

**TB MELLIFERA OEIC**

**AN UMBRELLA-TYPE OPEN-ENDED INVESTMENT COMPANY**

**(A Non- UCITS Retail Scheme with FCA Product Reference Number 579108)**

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**PROSPECTUS**

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**Prepared in accordance with the Collective Investment Schemes Sourcebook  
valid as at and dated 7 June 2021**

**T. Bailey Fund Services Limited  
Authorised and Regulated by the Financial Conduct Authority**

**PROSPECTUS  
OF  
TB MELLIFERA OEIC**

This document constitutes the Prospectus for the TB Mellifera OEIC (the Company) which has been prepared in accordance with the terms of the rules contained in the Collective Investment Schemes Sourcebook (the FCA Regulations) published by the FCA as part of their Handbook of rules made under the Financial Services and Markets Act 2000 (the Act).

This Prospectus has been prepared solely for, and is being made available to investors for the purposes of evaluating an investment in Shares in the Sub-funds. Investors should only consider investing in the Sub-fund if they understand the risks involved including the risk of losing all capital invested.

The Prospectus is dated and is valid as at 7 June 2021.

Copies of this Prospectus have been sent to the FCA and the Depositary.

All communications in relation to this Prospectus shall be in English.

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

The Prospectus is based on information, law and practice at the date of this Prospectus. The Company is not bound by any out of date prospectus when it has issued a new prospectus and potential investors should check that they have the most recently published prospectus.

T. Bailey Fund Services Limited, the ACD of the Company, is the person responsible for the information contained in this Prospectus. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained herein does not contain any untrue or misleading statement or omit any matters required by the FCA Regulations to be included in it.

The Depositary is not a person responsible for the information contained in this Prospectus and accordingly does not accept any responsibility therefore under the FCA Regulations or otherwise.

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## DEFINITIONS

<b>Accumulation Shares</b>	means shares (of whatever class) in a Sub-Fund as may be in issue from time to time in respect of which income allocated thereto is credited periodically to capital pursuant to the FCA Regulations.
<b>ACD</b>	means T. Bailey Fund Services Limited, or any successor Authorised Corporate Director of the Company from time to time.
<b>Act</b>	means the Financial Services and Markets Act 2000 as
<b>Approved Derivative</b>	means an approved derivative which is traded or dealt on an eligible derivatives market and any transaction in such a derivative must be effected on or under the rules of the market.
<b>Approved Bank</b>	has the meaning defined in the FCA Rules, broadly an approved bank is the Bank of England or other OECD member state central bank, a bank with Part IV authorisation to accept deposits, a building society, or a bank supervised by the central bank or regulator in a member state of the OECD.
<b>Business Day</b>	means a day (not being Saturday or Sunday) on which banks are open for business in London.
<b>Client Money</b>	means any money that a firm receives from or holds for, or on behalf of, a shareholder in the course of, or in connection with, its business unless otherwise specified.
<b>Company</b>	means the TB Mellifera OEIC, a UK authorised investment company with variable capital.
<b>Comparator Benchmark</b>	means a benchmark or other factor against which investors may compare a Sub-Fund's performance.
<b>Dealing Day</b>	means every Business Day and other days at the ACD's direction.
<b>Depositary</b>	means NatWest Trustee & Depositary Services Limited, the depositary of the Company.
<b>Efficient Management</b>	<b>Portfolio</b> means techniques and instruments which relate to transferable securities and approved money-market instruments and which fulfil the following criteria:  (a) they are economically appropriate in that they are realised in a cost-effective way; (b) they are entered into for one or more of the following specific aims: (i) reduction of risk; (ii) reduction of cost;

- (iii) generation of additional capital or income for the scheme with a risk level which is consistent with the risk profile of the scheme and the risk diversification rules laid down in the FCA Regulations.

<b>EMT</b>	means the European MiFID Template
<b>EU Benchmark Regulation</b>	means Regulation (EU) 2016/1011 issued by the European Parliament and the Council of 8 June 2016 on indices used as benchmarks in financial instrument and financial contracts or to measure the performance of investment funds, as implemented in the United Kingdom.
<b>FCA</b>	means the Financial Conduct Authority of 12 Endeavour Square, London E20 1JN or such successor regulatory authority as may be appointed from time to time, and (where applicable) its predecessors including the Financial Services Authority;
<b>FCA Regulations</b>	means the rules contained in the Collective Investment Schemes Sourcebook (COLL), and the Investment Funds Sourcebook (FUND), as part of the FCA Rules as they may be amended or updated from time to time. FCA Rules means the FCA handbook of rules made under the Act; ICVC means investment company with variable capital.
<b>Income Shares</b>	means shares (of whatever class) in a Sub-Fund 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 FCA Rules net of any tax deducted or accounted for by the ICVC.
<b>Instrument</b>	means the instrument of incorporation of the Company as amended from time to time.
<b>Investment Adviser</b>	means Alvarium Investment Managers (UK) LLP, 10 Old Burlington Street, London W1S 3AG, or such successor investment adviser as may be appointed from time to time.
<b>ISA</b>	Individual Savings Account.
<b>JISA</b>	Junior Individual Savings Account.
<b>Net Asset Value or NAV</b>	means the value of the Scheme Property less the liabilities of the Company as calculated in accordance with the Company's Instrument.
<b>OEIC Regulations</b>	means the Open-Ended Investment Companies Regulations 2001 as amended from time to time.
<b>OTC derivative</b>	means over-the-counter derivative.

<b>Prime Broker</b>	means a credit institution, regulated investment firm or another entity subject to prudential regulation and ongoing supervision, offering services to professional clients primarily to finance or execute transactions in financial instruments as counterparty and which may also provide other services, such as clearing and settlement of trades, custodial services, stock lending, customised technology and operational support facilities. The Company does not currently require the services of a Prime Broker.
<b>Regular Savings Plan</b>	the savings scheme provided by the ACD to facilitate regular investment.
<b>Scheme Property</b>	means the property of the Company including property of the Sub-Fund(s) to be given to the Depositary for safe-keeping, as required by the FCA Regulations.
<b>Share Class</b>	means a particular class of shares as described in Section 1.2.1.
<b>Shareholder</b>	means a holder of shares in the Company or its Sub-Fund(s).
<b>Sub-Fund</b>	means a sub-fund of the Company and as is more particularly detailed in Appendix 1.
<b>Target</b>	means a level of performance which the Investment Advisor has in mind when managing a Sub-Fund and is usually expressed by reference to an index or as a particular value. There is no certainty that the target will be achieved, and it is not guaranteed.
<b>Valuation Point</b>	means the point on a Dealing Day whether on a periodic basis or for a particular valuation, at which the ACD carries out a valuation of the Scheme Property for the Company for the purpose of determining the price at which Shares of a class may be issued, cancelled or redeemed. The current Valuation Point is 12 noon London time on each Dealing Day, with the exception of any bank holiday in England and Wales or the last business day prior to those days annually, where the valuation may be carried out at a time agreed in advance between the ACD and the Depositary

Any reference in this Prospectus to any statute, statutory provision or regulation shall be construed as including a reference to any modification, amendment, extension, replacement or re-enactment thereof for the time being in force.

## 1 DETAILS OF THE COMPANY

### General Information

#### General

The TB Mellifera OEIC is an investment company with variable capital, incorporated in England and Wales, whose effective date of authorisation was 19 September 2012. Its registration number is IC000948.

#### Head Office

The Head Office of the Company is at 64 St James's Street, Nottingham, NG1 6FJ and is also the address of the place in the United Kingdom for service on the Company of notices or other documents required or authorised to be served on it. Any such notice or documentation must be given to or served on the Company in hard copy by delivering it or by sending it by post to that address, unless otherwise specified in the prospectus in relation to any specific notice or document.

#### Base Currency

The base currency of the Company is Pounds Sterling. The value of the Scheme Property attributable to prices of shares of and payments made in respect of each Sub-Fund shall be calculated or made in the base currency of the Company.

#### Share Capital

The maximum share capital of the Company is currently £10,000,000,000 and the minimum is £1,000,000. Shares in the Company have no par value and therefore the share capital of the Company at all times equals the Company's current Net Asset Value.

Shareholders in the Company are not liable for the debts of the Company.

Information on the typical investor profile for each Sub-fund is set out in Appendix 6.

The Company has been established as a Non-UCITS retail scheme.

#### Company Structure

As explained above the Company is an umbrella scheme and is a Non-UCITS retail scheme.

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The Company is structured as an umbrella in that Shares representing interests in different Sub-Fund(s) may be issued from time to time by the Depositary as instructed by the ACD. The details of the Company's Sub-Fund(s) are set out in Appendix 1.

Investment of the assets of the Sub-Fund(s) must comply with the COLL Sourcebook and the investment objective and policy of the particular Sub-Fund.



Details of the Sub-Fund(s), including each Sub-Fund's investment objective and policy, are set out in Appendix 1.

The Sub-fund are segregated portfolios of assets and, accordingly, the assets of a Sub-Fund belong exclusively to that Sub-Fund and shall not be used to discharge directly or indirectly the liabilities of, or claims against, any other person or body, including the Company, or any other Sub-Fund, and shall not be available for any such purpose.

The eligible securities markets and eligible derivatives markets on which the Sub-Fund(s) may invest are set out in Appendix 4. A detailed statement of the general investment and borrowing restrictions in respect of the Sub-Fund(s) is set out in Appendix 2.

Details of the Sub-Fund(s) including their investment objectives and policies are set out in Appendix 1.

Approval by the FCA in this context refers only to approval under the OEIC Regulations 2001 (as amended) and does not in any way indicate or suggest endorsement or approval of the Sub-fund as an investment.

### **Shares**

The Share Classes presently available in the Sub-Fund(s) are set out in Appendix 1. Further Share Classes may be made available in due course, as the ACD may decide. A Regular Savings Plan is available on certain Share Classes of certain Sub-funds. Further information on how to invest through the Regular Savings Plan is available from the ACD.

The minimum initial investment, subsequent investment and holding requirements for each Share Class is set out in Appendix 1. These limits may be waived at the discretion of the ACD.

An accumulation share is one in respect of which income is credited periodically to capital within the relevant Sub-Fund.

Holders of income shares of a Sub-Fund are entitled to be paid the income of that sub-Fund which is attributed to such shares on the relevant allocation date(s). Holders of accumulation shares are not entitled to be paid the income attributed to such shares, but that income is automatically added (and retained as part of) the capital assets of the relevant Sub-Fund on the relevant allocation date(s).

## **2 MANAGEMENT AND ADMINISTRATION**

### **Authorised Corporate Director**

The Authorised Corporate Director of the Company is T. Bailey Fund Services Limited which is a private company limited by shares incorporated in England and Wales under the Companies Act 1985. The ACD was incorporated on 25 February 1999 (Registered Company No 03720363).

**Registered Office and Head Office:**

64 St James's Street Nottingham NG1 6FJ

**Share Capital:**

Issued and paid up £1,250,001 Ordinary shares of £1 each.

The main business activities of the ACD are (i) acting as an authorised corporate director; (ii) acting as an authorised fund manager; and (iii) fund administration.

The ACD is authorised and regulated by the FCA.

The ACD is responsible for managing and administering the Sub-Fund(s)'s affairs in compliance with the FCA Regulations.

As at the date of this Prospectus, the ACD acts as authorised fund manager or authorised corporate director of the FCA-authorised funds set out in Appendix 8.

In accordance with the FCA Regulations, the ACD has delegated the provision of investment management services to Alvarium Investment Managers (UK) LLP as set out below. Notwithstanding such delegation the ACD remains responsible for any functions so delegated.

The directors of the ACD are listed in Appendix 7. None of them have any significant business activities not connected with the business of the ACD.

The ACD holds professional indemnity insurance to cover its professional liability risks (as set out in Article 12 of the AIFMD Level 2 Regulation), has appropriate professional indemnity insurance in place and maintains an amount of own funds sufficient to meet the PII Requirements in accordance with Article 15 of the AIFMD Level 2 Regulation (professional indemnity insurance). The ACD has internal operational risk policies and procedures in place to identify, measure, manage and monitor appropriately operational risks including professional liability risks to which the ACD is or could be reasonably exposed in accordance with the requirements of Article 13 of the AIFMD Level 2 Regulation. The operational risk management activities are performed independently by the Risk Oversight function.

**Terms of Appointment**

The ACD was appointed by an agreement between the Company and the ACD (the ACD Agreement). The ACD Agreement provides that the appointment of the ACD is for an initial period of three years and thereafter may be terminated upon six months' written notice by either the ACD or the Company, although in certain circumstances, as set out in the ACD Agreement, it may be terminated forthwith by notice in writing by the ACD to the Company or the Depositary, or by the Depositary or the Company to the ACD. Termination cannot take effect until the FCA has approved the appointment of another authorised corporate director in place of the retiring ACD.

Upon termination of the ACD Agreement and the appointment of another ACD (the New ACD), monies held as client money will continue to be protected and, if appropriate, will be transferred in accordance with the FCA Regulations.

The ACD is entitled to its pro rata fees and expenses to the date of termination and any additional expenses necessarily realised in settling or realising any outstanding obligations.

No compensation for loss of office is provided for in the ACD Agreement. To the extent allowed by the FCA Regulations the ACD Agreement provides indemnities to the ACD other than for matters arising by reason of its negligence, default, breach of duty or breach of trust in the performance of its duties and obligations.

The ACD is under no obligation to account to the Depositary, the Sub-Fund(s), the Company or the shareholders for any profit it makes on the issue or re-issue of shares or cancellation of shares which it has redeemed. The fees to which the ACD is entitled are set out in Sections 9.1 and 9.2.

## **The Depositary**

### **General**

NatWest Trustee & Depositary Services Limited is the Depositary of the Company.

The Depositary is incorporated in England as a private limited company. Its registered office is at 250 Bishopsgate, London EC2M 4AA, which is also its head office. The ultimate holding company of the Depositary is NatWest Group plc, which is incorporated in Scotland. The principal business activity of the Depositary is the provision of trustee and depositary services.

### **Duties of the Depositary**

The Depositary is responsible for the safekeeping of scheme property, monitoring the cash flows of the Fund, and must ensure that certain processes carried out by the ACD are performed in accordance with the applicable rules and scheme documents.

### **Conflicts of interest**

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

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

The Depositary operates independently from the Company, Shareholders, the ACD and its associated suppliers and the Custodian. As such, the Depositary does not anticipate any conflicts of interest.

## **Delegation of Safekeeping Functions**

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

The Depositary has delegated safekeeping of the Scheme Property to The Northern Trust Company Limited (“the Custodian”). In turn, the Custodian has delegated the custody of assets in certain markets in which the Fund may invest to various sub-delegates (“sub-custodians”). An updated list of sub-custodians is maintained by the ACD at [www.tbaileyfs.co.uk](http://www.tbaileyfs.co.uk).

## **Terms of Appointment**

The Depositary was appointed under a Depositary Agreement between the ACD, the Company and the Depositary (the “Depositary Agreement”). Under the Depositary Agreement, the Depositary is free to render similar services to others and the Depositary, the Company and the ACD are subject to a duty not to disclose confidential information.

The powers, duties, rights and obligations of the Depositary, the Company and the ACD under the Depositary Agreement shall, to the extent of any conflict, be overridden by the FCA Rules.

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

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

It also provides that the depositary will be entitled to be indemnified from the scheme property for any loss suffered in the performance or non-performance of its obligations except in the case of fraud, wilful default, negligence or failure to exercise due care and diligence on its part.

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

The fees to which the Depositary is entitled are set out in Section 9.4.

## **The Investment Adviser**

The ACD has appointed Alvarium Investment Managers (UK) LLP to provide discretionary investment management and related advisory services to the ACD pursuant to an investment advisory agreement (Investment Advisory Agreement). The registered office of the Investment Adviser is 1<sup>st</sup> Floor, 10 Old Burlington Street, London, W1S 3AG. The Investment Adviser is authorised and regulated by the FCA with FCA Registration Number 455686.

The Investment Adviser has the authority to make investment decisions on behalf of the Company, the Sub-Fund(s) and the ACD.

The Investment Advisory Agreement may be terminated on 36 month's written notice by the ACD or the Investment Adviser. Notwithstanding this, the ACD may terminate any or all of the Investment Advisory Agreement with immediate effect if it reasonably believes that it is in the interests of the shareholders.

Under the Investment Advisory Agreement, the ACD provides indemnities to the Investment Adviser, (except in the case of any matter arising as a direct result of their fraud, negligence, default or bad faith). To the extent allowed by the OEIC Regulations and the FCA Regulations, the ACD may be entitled under the indemnities in the ACD Agreement to recover from the Company and the Sub-Fund(s) amounts paid by the ACD under the indemnities in the Investment Advisory Agreement.

The principal business activity of Alvarium Investment Managers (UK) LLP is the provision of discretionary investment management services.

To the extent allowed by the OEIC Regulations and the FCA Regulations, the Investment Adviser is entitled to be paid its fees and expenses out of the Scheme Property as set out in Section 9.3.

Copies of the Investment Adviser's execution policy and voting policy are available from the ACD on request.

The Investment Adviser is not part of the same group of companies as the ACD.

### **The Auditors**

The Auditors of the Company are Deloitte LLP, whose address is Four Brindleyplace, Birmingham, B1 2HZ.

### **The Administrator and Register of Shareholders**

The ACD acts as the Registrar.

The register of shareholders is maintained by the Registrar at its office at 64 St James's Street, Nottingham, NG1 6FJ and may be inspected at that address during normal business hours by any shareholder or any shareholder's duly authorised agent.

### **Conflicts of Duty or Interest**

The ACD and the Investment Adviser may, from time to time, act as investment managers or advisers to other collective investment schemes (or sub-funds thereof) or to other persons which follow similar investment objectives, policies or strategies to those of the Company. It is therefore possible that any of those parties may in the course of its business have potential conflicts of duty or interest with the Company or a particular Fund. Each of the ACD and the Investment Adviser will, however, have regard in such event to its obligations under the ACD agreement and the Investment Management Agreement respectively and, in particular, the ACD will have regard to its obligation to act in the best interests of the Company so far as practicable, having regard to its obligations to other

clients when undertaking any investment where potential conflicts of interest may arise. The ACD and the Investment Adviser have written policies for managing conflicts of interest that are available to Shareholders on request.

### **3 CLIENT MONEY**

As required by the FCA's client money rules, the ACD will hold money received from clients or on the client's behalf in accordance with those rules in a pooled client bank account, with an approved bank (as defined in the FCA Rules) in the UK.

The ACD will not be liable for any acts or omissions of the approved bank. The approved bank will be responsible for any acts or omissions within its control.

In the event of the insolvency of any party, clients' money may be pooled which means that shareholders may not have a claim against a specific account and may not receive their full entitlement, as any shortfall may be shared pro rata amongst all clients.

The ACD is covered by the Financial Services Compensation Scheme (FSCS). The FSCS may pay compensation if the ACD is unable to meet its financial obligations. For further information about the compensation provided by the FSCS (including the amounts covered and eligibility to claim) refer to the FSCS website [www.FSCS.org.uk](http://www.FSCS.org.uk) or call the FSCS on 020 7741 4100 or 0800 678 1100.

### **4 BUYING, SELLING AND SWITCHING SHARES**

The dealing office of the ACD is open from 9.00 am until 5.00 pm on each Business Day to receive requests for the purchase, redemption and switching of shares, which will be effected at prices determined at the next Valuation Point following receipt of such request. Telephone calls may be recorded for training and monitoring purposes. The ACD may also, at its discretion, introduce further methods of dealing in Shares in the future.

Shares in the Funds are currently only available to be acquired, switched or converted between funds or share classes by persons who are resident in the UK (unless the ACD agrees otherwise). The ACD is unable to accept business from persons who are US residents or subsequently become US residents.

#### **Buying Shares**

Shares can be bought either by sending a completed application form to the ACD at 64 St. James's Street, Nottingham NG1 6FJ or by telephoning the ACD on 0115 988 8280. Application forms are available from the ACD or can be downloaded from [www.tbaileyfs.co.uk](http://www.tbaileyfs.co.uk).

The ACD has the right to reject, if it has reasonable grounds for refusing to sell units to the applicant (for example market timing reasons as outlined below under "Market Timing" or for money laundering purposes as outlined below under "Other Dealing Information") any application for shares in whole or part and in this event the ACD will return any application monies sent, or the balance of such monies,

at the risk of the applicant. The ACD is also not obliged to sell shares where payment is not received with an application for shares.

Any application monies remaining after a whole number of shares has been issued will not be returned to the applicant. Instead, smaller denomination shares will be issued in such circumstances. Each smaller denomination share is equivalent to one thousandth of a share.

A contract note giving details of the shares purchased and the price used will be issued by the end of the business day following the later of receipt of the application to purchase Shares or the Valuation Point by reference to which the purchase price is determined, together with, where appropriate, a notice of the applicant's right to cancel.

If payment has not already been made, settlement will be due within four Business Days of the last Dealing Day. The ACD, at its discretion, has the right to cancel a purchase deal if settlement is materially overdue and any loss arising on such cancellation shall be the liability of the applicant. For postal applications payment in full must accompany the instruction. At the ACD's discretion, payment for large purchases of Shares may be made by telegraphic transfer.

Share certificates will not be issued in respect of shares. Ownership of shares will be evidenced by an entry on the Register. Periodic statements issued twice a year will show the number of Shares held by the recipient. Individual statements of a Shareholder's shares will also be issued at any time on request from the registered Shareholder (in the case of joint holders, such request may be made by any one of the joint holders). Where shares are held jointly statements shall be sent to the first named joint holder.

If a Shareholder requires evidence of title to shares, the ACD or the Registrar will (on behalf of the Company) upon such proof of identify as is considered appropriate supply a certified copy of the entry in the Register relating to his Shares (and, subject to the OEIC Regulations and FCA Regulations, a charge may be imposed for such supply).

Details of the minimum initial lump sum investment in each Share Class of each Sub-Fund and the minimum amount of any lump sum addition to a holding in the same Share Class of the same Sub-Fund are set out in Appendix A (in the sections "Minimum Initial Investment" and "Minimum Subsequent Investment" respectively) but the ACD may, at its absolute discretion, accept investments lower than the relevant minimum. If the value of a Shareholder's holding of shares of a Share Class falls below the minimum holding (which is set out in Appendix A in respect of each Fund), his entire holding may be redeemed compulsorily by the ACD.

Shares may not be issued other than to a person who, in writing to the ACD, shall, (a) represent that they are not a US person and are not purchasing the shares for the account or benefit of a US Person, (b) agree to notify the ACD promptly if, at any time while they remain a holder of any shares, they should become a US Person or shall hold any shares for the account of benefit of a US Person, and (c) agree to reimburse to the Company and the ACD any losses, damages, costs or expense incurred by them in connection with a breach of the above representation and agreements.

### **Market Timing**

The ACD may refuse to accept applications for subscriptions, redemptions or switches of shares in a Sub-Fund which it knows or in its absolute discretion considers to be associated with market timing activities.

In general terms, market timing activities are strategies which may include frequent purchases and sales of shares 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 used in the valuation of a Fund.

Such market timing activities are disruptive to fund management, may lead to additional dealing charges which cause losses/dilution to a Sub-Fund and may be detrimental to performance and to the interests of long term Shareholders. Accordingly, the ACD may in its absolute discretion reject any application for subscription or switching of shares from applicants that it considers to be associated with market timing activities.

### **Cancellation Rights**

An investor entering into a contract to purchase Shares from the ACD will have a 14-day option to cancel the investment. Investors (other than those who subscribe through a Regular Savings Plan) opting to cancel may receive less than their original investment if the Share price falls subsequent to their initial purchase. Investors investing through the Regular Savings Plan will be entitled to cancel their first subscription only; if a Regular Saver decides to cancel their contract within 14 days after the date on which they receive the cancellation notice then they will receive back the full amount of their initial subscription. The ACD may extend cancellation rights to other investors but is under no obligation to do so.

### **Selling Shares**

Subject as mentioned below under "Suspension of Dealings in Shares" or unless the ACD has reasonable grounds to refuse, every Shareholder has the right on any Dealing Day in respect of a particular Sub-Fund to require that the Company redeems all or (subject as mentioned below) some of his shares of a particular share Class in relation to that Sub-Fund.

Requests to redeem shares must be made to the ACD by telephone on 0115 988 8280 (in which case the identification procedures and controls required by the ACD from time to time must be satisfied) or in writing signed by the Shareholder (or, in the case of joint Shareholders, each of them) sent to the ACD at 64 St. James's Street, Nottingham NG1 6FJ and must specify the number or value and Share Class of the shares to be redeemed and the Sub-Fund to which they relate.

Where a redemption request is made by telephone the Shareholder (or, in the case of joint Shareholders, each of them) must complete and sign a renunciation of title form (available on request from the ACD) and send it to the ACD at 64 St. James's Street, Nottingham NG1 6FJ. The ACD will not release the proceeds of the redemption to the Shareholder, until an original renunciation of title form is received. No interest will be payable in respect of sums held pending receipt of a renunciation of title form. Except where otherwise expressly agreed with the ACD, the ACD will not accept facsimile renunciation of title forms.



Redemption requests that are made by telephone will be irrevocable and will be processed during or immediately after the conclusion of the telephone call.

Where the Shareholder wishes to redeem part (rather than the whole) of his holding of shares, the ACD may decline to redeem those shares (and the Shareholder may, therefore, be required to redeem his entire holding of those shares) if either (1) the number or value of shares which he wishes to redeem would result in the Shareholder holding shares in a Sub-Fund with a value less than the Minimum Holding specified in Appendix A in respect of that Sub-Fund or (2) the value of the shares in a Sub-Fund which the Shareholder wishes to redeem is less than the Minimum Partial Redemption (if any) specified in Appendix A in respect of that Sub-Fund.

Not later than the end of the business day following the later of the receipt of the written redemption request or the telephone redemption request and the Valuation Point by reference to which the redemption price is determined, a contract note giving details of the number, Share Class and price of the shares redeemed will be sent to the redeeming Shareholder (or the first-named, in the case of joint Shareholders) together with (if sufficient written instructions have not already been given) a form of renunciation for completion and execution by the Shareholder (or, in the case of joint Shareholders, by all of them).

Payment of the redemption monies will be made:

(a) in the case of a written redemption request (which, in the case of joint Shareholders, must be signed by each of them) within four business days after the later of (a) receipt by the ACD of the written redemption request and (b) the Valuation Point following receipt by the ACD of the request to redeem; and

(b) in the case of a telephone redemption request, within four business days after the later of (a) receipt by the ACD of written confirmation (which, in the case of joint shareholders, must be signed by each of them) of the telephone redemption request and (b) the Valuation Point following receipt by the ACD of the request to redeem.

Please note however that the ACD reserves the right to request additional information or proof of identity, in order to validate elements of the transaction and to comply with any relevant money laundering regulations. This may delay the despatch of any redemption proceeds to the Shareholder. Until this proof is provided the ACD reserves the right to refuse to redeem shares or to delay processing and/or withhold any payments due to investors in respect of their investment and to discontinue any deals it is conducting on behalf of those investors.

Payment will normally be made by cheque or by electronic transfer.

### **In Specie Redemption**

If a shareholder requests the redemption of shares in a Sub-Fund, the ACD may, if it considers the deal substantial in relation to the total size of the Sub-Fund, arrange for the Sub-Fund to cancel the shares and transfer Scheme Property to the shareholder instead of paying the price of the shares in cash. A deal involving

shares representing 5% or more in value of the Sub-Fund will normally be considered substantial, although the ACD may in its discretion agree an in specie redemption with a shareholder whose shares represent less than 5% in value of the Sub-Fund concerned.

Before the proceeds of cancellation of the shares become payable, the ACD will give written notice to the shareholder that Scheme Property will be transferred to that shareholder.

The ACD will select the property to be transferred (or sold) in consultation with the Depositary and the Investment Adviser. They must ensure that the selection is made with a view to achieving no greater advantage or disadvantage to the redeeming shareholder than to continuing shareholders, and any such redemption as set out above, shall be subject to a retention by the Sub-Fund from that property (or proceeds) the value (or amount) of any stamp duty reserve tax to be paid on the cancellation of shares.

### **Conversions and Switching**

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

Conversion requests must be made to the ACD by telephone on 0115 988 8280 or in writing sent to the ACD at 64 St James's Street, Nottingham, NG1 6FJ. Conversions will be effected at the next Valuation Point following receipt of instructions. For UK Shareholders, Conversions will not be treated as a disposal for capital gains tax purposes and no stamp duty reserve tax will be payable on the Conversion. There is currently no fee on Conversions but the ACD, subject to FCA Regulations, may at its discretion introduce such a fee.

A holder of shares may, subject as mentioned below, at any time Switch all or some of those shares (the "Original Shares") for shares in relation to another sub-Fund (the "New Shares"). No Switch will be effected during any period when the right of Shareholders to require the redemption of their shares is suspended.

Switching requests must be made to the ACD by telephone on 0115 988 8280 (in which case the identification procedures and controls required by the ACD from time to time must be satisfied) or in writing sent to the ACD at 64 St. James's Street, Nottingham NG1 6FJ and must specify (1) the number and Share Class of the Original Shares to be Switched; (2) the Sub-Fund to which the Original Shares relate; and (3) the Share Class of the New Shares and the Sub-Fund to which they relate. Switching requests made by telephone must be confirmed in writing (which, in the case of joint Shareholders, must be signed by all the joint Shareholders) sent to the ACD at the address stated in this paragraph.

Subject as mentioned above, a Switch will be effected as at the next Valuation Point following the time at which the valid Switching request is received by the ACD or (if required by the ACD) when written signed Switching instructions are received by the ACD or as at such other Valuation Point as the ACD may agree at the request of the Shareholder. Where the Switch is between Sub-Funds that have different Valuation Points, the cancellation or redemption of the Original Shares shall take place at the next Valuation Point of the Fund to which the Original Shares relate following receipt (or deemed receipt) by the ACD of the Switching

request or (if required by the ACD) the duly completed and signed Switching instructions and the issue or sale of the New Shares shall take place at the next subsequent Valuation Point of the Fund to which the New Shares relate.

The ACD may at its discretion charge a switching fee, which is described below under "Switching Fee".

If the Switch would result in the Shareholder holding a number of Original Shares or New Shares of a value which is less than the Minimum Holding specified in Appendix A in respect of the Sub-Fund concerned, the ACD may, if it thinks fit, convert the whole of the Shareholder's holding of Original Shares into New Shares or refuse to effect the requested Switch of the Original Shares. The ACD shall refuse to effect a requested switch by a shareholder if any other conditions attached to the purchase or holding of New Shares are not satisfied with respect to that Shareholder or if the ACD has reasonable grounds for refusing the request.

The number of New Shares to which the Shareholder will become entitled on a Switch will be determined by reference to the respective prices of New Shares and Original Shares at the Valuation Point applicable at the time the Original Shares are cancelled or redeemed or, where the Switch is between Funds that have different Valuation Points, by reference to the price of Original Shares at the Valuation Point applicable at the time the Original Shares are cancelled or redeemed and by reference to the price of New Shares at the Valuation Point applicable at the time of the issue or sale of the New Shares.

The ACD may at its discretion adjust the number of New Shares to be issued to reflect the imposition of any Switching fee (see below) together with any other charges or levies in respect of the issue or sale of the New Shares or repurchase or cancellation of the Original Shares as may be permitted pursuant to the FCA Regulations and this Prospectus.

The ACD may, upon appropriate notice to affected Shareholders, effect a compulsory Conversion of shares in one Share Class of a Sub-Fund for another Share Class of the same Sub-Fund. Such compulsory Conversion shall be conducted as described above in this section. A compulsory Conversion will only be undertaken where the ACD reasonably considers it is in the best interests of affected Shareholders. By way of example, the ACD may effect a compulsory Conversion where the ACD reasonably believes it is in the best interests of Shareholders to reduce the number of available Share Classes.

**A Switch of Shares in one Sub-Fund for Shares in another Sub-Fund is treated as a redemption and sale and will, for persons subject to United Kingdom taxation, be a realisation for the purposes of the taxation of capital gains. A Conversion of Shares in one Share Class for shares in another Share Class in relation to the same Sub-Fund will not normally be treated as a realisation for UK tax purposes.**

A Shareholder who Switches shares in one Sub-Fund for shares in another Sub-Fund will not, in any circumstances, be given a right by law to withdraw from or cancel the transaction.

Dealing Charges and Dilution Levy

### **Preliminary Charge**

The ACD may impose a charge on the sale of shares to investors which is based on the amount invested by the prospective investor (though this may be waived wholly or partially at the ACD's discretion). The preliminary charge is payable to the ACD. Full details of current preliminary charges (if any) are set out in Appendix 1.

### **Dealing and Registration Charges**

Dealing fees will be charged at a rate of £5 per transaction and registration fees will be charged at a rate of £10 per registered account. These fees will be payable to T. Bailey Fund Services Limited for the services they undertake in relation to administration and registration in addition to the annual management charge.

Dealing and registration fees are payable monthly in arrears based on the number of transactions in the month and on the total accounts held at month end.

### **Switching Fee**

On the switching of shares of one Share Class for shares of another Share Class in the same Sub-Fund the Instrument authorises the Company to impose a switching fee. The fee will not exceed an amount equal to the then prevailing preliminary charge for the Class into which shares are being switched. The switching fee is payable by the Company to the ACD. Currently no switching charge is levied.

### **Dilution Levy**

The basis on which the Sub-Funds' investments are valued for the purpose of calculating the issue and redemption price of shares as stipulated in the FCA Regulations and the Company's Instrument is summarised in Section 4.1.3. The actual cost of purchasing or selling investments may be higher or lower than the mid-market value used in calculating the share price - for example, due to dealing charges, or through dealing at prices other than the mid-market price. Under certain circumstances (for example, large volumes of deals) this may have an adverse effect on the shareholders' interest. In order to prevent this effect, called dilution, the ACD has the power to charge a dilution levy (as it may do as set out below) on the sale and/or redemption of shares. If a dilution levy is not charged on the sale and/or redemption of shares, the cost of purchasing or selling investments for the Sub-Fund subsequent to shareholder dealing will be borne by the Sub-Fund with a consequent effect on future growth. If the ACD charges a dilution levy, it will be calculated by reference to the costs of dealing in the underlying investments of the Sub-Fund, including any dealing spreads, commission and transfer taxes. If charged, the dilution levy will be paid into the relevant Sub-Fund(s) and will become part of its/their property.

The need to charge a dilution levy will depend on the volume of sales or redemptions. The ACD may charge a discretionary dilution levy on the sale and redemption of shares if, in its opinion, the existing shareholders (for sales) or remaining shareholders (for redemptions) might otherwise be adversely affected, and if charging a dilution levy is, so far as practicable, fair to all shareholders and potential shareholders. In particular, the dilution levy may be charged in the following circumstances:

- (a) where over a dealing period the Sub-Fund has experienced a large level of net sales or redemptions relative to its size;
- (b) on "large deals". For these purposes, a large deal means a deal worth 5% or more of the size of the Sub-Fund; and
- (c) where the ACD considers it necessary to protect the interests of the shareholders of the Sub-Fund.

It is therefore not possible to predict accurately whether dilution would occur at any point in time. If a dilution levy is required then, based on future projections the estimated rate or amount of such levy will be 0.49% on sales (creation) and 0.23% on redemption (liquidation) and it will be incurred on a majority of deals. If a dilution levy is not charged then this may restrict the future growth of the Sub-Fund.

The ACD may alter its dilution policy in accordance with the FCA Regulations either by shareholder consent pursuant to the passing of a resolution to that effect at a properly convened meeting of shareholders and by amending this Prospectus or by giving shareholders notice and amending the Prospectus 60 days before the change to the dilution policy is to take effect.

### **Other Dealing Information**

#### **Money Laundering**

As a result of legislation in force in the United Kingdom to prevent money laundering, persons conducting investment business are responsible for compliance with money laundering regulations. In order to implement these procedures, in certain circumstances investors may be asked to provide proof of identity when buying shares. The ACD reserves the right to reverse the transaction, to refuse to sell shares or to refuse the release of redemption proceeds if it is not satisfied as to the identity of the applicant.

#### **Restrictions and Compulsory Transfer and Redemption**

The ACD may from time to time impose such restrictions as it may think necessary for the purpose of ensuring that no shares are acquired or held by any person in breach of the law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory. In this connection, the ACD may, inter alia, reject in its discretion any application for the purchase, sale, transfer or switching of shares.

#### **Suspension of Dealings**

The ACD may, with the agreement of the Depositary, or must if the Depositary so requires, temporarily suspend the issue, cancellation, sale and redemption of shares in any or all of the Sub-Fund(s), if the ACD or the Depositary is of the opinion that due to exceptional circumstances it is in the interests of all the shareholders in the relevant Sub-Fund(s) to do so. The suspension will only be permitted to continue for as long as it is justified having regard to the interests of the shareholders. The ACD and the Depositary must formally review the suspension at least every 28 days and inform the FCA of the result of this review

with a view to ending the suspension as soon as practicable after the exceptional circumstances have ceased.

On suspension, the ACD or Depositary must immediately inform the FCA stating the reasons for its action.

The ACD will notify all shareholders of the suspension in writing as soon as practicable and will publish details to keep shareholders appropriately informed about the suspension, including its likely duration.

Re-calculation of the share price for the purpose of sales and purchases will commence on the next relevant Valuation Point following the ending of the suspension.

#### Governing Law

All deals in shares are governed by the laws of England and Wales.

#### Electronic communications

Currently, transfers of title to shares may not be effected on the authority of an electronic communication.

## 5 VALUATION

#### General

The Net Asset Value per share of the Sub-Fund(s) is currently calculated on each Dealing Day at 12 noon.

The ACD may at any time during a Business Day carry out an additional valuation if the ACD considers it desirable to do so.

The price of a share in the Sub-Fund(s) is calculated by reference to the Net Asset Value of the Sub-Fund(s). There is only a single price for any share as determined from time to time by reference to a particular Valuation Point.

The ACD maintains a Fair Value Pricing policy. The policy is detailed fully in the Fair Value Policy document.

All asset prices from the primary price source are compared to two other sources to ensure the validity of each price.

#### Calculation of the Net Asset Value

The value of the Scheme Property of the Company or a Sub-Fund (as the case may be) shall be the value of its assets less the value of its liabilities determined in accordance with the following provisions.

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

5.1.1.1 Property which is not cash (or other assets dealt with in Section 4.2.3 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 providing 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 ACD, 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 ACD, 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 ACD and the Depositary;
- (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 ACD, the price obtained is unreliable or no recent traded price is available or if the most recent price available does not reflect the ACD's best estimate of the value, at a value which, in the opinion of the ACD, is fair and reasonable; and
- (e) property other than that described in Sections 4.2.2.1(d) and 4.2.2.1(e): at a value which, in the opinion of the ACD, is fair and reasonable.

Cash and amounts held in current, deposit and margin accounts and in other time-related deposits shall be valued at their nominal values.

In determining the value of the Scheme Property, all instructions given to issue or cancel shares shall be assumed (unless the contrary is shown) to have been carried

out and any cash paid or received and all consequential action required by the OEIC Regulations, the FCA Regulations and the Instrument shall be assumed (unless the contrary can be shown) to have been taken.

Subject to Sections 4.2.6 and 4.2.7 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 ACD, their omission will not materially affect the final net asset amount.

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 Section 4.2.5.

All agreements are to be included under Section 4.2.5 which are, or ought reasonably to have been, known to the person valuing the property assuming that all other persons in the ACD's employment take all reasonable steps to inform it immediately of the making of any agreement.

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) at that point in time including (as applicable and without limitation) capital gains tax, income tax, corporation tax, value added tax, stamp duty and stamp duty reserve tax.

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.

Deduct the principal amount of any outstanding borrowings whenever payable and any accrued but unpaid interest on borrowings.

Add an estimated amount for accrued claims for tax of whatever nature which may be recoverable.

Add any other credits or amounts due to be paid into the Scheme Property.

Add a sum representing any interest or any income accrued due or deemed to have accrued but not received and any stamp duty reserve tax provision anticipated to be received.

Currencies or values in currencies other than the base currency or (as the case may be) the designated currency of a sub-fund shall be converted at the relevant Valuation Point at a rate of exchange that is not likely to result in any material prejudice to the interests of shareholders or potential shareholders.

#### Price per Share in the Sub-Fund(s) and each Share Class

The price per share at which shares are bought, redeemed or switched is the Net Asset Value per share. Any initial charge or redemption charge, (or dilution levy or SDRT on a specific deal, if applicable) is payable in addition to the price or deducted from the proceeds and is taken from the gross subscription or redemption monies



## Pricing basis

The ACD deals on a forward pricing basis. A forward price is the price calculated at the next Valuation Point after the sale or redemption is agreed.

## Publication of Prices

The prices of all Shares are published on the T. Bailey Fund Services Limited website [www.tbaileyfs.co.uk](http://www.tbaileyfs.co.uk). The price of Shares may also be obtained by calling 0115 988 8280 during the ACD's normal business hours. As the ACD deals on a forward pricing basis, the price that appears in these sources will not necessarily be the same as the one at which investors can currently deal. The ACD may also, at its sole discretion, decide to publish certain Share prices in other third party websites or publications but the ACD does not accept responsibility for the accuracy of the prices published in, or for the non-publication of prices by, these sources for reasons beyond the control of the ACD.

## Mandatory Redemption of Shares

If the ACD reasonably believes that any shares are owned directly or beneficially in circumstances which:

- (a) constitute a breach of the law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory; or
- (b) may (or may if other shares are acquired or held in like circumstances) result in the Company incurring any liability to taxation or suffering any other adverse consequence (including a requirement to register under any securities or investment or similar laws or governmental regulation of any country or territory) it may give notice to the holder of such shares requiring him or her to transfer them to a person who is qualified or entitled to own them, or to request the redemption of the shares by the Company or Sub-Fund. If the holder does not either transfer the shares to a qualified person or establish to the ACD's satisfaction that he or she and any person on whose behalf he or she holds the shares are qualified and entitled to hold and own them, he or she will be deemed on the expiry of a 30-day period to have requested their redemption.

## 6 RISK FACTORS

Potential investors should consider the following risk factors before investing in the Sub-Fund(s). Shares in the Sub-Fund(s) should generally be regarded as a long-term investment.

The main risks associated with the investment activity of the Sub-Fund(s) are summarised below. Potential investors should consider the following risk factors before investing in the Sub-Fund(s). The following statements are intended to summarise some of the risks, but are not exhaustive, nor do they offer advice on the suitability of investments.

### General Risks

There is no assurance that the investment objective of the Sub-Fund(s) will actually be achieved.

The price of shares of the Sub-Fund(s) and any income from them may fall as well as rise and investors may not get back the full amount invested. Past performance is not a guide to future performance.

#### Performance Risk

Performance of the Sub-Fund(s) may vary and in particular risk levels may be affected by the existence, absence or restrictions on any guarantees related to a Sub-Fund's investments. Performance may also vary depending on the selection of Investments included in a Sub-Fund's portfolio.

#### Equities Risk

Where investments are in the shares of companies (equities), the value of those equities may fluctuate, sometimes dramatically, in response to the activities and results of individual companies or because of general market and economic conditions or other events. Currency exchange rate movements will also cause changes in value when the currency of the investment is other than sterling.

#### Warrants Risk

Where investments are in warrants, the price per share of the Sub-Fund(s) may fluctuate more than if the Sub-Fund(s) was invested in the underlying securities because of the greater volatility of the warrant price.

#### Bonds and Debt Instruments (including High Yielding Securities) Risk

Where investments are in bonds or other debt instruments, the value of those investments will depend on market interest rates, the credit quality of the issuer and liquidity considerations. Investments in high yielding debt instruments may have a level of income which is relatively high (compared to investment grade debt instruments); however, the risk of depreciation and realisation of capital losses on such debt instruments held will be significantly higher than on lower yielding debt instruments.

#### Lower Rated/Unrated Securities Risk

The credit quality of debt instruments is often assessed by rating agencies. Medium and lower rated securities and unrated securities of comparable quality may be subject to wider fluctuations in yield, wider bid-offer spreads, greater liquidity premium and accentuated market expectations, and consequently greater fluctuations in market values, than higher rated securities. Changes in such ratings, or expectation of changes, will be likely to cause changes in yield and market values, at times significantly so.

#### Collective Investment Schemes Risk

The Sub-Fund(s) may make investments in collective investment schemes. Such investments may involve risks not present in direct investments, including, for example, the possibility that an investee collective investment scheme may at

any time have economic or business interests or goals which are not fully consistent with those of the Sub-Fund(s). Moreover, many alternative investment strategies give themselves significant discretion in valuing securities. There may be liquidity constraints and the extent to which an investee fund's securities are valued by independent sources are factors which could impact on the Sub-Fund(s)'s valuation.

Unregulated collective investment schemes (in which a Sub-Fund may invest up to 20% of its property) may invest in highly illiquid securities that may be difficult to value. Moreover, many alternative investment strategies give themselves significant discretion in valuing securities. You should be aware that liquidity constraints and the extent to which a fund's securities are valued by independent sources are factors which could have an impact on the Sub-Fund's valuation.

#### Leverage Risk

Leverage is where a Sub-fund borrows money in order to meet redemption requests or, through the use of derivatives, for the purpose of buying or selling assets. Where assets are bought or sold using borrowed money this increases the risk that in the case of losses that these are compounded and as a result have a material negative impact on the value of the Sub-fund.

#### Leveraged Companies Risk

Investments may be made in companies or collective investment schemes which borrow funds. Such companies or collective investment schemes may not be subject to any limitations on the amount of their borrowings, and the amount of borrowings that they may have outstanding at any time may be large in comparison to their capital. Furthermore, given that such collective investment schemes may borrow in order to make investments, the Shareholder must be aware that they may suffer a greater risk resulting from the decline of the Net Asset Value of the underlying investments made with this borrowing facility and therefore, such collective investment schemes' risk exposure will be higher.

#### Gold and Natural Resources Risk

The price of gold/natural resources in which the Sub-Fund(s) invests may be subject to sudden, unexpected and substantial fluctuations that may lead to significant declines in the values of the shares concerned and hence the Net Asset Value of the Sub-Fund(s).

#### New Issue Risk

The Sub-Fund(s) may invest in initial public offerings, which frequently are smaller companies. Such securities have no trading history and information about these companies may only be available for limited periods. The prices of securities involved in initial public offerings may be subject to greater price volatility than more established securities.

#### Futures and Options Risk

The Sub-Fund(s) may use, under certain conditions, options and futures on indices and interest rates, for the purposes of Efficient Portfolio Management. The use of

derivatives for Efficient Portfolio Management is not intended to increase the risk profile of the Sub-Fund(s). Also, the Sub-Fund(s) may hedge market and currency risks using futures, options and forward exchange contracts. Transactions in futures carry a high degree of risk. The amount of the initial margin is small relative to the value of the futures contract so that transactions are "leveraged" or "geared". A relatively small market movement will have a proportionately larger impact which may work for or against the investor. The placing of certain orders which are intended to limit losses to certain amounts may not be effective because market conditions make it impossible to execute such orders. Transactions in options also carry a high degree of risk. Selling (writing) an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obliged either to settle the option in cash or acquire or deliver the underlying interest. If the option is "covered" by the seller holding a corresponding position in the underlying interest or a future on another option, the risk may be reduced.

Under certain conditions, the investment policy of Sub-Fund(s) may be changed to permit the use of derivatives for investment purposes. The NAV of such Sub-Fund(s) could potentially be more volatile; however, it is the Investment Adviser's intention that the Sub-Fund(s), owing to its portfolio composition or the portfolio management techniques used, will not have volatility over and above the general market volatility of the markets of their underlying investments.

#### Foreign Currency Risk

The Sub-Fund(s) may invest in securities denominated in a number of different currencies other than sterling in which the Company is denominated. Changes in foreign currency exchange rates may adversely affect the value of a Sub-Fund's investments and the income thereon.

#### Pricing and Valuation Risk

For quoted investments a valuation price can be obtained from an exchange or similarly verifiable source. However, investment in unquoted and/or illiquid investments which are difficult to value may increase the risk of mispricing. Furthermore, the Sub-Fund(s) will compute Net Asset Values when some markets are closed for holidays or other reasons. In these and similar cases a verifiable source of market prices will not be available and the ACD may invoke its fair value process which will determine a fair value price for the relevant investments; this fair value process involves assumptions and subjectivity.

#### Emerging Countries and Developing Markets Risk

The Sub-Fund(s) may invest in emerging markets which are undergoing rapid growth and regulatory change. Emerging markets present additional risks to those normally encountered in developed securities markets. These risks may be political, social and economic in nature and may be complicated by inflationary pressures and currency depreciation. The accounting and financial reporting standards, practices and disclosure requirements in some of the countries in which investments may be made may differ from those experienced in more developed markets. Similarly, reliability of the trading and settlement systems in such

markets and the liquidity of these markets may not be equal to those available in more developed markets and this could lead to delays in settlement or affect the price at which investments could be realised. Government influence or control of private companies in some countries may be significant and investments may be exposed to the risks of political change, political uncertainty or governmental action. Such assets could be expropriated, nationalised, confiscated or subjected to changes in legislation relating to foreign ownership. The value of investments in emerging markets may therefore be adversely affected by political and/or economic conditions, which would, in turn, adversely impact on the performance of the Sub-Fund(s) and their share price.

#### Smaller and Unquoted Companies Risk

Significant investments may be made in smaller companies, in which there may be no established market for the shares, or the market may be highly illiquid. Because of this potential illiquidity investment in the Sub-Fund(s) may not be appropriate for all investors, including those who are not in a position to take a long-term view of their investment. The Sub-Fund(s) may also invest, directly and indirectly, in securities that are not listed or traded on any stock exchange. In such situations, the Sub-Fund(s) may not immediately be able to sell such securities. The purchase price and subsequent valuation of these securities may reflect a discount, which could be significant, from the market price of comparable securities for which a liquid market exists.

#### Risk to Capital

This includes potential risk of reduction in capital resulting from withdrawals or cancellations of shares and distributions in excess of investment returns.

#### Liquidity Risk

In normal market conditions a Sub-Fund's assets comprise mainly realisable investments which can be readily sold. A Sub-Fund's main liability is the redemption of any shares that investors wish to sell. In general each Sub-Fund manages its investments, including cash, such that it can meet its liabilities. Investments held may need to be sold if insufficient cash is available to finance such redemptions. If the size of the disposals are sufficiently large, or the market is illiquid, then there is a risk that either the investments might not be sold or the price at which they are sold may adversely affect the Net Asset Value of the Sub-Fund(s). If there were significant requests for redemption of shares in the Sub-Fund(s) at a time when a large proportion of the Sub-Fund's assets was invested in illiquid investments, then the Sub-Fund's ability to fund those redemptions would be impaired and it might be necessary to suspend dealings in shares in the Sub-Fund(s).

#### Credit Risk

Investments may be adversely affected if any of the institutions with which money is deposited suffers insolvency or other financial difficulties (default). Credit risk also arises from the uncertainty about an issuer's ultimate repayment of principal and interest for bond or other debt instrument investments. The entire deposit or purchase price of the debt instrument is at risk of loss if there is no recovery after

default. The risk of default is usually greatest with bonds and debt instruments that are classed as 'sub-investment' grade.

### Settlement Risk

All security investments are transacted through brokers who have been approved by the Investment Adviser as an acceptable counterparty. The list of approved brokers is reviewed regularly. There is a risk of loss if a counterparty fails to perform its financial or other obligations to the Sub-Fund(s), for example, the possibility that a counterparty may default, by failing to make payments due, or make payments in a timely manner. If settlement never occurs the loss incurred by the Sub-Fund(s) will be the difference between the price of the original contract and the price of the replacement contract, or, in the case where the contract is not replaced the absolute value of the contract at the time it is voided. Furthermore, in some markets 'Delivery versus Payment' may not be possible in which case the absolute value of the contract is at risk if the Sub-Fund(s) meets its settlement obligations but the counterparty fails before meeting its obligations.

### Specific Product Risks

Investment in certain products may expose a Sub-Fund to additional risks. For example, investment in certain products may involve direct investment in the product provider or may also be exposed to third party guarantors. By making such investments the Sub-Fund will be exposed to the credit risk of the product provider and/or the third party guarantor rather than just the risks associated with the product.

In addition, certain products may have strict investment criteria which may affect the liquidity of the Sub-Fund. For example, some investments have early redemption or surrender fees and there can also be constraints on switching between product providers.

### Custody Risk

Assets of the Sub-Fund(s) are kept by the custodian and investors are exposed to the risk of the custodian not being able to fully meet its obligation to reconstitute in a short time frame all of the assets of the Sub-Fund(s) in the case of bankruptcy of the custodian. Securities of the Sub-Fund(s) will normally be identified in the custodian's books as belonging to the Sub-Fund(s) and segregated from other assets of the custodian which mitigates but does not exclude the risk of non-restitution in case of bankruptcy. However, no such segregation applies to cash which increases the risk of non-restitution in case of bankruptcy. The custodian does not keep all the assets of the Sub-Fund(s) itself but uses a network of sub-custodians which are not part of the same group of companies as the custodian. Investors are exposed to the risk of bankruptcy of the sub-custodians in the same manner as they are to the risk of bankruptcy of the custodian.

The Sub-Fund(s) may invest in markets where custodial and/or settlement systems are not fully developed. The assets of the Sub-Fund(s) that are traded in such markets and which have been entrusted to such sub-custodians may be exposed to risk in circumstances where the custodian will have no liability.

## Tax Risk

Tax laws, currently in place, may change in the future which could affect the value of the Sub-Fund(s) and therefore the shareholder's investments. Refer to the Section headed 'Taxation' in the Prospectus for further details about the taxation of the Sub-Fund(s).

## Inflation Risk

Unless the performance of your investment keeps up with or beats inflation, the real value of your investments will fall over time.

## Political and/or Environmental Risk

The investee companies may operate in countries where the ownership rights may be uncertain and development of the resources themselves may be subject to disruption due to factors including civil disturbances, industrial action, interruption of power supplies, as well as adverse climatic conditions.

## Market Risk

The risk that the entire market of an asset class will decline, thus affecting the prices and the values of the assets.

## Regular Savings Plan Risk

If a Regular Savers Plan is set-up in order to build up a particular sum by a certain date this target may not be achieved if the investment value does not grow as expected, or if there is a failure to maintain regular contributions.

## ISA Specific Risks

The value of tax benefits depend on individual circumstances. A redemption of the ISA or cancellation of an ISA will result in the loss of any favourable tax treatment associated with an ISA holding. For ISA transfers, there is potential for a loss of income or growth, following a rise in the markets whilst the ACD awaits receipt of the ISA transfer from the current ISA provider. ISAs are subject to Government legislation and as such their tax benefits and investment levels may be changed in the future.

## Segregated Liability Risk

While the provisions of the OEIC Regulations provide for segregated liability between Sub-Funds, the concept of segregated liability is relatively new. Accordingly, where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known how those foreign courts will react to regulations 11A and 11B of the OEIC Regulations.

## 7 RISK MANAGEMENT

Upon request to the ACD a shareholder can receive information relating to:

- (a) the quantitative limits applying in the risk management of the Sub-Fund;
- (b) the methods used in relation to 6.1(a); and
- (c) any recent developments of the risk and yields of the main categories of investment in the Sub-fund.

The FCA Regulations require that authorised corporate directors maintain a liquidity risk management process.

The ACD assesses how many days are likely to be required to sell investments without negatively impacting the fund price or liquidity on a best endeavours basis i.e. a liquidity ladder. The ACD assess the bid/offer spreads and trading volumes as widening spreads and thin trading volumes give an indication that it might be more difficult to dispose of an investment. The characteristic of the Fund determines the frequency of this assessment. The main factors are:

- (a) Liquidity of underlying investments;
- (b) The size of the investment as a proportion of the Fund and also relative to the market (e.g. proportion of the holding to the average trade size); and
- (c) The average holding period of Shareholders in the Fund.

It is also the ACD's responsibility to ensure that the Investment Advisers undertake testing of their liquidity management arrangements against various stressed liquidity arrangements on a regular basis.

## 8 LIABILITIES OF THE COMPANY

Shareholders are not liable for the debts of the Company. A shareholder is not liable to make any further payment to the Company after paying the purchase price of shares.

## 9 HISTORICAL PERFORMANCE DATA

Historical performance data for the Company is set out in Appendix 3.

## 10 FEES AND EXPENSES

General

The Company may pay out of the Scheme Property charges and expenses incurred by the Company and the Sub-Fund(s), which will include the following expenses:

- (a) the fees and expenses payable to the ACD, to the Depositary, to the Investment Adviser and to the standing independent valuer (to the extent that one is required to be appointed)(including fees charged by the ACD, the Depositary and the Investment Adviser in relation to the establishment of the Company and the Sub-Fund(s));



- (b) (broker's commission, fiscal charges (including stamp duty and/or stamp duty reserve tax)) and other disbursements which are necessarily incurred in effecting transactions for the Sub-Fund(s) and normally shown in contract notes, confirmation notes and difference accounts as appropriate;
- (c) fees and expenses in respect of establishing and maintaining the register of shareholders and any sub-register of shareholders;
- (d) any costs incurred in or about the listing of shares in the Sub-Fund(s) on any stock exchange, and the creation, conversion and cancellation of shares;
- (e) any costs incurred in producing and dispatching any payments made by the Sub-Fund(s), or the yearly and half-yearly reports of the Sub-Fund(s), or the Prospectus;
- (f) any fees, expenses or disbursements of any legal or other professional adviser of the Company, including those incurred on the establishment of the Company and the Sub-Fund(s);
- (g) any fees, expenses or disbursements in relation to the establishment of the Company, including without limitation FCA fees and the fees of any adviser in relation to the establishment of the Company and the Sub-Fund(s);
- (h) any costs incurred in taking out and maintaining any insurance policy in relation to the Company and the Sub-Fund(s);
- (i) any costs incurred in respect of meetings of shareholders convened for any purpose including those convened on a requisition by shareholders not including the ACD or an associate of the ACD;
- (j) liabilities on unitisation, amalgamation or reconstruction including certain liabilities arising after transfer of property to the Sub-Fund(s) in consideration for the issue of shares as more fully detailed in the FCA Regulations;
- (k) interest on borrowings and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings;
- (l) taxation and duties payable in respect of the Scheme Property or the issue or redemption of shares including Stamp Duty Reserve Tax;
- (m) the audit fees of the Auditors (including VAT) and any expenses of the Auditors;
- (n) the fees of the FCA, in accordance with the chapter of the FCA Rules entitled Fees Manual, together with any corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which shares in the Sub-Fund(s) are or may be marketed;
- (o) the Depositary's expenses, as detailed in Section 9.4 below;

- (p) any expense incurred in relation to company secretarial duties including the cost of maintenance of minute books and other documentation required to be maintained by the Company and the Sub-Fund(s) and any expenses incurred in distributing information regarding the prices of shares to shareholders;
- (q) any fees or expenses incurred in the modification of the Prospectus and/or Instrument and/or the simplified prospectus (or any successor document including the NURS Key Investor Information Document) to the extent permitted by the FCA Rules;
- (r) any expenses incurred in the printing and preparation (but not the dissemination) of the simplified prospectus (or any successor document including the NURS Key Investor Information Document);
- (s) any fees or expenses incurred in translating any document; and
- (t) any payments otherwise due by virtue of the FCA Regulations.

Establishment and set-up fees described above will be accrued and will be payable during the first accounting period.

Value Added Tax is payable on these charges where appropriate.

Any third party research received in connection with investment advisory services that an Investment Adviser provides to the Sub-fund will be paid for by the Investment Adviser out of its fees, as relevant in relation to each Sub-fund, and will not be charged to the Sub-funds.

Expenses which may be paid out of the Scheme Property and which are attributable to a particular Sub-Fund shall be paid out of the Scheme Property attributable to that Sub-Fund. Expenses which are not attributable to any particular Sub-Fund shall be allocated, subject to the OEIC Regulations, between the Sub-Fund(s) on a pro rata basis in accordance with the value of each Sub-Fund.

Expenses for each Sub-Fund are allocated between income and capital in accordance with the FCA Regulations and the OEIC Regulations and as specified in Appendix 1. Where expenses are allocated to income but there is insufficient income, part or all of these expenses will be allocated to capital in accordance with the FCA Regulations and the OEIC Regulations. This will only be done with the approval of the Depositary and may constrain capital growth.

From time to time the ACD, Investment Adviser, or the Depositary may, at its sole discretion:

- (a) waive part or all of the fees due to it in relation to a specified period; and/or
- (b) agree that part or all of the fees due to it in relation to a specified period should not be paid out of Scheme Property, but should instead be paid by another party.

## Charges payable to the ACD

In payment for carrying out its duties and responsibilities the ACD is entitled to take out of the Scheme Property an annual management charge.

The annual management charge of the Sub-Fund(s) is based on the month end valuation from the previous month, accrues daily and is payable monthly in arrears on the last Business Day of each month. The current management charges and current applicable minimum charges are set out in Appendix 1.

The ACD is also entitled to reimbursement of all reasonable, properly vouched, out of pocket expenses incurred in the performance of its duties, including stamp duty, stamp duty reserve tax on transactions in shares and expenses incurred in effecting regulatory changes to the Company and the Sub-Fund(s).

The ACD's annual management charge is allocated between income and capital in accordance with the FCA Regulations and the OEIC Regulations and as specified in Appendix 1. Where expenses are allocated to income but the amount of income received by the Sub-Fund(s) is insufficient to meet the annual management charge plus all other expenses attributable or apportioned to the Company, then some or all of such charge and expenses may be charged against the capital of the Sub-Fund(s) in accordance with the FCA Regulations and OEIC Regulations. This will only be done with the approval of the Depositary and may constrain capital growth.

The ACD may not introduce a new category of remuneration for its services unless the introduction has been approved by an extraordinary resolution of shareholders in the Sub-Fund(s).

The ACD may not increase the current rate or amount of its remuneration payable out of the Scheme Property or the preliminary charge unless, not less than 60 days before the introduction or increase, the ACD gives notice in writing of the introduction or increase and the date of its commencement to all shareholders at their registered address and has revised and made available the Prospectus to reflect the introduction or new rate and the date of its commencement.

In accordance with the FCA Regulations, the ACD is required to establish and apply a remuneration policy for certain categories of staff whose activities have a material impact on the risk profile of the ACD or the regulated collective investment schemes that it manages ("Code Staff"). The ACD has approved and adopted the remuneration policy (the "Remuneration Policy") of the T. Bailey group of companies (the "T. Bailey Group"). The Remuneration Policy documents the remuneration policies, practices and procedures of the T. Bailey Group and is reviewed annually.

### The Remuneration Policy:

- i) Is consistent with and promotes sound and effective risk management;
- ii) Does not encourage risk taking that exceeds the level of tolerated risk of the T. Bailey Group or the relevant regulated collective investment schemes managed by the ACD;
- iii) Encourages behaviour that delivers results which are aligned to the interests of the regulated collective investment schemes managed by the ACD;

- iv) Aligns the interests of Code Staff with the long-term interests of the ACD, the funds it manages and its investors;
- v) Recognises that remuneration should be competitive and reflect both financial and personal performance. Accordingly, Remuneration for Code Staff is made up of fixed pay (salary and benefits, including pension) and variable (performance-related) pay;
- vi) Recognises that fixed and variable components should be appropriately balanced and that the variable component should be flexible enough so that in some circumstances no variable component may be paid at all. Variable pay is made up of short-term awards typically based on short-term financial and strategic measures for the area of the business in which the member of Code Staff works;

Details of the T. Bailey Group remuneration policy are laid out in the Remuneration Code disclosure document available on the website [www.tbaileyfs.co.uk](http://www.tbaileyfs.co.uk). A paper copy of the remuneration policy can be obtained free of charge by telephoning 0115 988 8280.

Any fees payable to the ACD may be reduced or waived by the ACD at its discretion.

#### Investment Adviser's fees

The Investment Adviser's fees and expenses are paid out of the Scheme Property. The current annual fees for each Sub-Fund are set out in Appendix 1.

#### Depositary's Fee

The Depositary is entitled to receive out of the property of the Fund, by way of remuneration, a periodic charge which is calculated, in respect of successive monthly periods, at a proportion of such annual percentage rate (set out below) of the value of the assets of each Fund determined at the Valuation Point of each monthly period:

The rate or rates of the Depositary's periodic charge in respect of the Fund shall be agreed between the ACD and the Depositary from time to time in accordance with the FCA Rules (and may be subject to a fixed minimum amount per annum).

The Depositary's current fee will be calculated on a sliding scale as follows:

0.035% per annum on the first £70 million of the Scheme Property  
0.030% per annum on the next £30 million of the Scheme Property  
0.20% per annum on the next £100 million of the Scheme Property  
0.10% per annum of the balance thereafter.

The above fee is subject to a minimum fee of £5,000 per annum. In addition, VAT on the amount of the periodic charge will be paid out of the Scheme Property.

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

In addition to the periodic fee referred to above, the Depositary shall also be entitled to be paid transaction and custody charges in relation to transaction

handling and safekeeping of the Scheme Property of each Sub-Fund. Currently, the Depositary delegates the function of custody to the Custodian.

The remuneration for acting as custodian is as follows:

#### Custody Fee

**The remuneration for acting as custodian is as follows:**

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

These charges vary from country to country depending on the markets and the type of transaction involved. Transaction charges accrue at the time the transactions are effected and are payable as soon as is reasonably practicable, and in any event no later than the last business day of the month when such charges arose or as otherwise agreed between the Depositary and the ACD. Custody charges accrue and are payable as agreed from time to time by the ACD and the Depositary.

Where relevant, the Depositary may make a charge for, or otherwise benefit from, providing its services in relation to: distributions, the provision of banking services, holding money on deposit, lending money, or derivative transactions, in relation to the Company and the Sub-Fund(s) and may purchase, sell or deal in the purchase or sale of Scheme Property, provided always that the services concerned and any such dealing are in accordance with the provisions of the Regulations.

The Depositary will also be entitled to payment and reimbursement of all costs, liabilities and expenses properly incurred in the performance of, or arranging the performance of, functions conferred on it by the Instrument, the Regulations or by the general law.

On a winding up of the Company, a Sub-Fund or the redemption of a class of shares, the Depositary will be entitled to its pro rata fees, charges and expenses to the date of winding up, the termination, or the redemption (as appropriate) and any additional expenses necessarily realised in settling or receiving any outstanding obligations. No compensation for loss of office is provided for in the agreement with the Depositary.

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

In each case set out in this Section 9.4 such expenses and disbursements will also be payable if incurred by any person (including the ACD or any associate or

nominee of the Depositary or of the ACD) who has had the relevant duty delegated to it pursuant to the FCA Regulations by the Depositary.

## 11 SHAREHOLDER MEETINGS AND VOTING RIGHTS

### Annual General Meeting

The Company and the Sub-Fund(s) will not hold annual general meetings.

### Requisitions of Meetings

The ACD may requisition a general meeting at any time.

Shareholders may also requisition a general meeting of the Company or a Sub-Fund. A requisition by shareholders must state the objects of the meeting, be dated, be signed by shareholders who, at the date of the requisition, are registered as holding not less than one-tenth in value of all shares then in issue of the Company or the relevant Sub-Fund and the requisition must be deposited at the head office of the Company. The ACD must convene a general meeting no later than eight weeks after receipt of such requisition.

### Notice of Quorum

Shareholders will receive at least 14 days' notice of a shareholders' meeting and are entitled to be counted in the quorum and vote at such meeting either in person or by proxy. The quorum for a meeting is two shareholders, present in person or by proxy. The quorum for an Adjourned Meeting is also two shareholders present in person or by proxy, however if a quorum is not present from a reasonable time from the time appointed for the meeting then one person entitled to be counted in a quorum shall be a quorum. Notices of Meetings and Adjourned Meetings will be sent to shareholders at their registered addresses.

### Voting Rights

At a meeting of shareholders or a class of shareholders of the Company or of a Sub-Fund, on a show of hands every shareholder who (being an individual) is present in person or (being a corporation) is present by its representative properly authorised in that regard, has one vote. For joint shareholders, the vote of the first shareholder, or the proxy of the first shareholder, stated in the register of shareholders will be accepted to the exclusion of the votes of other joint shareholders.

On a poll vote, a shareholder may vote either in person or by proxy. The voting rights attaching to each share are such proportion of the voting rights attached to all the shares in issue that the price of the share bears to the aggregate price(s) of all the shares in issue at the date seven Business Days before the notice of meeting is deemed to have been served.

A shareholder entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.

Except where the FCA Regulations or the Instrument of the Company require 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 will be passed by a simple majority of the votes validly cast for and against the resolution.

The ACD may not be counted in the quorum for a meeting and neither the ACD nor any associate (as defined in the FCA Rules) of the ACD is entitled to vote at any meeting of the Company or a Sub-Fund except in respect of shares which the ACD or associate holds on behalf of or jointly with a person who, if the registered shareholder, would be entitled to vote and from whom the ACD or associate has received voting instructions. Where every shareholder within the Company or a Sub-Fund is prohibited under Rule 4.4.8R (4) of the FCA Rules from voting, a resolution may, with the prior written agreement of the Depositary, instead be passed with the written consent of shareholders representing 75% of the shares of the Company or relevant Sub-Fund in issue.

Shareholders in this context means, shareholders on the date seven Business Days before the notice of the relevant meeting was deemed to have been served but excludes holders who are known to the ACD not to be shareholders at the time of the meeting.

#### Class Meetings

The above provisions, unless the context otherwise requires, apply to Share Class meetings as they apply to general meetings of shareholders. However, an extraordinary resolution will be required to sanction a variation of class rights where the change is deemed Fundamental by the ACD in accordance with COLL 4.3.4 under the FCA Rules.

## 12 TAXATION

**The following summary is only intended as a general summary of United Kingdom (“UK”) tax law and HM Revenue & Customs practice, as at the date of this Prospectus, applicable to the Sub-fund and to individual and corporate investors who are the absolute beneficial owners of a holding in the Sub-fund which is held as an investment. The summary’s applicability to, and the tax treatment of, investors will depend upon the particular circumstances of each investor (and it will not apply to persons, such as certain institutional investors, who are subject to a special tax regime). It should not be treated as legal or tax advice. Accordingly, if investors are in any doubt as to their taxation position, they should consult their professional adviser. Levels and bases of, and reliefs from, taxation are subject to change in the future.**

The following is divided into sections relating to “Bond Sub-Fund” and “Equity Sub-Fund”. A “Bond Sub-Fund” is a Sub-Fund which invests more than 60% of its market value in “Qualifying Investments” (at all times in each accounting period). The term “Qualifying Investments” includes money placed at interest and securities that are not shares, including but not limited to government and corporate debt securities and cash on deposit. The tax issues relating to the Sub-fund and the investors within it are treated separately in this section. It is anticipated that the Sub-fund will for most periods be an Equity Sub-Fund for these purposes, but that depending on how it is invested it may constitute a Bond Sub-Fund for some periods.

## Taxation of an Equity Sub-Fund

### Taxation of Capital Gains

An Equity Sub-Fund is not subject to UK taxation on capital gains arising on the disposal of its investments. In the unlikely event that the Sub-fund be considered to be trading in securities under tax law, and to the extent an investment is disposed in a non-distributor/reporting fund, any gains made will be treated as taxable income and not exempt gains.

### Tax on income

An Equity Sub-Fund will be liable to corporation tax on its income after relief for expenses (which include fees payable to the ACD and to the Depositary). Dividends and similar income distributions from UK and non-UK resident companies are generally exempt from corporation tax. Dividends and similar income distributions from UK authorised unit trusts and UK ICVCs are also generally exempt from corporation tax to the extent the underlying income derives from dividends.

Foreign dividends and similar income are generally treated as exempt for the purposes of UK corporation tax. This income may be subject to withholding tax in certain jurisdictions.

Dividend income received from certain countries are likely to be elected to be treated as taxable income in the UK in order to obtain a beneficial rate of withholding tax in the source country.

Profits from loan relationships are treated as taxable income, as for a Bond Sub-Fund.

## Taxation of a Bond Sub-Fund

### Taxation of Capital Gains

Bonds or loan relationships held are taxable as income (see below) and are not subject to capital gains tax. Capital gains, for example on investment in equities, (except insofar as treated as income gains - see below) accruing to a Bond Sub-Fund will be exempt from UK tax on chargeable gains.

### Tax on Income

A Bond Sub-Fund will be liable to UK corporation tax on income, translated (where appropriate) into Sterling, from investments in debt, debt-related securities and cash deposits less deductible expenses. Such income will be computed according to the generally accepted accounting practice relevant to the Sub-fund.

The total will be taxed under the Loan Relationship rules. Any income received from UK equities will be exempt from UK corporation tax.

A Bond Sub-Fund would generally be entitled to make up distribution accounts in such a way that the income distribution (including accumulations of income, which are deemed to be paid and reinvested as capital) to Shareholders is treated



as if it were interest for UK tax purposes. If so entitled, the Sub-fund intends that distributions will be made in this way.

- The treatment of distributions as interest distributions for UK tax purposes is significant because:
- distributions made should be deductible for corporation tax purposes against UK taxable income.

The income, less interest distributions, expenses (including the ACD's and Depository's fees) and any non-UK withholding taxes, is subject to UK corporation tax at a rate equal to the basic rate of income tax (currently 20%). Any corporation tax charge should not be significant.

Capital gains (except insofar as treated as accrued income gains - see above) accruing to a Bond Sub-Fund will be exempt from UK tax on chargeable gains.

## Taxation of a Shareholder - Equity Sub-Fund

### Income distributions

Accumulations and distributions of income ('distributions') comprise income for UK tax purposes.

UK resident individuals and (the trustees of) certain trusts liable to UK income tax will be taxable on accumulations and distributions of income.

From 6 April 2017, additional rate taxpayers are required to pay tax at 38.1% on their distributions while the rate for higher rate taxpayers is 32.5% and for basic rate taxpayers it is 7.5%. Individuals with a net adjusted income of £100,000 will also have their personal allowances reduced £1 for every £2 on the income above this limit. The personal allowance will be reduced to nil above an income level of approximately £123,000. These limits may change in the future.

Distributions to Shareholders within the charge to corporation tax are deemed to comprise two elements:

- (a) where an Equity Sub-Fund's gross income is not wholly derived from UK dividend income, part of any distribution will be deemed to be reclassified as an annual payment received by such Shareholders after deduction of income tax at the basic rate, currently 20% ("deemed tax deducted"). Such Shareholders will be subject to corporation tax on the grossed-up amount of the annual payments but will be entitled to the repayable deemed tax deducted; and
- (b) the remainder, is exempt from UK corporation tax.

Details of the proportions of distributions comprising exempt income and annual payments will be shown on the tax voucher of the Equity Sub-Fund concerned.

These rules do not apply or are modified in relation to life insurance companies, in particular those with pensions and ISA business, life reinsurance business or overseas life assurance business.

### **Capital gains**

Shareholders who are resident in the UK may be liable to UK taxation on capital gains arising from the sale or other disposal, including redemption, of Shares. Individuals and certain trusts generally compute their gains by deducting from the net sale proceeds the capital gains base cost in respect of Shares. The resulting gains will be taxable at the capital gains tax rate, and may be reduced by capital losses brought forward from previous tax years or losses in the year, and by annual exemptions. Exempt Shareholders, which include UK charities, UK approved pension trusts, ISAs (and their individual investors), would not normally be liable to capital gains tax on their disposal of Shares.

Shareholders within the charge to corporation tax are taxed on the capital gain made computed on the basis of the rules described above. They are, however, entitled to indexation allowance on the basic cost to the date of disposal. In certain cases, the “loan relationships” provisions mentioned below in relation to Bond Sub-fund could apply.

Special rules apply to life insurance companies who beneficially own shares.

### **Inheritance tax**

A gift by shareholders of his shareholdings in the Company or the death of Shareholders may give rise to a liability to inheritance tax, except where the Shareholders is neither domiciled in the UK, nor deemed to be domiciled there under special rules relating to long residence or previous domicile in the UK. For these purposes, a transfer of a Shareholding at less than the full market value may be treated as a gift.

## Taxation of a Shareholder - Bond Sub-Fund

### **Income Distributions: Interest Distributions**

Accumulations and distributions of income (‘distributions’) comprise income for UK tax purposes. Shareholders will be taxable on the amount distributed.

Additional rate taxpayers will be liable to income tax on their distributions at 45%, higher rate taxpayers at 40% (after their £500 personal savings allowance has been exhausted) and basic rate taxpayers at 20% (after their £1,000 personal savings allowance has been exhausted). There is also a 0% starting rate band for savings income of up to £2,000 for those investors who qualify for it.

### **Capital gains**

Shareholders who are resident in the UK may be liable to UK taxation on capital gains arising from the sale or other disposal, including redemption, of shares. Individuals and certain trusts generally compute their gains by deducting from the net sale proceeds the capital gains base cost in respect of shares and will be taxable at the capital gains tax. The gain may be reduced by capital losses brought forward from previous tax years or losses in the year, and by annual exemptions. Exempt shareholders, which include UK charities, UK approved pension funds, ISAs (and their individual investors), would not normally be expected to be liable to capital gains tax on their disposal of shares.

In respect of shareholders subject to corporation tax, holdings in a Sub-fund will be treated as holdings of loan relationships and recognised using a fair value basis of accounting (which entails movements in the value of the holdings being brought into account in each accounting period as loan relationship credits or debits). No indexation allowance or taper relief is available.

### **Inheritance tax**

A gift by a Shareholders of his shareholding in the Company or the death of a Shareholders may give rise to a liability to inheritance tax, except where the Shareholders is neither domiciled in the UK, nor deemed to be domiciled there under special rules relating to long residence or previous domicile in the UK. For these purposes, a transfer of a Shareholding at less than the full market value may be treated as a gift.

### Stamp duty reserve tax (SDRT)

On 30 March 2014, Schedule 19 SDRT ceased to be chargeable on dealings in units in an open-ended investment company (OEIC). As such, the provisions relating to SDRT no longer apply. However, investors should note that should SDRT or a similar tax relating to dealings on units in OEICs be reintroduced in the future, all such costs will be paid out of the Fund's Scheme Property and charged to capital.

However it should be noted that in the unlikely event of either of the below occurring within the Fund SDRT may still be triggered and where applicable be charged to the investor:

- (a) third party transfer of shares; or
- (b) non-pro rata in specie redemptions.

### Automatic Exchange of Financial Account Information

#### **US Foreign Account Tax Compliance Act (FATCA)**

The US Foreign Account Tax Compliance Act (FATCA) is designed to help the Internal Revenue Service (the IRS) combat US tax evasion. It requires financial institutions, such as the Fund (or the Sub-Fund(s)), to report on US investors or US holdings, whether or not this is relevant. Failure to comply (or be deemed compliant) with these requirements will subject the Fund (or a Sub-Fund) to US withholding taxes on certain US-sourced income and gains. Under an intergovernmental agreement between the US and the United Kingdom, the Fund (or each Sub-Fund) may be deemed compliant, and therefore not subject to the withholding tax, if it identifies and reports US taxpayer information directly to HMRC.

Shareholders may be asked to provide additional information to the ACD to enable the Fund (or each Sub-Fund) to satisfy these obligations. Institutional Shareholders may be required to provide a Global Intermediary Identifications Number (GIIN). Failure to provide requested information may subject a Shareholder to liability for any resulting US withholding taxes, US tax information reporting and/or mandatory redemption, transfer or other termination of the Shareholder's interest in its shares. The Global Intermediary Identification Number for each Sub-Fund is available on request

## Common Reporting Standard

The Common Reporting Standard (CRS) is the reporting standard approved and developed by the Organisation of Economic Co-operation and Development (OECD) in 2014, and came into force with effect from 1st January 2016. This requires financial institutions such as the Fund (or the Sub-Fund(s)), to report non-UK resident investors, other than US Persons, to other agreed jurisdictions on an annual basis. The objective of this reporting is the same as the FATCA regulations but on a worldwide basis and is based on Residency rather than citizenship as with the US model, and will encompass natural persons and legal entities.

### Income equalisation

Income equalisation, as explained below, may apply in relation to the Sub-Fund(s), as detailed in Appendix 1.

Part of the purchase price of a share reflects the relevant share of accrued income received or to be received by the Sub-Fund(s). This capital sum is returned to a shareholder with the first allocation of income in respect of a share issued during an accounting period.

The amount of income equalisation is either;

- (a) the actual amount of income included in the issue price of that share; or
- (b) is calculated by dividing the aggregate of the amounts of income included in the price of shares issued or sold to shareholders in an annual or interim accounting period by the number of those shares and applying the resultant average to each of the shares in question.

The ACD currently uses the method outlined in (b) in Section 11.7.3 to apply income equalisation.

## 13 WINDING UP OF THE COMPANY

**The Company shall not be wound up except as an unregistered company under Part V of the Insolvency Act 1986 or under the FCA Regulations.**

**Where the Company is to be wound up under the FCA Regulations, such winding up may only be commenced following approval by the FCA. The FCA may only give such approval if the ACD provides a statement (following an investigation into the affairs of the Company) either that the Company will be able to meet its liabilities within 12 months of the date of the statement or that the Company will be unable to do so. The Company may not be wound up under the FCA Regulations if there is a vacancy in the position of ACD at the relevant time.**

The Company may be wound up under the FCA Regulations if:

- (a) an extraordinary resolution to that effect is passed by shareholders; or
- (b) the period (if any) fixed for the duration of the Company by the Instrument expires, or an event (if any) occurs on the occurrence of which the

Instrument provides that the Company is to be wound up (for example, if the share capital of the Company is below its prescribed minimum); or

- (c) on the date of effect stated in any agreement by the FCA to a request by the ACD for the revocation of the authorisation order in respect of the Company.

On the occurrence of any of the above:

- (a) the parts of the FCA Regulations and the Instrument relating to pricing and dealing and investment and borrowing will cease to apply to the Company;
- (b) the Company will cease to issue and cancel shares and the ACD shall cease to sell or redeem shares or arrange for the Company to issue or cancel them (except in respect of final cancellation);
- (c) no transfer of a share shall be registered and no other change to the register shall be made without the sanction of the ACD;
- (d) where the Company is being wound up, the Company shall cease to carry on its business except in so far as it is beneficial for the winding up of the Company;
- (e) the corporate status and powers of the Company and, subject to the provisions of Sections 12.2.2(a) to 12.2.2(d) above, the powers of the ACD shall remain until the Company is dissolved.

The ACD shall, as soon as practicable after the Company falls to be wound up, arrange for all shares in issue to be cancelled, realise the assets and meet the liabilities of the Company and, after paying out or retaining adequate provision for all liabilities properly payable and retaining provision for the costs of winding up, arrange for the Depositary to make one or more interim distributions out of the proceeds remaining (if any) to shareholders proportionately to their rights to participate in the Scheme Property. When the ACD has caused all of the Scheme Property to be realised and all of the liabilities of the Company to be realised, the ACD shall arrange for the Depositary to also make a final distribution to shareholders (if any Scheme Property remains to be distributed) on or prior to the date on which the final account is sent to shareholders of any balance remaining in proportion to their holdings in the Sub-Fund(s).

As soon as reasonably practicable after completion of the winding up of the Company the ACD or the Company shall notify the FCA.

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

Following the completion of the winding up of the Company, the ACD shall notify the Registrar of Companies and shall notify the FCA that it has done so.

Following the completion of the winding up of the Company, the ACD must prepare a final account showing how the winding up took place and how the Scheme Property was distributed. The auditors of the Company shall make a report in respect of the final account stating their opinion as to whether the final account has been properly prepared. This final account and the auditors' report must be sent to the FCA, to each

shareholder and, in the case of the winding up of the Company, to the Registrar of Companies within four months of the termination of the winding up.

A Sub-Fund may be terminated with the approval of the Financial Conduct Authority, if a solvency statement is lodged with the Financial Conduct Authority in respect of the liabilities of the Company relating to that Sub-Fund and either an extraordinary resolution to that effect has been passed by class meeting(s) of the class(es) of shares linked to the Sub-Fund; or the Financial Conduct Authority has agreed to a request by the ACD for the termination of the Sub-Fund.

Termination of a Sub-Fund will be carried out by the ACD in accordance with the Sourcebook in a similar way to the winding-up of the Company as described above.

## 14 GENERAL INFORMATION

### Accounting Periods

The annual accounting period of the Sub-Fund(s) ends each year on 30 June (the accounting reference date). The interim accounting period of the Sub-Fund(s) ends each year on 31 December.

### Income Allocations

Allocations of income are made in respect of the income available for allocation in each accounting period (whether annual or interim). The annual and interim income allocation dates, if any, for each Fund are given in Appendix 1. Allocations of income for each Sub-fund will be made on or before the relevant income allocation date. Payment of income distributions for income shares will normally be made by bank transfer (BACS) but may (in exceptional circumstances) be made by cheque.

The amount available for distribution in any accounting period is calculated by taking the aggregate of the income received or receivable for the account of the Sub-Fund(s) in respect of that period, and deducting the charges and expenses paid or payable out of income in respect of that accounting period. The ACD then makes such other adjustments as it considers appropriate (and after consulting the Depositary as appropriate) in relation to taxation, income equalisation, income unlikely to be received within 12 months following the relevant income allocation date, transfers between the income and capital account and any other adjustments which the ACD considers appropriate after consulting the auditors.

Income will be distributed as a dividend payment where a Sub-fund is deemed to be an Equity Company or as an interest payment where a Sub-fund is deemed to be a Bond Company over the relevant accounting period. The treatment of income anticipated by the ACD is given in Appendix 1, although Shareholders are advised the treatment of income will depend on the composition of assets over the accounting period. Income can only be distributed as an interest payment if the Sub-fund has held the minimum Qualifying Investments over the accounting period (see "Taxation" for further details). Details of the treatment of income for

taxation purposes over an accounting period will be given in a tax voucher sent to all Shareholders when the income is allocated.

If a distribution remains unclaimed for a period of six years after it has become due, it will be forfeited and will revert to the relevant Sub-Fund(s).

#### Annual and half-yearly reports

An Annual report of the Company will be published within four months of each annual accounting period and a half-yearly report will be published within two months of each interim accounting period. Long reports will be available upon request or may be downloaded from [www.tbaileyfs.co.uk](http://www.tbaileyfs.co.uk).

The annual and half-yearly reports will include disclosures on the following:

- (a) The percentage of each Sub-fund's assets that are subject to special arrangements arising from their illiquid nature;
- (b) Any new arrangements for managing the liquidity of each Sub-fund;
- (c) The current risk profile of each Sub-fund and the risk management systems employed by the ACD to manage those risks;
- (d) Any changes to the maximum level of leverage that the ACD may employ on behalf of each Sub-fund;
- (e) Any changes to any right of reuse of collateral or any guarantee granted under the leveraging arrangement; and
- (f) The total amount of leverage employed by each Sub-fund.

#### Documents of the Company

The following documents may be inspected free of charge between 9.00 a.m. and 5.00 p.m. every Business Day at the offices of the ACD 64 St James's Street, Nottingham, NG1 6FJ:

- (a) the most recent annual and half-yearly long reports of the Company and the Sub-Fund(s);
- (b) the Prospectus of the Company; and
- (c) the Instrument of the Company (and any amending instrument).

The ACD may make a charge at its discretion for copies of the Instrument; however, the reports and the Prospectus are available free of charge.

Copies of the ACD agreement or any contract of service between the Company and its directors can be obtained free of charge on request from the ACD.

#### Notices

Notices and Documents will be sent to the shareholder's registered address.

#### Telephone Recording

Please note that the ACD may record telephone calls for training and monitoring purposes and to confirm investors' instructions. Recordings will be provided on request for a period of at least five years from the date of such recording, or, where requested by a competent regulatory authority, for a period of seven years, where the ACD can identify the call. If you ask the ACD to send you a recording of a particular call, the ACD may ask for further information to help identify the exact call to which your request relates.

#### Complaints

Complaints concerning the operation or marketing of the Company should be referred to the compliance officer of the ACD at 64 St James's Street, Nottingham, NG1 6FJ, in the first instance. If the complaint is not dealt with satisfactorily then it can be made direct to The Financial Ombudsman Service at Exchange Tower, London E14 9SR.

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

#### Compensation

Under the Financial Services Compensation Scheme (FSCS), in the event of firm default your investment is protected up to the value of £50,000 per person per firm.

Making a complaint will not prejudice your rights to commence legal proceedings.

Further information regarding any compensation scheme or any other investor-compensation scheme of which the ACD or any Sub-fund is a member (including, if relevant, membership through a branch) or any alternative arrangement provided, are also available on request.

#### Best Execution

The ACD must act in the best interests of each Sub-fund when executing decisions to deal on behalf of the relevant Sub-fund. The ACD's order execution policy sets out the (i) systems and controls that have been put in place and (ii) the factors which the ACD expects the Investment Adviser to consider when effecting transactions and placing orders in relation to the Sub-funds. This policy has been developed in accordance with the ACD's obligations under the Regulations to obtain the best possible result for the Company.

Details of the order execution policy are available from the ACD on request. If you have any questions regarding the policy please contact the ACD or your professional adviser.

#### Inducements and Soft Commission

When executing orders, or placing orders with other entities for execution, that relate to financial instruments for, or on behalf of, the Sub-funds, an Investment



Adviser or the ACD (as relevant) will not accept and retain any fees, commissions or monetary benefits; or accept any non-monetary benefits, where these are paid or provided by any third party or a person acting on behalf of a third party.

The Investment Adviser or ACD will return to each relevant Sub-fund as soon as reasonably possible after receipt any fees, commissions or any monetary benefits paid or provided by any third party or a person acting on behalf of a third party in relation to the services provided to that Sub-fund, and disclose in the annual report the fees, commissions or any monetary benefits transferred to them.

However, the Investment Adviser or ACD may accept without disclosure minor non-monetary benefits that are capable of enhancing the quality of service provided to the Sub-fund; and of a scale and nature such that they could not be judged to impair their compliance with its duty to act honestly, fairly and professionally in the best interests of each Sub-fund.

### EU Benchmark Regulation

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

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

## APPENDIX 1

### INVESTMENT OBJECTIVE, POLICY AND OTHER DETAILS OF THE SUB-FUND(S)

Investment of the assets of the Sub-Fund(s) must comply with the FCA Regulations and its/their own investment objective and policy. Details of the Sub-Fund(s)'s investment objectives and policies are set out overleaf together with other information including available Share Classes, charges, minimum investment levels and distribution dates. A detailed statement of the investment and borrowing restrictions applicable to the Company and its Sub-Fund(s) is contained in Appendix 2. Lists of the eligible securities and derivatives markets on which the Company and its Sub-Fund(s) may invest are contained in Appendix 4 and Appendix 5. A list of the locations of the establishment of any second schemes which the Company may invest in from time to time is shown in Appendix 9.

Changes to the Investment Objective and Policy will normally require approval by shareholders at an EGM if the change alters the nature or risk profile of the scheme, or on giving 60 days' notice to shareholders where these do not alter the nature or risk profile of the scheme. In exceptional circumstances, changes may be made to the Investment Objective and Policy with no minimum period of notice where these are for clarification purposes only. In all cases, changes may only be made to the Investment Objective and Policy following notification to the FCA pursuant to the OEIC regulations and confirmation from the FCA that these changes will not affect the ongoing authorisation of the Company.

#### **Ongoing Charges Figure (OCF)**

The OCF provides investors with a clearer picture of the total annual costs in running a collective investment scheme and is based on the previous year's expenses. The figure may vary from year to year and it excludes the costs of buying or selling assets for the Sub-Fund (but includes transaction charges incurred by investing in any other collective investment schemes). Where there is not enough historic data available, or when historic data will not provide a reliable indication of future costs, an estimated OCF will be calculated based on the most reliable information available (OCF (Estimated)). The OCF is displayed in the Key Investor Information Document (KIID). A copy of the KIID for each Sub-Fund can be provided free of charge on request.

**Name:** **TB Mellifera Managed Fund**

FCA Product Reference Number ("PRN"): 639139

**Investment Objective:** The Sub-Fund's aim is to achieve capital growth in excess of the Consumer Price Index plus 3% per annum, after deduction of fees, over rolling 5 year periods.

Although the Sub-Fund aims to outperform the Consumer Price Index over rolling 5 year periods, capital invested is, in fact, at risk and there is no guarantee that a positive return will be generated over that time period or any other time period.

**Investment Policy:** By investing at least 80% of the Sub-fund in a range of actively managed open and closed-ended funds, the Sub-fund will be indirectly exposed to a broad range of asset classes including equities, fixed interest securities (government and corporate bonds) as well as alternative asset classes, such as infrastructure, commodities (including precious metals, such as gold) property and private equity.

The funds selected for investment, such as unit trusts, OEICs, ETFs as well as investment trusts and REITs, may include those managed by the ACD and the investment manager, and their respective associates.

The Sub-Fund may also invest directly in, equities, fixed interest securities, exchange-traded commodities ("ETCs"), money market instruments, deposits, cash and near cash. It is intended that at least 50% of the Sub-fund will have an exposure at any time to equities.

The Sub-Fund, which is actively managed, will typically hold between 20 and 40 holdings. Through these holdings, the Sub-Fund will be diversified by reference to various factors such as industry, geography or asset class. Although there are no restrictions on allocations between these different factors the investment manager will, in selecting the holdings for the Sub-fund, take a thematic multi-asset approach to asset allocation, identifying long term structural trends which it considers offer the best potential returns for the Sub-fund. The investment manager expects the managers of the funds in which it invests to consider ESG factors and good stewardship principles when investing, including engaging with companies and voting on corporate actions to deliver the best outcomes for their investors; whilst the underlying funds are expected to consider ESG factors, their managers have full discretion over the stocks they select regardless of any ESG considerations.

Derivatives to reduce risk or cost or to generate additional capital or income at proportionate risk (known as “Efficient Portfolio Management”). It is intended that the use of derivatives will be limited.

Government and Public Securities:

Not applicable.

Choice of Target Benchmark

The Consumer Price Index +3% is a measure of UK inflation, and so is considered an appropriate measure of what constitutes a return in real terms.

Comparator Benchmark:

Shareholders may wish to compare the Sub-fund’s performance against other funds within the Investment Association’s Mixed Investment 40%-85% Shares sector as that will give investors an indication of how the Sub-fund is performing compared with others investing in a similar but not identical investment universe. As the sector aligns with the Sub-fund’s asset allocation, it is considered that this is an appropriate comparator.

Share Classes established as at the date of this Prospectus:

A Income shares - GBP  
A Accumulation shares - GBP  
B Income shares - GBP  
B Accumulation shares - GBP

Unless otherwise stated all shares will be gross paying (in other words there will be no withholding of any UK tax).

ISA/JISA

It is intended that the Sub-fund will be managed so as to ensure that Shares in the Sub-fund constitute qualifying investments for the purposes of the HM Revenue & Customs regulations governing Individual and Junior Savings Accounts as they apply from time to time.

Minimum Initial Investment\*:

Class A shares	£5,000**
Class B shares	£100,000

Minimum Subsequent Investment\*:

Class A shares	£1,000**
Class B shares	£10,000

Minimum Holding\*:

Class A shares	£5,000**
Class B shares	£100,000

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

\*\* (save in the case of investors in the Regular Savings Plan where the minimum initial, subsequent and holding investment level is £50)

Preliminary Charge:

Class A shares	0%
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		Class B shares	0%
Annual Charge:	Management	Class A shares	First £50m = 0.18% Next £100m = 0.15% Thereafter = 0.10% Subject to a minimum fee of £25,000 per annum
		Class B shares	First £50m = 0.18% Next £100m = 0.15% Thereafter = 0.10% Subject to a minimum fee of £25,000 per annum
Investment Adviser fee		Class A shares	0.75% per annum payable monthly in arrears
		Class B shares	0.6% per annum payable monthly in arrears
Charges taken from income:		All charges other than those relating directly to the purchase and sale of investments will be taken from income. If at the end of an accounting period there is insufficient income the shortfall may be allocated to capital which may constrain capital growth.	
Annual Period:	Accounting	30 June	
Interim Period(s):	Accounting	31 December	
Income Allocation Dates:		1 January, 1 July	
		*Note: these are the cut-off dates for income accrued during the relevant accounting period.	
Income Dates:	Distribution	28 February, 31 August	
		*Note: these are the dates on which income in respect of an accounting period is paid out (for income shares) or accumulated (for accumulation shares)	
Invest in any Securities Market of the United Kingdom or a Member State of the EU or states within the EEA on which securities are		Yes	

admitted to Official Listing	
Invest in Eligible Markets	As listed in Appendices 4 and 5
Income Equalisation	Yes
Income to be distributed as a dividend or interest?	The Sub-Fund may distribute income in the form of a dividend or interest depending on the composition of the assets held over the accounting period.
Historic performance:	Past performance information is set out in Appendix 3.
Profile of typical investor:	<ul style="list-style-type: none"> <li>- Retail clients, professional clients and eligible counterparties</li> <li>- Clients who have at least a basic investment knowledge and experience</li> <li>- Clients who intend to invest for at least five years</li> <li>- Clients who seek growth over the long term</li> <li>- Clients who are both willing and able to accept capital losses, up to the full sum invested, in order to seek to achieve capital growth</li> </ul>
Identified Target Market:	<p>The following section sets out the type of clients for whose needs, characteristics and objectives the Fund is compatible.</p> <p><b>Type of client:</b> Given the nature of the Fund (a non-UCITS retail fund) the Sub-fund is targeted towards retail clients, professional clients and eligible counterparties.</p> <p><b>Knowledge and experience of client:</b> The Sub-fund is compatible with those clients who have basic investment knowledge and experience, including knowledge of collective investment schemes and the asset classes in which the Sub-fund may invest.</p> <p><b>Financial situation of client with a focus on the ability to bear losses:</b> As the value of the Sub-fund can go down as well as up, the Sub-fund is compatible for investors that can bear capital losses of up to the amount invested. However, the nature of the Sub-fund means that there would be no loss beyond the amount of capital invested.</p> <p><b>Risk tolerance of client and compatibility of the risk/reward profile of the Fund with the target market:</b> The fund has a Synthetic Risk and Reward Indicator (SRRI) of 5<sup>1</sup> (on a scale of 1-7, with 1 being the lowest risk and 7 being the highest risk), and is therefore compatible with investors with a medium-to-high risk tolerance. Investors should be willing to accept price</p>

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

fluctuations in exchange for the opportunity to achieve possible higher returns.

**Objectives and needs of client:** Clients who seek long term capital growth.

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

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

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

## APPENDIX 2

### INVESTMENT AND BORROWING POWERS OF THE COMPANY AND THE SUB-FUND(S)

#### 1 INVESTMENT RESTRICTIONS

These restrictions apply to the Company and its Sub-Fund(s).

The Scheme Property will be invested with the aim of achieving the investment objective of the Sub-Fund(s) but subject to the limits on investment set out in the FCA Regulations and the Sub-Fund(s) investment policies.

Generally the Sub-Fund(s) will invest in the investments to which it is dedicated including approved securities which are transferable securities admitted to or dealt on a regulated market or in a market in an EEA State which is regulated, operates regularly and is open to the public, units in collective investment schemes, warrants, derivatives and forward transactions, money market instruments and deposits. Where investment in gold is permitted under the investment policy of a Sub-Fund, the Sub-Fund may also invest in gold.

Except where the investment policy of a Sub-Fund permits otherwise, derivatives and forward transactions will only be used by the Sub-Fund(s) for Efficient Portfolio Management purposes.

The investment objective and policy of the Sub-Fund(s) are subject to the limits on investment under chapter 5 of the FCA Regulations applicable to non-UCITS Retail Schemes, which are summarised below. The ACD must ensure that, taking account of the investment objective and the investment policy of the Sub-Fund(s), the Sub-Fund's investments provide a prudent spread of risk.

This section summarises COLL 5 of the FCA Regulations as at 31 December 2020 as it applied to non-UCITS retail schemes incorporated in the UK. The ACD intends to take advantage of the FCA's Transitional Directions and accordingly will continue to comply with the rules as summarised below. For these purposes, any reference to an EEA State shall be deemed to include the UK.

#### 2 TRANSFERABLE SECURITIES AND MONEY MARKET INSTRUMENTS

##### 2.1 Types of transferable security

- (a) A transferable security is an investment which is a share, a debenture, an alternative debenture, a government and public security, a warrant, or a certificate representing certain securities (as such terms are defined in the FCA Regulations).
- (b) An investment is not a transferable security if the title to it cannot be transferred, or can be transferred only with the consent of a third party.
- (c) In applying paragraph 2.1(b) to an investment which is issued by a body corporate, and which is a share or a debenture (as such terms are defined in the FCA Handbook), the need for any consent on the part of the body corporate or any members or debenture holders of it may be ignored.



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

## 2.2 Criteria for investment in transferable securities

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

- (a) the potential loss which the Sub-Fund may incur with respect to holding the transferable security is limited to the amount paid for it;
- (b) its liquidity does not compromise the ACD's ability to comply with its obligations to redeem shares at the request of any qualifying shareholder;
- (c) reliable valuation is available for it as follows:
  - (i) in the case of a transferable security admitted to or dealt in on an eligible market (see further paragraph 2.7 below for an explanation of eligible market) where there are accurate, reliable and regular prices which are either market prices or prices made available by valuation systems independent from issuers;
  - (ii) in the case of a transferable security not admitted to or dealt in on an eligible market, where there is a valuation on a periodic basis which is derived from information from the issuer of the transferable security or from competent investment research;
- (d) appropriate information is available for it as follows:
  - (i) in the case of a transferable security admitted to or dealt in on an eligible market, where there is regular, accurate and comprehensive information available to the market on the transferable security or, where relevant, on the portfolio of the transferable security;
  - (ii) in the case of a transferable security not admitted to or dealt in on an eligible market where there is regular and accurate information available to the ACD on the transferable security or, where relevant, on the portfolio of the transferable security;
- (e) it is negotiable; and
- (f) its risks are adequately captured by the risk management process of the ACD.

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

- (a) not to compromise the ability of the ACD to comply with its obligations to redeem shares at the request of any qualifying shareholder; and
- (b) to be negotiable.

## 2.3 Closed-ended funds constituting transferable securities

2.3.1 A unit in a closed-ended fund shall be taken to be a transferable security for the purposes of investment by the Sub-Fund, provided it fulfils the criteria for transferable securities set out in paragraph 2.2 above and either:

- (a) where the closed-ended fund is constituted as an investment company or a unit trust:
  - (i) it is subject to corporate governance mechanisms applied to companies; and
  - (ii) where another person carries out asset management activity on its behalf that person is subject to national regulation for the purpose of investor protection; or
- (b) where the closed-ended fund is constituted under the law of contract:
  - (i) it is subject to corporate governance mechanisms equivalent to those applied to companies; and
  - (ii) it is managed by a person who is subject to national regulation for the purpose of investor protection.

## 2.4 Transferable securities linked to other assets

- (a) The Sub-Fund may invest in any other investment which shall be taken to be a transferable security for the purposes of investment by the Sub-Fund provided the investment:
  - (i) fulfils the criteria for transferable securities set out in paragraph 2.2 above; and
  - (ii) is backed by or linked to the performance of other assets which may differ from those in which the Sub-Fund can invest.
- (b) Where an investment in paragraph 2.4(a) contains an embedded derivative component, the requirements of this Appendix and the FCA Regulations with respect to derivatives and forwards will apply to that component.

## 2.5 Approved money market instruments

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

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

- (a) has a maturity at issuance of up to and including 397 days;

- (b) has a residual maturity of up to and including 397 days;
  - (c) undergoes regular yield adjustments in line with money market conditions at least every 397 days; or
  - (d) has a risk profile, including credit and interest rate risks, corresponding to that of an instrument which has a maturity as set out in 2.5.1(a) or 2.5.1(b) or is subject to yield adjustments as set out in 2.5.1(c).
- 2.5.2 A money market instrument shall be regarded as liquid if it can be sold at limited cost in an adequately short time frame, taking into account the obligation of the ACD to redeem units at the request of any qualifying shareholder.
- 2.5.3 A money market instrument shall be regarded as having a value which can be accurately determined at any time if accurate and reliable valuation systems, which fulfil the following criteria, are available:
- (a) enabling the ACD to calculate a net asset value in accordance with the value at which the instrument held in the portfolio could be exchanged between knowledgeable willing parties in an arm's length transaction; and
  - (b) based either on market data or on valuation models including systems based on amortised costs.
- 2.5.4 A money market instrument that is normally dealt in on the money market and is admitted to or dealt in on an eligible market shall be presumed to be liquid and have a value which can be accurately determined at any time unless there is information available to the ACD that would lead to a different determination.
- 2.6 Transferable securities and money market instruments generally to be admitted to or dealt in on an eligible market**
- 2.6.1 Transferable securities and approved money market instruments held within the Sub-Fund must be:
- (a) admitted to or dealt in on an eligible market (as described in paragraph 2.7); or
  - (b) recently issued transferable securities, provided that the terms of issue include an undertaking that application will be made to be admitted to an eligible market; and such admission is secured within a year of issue;
  - (c) an approved money market instrument not admitted to or dealt in on an eligible market, within paragraph 2.8 or 2.9 subject to paragraph 2.10.
- 2.6.2 The Sub-Fund may invest up to 20% of the Sub-Fund's investments in transferable securities not within paragraph 2.6.1 or money market instruments other than those referred to in paragraph 2.6.1 which are liquid and have a value which can be determined accurately at any time.
- 2.7 Eligible Markets Regime**

- 2.7.1 To protect investors the markets in which investments of the Sub-Fund are dealt in or traded on should be of an adequate quality (eligible) at the time of acquisition of the investment and until it is sold. Where a market ceases to be eligible, investments on that market cease to be approved securities. The 20% restriction in paragraph 2.6.2 above on investment in non-approved securities applies and exceeding this limit because a market ceases to be eligible will generally be regarded as an inadvertent breach.
- 2.7.2 A market is eligible for the purposes of the FCA Handbook if it is:
- (a) a regulated market (as defined in the FCA Handbook); or
  - (b) a market in an EEA state which is regulated, operates regularly and is open to the public.
- 2.7.3 A market not falling within paragraph 2.7.2 is eligible for the purposes of the FCA Handbook if:
- (a) the ACD after consultation with and notification to the Depositary decides that market is appropriate for investment of, or dealing in the Scheme Property;
  - (b) the market is included in a list in the Prospectus; and
  - (c) the Depositary has taken reasonable care to determine that adequate custody arrangements can be provided for the investment dealt in on that market; and all reasonable steps have been taken by the ACD in deciding whether that market is eligible.
- 2.7.4 In paragraph 2.7.3 a market must not be considered appropriate unless it is regulated, operates regularly, is recognised as a market or exchange or as a self-regulating organisation by an overseas regulator, is open to the public, is adequately liquid, and has adequate arrangements for unimpeded transmission of income and capital to or to the order of investors.
- 2.7.5 The eligible securities and derivatives markets for the Sub-Fund(s) are set out in Appendix 4 and 5. New eligible securities markets may be added to the existing list in accordance with the FCA Regulations governing approvals and notifications.
- 2.8 Money market instruments with a regulated issuer**
- 2.8.1 In addition to instruments admitted to or dealt in on an eligible market, the Sub-Fund(s) may invest in an approved money-market instrument provided it fulfils the following requirements:
- (a) the issue or the issuer is regulated for the purposes of protecting investors and savings; and
  - (b) the instrument is issued or guaranteed in accordance with paragraph 2.9.
- 2.8.2 The issue or the issuer of a money market instrument other than one dealt in on an eligible market, shall be regarded as regulated for the purposes of protecting investors and savings if:

- (a) the instrument is an approved money market instrument;
- (b) appropriate information is available for the instrument (including information which allows an appropriate assessment of the credit rates risks related to investments in it) in accordance with paragraph 2.10 below; and
- (c) the instrument is freely transferable.

## 2.9 Issuers and guarantors of money market instruments

2.9.1 The Sub-Fund(s) may invest in an approved money market instrument if it is:

- (a) issued or guaranteed by any one of the following:
  - (i) a central authority of an EEA state or if the EEA state is a federal state, one of the members making up the federation;
  - (ii) a regional or local authority of an EEA state;
  - (iii) the European Central Bank or a central bank of an EEA state;
  - (iv) the EU or the European Investment Bank;
  - (v) a non-EEA state, or in the case of a federal state one of the members making up the federation; or
  - (vi) a public international body to which one or more EEA states belong;
- (b) issued by a body, any securities of which are dealt in on an eligible market; or
- (c) issued or guaranteed by an establishment which is:
  - (i) subject to prudential supervision in accordance with criteria defined by EU law; or
  - (ii) 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 EU law.

2.9.2 An establishment shall be considered to satisfy the requirement in paragraph 2.9.1(c) if it is subject to and complies with prudential rules, and fulfils one or more of the following criteria:

- (a) it is located in the EEA;
- (b) it is located in an OECD country belonging to the Group of Ten;
- (c) it has at least one investment grade rating;
- (d) on the basis of an in-depth analysis of the issuer, it can be demonstrated that the prudential rules applicable to that issuer are at least as stringent as those laid down by EU law.

## 2.10 **Appropriate information for money market instruments**

2.10.1 In the case of an approved money market instrument within paragraph 2.9.1(b) or issued by a body referred to in the FCA Regulations at COLL 5.2.10EG; or which is issued by an authority within paragraph 2.9.1(a)(ii) or a public international body within paragraph 2.9.1(a)(iv), but is not guaranteed by a central authority within paragraph 2.9.1(a)(i), the following information must be available:

- (a) information on both the issue or the issuance programme, and the legal and financial situation of the issuer prior to the issue of the instrument, verified by appropriately qualified third parties not subject to instructions from the issuer;
- (b) updates of that information on a regular basis and whenever a significant event occurs; and
- (c) available and reliable statistics on the issue or the issuance programme.

2.10.2 In the case of an approved money market instrument issued or guaranteed by an establishment within paragraph 2.9.1(c) the following information must be available:

- (a) information on the issue or the issuance programme or on the legal and financial situation of the issuer prior to the issue of the instrument;
- (b) updates of that information on a regular basis and whenever a significant event occurs; and
- (c) available and reliable statistics on the issue or the issuance programme, or other data enabling an appropriate assessment of the credit risks related to investment in those instruments.

2.10.3 In the case of an approved money market instrument within paragraph 2.9.1(a)(i), (iv) or (v) or which is issued by an authority within paragraph 2.9.1(a)(ii) or a public international body within paragraph 2.9.1(a)(vi) and is guaranteed by a central authority within paragraph 2.9.1(a)(i). Information must be available on the issue or the issuance programme, or on the legal and financial situation of the issuer prior to the issue of the instrument.

## 3 **Spread limits**

3.1 The limits in this Section 3 do not apply to government and public securities for which please see Section 4 below.

3.2 Not more than 20% in value of the Scheme Property can consist of deposits with a single body.

3.3 Not more than 10% in value of the Company's investments can consist of transferable securities or money market instruments issued by a single body. This limit of 10% is raised to 25% in value of the Scheme Property in respect of covered bonds. In applying the increased limit of 25% certificates representing certain securities are to be treated as equivalent to the underlying security.

- 3.4 The exposure to any one counterparty in an OTC derivative transaction must not exceed 10% in value of the Scheme Property.
- 3.5 Not more than 20% in value of the Scheme Property investments can consist of transferable securities which are not approved securities and unregulated schemes.
- 3.6 Not more than 35% in value of the Scheme Property is to consist of the units of any one collective investment scheme.
- 3.7 For the purpose of calculating the limit at paragraph 3.4 above, the rules and conditions set out referred to in COLL 5.6.7R (8) to (11) inclusive apply.
- 3.8 Where investment in gold is permitted under the investment policy of a Sub-Fund, not more than 10% in value of a Sub-Fund's investments can consist of gold.

#### **4 Government and Public Securities**

- 4.1 This rule applies in respect of a transferable security or an approved money-market instrument ("such securities") that is issued or guaranteed by:
- (a) an EEA State; or
  - (b) a local authority of an EEA State; or
  - (c) a non-EEA State; or
  - (d) a public international body to which one or more EEA States belong.
- 4.2 More than 35% of the Scheme Property may be invested in such securities issued by or on behalf of or guaranteed by a single named issuer which may be one of the following: the Governments of the United Kingdom and of a member state of the European Union or EEA (i.e. Austria, Belgium, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden); or by or on behalf of the Governments of Australia, Canada, Japan, New Zealand, Switzerland or the United States of America.
- 4.3 The ACD has consulted with the Depositary and considers that the issuers named in 4.1 above are ones which are appropriate in accordance with the investment objectives of the Sub-Fund(s) set out in Appendix 1. If more than 35% in value of the Scheme Property of the Company is invested in such securities issued by any one issuer, no more than 30% in value of the Scheme Property of the Company may consist of such securities of any one issue and the Scheme Property must include at least six different issues whether of that issuer or another issuer.

#### **5 Collective Investment Schemes**

- 5.1 Except where the investment policy of the Sub-Fund(s) is inconsistent with this, up to 100% in value of the property of the Company may be invested in units in other collective investment schemes (hereafter a second scheme) although not more than 35% in value of the Sub-Fund(s) is to consist of the units of any one

second scheme. Investment may be made in a second scheme managed by the ACD or an associate of the ACD.

- 5.1.1 Any second scheme must either:
- (a) satisfy the conditions necessary for it to enjoy the rights conferred by the UCITS Directive (Directive 2009/65/EC);
  - (b) be authorised as a non-UCITS retail scheme;
  - (c) be a recognised scheme;
  - (d) be constituted outside the United Kingdom and the investment and borrowing powers of which are the same or more restrictive than those of a non-UCITS retail scheme; or
  - (e) be a scheme not falling within (a) - (d) and in respect of which no more than 20% in value of the Scheme Property (including any transferable securities which are not approved securities) is invested.
- 5.2 The second scheme must also operate on the basis of the prudent spread of risk, be prohibited from having more than 15% in value of the property of that scheme consisting of units in collective investment schemes (unless COLL 5.6.10AR applies) and the participants in the second scheme must be entitled to have their units redeemed in accordance with the scheme at a price related to the net value of the property to which the units relate and determined in accordance with the scheme.
- 5.3 Where the second scheme is an umbrella collective investment scheme the above provisions apply to each sub-fund as if it were a separate scheme.
- 5.4 The Company may invest in units or shares of collective investment schemes and pay any related charges or expenses for investing in such units or shares. Where the schemes invested in are managed, operated or administered by the ACD (or one of its associates) the rules on double charging contained in the FCA Regulations must be complied with.
- 5.4.1 A Sub-Fund may hold shares in another Sub-Fund of the Company provided that:
- (a) the second Sub-Fund does not hold any shares in any other Sub-Fund of the Company;
  - (b) the first Sub-Fund pays no additional management charges to the ACD and the rules on double charging set out in the FCA Regulations are complied with;
  - (c) not more than 35% in value of the investing or disposing Sub-Fund is to consist of units of the second Sub-Fund.
- 5.5 Any second schemes in which the Company invests will be established in the locations listed in Appendix 9. The Company may invest in second schemes established in locations not currently listed in Appendix 9 provided the second scheme satisfies the requirements of this clause 5 and the FCA Regulations, where



this occurs the list in Appendix 9 will be updated and an updated Prospectus issued.

## **6 Feeder Schemes**

6.1 A non-UCITS retail scheme that is not a feeder NURS may, if the conditions in (6.2) to (6.6) are met, invest in units of:

- (a) a feeder UCITS; or
- (b) a feeder NURS; or
- (c) a scheme dedicated to units in a single property authorised investment fund; or
- (d) a scheme dedicated to units in a recognised scheme.

6.2 The relevant master UCITS must comply with COLL 5.2.13R(2), (3) and (4) as if it were the second scheme for the purpose of that rule.

6.3 The relevant qualifying master scheme, property authorised investment fund or recognised scheme must comply with COLL 5.6.10R(2) to (5) as if it were the second scheme for the purpose of that rule.

6.4 Not more than 35% in value of the scheme property of the non-UCITS retail scheme may consist of units of one or more schemes permitted under (6.1)(a) to (d).

6.5 The non-UCITS retail scheme must not invest directly in units of the relevant master UCITS, qualifying master scheme, property authorised investment fund or recognised scheme.

6.6 The authorised fund manager of the non-UCITS retail scheme must be able to show on reasonable grounds that an investment in one or more schemes permitted under (6.1)(a) to (d) is:

- (a) in the interests of investors; and
- (b) no less advantageous than if the non-UCITS retail scheme had held units directly in the relevant:
  - (i) master UCITS; or
  - (ii) qualifying master scheme; or
  - (iii) property authorised investment fund; or
  - (iv) recognised scheme.

## **7 Warrants and nil and partly paid securities**

Up to 5% in value of the Scheme Property may consist of warrants, provided that warrants may only be held if it is reasonably foreseeable there will be no change to the Scheme Property between the acquisition of the warrant and its exercise and the rights conferred by the proposed warrant and all other warrants forming

part of the Scheme Property at the time of the acquisition of the proposed warrant will be exercised and that the exercise of the rights conferred by the warrants will not contravene the FCA Regulations.

Securities on which any sum is unpaid may be held provided that it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by the Sub-Fund at any time when the payment is required without contravening the FCA Regulations.

A warrant may not be included in the Scheme Property unless it is listed on an eligible securities market.

## **8 Deposits**

Up to 20% in value of the Sub-Fund can consist of deposits with a single body. A Sub-Fund may only invest in deposits with an Approved Bank and which are repayable on demand, or have the right to be withdrawn, and maturing in no more than 12 months.

## **9 Derivatives: General**

9.1 Except where the investment policy of a Sub-Fund permits otherwise, derivatives may be used by the Sub-Fund(s) for Efficient Portfolio Management purposes only. The NAV of the Sub-Funds, which are permitted to use derivatives for investment purposes, could potentially be more volatile; however, it is the Investment Adviser's intention that the Sub-Fund(s), owing to its portfolio composition or the portfolio management techniques used, will not have volatility over and above the general market volatility of the markets of their underlying investments.

9.2 The use of derivatives for Efficient Portfolio Management is not intended to increase the risk profile of the Sub-Fund(s). However to the extent that derivatives are used for investment purposes, the overall risk of loss to the Sub-Fund(s) may be increased. Please also see "Risk Factors" above.

The Sub-Fund(s) may make use of a variety of derivative instruments in accordance with the FCA Regulations.

9.2.1 A transaction in derivatives or a forward transaction cannot be effected for the Sub-Fund(s) unless:

(a) it is a permitted derivatives and forward transaction (broadly a derivative must be effected on or under the rules of any eligible derivatives market and have underlying consisting of any or all of the following; transferable securities, approved money market instruments, deposits, permitted derivatives, permitted collective investment schemes, permitted financial indices, interest rates, foreign exchange rates, currencies); and

(b) it is covered as required by the FCA Regulations at COLL 5.3.3AR.

9.3 The exposure to the underlying assets must not exceed the limits in the FCA Regulations for the class of underlying asset concerned.

- 9.4 Where a transferable security or approved money market instrument embeds a derivative this must be taken into account for the purposes of complying with this Section.
- 9.5 If a Sub-Fund invests in an index-based derivative provided the relevant index falls within the FCA Regulations at COLL 5.6.23R the underlying constituents of the index do not have to be taken into account for the purposes of paragraphs 3 and 4 above, provided the ACD takes account of the requirements for a prudent spread of risk.
- 10 Permitted Transactions (Derivatives and Forwards)**
- 10.1 A transaction in a derivative must:**
- (a) be in an approved derivative; or
  - (b) be an OTC derivative which complies with paragraph 10.2 and:
    - (i) the underlying must consist of any or all of the following to which the scheme is dedicated: transferable securities; money-market instruments; permitted deposits; permitted derivatives; permitted collective investment scheme units; gold, certain financial indices; interest rates; foreign exchange rates and currencies;
    - (ii) the exposure to the underlying must not exceed the limits set out at paragraphs 3 and 4 above.
- 10.1.1 A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market. A derivatives transaction must not cause the Sub-Fund(s) to diverge from its investment objectives as stated in the Instrument of Incorporation and the most recently published prospectus and must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more transferable securities, approved money market instruments, collective investment scheme units or derivatives.
- 10.1.2 Any forward transaction must be with an eligible institution or an approved bank.
- 10.2 OTC transactions in derivatives**
- 10.2.1 A transaction in an OTC derivative under paragraph 10.1(b) must be:
- (a) with an approved counterparty; a counterparty to a transaction in derivatives is approved only if the counterparty is:
    - (i) an eligible institution or an approved bank; or
    - (ii) a person whose permission (including any requirements or limitations), as published in the FCA Register, or whose Home State authorisation, permits it to enter into the transaction as principal off-exchange;
  - (b) on approved terms; the terms of the transaction in derivatives are approved only if the ACD:

- (i) carries out, at least daily, a reliable and verifiable valuation in respect of that transaction corresponding to its fair value and which does not rely only on market quotations by the counterparty; and
  - (ii) can enter into one or more further transactions to sell, liquidate or close out that transaction at any time, at its fair value;
- (c) capable of reliable valuation; a transaction in derivatives is capable of reliable valuation only if the ACD having taken reasonable care determines that, throughout the life of the derivative (if the transaction is entered into), it will be able to value the investment concerned with reasonable accuracy:
- (i) on the basis of an up-to-date market value which the ACD and the Depositary 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 ACD and the Depositary have agreed uses an adequate recognised methodology; and
- (d) subject to verifiable valuation; a transaction in derivatives is subject to verifiable valuation only if, throughout the life of the derivative (if the transaction is entered into) verification of the valuation is carried out by:
- (e) an appropriate third party which is independent from the counterparty of the derivative, at an adequate frequency and in such a way that the ACD is able to check it; or
  - (f) a department within the ACD which is independent from the department in charge of managing the scheme property and which is adequately equipped for such a purpose.

10.2.2 The ACD must use a risk management process enabling it to monitor and measure as frequently as appropriate the risk of a Sub-Fund's positions and their contribution to the overall risk profile of a Sub-Fund. The risk management process maintained by the ACD should take into account the investment objectives and policies of the Sub-Fund.

## 11 **Immovable Property**

A Sub-Fund may only invest in immovable property where permitted in its investment policy.

## 12 **General**

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

Cash or near cash may be retained in the Scheme Property to enable the pursuit of the investment objective; or for redemption of shares in the Sub-Fund(s); or efficient management of the Sub-Fund(s) in accordance with its investment objective or for a purpose which may reasonably be regarded as ancillary to the investment objective of the Sub-Fund(s).

### 13 **Stocklending**

The Sub-Fund(s) may not enter into stocklending transactions.

### 14 **Borrowing and lending powers**

14.1 The Company may, subject to the FCA Regulations, borrow money from an eligible institution or an Approved Bank for the use of the Company on the terms that the borrowing is to be repayable out of the Scheme Property.

14.2 The ACD must ensure that borrowing does not, on any Business Day, exceed 10% of the value of the Scheme Property.

14.3 These borrowing restrictions do not apply to "back to back" borrowing to be cover for transactions in derivatives and forward transactions.

14.4 The Company will not issue any debenture unless it acknowledges or creates a borrowing that complies with COLL 5.5.4(1) to (6) inclusive.

14.5 The Company will not lend any money which forms part of the Scheme Property.

### 15 **Leverage**

15.1 Transactions introducing leverage are generally undertaken to reduce risk or cost in terms of fluctuations in prices, interest rates or exchange rates or involve receiving a premium for the writing of a covered call option or cash covered put option on the property of the Company which the Company is willing to buy or sell at the exercise price. The fund may also borrow up to 10% of its net asset value; as a result of actively invested borrowing the fund would display leveraged characteristics.

The types and sources of leverage and risks the Company may employ are as follows:

- (a) The Company may borrow up to 10% of its net asset value from an Approved Bank, and
- (b) ii) Through the use of derivatives. Any exposure by the Company through the use of derivatives must be covered by cash or readily realisable assets held by the Company. Restrictions on the use of derivatives are outlined in the Investment Objective and Policy in Appendix 1 and detailed in the Investment and Borrowing Powers in Appendix 2.

Please refer to the Risk Factors for details of the risks associated with these types of leverage.

15.2 The following restrictions apply to the use of leverage:

- (a) Leverage through Borrowing: The Fund may borrow from Eligible Institutions or Approved Banks only.

- (b) ii) Leverage through the Use of Derivatives: Derivatives may be used for the purposes of Efficient Portfolio Management only. No current collateral or asset reuse arrangements are currently in place. Should the Fund enter into any contracts that require the use of collateral in future, collateral will be managed in accordance with FCA Regulations and Guidelines issued from time to time by the European Securities and Markets Authority. A Collateral Management Policy will be implemented by the ACD before the Company enters into any transactions which require it to hold collateral from a counterparty.

15.3 The maximum level of leverage the Company may employ at any time is 100%.

### APPENDIX 3

#### HISTORICAL PERFORMANCE DATA

Past performance should not be seen as an indication of future performance.

	12 months ended 31 Dec 2020	12 months ended 31 Dec 2019	12 months ended 31 Dec 2018	12 months ended 31 Dec 2017	12 months ended 31 Dec 2016
TB Mellifera Managed Fund A Income	11.66%	12.39%	-4.00%	11.53%	13.56%
TB Mellifera Managed Fund A Accumulation*	-	-	-	-	-
TB Mellifera Managed Fund B Income	12.02%	12.80%	-4.36%	11.12%	14.04%
TB Mellifera Managed Fund B Accumulation*	-	-	-	-	-
<b>Target Benchmark - CPI**</b>	0.65%	1.31%	2.10%	2.94%	1.60%
<b>Comparator Benchmark - IA Mixed Investment 40% to 85% shares sector</b>	5.32%	15.78%	-6.11%	9.98%	12.87%

\*This share class launched on 7 June 2021 and therefore past performance information is not yet available.

\*\*The Target Benchmark was changed on 7 June 2021 to the UK Consumer Price Index + 3% over rolling 5 year periods; the performance shown reflects the previous Target: UK Consumer Price Index

Mid to Mid, with net income reinvested, net of tax and charges. Performance does not include the effect of any initial or redemption charges.

## APPENDIX 4

### ELIGIBLE SECURITIES MARKETS

The Sub-Fund(s) may deal through securities markets established in the United Kingdom or EEA/EU States on which transferable securities admitted to official listing in these states are dealt in or traded. In addition, up to 20% in value of the Sub-Fund(s) may be invested in transferable securities which are not approved securities.

The Sub-Fund(s) may also deal in certain of the securities markets listed below and those derivatives markets indicated in Appendix 5.

<b>Australia</b>	Australia Securities Exchange
<b>Bermuda</b>	Bermuda Stock Exchange
<b>Canada</b>	TSX Venture Exchange Toronto Stock Exchange
<b>Channel Islands</b>	Channel Islands Stock Exchange
<b>China</b>	Shanghai Stock Exchange Shenzhen Stock Exchange
<b>Hong Kong</b>	Hong Kong Exchanges & Clearing Company
<b>India</b>	BSE Limited
<b>Indonesia</b>	Indonesia Stock Exchange
<b>Israel</b>	Tel-Aviv Stock Exchange
<b>Japan</b>	JASDAQ Tokyo Stock Exchange
<b>Republic of Korea</b>	Korea Exchange
<b>Malaysia</b>	Bursa Malaysia
<b>New Zealand</b>	New Zealand Exchange Ltd
<b>Peru</b>	Lima Stock Exchange (Bolsa de Valores de Lima)
<b>Philippines</b>	Philippine Stock Exchange
<b>Singapore</b>	Singapore Exchange
<b>South Africa</b>	JSE Limited
<b>Switzerland</b>	SIX Swiss Exchange
<b>Taiwan</b>	Taiwan Stock Exchange



<b>Thailand</b>	Stock Exchange of Thailand
<b>Turkey</b>	Borsa Istanbul
<b>United Kingdom</b>	London Stock Exchange AIM
<b>United States</b>	NYSE LIFFE US New York Stock Exchange NYSE Arca NASDAQ The OTC Market(s) in US Government securities conducted by primary dealers selected and regulated by the Federal Reserve Bank of New York.

## APPENDIX 5

### ELIGIBLE DERIVATIVES MARKETS

Hong Kong	Hong Kong Exchanges and Clearing Company
Japan	Tokyo Financial Exchange Tokyo Stock Exchange
Singapore	Singapore Exchange
South Africa	JSE Limited
Switzerland	Eurex Zurich
United States of America	Chicago Board Options Exchange CME Group ICE Futures U.S. New York Stock Exchange NYSE Arca NYSE LIFFE US

## APPENDIX 6

### DIRECTORY

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

TB Mellifera OEIC  
64 St James's Street  
Nottingham  
NG1 6FJ

#### **Authorised Corporate Director**

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

#### **Investment Adviser**

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#### **Transfer Agency**

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#### **Telephone:**

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#### **Depositary**

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#### **Auditor**

Deloitte LLP  
4 Brindley Pl  
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## APPENDIX 7

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

<b>Name</b>	<b>Activity</b>
Jessica Kirk (Chief Executive Officer)	None.
Gavin Padbury (Chief Operating Officer)	None.
Rachel Elliott (Chief Finance Officer)	None.
Anna Troup (Chairman)	Pension Protection Fund Aberdeen Diversified Income and Growth Trust plc MS Amlin Investment Company Limited British Triathlon Foundation Trust.
Alain Kerneis (Non-Executive Director)	Kerneis Advisory Limited.

## APPENDIX 8

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

- Aptus Investment Fund**
- Heriot Investment Funds**
- T. Bailey Dynamic Fund\***
- T. Bailey Growth Fund\***
- TB Amati Investment Funds**
- TB Doherty Funds**
- TB Elite Investment Funds**
- TB Enigma Fund**
- TB Evenlode Investment Funds ICVC**
- TB Guinness Investment Funds**
- TB Guinness Global Energy Fund\***
- TB Howay Investment Funds**
- TB Saracen Investment Funds ICVC**
- TB Wise Investment Funds**
- The Chapel Funds ICVC**
- The Sandwood Fund ICVC**
- Ocean Investment Funds**
- TB Chawton Investment Funds**
- TB Opie Street ICVC**
- TB Whitman OEIC**

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

## APPENDIX 9

### ESTABLISHMENT OF COLLECTIVE INVESTMENT SCHEMES

Any second schemes in which the Fund may invest will be established in the locations listed below. This list is not restrictive and may be amended from time to time where the Fund invests in second schemes established in new locations.

**Any member state of the European Economic Area (which for these purposes shall be deemed to include the United Kingdom)**

Australia

Bermuda

Canada

Cayman Islands

Channel Islands

Isle of Man

Japan

Singapore

Switzerland

United States