direct investment purposes, shall be understood as a reference to techniques and instruments which fulfil the following criteria:

- (i) they are economically appropriate in that they are realised in a cost effective way;
- (ii) they are entered into for one or more of the following specific aims:
  - (a) reduction of risk;
  - (b) reduction of cost;
  - (c) generation of additional capital or income for the Scheme with a risk level which is consistent with the risk profile of the Scheme and the risk diversification rules under the COLL Sourcebook;
- (iii) their risks are adequately captured by the risk management procedures implemented by the Manager for the Scheme; and
- (iv) they cannot result in a change to the Scheme’s declared investment objectives or add substantial supplementary risks to the Scheme’s risk profile.

While the use Portfolio Investment Techniques will be in line with the best interests of the Scheme, individual techniques may result in increased counterparty risk and potential conflicts of interest. Details of the proposed Portfolio Investment Techniques and the policies adopted by the Manager in relation to their use are set out below. Details of the relevant risks are set out in the Risk Factors section of this Prospectus.

The Manager will ensure, at all times, that the terms of the Portfolio Investment Techniques, including any investment of cash collateral, will not impact on the Scheme’s ability to meet its redemption obligations.

The annual report of the Scheme will contain details of:

- (i) the exposure obtained through Portfolio Investment Techniques;
- (ii) the counterparties to the Portfolio Investment Techniques;
- (iii) the type and amount of collateral received by the Scheme to reduce counterparty exposure; and
- (iv) revenues arising from Portfolio Investment Techniques for the reporting period, together

with direct and indirect operational costs and fees incurred.

All of the revenues arising from Portfolio Investment Techniques, net of direct and indirect operational costs, will be retained by the Scheme.

The Manager may enter into Portfolio Investment Techniques with certain brokers, stock lending agents, derivative counterparties and financial institutions. There may be direct and indirect operational costs or fees arising from such transactions, but these will at all times be paid at normal commercial rates, and there will be no hidden fees or revenue payable to any of these entities. The Manager does not envisage any other direct or indirect operational costs or fees payable by the Scheme as a result of its Portfolio Investment Techniques, and, to the extent that there are any such additional direct or indirect operational costs or fees payable by the Scheme, this will be disclosed in the Scheme's annual report. The Manager shall not enter into any Portfolio Investment Techniques with any entities within the Vanguard Group of Companies, and no entity within the Vanguard Group of Companies shall derive any direct or indirect fees from the Scheme's use of Portfolio Investment Techniques. The Manager's sole stock lending agent is JP Morgan Chase Bank N.A. (London Branch). As noted above, all other counterparties to Portfolio Investment Techniques shall be disclosed in the Scheme's annual report.

### **Hedging Currency Risk**

Except as may be permitted by the COLL Sourcebook and specified in this Prospectus, the Manager may not leverage or gear the Scheme through the use of FDI; that is, the total exposure of the Scheme, including but not limited to its exposure from the use of any FDI, shall not exceed the total net assets of the Scheme. FDI used for efficient portfolio management shall comply with the COLL Sourcebook.

The Scheme may invest in securities denominated in a currency other than the base currency of the Scheme and may purchase currencies to meet settlement requirements. In addition, subject to the restrictions imposed by the COLL Sourcebook, the Scheme may enter into various currency transactions, i.e., forward foreign currency contracts, currency swaps, foreign currency or currency index futures contracts and put and call options on such contracts or on currencies, to protect against uncertainty in future exchange rates. Forward foreign currency contracts are agreements to exchange one currency for another at a future date. The future date, the amount of currency to be exchanged and the price at which it will take place are fixed for the term of the contract once negotiated.

Currency transactions undertaken by the Scheme to alter the currency exposure characteristics of transferable securities held by it through the purchase or sale of currencies other than the currency of denomination of the Scheme or the relevant transferable securities shall not be speculative in nature, i.e., they will not constitute investments in their own right. To the extent that such currency transactions alter the currency exposure characteristics of transferable securities of the Scheme, they must be fully covered by the cash flows of the transferable securities held by the Scheme, including any income therefrom.

The performance of the Scheme may be strongly influenced by movements in currency rates because currency positions held by the Scheme may not correspond with the securities positions held.

The Scheme may "cross-hedge" one foreign currency exposure by selling a related foreign currency into the base currency of the Scheme. Also, in emerging or developing markets, local

currencies are often expressed as a basket of major market currencies such as the U.S. Dollar, Euro or Japanese Yen; the Scheme may hedge the exposure to currencies other than its base currency in the basket by selling a weighted average of those currencies forward into the base currency.

### **Use of Repurchase / Reverse Repurchase Agreements (“repo contracts”) and Stock Lending Arrangements**

The Scheme may enter into repurchase agreements, reverse repurchase agreements, and stock lending arrangements for the purposes of efficient portfolio management.

The Scheme may enter into repurchase agreements, under which it sells a security and agrees to repurchase it at a mutually agreed upon date and price.

The resale price reflects the purchase price plus an agreed market rate of interest which is unrelated to the coupon rate or maturity of the purchased security. Where the Scheme enters into a repurchase agreement, the Scheme will have the right to recall any securities subject to the agreement or to terminate the repurchase agreement at any time.

Under a reverse repurchase agreement, the Scheme acquires securities from a seller (for example, a bank or securities dealer) who agrees, at the time of sale, to repurchase the securities at a mutually agreed-upon date (usually not more than seven days from the date of purchase) and price, thereby determining the yield to the Scheme during the term of the reverse repurchase agreement. Where the Scheme enters into a reverse repurchase agreement, it will have the right to recall the full amount of cash or to terminate the reverse repurchase agreement on either an accrued or a mark-to-market basis at any time. Where the cash is callable at any time on a mark-to-market basis, the mark-to-market value of the reverse repurchase agreement shall be used for the purposes of the calculation of the Net Asset Value of the Scheme.

Fixed-term repo contracts which do not exceed seven days shall be regarded as arrangements on terms which allow the assets to be recalled at any time by the Scheme.

Under stock lending arrangements, the Scheme lends its securities to brokers, dealers and other financial institutions.

The Manager or the Depositary acting in accordance with the instruction of the Manager, may enter into a repo agreement or a stock lending arrangement of the kind described in section 263B of the Taxation of Chargeable Gains Act 1992 (without extension by section 263C), but only if:

- (a) all the terms of the agreement under which securities are to be reacquired by the Depositary for the account of the Scheme are in a form which is acceptable to the Depositary and are in accordance with good market practice;
- (b) the counterparty is: (i) an authorised person; (ii) a person authorised by a Home State regulator; (iii) a person registered as a broker dealer with the Securities and Exchange Commission of the U.S.; (iv) a bank, or a branch of a bank, supervised and authorized to deal in investments as principal, with respect to OTC derivatives by at least one of the following federal banking supervisory authorities of the U.S.: (a) the Office of the Comptroller of the Currency; (B) the Federal Deposit Insurance Corporation; and the Board of Governors of the Federal Reserve System; and
- (c) high quality and liquid collateral is obtained to secure the obligation of the counterparty

under the terms referred to in (a) and the collateral is: (i) acceptable to the Depositary; (ii) adequate; and (iii) sufficiently immediate.

The Manager will have the right to terminate a stock lending arrangement at any time and demand the return of any or all of the securities loaned. The agreement must provide that, once such notice is given, the borrower must redeliver the securities within five business days or such other period as normal market practice dictates. Stock lending arrangements will typically include provisions to protect the counterparty, or any agent through which securities are lent, against any losses incurred by them that are caused by any default by the Scheme. The Manager will limit its use of stock lending so that no more than 50% of the Scheme's net assets are subject to stock lending arrangements and that no more than 20% of its net assets are subject to stock lending arrangements with any single counterparty. Any interest or dividends paid on securities which are the subject of stock lending arrangements shall accrue to the benefit of the Scheme.

Repo contracts and/or stock lending arrangements do not constitute borrowing or lending for the purposes of the COLL Sourcebook.

### **Use of total return swaps**

The Scheme may utilise total return swaps ("TRS") for the purpose of efficient portfolio management, within the limits and conditions specified in this Appendix 4. Utilising TRS for efficient portfolio management enables the Scheme to manage exposures to certain individual securities, a basket of securities, or securities indices, for example in circumstances where local market, regulatory or other factors might prevent a direct holding, to reduce transaction costs or taxes, to allow exposure in the case of illiquid stocks or, where applicable, to minimise tracking error. The Scheme will not be leveraged through its use of TRS for efficient portfolio management. The Scheme will not use TRS to gain exposure outside of the relevant index being tracked.

A TRS is an agreement between two parties whereby one party makes payments to the other based on an agreed rate, while the other party makes payments to the first party based on the return of an underlying asset or assets, such as one or more securities, a currency, an index or an interest rate. The reference assets underlying the TRS, if any, may be any security or basket of securities which are consistent with the investment policies of the Scheme. A TRS allows one party to derive the economic benefit of owning an asset or index without buying directly that asset or index.

### **Collateral**

#### General

Subject to the COLL Sourcebook, the Scheme may enter into Portfolio Investment Techniques provided that collateral obtained under the relevant Portfolio Investment Technique complies at all times with the criteria set out in paragraphs (i) to (v) below.

- (i) **Liquidity:** collateral (other than cash) must be highly liquid and traded on a regulated market or multi-lateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to its pre-sale valuation. Collateral should comply with the provisions of the COLL Sourcebook.
- (ii) **Valuation:** collateral must be capable of being valued on a daily basis, and assets that exhibit high price volatility shall not be accepted as collateral unless suitably

conservative haircuts are in place.

- (iii) Issuer credit quality: collateral must be of high quality.
- (iv) Correlation: collateral must be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty.
- (v) Diversification: collateral must be sufficiently diversified in terms of country, markets and issuers.

All assets received in respect of the Scheme in the context of Portfolio Investment Techniques will be considered as collateral for the purposes of the COLL Sourcebook and will comply with the criteria above. Risks linked to the management of collateral, including operational and legal risks, are identified and mitigated by risk management procedures employed by the Manager.

Where there is a title transfer, the collateral received will be held by the Trustee, or its agent. For other types of collateral arrangement, the collateral may be held by a third party custodian which is which is subject to prudential supervision and which is unrelated to the provider of the collateral.

Collateral received shall be capable of being fully enforced by the Scheme at any time without reference to or approval from the counterparty. Accordingly, collateral will be immediately available to the Scheme without recourse to the counterparty in the event of default by that entity.

#### Permitted types of collateral

Collateral is adequate for the purposes of this section if it is:

- (i) cash;
- (ii) government or other public securities denominated in the currency of the country of its issuer;
- (iii) certificates of deposit;
- (iv) letters of credit with a residual maturity of three months or less, which are unconditional and irrevocable and which are issued by Relevant Institutions;
- (v) commercial paper with no embedded derivative content;
- (vi) any other security which is: (i) admitted to official trading on an exchange in the UK or an EEA Member State; (ii) regularly traded on or under the rules of an exchange in the UK or an EEA Member State; or (iii) regularly traded on or under the rules of a recognised investment exchange or designated investment exchange; or
- (vii) a qualifying money market fund.

#### Reinvestment of collateral

The use of stock lending or the reinvestment of cash collateral should not result in a change of the declared investment objectives or add substantial supplementary risks to the Scheme's risk profile. Collateral taking the form of cash may only be invested in one of the investments listed above.

Reinvested cash collateral will be diversified in accordance with the diversification requirements applicable to non-cash collateral. Invested cash collateral may not be placed on deposit with, or invested in securities issued by, the counterparty or a related entity.

Non-cash collateral received by the Scheme may not be sold, re-invested or pledged.

Without prejudice to the requirements set out above regarding cash collateral and non-cash collateral, the Scheme may be permitted to undertake repo contract transactions pursuant to which additional leverage is generated through the re-investment of collateral, in which case the repo contract transactions will be taken into consideration for the calculation of global exposure required by the COLL Sourcebook. Any global exposure generated shall be added to the global exposure created through the use of derivatives, and the total of these shall not exceed 100% of the Scheme's Net Asset Value. Where collateral is reinvested in financial assets that provide a return in excess of the risk-free return, the Scheme shall include in the calculation of global exposure: (i) the amount received if cash collateral is held; and (ii) the market value of the instrument concerned if non-cash collateral is held.

#### Stress Testing Policy

If the Scheme receives collateral for 30% or more of its net assets, it will implement a stress testing policy to ensure that regular stress tests are carried out under normal and exceptional liquidity conditions in order to allow it to assess the liquidity risk attached to collateral.

#### Haircut Policy

The Manager has implemented a haircut policy in respect of each class of assets received as collateral. This policy takes account of the characteristics of the relevant asset class, including the credit standing of the issuer of the collateral, the price volatility of the collateral, and the results of any tests which may be performed under the stress testing policy. The value of the collateral, adjusted in light of the haircut policy, shall at all times equal or exceed in value the relevant counterparty exposure.

#### **“When-issued” and “forward-commitment” securities**

The Scheme may purchase securities on a “when-issued” basis and may purchase or sell securities on a “forward- commitment” basis. The price, which is generally expressed in yield terms, is fixed at the time the commitment is made, but delivery and payment for the securities take place at a later date. “When-issued” securities and forward-commitments may be sold prior to the settlement date, but the Scheme will usually enter into “when-issued” and forward commitments only with the intention of actually receiving or delivering the securities or to avoid currency risk, as the case may be. No income accrues on securities that have been purchased pursuant to a forward commitment or on a “when-issued” basis prior to delivery of the securities. If the Scheme disposes of the right to acquire a “when-issued” security prior to its acquisition or disposes of its right to deliver or receive against a forward commitment, the Scheme may incur a gain or loss. There is a risk that the securities may not be delivered and that the Scheme may incur a loss. “When-issued” and “forward-commitment” securities are taken into account when calculating the limits set out under “Investment Powers and Restrictions” in Appendix 3 to this Prospectus.

## Securities Financing Transactions

The Manager is subject to the provisions of the U.K. Securities Financing Transactions Regulation (the “**SFTR**”). The SFTR sets out certain disclosure requirements regarding the use of securities financing transactions (“**SFTs**”) and total return swaps (“**TRS**”), as set out below.

The Scheme may use SFTs, which are defined in the SFTR as a repurchase or reverse-repurchase transaction, securities or commodities lending and securities or commodities borrowing, a buy-sell back transaction or sell-buy back transaction or a margin lending transaction for efficient portfolio management purposes. It may also use TRS. The limitations on the use of SFTs and TRS are explained above and in Appendix 3. The Scheme’s use of SFTs and TRS is consistent with its investment objective and policy, and accordingly SFTs and TRS may be used to reduce risk, reduce cost and/or generate additional capital or income with a risk level that is consistent with that of the Scheme and the risk diversification rules laid down in the COLL Sourcebook.

Subject to the limitations referred to above, any assets of the Scheme may be subject to SFTs and / or TRS. Up to 100% of the Scheme’s assets may be the subject of SFT(s), with an expectation that at any time up to 5% of the Scheme’s assets may be subject to such arrangements. Up to 5% of a Scheme’s assets may be the subject of TRS, with an expectation that at any time less than 2% of a Scheme’s assets will be subject to such arrangements. SFT(s) and TRS combined shall not exceed 100% of a Scheme’s assets.

SFTs and TRS will only be entered into with “approved counterparties” as defined in the FCA Handbook. Other than this restriction, there are no pre-specified restrictions on the legal status, country of origin or minimum credit rating of any counterparty in such transactions.

The types of acceptable collateral, as well as the diversification requirements, are explained above under the sub-heading “Collateral”. Any collateral obtained by the Scheme pursuant to an SFT or TRS will be valued in accordance with the Manager’s valuation and haircut policy detailed above. Such haircut policy allows for the fact that the valuation of the collateral or liquidity profile may deteriorate over time.

The section of this Prospectus entitled “Risk Factors” provides a description of the risks associated with the use of derivatives, stock lending, repurchase and reverse repurchase agreements, and other investment techniques which are likely to fall within the definition of SFT or apply equally to TRS.

The assets of the Scheme that are subject to SFTs and TRS, and any collateral received, are held by the Trustee.

While the reuse of collateral is limited by the COLL Sourcebook to certain asset classes, such reuse should not result in a change to the Scheme’s investment objective nor increase substantially the Scheme’s risk profile. For the avoidance of doubt, the assets received as collateral by the Scheme pursuant to a reverse repurchase agreement shall not be sold, reinvested, pledged or otherwise transferred in accordance with COLL Sourcebook. The relevant diversification requirements are set out above under the sub-heading “Collateral”.

All of the revenues arising from SFTs and TRS, net of direct and indirect operational costs, will be retained by the Scheme.

The Manager will disclose in the Scheme’s annual report certain information regarding its use of SFTs and TRS.

## **APPENDIX 5: GENERAL INFORMATION**

### **Register of Unitholders**

The Register is maintained by the Administrator and Registrar at the address of its registered office at St. Nicholas Lane, Basildon, Essex SS15 5FS. It may be inspected by any Unitholder or his duly authorised agent during normal business hours at that address, without charge. Copies of the entries in the Register relating to a Unitholder are available on request by that Unitholder without charge. The Manager, or the Administrator and Registrar on its behalf, has the power to close the Register for any period or periods not exceeding 30 days in any one year.

### **Accounting Periods and Annual and Interim Reports**

The annual accounting period of the Scheme ends each year on 31 July, commencing in 2017, and the interim accounting period ends on 31 January each year from 2018.

Reports for the Scheme in respect of each annual accounting period will be published in accordance with the Regulations not later than 30 November each year, commencing in 2017. Half yearly reports for the Scheme will be published in accordance with the Regulations not later than 31 March each year, commencing in 2018 following the end of the first interim accounting period.

Copies of reports may be obtained from the Manager free of charge, on request or inspected at the Manager's offices at 4th Floor, The Walbrook Building, 25 Walbrook, London EC4N 8AF.

### **Unitholder Meetings and Voting Rights**

#### *General Meetings*

Notice of the date, place and time of general meetings will be given to Unitholders.

The convening and conduct of Unitholders' meetings and the voting rights of Unitholders at those meetings are governed by the Scheme's Trust Deed and the COLL Sourcebook, which are summarised below.

Where Unitholders are corporations rather than individuals, the following will apply:

- (i) Any corporation which is a Unitholder may, by resolution of its directors or other governing body and in respect of any Unit or Units of which it is the holder, authorise such individual as it thinks fit to act as its representative at any general meeting of the Unitholders or of any Class meeting. The individual so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise in respect of such Unit or Units if it were an individual Unitholder.
- (ii) A corporation which holds Units as nominee may appoint more than one such representative, each in respect of a specified number of Units which the corporation holds, and each such representative shall be entitled to exercise such powers aforesaid only in respect of the Units concerned.

#### *Requisitions of Meetings*

The Manager or the Trustee may convene a general meeting at any time.

Unitholders may also requisition a general meeting. A requisition by Unitholders must state

the objects of the meeting, be dated and signed by the Unitholders who, at the date of the requisition, are registered as holding not less than one-tenth in value of all Units then in issue. The Manager must convene a general meeting no later than eight weeks after the receipt of such a requisition at the head office of the Scheme.

### *Notice and Quorum*

Unitholders will receive at least 14 days' written notice of a general meeting. They are entitled to be counted in the quorum and to vote at a meeting either in person or by proxy. The quorum for a meeting is two Unitholders, present in person or by proxy. Notice convening a general meeting of Unitholders will be given in accordance with the Regulations.

An instrument of proxy may be in the usual common form or in any other form which the Manager shall approve executed under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the common seal or under the hand of an officer or attorney so authorised. A person appointed to act as a proxy need not be a holder. For the appointment of a proxy to be effective, the instrument of proxy must be received as provided pursuant to the COLL Sourcebook not less than 48 hours before the relevant meeting or adjourned meeting.

### *Voting Rights*

At a meeting of Unitholders, on a show of hands every Unitholder who (being an individual) is present in person or (being a corporation) is present by its properly authorised representative shall have one vote.

On a poll vote, Unitholders may vote in person or by proxy. The voting rights attaching to each Unit are such proportion of the voting rights attached to all Units in issue that the price of the Unit bears to the aggregate prices(s) of all the Units in issue on the date seven days before the notice of meeting is deemed to have been served. Unitholders who are entitled to more than one vote need not, if they vote, use all of their votes or cast all the votes used in the same way.

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

The Manager may not be counted in the quorum for a general meeting, and neither the Manager nor any associate of the Manager is entitled to vote at any general meeting except in respect of Units which the Manager or associate holds on behalf of or jointly with a person who, if the registered Unitholder, would be entitled to vote and from whom the Manager or associate has received voting instructions.

'Unitholders' in this context means Unitholders on the date seven days before the notice of meeting is deemed to have been served, but excluding persons who are known to the Manager not to be Unitholders at the time of the meeting.

### *Class Meetings*

The above provisions apply to meetings of Unitholders of a Class as they apply to general meetings of Unitholders, but by reference to the Class concerned.

### *Variation of Class Rights*

The rights attached to a Class of Units may not be varied without the sanction of an ordinary resolution passed at a meeting of the Unitholders of that Class.

### **Notifications of Changes to the Scheme**

The Manager will notify all Unitholders of any changes to the Scheme. The nature of the notice given to Unitholders by the Manager will depend on the nature of the changes proposed, as deemed by the Manager. Changes may be fundamental, significant or notifiable.

Where the Manager deems changes to the Scheme to be fundamental, Unitholders will be required to approve the change by way of an extraordinary resolution prior to implementation.

Where the Manager deems changes to the Scheme to be significant, Unitholders will be provided with at least 60 days' prior notice before implementation of the change.

Where the Manager deems changes to the Scheme to be notifiable, Unitholders will be informed at or after the date of implementation of the change.

### **Winding Up of the Scheme**

The Scheme may be wound up upon the occurrence of any of the events relevant to the Scheme set out in the Regulations which include, without limitation:

- (i) the order declaring the Scheme to be an authorised unit trust scheme being revoked;
- (ii) the passing of an extraordinary resolution winding up the Scheme (provided the FCA's prior consent to the resolution has been obtained by the Manager or Trustee);
- (iii) in response to a request to the FCA by the Manager or the Trustee for the revocation of the authorisation order, the FCA has agreed, inter alia, that, on the conclusion of the winding up of the Scheme, the FCA will agree to that request; and
- (iv) pursuant to a scheme of arrangement which is to result in the Scheme being left with no property.

The procedure for winding up a Scheme is as follows:

- (i) upon the effective date of any approved Scheme of Arrangement pursuant to the Regulations the Trustee will cancel all units in issue and wind up the Scheme in accordance with the approved scheme of arrangement;
- (ii) in any other case, the Trustee will as soon as practicable after the Scheme falls to be wound up, realise the property of the Scheme and, after paying out of it all liabilities properly so payable and retaining provision for the costs of the winding-up cancel all units in issue and distribute the proceeds to the holders and the Manager (upon production by them of evidence as to their entitlement) proportionately to their respective interests in the Scheme;
- (iii) any unclaimed net proceeds or other cash held by the Trustee after the expiry of twelve months from the date on which the same became payable will be paid by the Trustee into court subject to the Trustee having a right to receive out of it any expenses incurred by him in making and relating to that payment into court;

- (iv) where the Trustee and one or more Unitholders agree, the Trustee does not have to realise the property of the Scheme proportionate to the entitlement of that or those unitholders. Instead, the Trustee must distribute that part in the form of property. Before distributing that property, the Trustee will make such adjustments or retain such provision as appears to the Trustee to be appropriate ensuring that, a proportionate share of the liabilities and costs is borne by that or those holders;
- (v) when the winding up is complete, the Trustee shall notify the FCA in writing. At the same time the Manager of Trustee shall request that the FCA revokes the order of authorisation under section 256 of FSMA (as appropriate).

### **Documents of the Scheme**

The following documents may be inspected free of charge between 9.00 a.m. and 5.00 p.m. on any working day at the head office of the Manager, 4<sup>th</sup> Floor, The Walbrook Building, 25 Walbrook, London EC4N 8AF:

- (i) the most recent annual and half-yearly long reports of the Scheme;
- (ii) the Trust Deed (and any amending instrument); and
- (iii) the Prospectus and the Key Investor Information Document(s).

Copies of the documents referred to above may also be obtained from the head office of the Manager.

### **Material Contracts**

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

- (i) the Investment Advisory Agreement dated 12 October 2016 as novated pursuant to a novation and amendment agreement dated 2 January 2018 and effective 15 January 2018 between the Manager, the former investment adviser (Vanguard Group, Inc.) and the Investment Adviser; and
- (ii) the Depositary Agreement dated 27 September 2016 as amended pursuant to an addendum agreement dated 23 April 2019 between the Manager and the Trustee.

Details of the above contracts are given in the “Management and Administration” section of this Prospectus.

### **Complaints**

If you have any complaints, please write in the first instance to the Head of Compliance at the Manager’s address above. A copy of the Manager’s Complaint Handling Procedures is available on request from the Manager. You may also contact us via your financial adviser. If you are not satisfied with the outcome of your complaint, you may also complain directly to the Financial Ombudsman Service:

Financial Ombudsman Service  
Exchange Tower  
Harbour Exchange  
London E14 9SR

Tel: 0800 023 4567

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

The Manager is covered by the Financial Services Compensation Scheme (FSCS). Eligible Unitholders may be entitled to compensation from the FSCS if the Manager cannot meet its obligations. Eligibility depends on the type of claimant and the circumstances of the claim (e.g., a private individual will typically be covered in relation to a personal investment). The maximum compensation for investments is currently capped at £85,000 per eligible person per firm. Further information about the FSCS is available on request, or by contacting the FSCS at Financial Services Compensation Scheme, PO Box 300, Mitcheldean, GL17 1DY (or visit the website at [www.fscs.org.uk](http://www.fscs.org.uk)). Tel: 0800 678 1100.

### **Notice to Unitholders**

A notice is duly served if it is delivered to the Unitholder's address as appearing in the register or is delivered by electronic means in accordance with the COLL Sourcebook. Any notice or document served by post is deemed to have been served on the second Business Day following the day on which it is posted. Any document left at a registered address or delivered other than by post is deemed to have been served on that day.

### **Further Information**

All information concerning the Scheme and about investing in Units of the Scheme is available from the Administrator and Registrar at Vanguard FTSE 100 Index Unit Trust, P.O. Box 10315, Chelmsford, CM99 2AT. All applications for Units are made solely on the basis of the current prospectus of the Scheme, and investors should ensure that they have the most up-to-date version.

### **Telephone Recordings**

Please note that the Manager and/or the Administrator and Registrar may record telephone calls for regulatory, training or monitoring purposes or to confirm investors' instructions.

### **Risk Management**

The Manager will provide, upon the request of a Unitholder, further information relating to:

- (i) the quantitative limits applying in the risk management of the Scheme;
- (ii) the methods used in relation to (i) above; and
- (iii) any recent development of the risk and yields of the main categories of investment.

## APPENDIX 6: DELEGATION OF SAFEKEEPING DUTIES BY THE TRUSTEE

The Trustee has delegated those safekeeping duties set out in the COLL Sourcebook to State Street Bank and Trust Company with registered office at One Congress Street, Suite 1, Boston, Massachusetts, 02114-2016, U.S, with an office at 20 Churchill Place, Canary Wharf, London E14 5HJ, UK, whom the Trustee has appointed as its global sub-custodian.

At the date of this Prospectus, State Street Bank and Trust Company as global sub-custodian has appointed local sub-custodians within the State Street Global Custody Network as listed below.

MARKET	SUB-CUSTODIAN
<b>Albania</b>	Raiffeisen Bank sh.a, Tirana
<b>Argentina</b>	Citibank, N.A., Buenos Aires
<b>Australia</b>	The Hongkong and Shanghai Banking Corporation Limited, Sydney
<b>Austria</b>	UniCredit Bank Austria AG, Vienna
<b>Bahrain</b>	First Abu Dhabi Bank P.J.S.C., Manama
<b>Bangladesh</b>	Standard Chartered Bank, Dhaka
<b>Belgium</b>	BNP Paribas S.A., Paris (operating through its Paris branch with support from its Brussels branch)
<b>Benin</b>	via Standard Chartered Bank Côte d'Ivoire S.A., Abidjan
<b>Bermuda</b>	HSBC Bank Bermuda Limited, Hamilton
<b>Federation of Bosnia and Herzegovina</b>	UniCredit Bank d.d., Sarajevo
<b>Botswana</b>	Standard Chartered Bank Botswana Limited, Gaborone
<b>Brazil</b>	Citibank, N.A. – São Paulo Branch, São Paulo
<b>Bulgaria</b>	Citibank Europe plc, Bulgaria Branch, Sofia
	UniCredit Bulbank AD, Sofia
<b>Burkina Faso</b>	via Standard Chartered Bank Côte d'Ivoire S.A., Abidjan
<b>Canada</b>	State Street Trust Company Canada, Toronto
<b>Chile</b>	Banco de Chile, Santiago
<b>China – QFI scheme and CIBM</b>	HSBC Bank (China) Company Limited
	China Construction Bank Corporation, Beijing
<b>China – B-share market</b>	HSBC Bank (China) Company Limited, Shanghai
<b>China Connect (Stock Connect)</b>	Standard Chartered Bank (Hong Kong) Limited, Hong Kong
<b>China Connect (Bond Connect)</b>	Standard Chartered Bank (Hong Kong) Limited, Hong Kong
<b>Clearstream</b>	Clearstream Banking S.A., Luxembourg
<b>Colombia</b>	Cititrust Colombia S.A. Sociedad Fiduciaria, Bogota

<b>Costa Rica</b>	Banco BCT S.A., San Jose
<b>Croatia</b>	Privredna Banka Zagreb d.d., Zagreb
	Zagrebacka Banka d.d., Zagreb
<b>Cyprus</b>	Via BNP Paribas S.A., Athens (operating remotely to service the Cyprus market)
<b>Czech Republic</b>	Československá obchodní banka, a.s., Prague
	UniCredit Bank Czech Republic and Slovakia, a.s., Praha
<b>Denmark</b>	Skandinaviska Enskilda Banken AB (SEB), Copenhagen
<b>Egypt</b>	Citibank N.A. Egypt, New Cairo for Government Bonds: Egyptian Central Securities Depository (ECSD)
<b>Estonia</b>	AS SEB Pank, Tallin
<b>Euroclear</b>	Euroclear Bank, Brussels
<b>Finland</b>	Skandinaviska Enskilda Banken AB (Publ), Helsinki
<b>France</b>	BNP Paribas S.A., Paris
<b>Republic of Georgia</b>	JSC Bank of Georgia, Tbilisi
<b>Germany</b>	State Street Bank International Bank GmbH, Munich
	Deutsche Bank AG
<b>Ghana</b>	Standard Chartered Bank Ghana Plc, Accra
<b>Greece</b>	BNP Paribas S.A., Athens
<b>Guinea-Bissau</b>	via Standard Chartered Bank Côte d'Ivoire S.A., Abidjan
<b>Hong Kong</b>	Hongkong Shanghai Banking Corporation Limited, Hong Kong
<b>Hungary</b>	Citibank Europe Plc, Hungarian Branch, Budapest
	UniCredit Bank Hungary Zrt., Budapest
<b>Iceland</b>	Landsbankinn hf., Reykjavik
<b>India</b>	Deutsche Bank AG Investor Services, Mumbai
	Citibank N.A., Mumbai
	Hongkong and Shanghai Banking Corporation Limited, Mumbai
<b>Indonesia</b>	Deutsche Bank AG Securities Services, Jakarta
	Standard Chartered Bank, Indonesia Branch, Jakarta
<b>Ireland</b>	via Euroclear Bank, Brussels
<b>Israel</b>	Bank Hapoalim B.M., Tel Aviv
<b>Italy</b>	Intesa Sanpaolo S.p.A., Milan
<b>Ivory Coast</b>	Standard Chartered Bank Côte d'Ivoire S.A., Abidjan
<b>Japan</b>	Mizuho Bank, Limited, Tokyo
	Hongkong and Shanghai Banking Corporation Limited, Japan Branch, Tokyo
<b>Jordan</b>	Standard Chartered Bank, Dubai (United Arab Emirates)

<b>Kazakhstan</b>	JSC Citibank Kazakhstan, Almaty
<b>Kenya</b>	Standard Chartered Bank Kenya Limited, Nairobi
<b>Republic of Korea</b>	Deutsche Bank Securities Service, Seoul
	Hongkong and Shanghai Banking Corporation Limited, Seoul
<b>Kuwait</b>	First Abu Dhabi Bank, Kuwait City
<b>Latvia</b>	AS SEB Banka, Riga
<b>Lithuania</b>	AB SEB Bankas, Vilnius
<b>Luxembourg</b>	via the international central securities depositories: via Clearstream Banking S.A., Luxembourg; via Euroclear Bank, Brussels
<b>Malawi</b>	Standard Bank Plc, Blantyre
<b>Malaysia</b>	Standard Chartered Bank Malaysia Berhad, Kuala Lumpur
<b>Mali</b>	via Standard Chartered Bank Côte d’Ivoire S.A., Abidjan
<b>Malta</b>	via Clearstream Banking S.A. Luxembourg
<b>Mauritius</b>	Hongkong and Shanghai Banking Corporation Limited, Ebene
<b>Mexico</b>	Banco Nacional de México, S.A. (Banamex) Global Securities Services, Mexico City
<b>Morocco</b>	Citibank Maghreb S.A., Casablanca
<b>Namibia</b>	Standard Bank Namibia Limited, Windhoek
<b>Netherlands</b>	BNP Paribas S.A., Paris (operating through the Paris office with support from its Amsterdam branch)
<b>New Zealand</b>	Hongkong and Shanghai Banking Corporation Limited, Auckland
<b>Niger</b>	via Standard Chartered Bank Côte d’Ivoire S.A., Abidjan
<b>Nigeria</b>	Stanbic IBTC Bank Plc., Lagos
<b>Norway</b>	Skandinaviska Enskilda Banken Securities Services, Oslo
<b>Oman</b>	First Abu Dhabi Bank, Muscat
<b>Pakistan</b>	Deutsche Bank AG, Karachi
	Citibank, N.A., Karachi (effective October 1, 2021, all new account openings are being directed to Citibank)
<b>Panama</b>	Citibank, N.A., Panama City
<b>Peru</b>	Citibank del Perú, S.A., Lima
<b>Philippines</b>	Standard Chartered Bank, Philippines Branch, Makati City
<b>Poland</b>	Bank Handlowy w Warszawie S.A., Warsaw
<b>Portugal</b>	via Citibank Europe Plc, Dublin
<b>Qatar</b>	HSBC Bank Middle East Limited, Doha
<b>Romania</b>	Citibank Europe Plc, Dublin – Romania Branch, Bucharest

<b>Russia</b>	AO Citibank, Moscow (AO Citibank reduced the scope of custody services it offers in Russia, effective October 1, 2022, in light of its assessment of market conditions. AO Citibank does not support receiving local shares resulting from a depositary receipt conversion and processing of any receive instructions (buys). Subject to further market restrictions, applicable law, and other developments, AO Citibank provides settlement services to accommodate sales of securities or delivering out of portfolios and FOP transactions. AO Citibank is not opening new cash or securities safekeeping accounts effective October 1, 2022. Effective October 1, 2022, due to market conditions, AO Citibank does not offer proxy voting services in Russia.)
<b>Saudi Arabia</b>	HSBC Saudi Arabia Limited, Riyadh; FAB Capital, Riyadh (five conversion tranches to FAB Capital have been completed. Accounts included in any of the five conversion tranches should allege trades to FAB Capital. Clients that were not specifically notified as being part of the five conversion tranches should continue to use information reflected for HSBC Saudi Arabia.)
<b>Senegal</b>	via Standard Chartered Bank Côte d'Ivoire S.A., Abidjan
<b>Serbia</b>	UniCredit Bank Serbia JSC, Belgrade
<b>Singapore</b>	Citibank N.A., Citigroup Global Transaction Services, Singapore
<b>Slovak Republic</b>	UniCredit Bank Czech Republic and Slovakia, a.s., Bratislava
<b>Slovenia</b>	UniCredit Banka Slovenija d.d., Ljubljana
<b>South Africa</b>	FirstRand Bank Limited, Johannesburg
	Standard Chartered Bank Johannesburg Branch, Johannesburg
<b>Spain</b>	Citibank Europe Plc, Dublin
<b>Sri Lanka</b>	Hongkong and Shanghai Banking Corporation Limited, Colombo
<b>Republic of Srpska</b>	UniCredit Bank d.d., Sarajevo
<b>Sweden</b>	Skandinaviska Enskilda Banken AB, Stockholm
<b>Switzerland</b>	UBS Switzerland AG, Zurich effective August 28, 2023, all assets custodied at Credit Suisse (Switzerland) Ltd. will be migrating to UBS Switzerland AG. Trades settling in Switzerland with a settlement date on or after August 28, 2023, should be instructed to settle at UBS BIC: UBSWCHZH80A .
<b>Taiwan</b>	Standard Chartered Bank (Taiwan) Limited, Taipei
<b>Tanzania</b>	Standard Chartered Bank (Tanzania) Limited, Dar es Salaam
<b>Thailand</b>	Standard Chartered Bank (Thai) Public Company Limited, Bangkok
<b>Togo</b>	via Standard Chartered Bank Côte d'Ivoire S.A., Abidjan
<b>Tunisia</b>	Union Internationale de Banques, Tunis
<b>Turkey</b>	Citibank, A.S., Istanbul
<b>Uganda</b>	Standard Chartered Bank Uganda Limited, Kampala
<b>Ukraine</b>	JSC Citibank, Kyiv
<b>United Arab Emirates Dubai Financial Market (DFM)</b>	First Abu Dhabi Bank P.J.S.C., Abu Dhabi

<b>United Arab Emirates Dubai International Financial Center (DIFC)</b>	First Abu Dhabi Bank P.J.S.C., Abu Dhabi
<b>United Arab Emirates Abu Dhabi Securities Exchange (ADX)</b>	First Abu Dhabi Bank P.J.S.C., Abu Dhabi
<b>United Kingdom</b>	State Street Bank and Trust Company, United Kingdom Branch, Edinburgh
<b>United States</b>	State Street Bank and Trust Company, Boston
<b>Uruguay</b>	Banco Itaú Uruguay S.A., Montevideo
<b>Vietnam</b>	Hongkong and Shanghai Banking Corporation Limited, Ho Chi Minh City
<b>Zambia</b>	Standard Chartered Bank Zambia Plc., Lusaka
<b>Zimbabwe</b>	Stanbic Bank Zimbabwe Limited, Harare(as delegate of Standard Bank of South Africa Limited)

## DISCLAIMER

The past performance of the benchmark index, the FTSE 100 Index (the “Index”), utilised by the Vanguard FTSE 100 Index Unit Trust is not a guide to future performance. The Manager, the Investment Adviser and affiliates do not guarantee the accuracy or completeness of the Index or any data included therein and the Manager, the Investment Adviser and affiliates shall have no liability for any errors, omissions or interruptions therein. The Manager, the Investment Adviser and affiliates make no warranty, express or implied, to any person or entity, as to the results obtained by the Vanguard FTSE 100 Index Unit Trust from the use of the Index or any data included therein. In no event shall the Manager, the Investment Adviser or affiliates have any liability for any special, direct, indirect or consequential damages (including loss of profit) arising from such inaccuracies, omissions or other errors in or as a result of the Index, even if notified of the possibility of such damages. The Manager, the Investment Adviser and affiliates are not responsible for screening the constituents of the Index.

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