

# **ELITE LWM VALUE PORTFOLIO FUND**

## **Prospectus**

Prepared in accordance with the Collective Investment Schemes Sourcebook  
Dated and valid as at 17<sup>th</sup> February 2009

---

**Authorised Corporate Director**

WAY Fund Managers Limited

Cedar House

3 Cedar Park

Cobham Road

Wimborne

Dorset BH21 7SB

(authorised and regulated by the Financial Services Authority)

**Head Office of the Investment Adviser**

Spixworth Asset Management Limited

The Grange

Spixworth Road

Norwich

Norfolk

NR6 7NF

(authorised and regulated by the Financial Services Authority)

**Investment Sub-Adviser**

Lowes Wealth Management

A-407 Tian Shui Yuan centre

2 Tian Shui Yuan Dong Jie

Beijing 100026

China

**Registered and Head Office of the Company**

C/O WAY Fund Managers Limited

Cedar House

3 Cedar Park

Cobham Road

Wimborne

Dorset BH21 7SB

**Depository**

State Street Trustees Limited

20 Churchill Place

London

E14 5HJ

(authorised by the Financial Services Authority)

**Solicitors**

Burges Salmon LLP

Narrow Quay House

Narrow Quay

Bristol BS1 4AH

**Auditors**

Grant Thornton UK LLP

30 Finsbury Square

London EC2P 2YU

---

**Administrator**

Northern Trust International Fund Administration Services (UK) Limited  
50 Bank Street  
London  
E14 5NT

**Registrar**

WAY Fund Managers Limited

Cedar House

3 Cedar Park

Cobham Road

Wimborne

Dorset BH21 7SB

(authorised and regulated by the Financial Services Authority)

---

## CONTENTS

<b>Clause</b>	<b>Heading</b>	<b>Page</b>
1	INTERPRETATION .....	1
2	CONSTITUTION AND REGULATORY STATUS .....	3
3	RISK FACTORS .....	3
4	THE AUTHORISED CORPORATE DIRECTOR .....	5
5	THE INVESTMENT ADVISER.....	6
6	THE DEPOSITARY.....	7
7	SHARES IN THE COMPANY.....	7
8	INVESTMENT OBJECTIVES, POLICIES AND OTHER DETAILS OF THE FUNDS .....	8
9	REGISTER.....	9
10	VALUATIONS .....	10
11	PRICES OF SHARES .....	12
12	DILUTION LEVY .....	13
13	STAMP DUTY RESERVE TAX.....	13
14	ISSUE, REDEMPTION AND EXCHANGE OF SHARES .....	15
15	SWITCHING BETWEEN CLASSES / BETWEEN FUNDS .....	17
16	SUSPENSION OF DEALINGS.....	18
17	MANDATORY REDEMPTION OF SHARES.....	19
18	DISTRIBUTION AND ACCUMULATION.....	19
19	INCOME EQUALISATION.....	20
20	THE AUTHORISED CORPORATE DIRECTOR'S CHARGES.....	21

---

21	THE FEES, CHARGES AND EXPENSES OF THE DEPOSITARY.....	27
22	OTHER PAYMENTS OF THE COMPANY .....	28
23	TAXATION .....	31
24	REPORTS AND ACCOUNTS .....	34
25	ANNUAL GENERAL MEETING.....	34
26	REQUISITIONS OF MEETINGS .....	34
27	VOTING .....	34
28	TRANSFER OF SHARES.....	36
29	WINDING UP OF THE COMPANY AND TERMINATION OF FUNDS.....	36
30	OTHER INFORMATION .....	37
31	GENERAL.....	38
	Schedule 1- Investment and Borrowing Powers .....	40
	Schedule 2 - Eligible Markets.....	53
	Schedule 3 - Historical Performance.....	56

---

## 1 INTERPRETATION

In this Prospectus the words and expressions set out in the first column below shall have the meanings set opposite them unless the context requires otherwise. Words and expressions contained in this Prospectus but not defined herein shall have the same meanings as in the Act or Regulations (as defined below) unless the contrary is stated. The definitions are as follows:

"ACD"	the Authorised Corporate Director holding office from time to time pursuant to FSA Regulations being WAY Fund Managers Limited at the date of this Prospectus;
"Act"	the Financial Services and Markets Act 2000 (as amended from time to time);
"Administrator"	means Northern Trust International Fund Administration Services (UK) Limited or such other person appointed from time to time to be the administrator of the Company;
"Business Day"	Monday to Friday excluding public and bank holidays in the United Kingdom, or any day on which the London Stock Exchange is not open for the normal duration of its trading hours, except for any day on which the ACD has notified the Depositary that it is not open for normal business due to a concessionary company holiday or otherwise agreed between the ACD and the Depositary;
"Collective Investment Schemes Sourcebook" or "COLL"	the Collective Investment Schemes Sourcebook issued by the FSA pursuant to the Act (as amended from time to time);
"Company"	Elite LWM Value Portfolio Fund;
"Depositary"	the person appointed from time to time by the Company or otherwise pursuant to the Regulations to which all of the scheme property of the Company is entrusted for safe keeping pursuant to the Regulations;
"Directors"	the directors of the Company for the time being (including the ACD) or, as the case may be, the directors of the Company for the time being assembled as a board including any committee of such board;
"FSA"	Financial Services Authority, 25 The North Colonnade, Canary Wharf, London, E14 5HS;
"Funds"	the sub-funds from time to time of the Company and "Fund" shall mean one of the sub-funds;
"Investment Adviser"	means Spixworth Asset Management appointed by the ACD as investment adviser to the Funds;
"OEIC Regulations"	Open-Ended Investment Companies Regulations 2001 (as amended from time to time);
"Office Hours"	from 9am to 5pm on any Business Day;

---

<b>"recognised scheme"</b>	means a collective investment scheme recognised for the purposes of sections 264, 270 or 272 of the Act;
<b>"Registrar"</b>	WAY Fund Managers Limited or such other person appointed from time to time to be the registrar of the Company;
<b>"Regulations"</b>	the OEIC Regulations and the Collective Investment Schemes Sourcebook;
<b>"Sterling"</b>	pounds sterling of the United Kingdom;
<b>"UCITS Directive"</b>	a Council Directive of 20 December 1985 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (as amended from time to time);
<b>"UCITS Scheme"</b>	means a type of collective investment scheme such as the Company which is authorised by the FSA to enable the scheme to be marketed to the public within the UK and EEA and which complies with the conditions necessary for it to benefit from certain passporting rights conferred by the UCITS Directive.

---

**THIS PROSPECTUS IS IMPORTANT.**

**IF YOU ARE IN ANY DOUBT AS TO THE MEANING OF ANY INFORMATION CONTAINED IN THIS PROSPECTUS, YOU SHOULD CONSULT THE ACD OR YOUR FINANCIAL ADVISER.**

**INVESTORS SHOULD CHECK WITH THE ACD THAT THIS IS THE LATEST VERSION OF THE PROSPECTUS AND THAT THERE HAVE BEEN NO REVISIONS OR UPDATES BEFORE DECIDING TO PURCHASE SHARES IN ANY FUND. PLEASE NOTE THAT NOTIFIABLE CHANGES WHICH ARE IN THE PROCESS OF BEING IMPLEMENTED OR WHICH HAVE ALREADY BEEN IMPLEMENTED MAY NOT BE DISCLOSED IN THE CURRENT PROSPECTUS.**

This Prospectus is intended for distribution in the United Kingdom. Its distribution may be restricted in other countries. It does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is unlawful or in which the person making such offer or solicitation is not qualified so to do, or to anyone to whom it is unlawful to make such an offer or solicitation. Intending investors should investigate and observe the legal requirements within their own countries for the acquisition of shares of the Company and any taxation or exchange control legislation affecting them personally, including the obtaining of any necessary governmental or other consents and the observation of any other formalities.

## **2 CONSTITUTION AND REGULATORY STATUS**

The Company is an investment company with variable capital incorporated under the OEIC Regulations. It is a UCITS Scheme as defined in COLL and also an umbrella company for the purposes of the OEIC Regulations. The Company is incorporated in England and Wales with registered number IC000698. The head office of the Company is at Cedar House, 3 Cedar Park, Cobham Road, Wimborne, Dorset BH21 7SB. This is also the address for the service on the Company of notices or other documents required or authorised to be served on it.

The Company has two sub-funds as follows:

- Elite LWM East-West Value Fund; and
- Elite LWM Asian Value Fund.

**As at the date of this Prospectus the Elite LWM Asian Value Fund has not yet been launched.** The property attributable to each of the Funds is managed as if such fund belonged to the "UCITS Scheme" category as specified in Chapter 5 of COLL. Subject to the terms set out in this Prospectus, holders of shares in a Fund are entitled to receive the net income derived from the Fund and to redeem their shares at a price linked to the value of the property of the Fund. Shareholders do not have any proprietary interest in the underlying assets of any Fund. The shareholders of the Company will not be liable for the debts of the Company.

The base currency for the Company is pounds sterling. The maximum size of the Company's capital is £100,000,000,000 and the minimum size is £1.

The Company was authorised by an order made by the FSA with effect from 12<sup>th</sup> November 2008.

## **3 RISK FACTORS**

Investors should bear in mind that all investment carries risk and in particular should be aware of the following:

- 
- (a) Past performance is not a guide to the future. The value of shares and the income derived from them can go down as well as up and as a result the investor may not get back the amount originally invested. This can be as a result of market movements and also of variations in the exchange rates between currencies. The ACD's preliminary charge (as set out in section 20 under the heading "**The Authorised Corporate Director's Charges**") is deducted from an investment at the outset and various other charges accrue daily, therefore an equivalent rise in the value of the shares is required before the original investment can be recovered;
  - (b) **For hedging purposes only, in order to reduce or eliminate risk arising from fluctuations in interest or exchange rates and in the price of investments, the Investment Adviser may enter into certain derivatives transactions, including, without limitation, forward transactions, futures and options.** This is explained further on page 40. The value of these investments may fluctuate significantly. By holding these types of investments there is a risk of capital depreciation in relation to certain Fund assets. There is also the potential for capital appreciation of such assets. **The ACD does not anticipate that the use of derivatives in this way will change or alter the overall risk profiles of the Funds;**
  - (c) The levels of relief from taxation will depend upon individual circumstances. Please note current tax levels and reliefs may change and their value will depend on the investor's individual circumstances;
  - (d) The Funds are not "ring-fenced" and in the event of the Company being unable to meet liabilities attributable to any particular Fund out of the assets attributable to such Fund, the excess liabilities may have to be met out of the assets attributable to the other Funds.
  - (e) The levels of income generated by the Funds will fluctuate and are not guaranteed.
  - (f) Where a Fund invests in emerging markets, such investment may carry risks associated with failed or delayed settlement of market transactions and with the registration and custody of securities. There may also be a lack of liquidity and increased volatility in the underlying securities of companies domiciled in emerging markets.
  - (g) The Funds may invest in other currencies. As a result, changes in the rates of exchange between currencies may cause the value of the shares to go up or down. Accordingly, investors may not receive back the amount invested.
  - (h) The Elite LWM Asian Value Fund will invest in a portfolio of investments in Asia, and will typically hold a more geographically concentrated portfolio than an internationally diversified fund. Therefore the fund may be more volatile than a fund with a more geographically diversified portfolio.

### **Typical Investor**

The ACD considers that the Funds are suitable for investors seeking a medium to long term investment. It is anticipated that retail investors will typically invest in Retail Shares and institutional investors will typically invest in Institutional Shares. In general, however, the ACD recommends that investors seek suitable advice from an authorised independent intermediary before investing. Attention should also be drawn to the Risk Factors section shown above.

---

#### 4 THE AUTHORISED CORPORATE DIRECTOR

The authorised corporate director ("ACD") of the Company is WAY Fund Managers Limited. The ACD is a private company limited by shares, incorporated in England and Wales on 9<sup>th</sup> June 2000 under the Companies Act 1985. The registered and head office of the ACD is at Cedar House, 3 Cedar Park, Cobham Road, Wimborne, Dorset BH21 7SB. This is the address at which notices or other documents may be served on the Company. The amount of the ACD's issued share capital is £250,000, fully paid.

The ACD is authorised and regulated by the FSA. The ACD also acts as Authorised Corporate Director and unit trust manager to the following collective investment schemes authorised in the United Kingdom:

##### ICVCs

- EFA Absolute Return Portfolio Fund;
- EFA Octopus Partner Fund (Cautious Managed);
- EFA OPM Equity High Income Investment Portfolio;
- Elite EEA Investment Portfolio;
- Elite Henderson Rowe Portfolio Fund;
- Elite Integrity Investment Portfolio;
- Elite LWM Value Portfolio Fund;
- Fitzwilliam OEIC;
- The EFA Allenbridge Portfolio Fund;
- The EFA Clarion Portfolio Fund;
- The EFA Elevation Equity Portfolio;
- The EFA Frenkel Topping Fund;
- The EFA Hallmark Investment Portfolio;
- The EFA Ursa Major Growth Portfolio Fund;
- WAY Global Cautious Portfolio Fund;
- WAY MA Cautious Portfolio; and
- WAY MA Growth Portfolio.

##### Unit Trusts

- Elite Balanced Trust;
- Elite Charteris Premium Growth Fund;
- Elite Income Plan Cash Trust;
- Elite Income Trust;
- Elite JS&P Global Strategy Portfolio Trust;
- The EFA James Brearley Balanced Managed Trust;
- WAY Global Blue Managed Portfolio Trust; and
- WAY Global Red Active Portfolio Trust.

The ACD may provide investment services to other clients and funds and to companies in which the Company may invest in accordance with the Regulations.

When managing investments of the Company, the ACD will not be obliged to make use of information which in doing so would be a breach of duty or confidence to any other person or which comes to the notice of an employee or agent of the ACD but properly does not come to the notice of an individual managing the assets of the Company.

The directors of the ACD are:

- 
- Paul Wilcox – Chairman
  - David Pook - Chief Executive
  - Peter Legg – Finance
  - Vincent Hoare – Operations
  - Andrew Stevens – Compliance
  - Roger Starbuck – General Manager

The ACD provides its services to the Company under the terms of a service agreement (the "**ACD Agreement**"). The material provisions of the ACD Agreement are as follows:

The ACD Agreement provides that the appointment may be terminated by either party after the expiry of 6 months written notice or forthwith by the Company in the case of fraud, wilful default or gross negligence on the part of the ACD. The ACD Agreement will also terminate on expiry of notice given by the Depositary in accordance with Rule 6.5.4(3) of COLL (liquidation, receivership or an administration order in respect of the ACD). The ACD is entitled to payment of its fees to the date of termination but no additional compensation.

The ACD Agreement provides that the Company will indemnify the ACD against any liability incurred by it in managing the Company and carrying out its duties as authorised corporate director of the Company except to the extent such liability arises from the gross negligence, wilful default or fraud of the ACD or its breach of the Act or the regulatory system under the Act.

The ACD has delegated the following functions to third-parties:

**General Administration** – the dealing, fund valuation and fund accounting functions have been delegated to Northern Trust International Fund Administration Services (UK) Limited (the "**Administrator**").

**Investment Management** – being the management of the investments held by the Funds from time-to-time has been delegated to the Investment Adviser.

The ACD remains responsible for ensuring that the companies to whom it delegates such functions, perform those delegated functions in compliance with the Regulations.

## **5 THE INVESTMENT ADVISER**

Spixworth Asset Management (the "**Investment Adviser**") is the investment adviser to the ACD in relation to the Funds. The Investment Adviser is authorised and regulated by the FSA. The Investment Adviser's principal activity is the provision of investment management services.

Under the terms of an agreement dated 11<sup>th</sup> February 2009, between the Investment Adviser and the ACD, the Investment Adviser has the authority of the ACD to make decisions on behalf of the ACD in respect of the investments of the Funds, subject always to the provisions of the Instrument of Incorporation, the Prospectus, the Regulations, and the investment objectives and policies of the Funds. The Investment Adviser is also authorised to deal on behalf of the Funds. Subject to instances where the agreement may be terminated with immediate effect in the interests of the shareholders, this agreement may be terminated by either party giving the other no less than 6 months' written notice.

Under the terms of the investment advisory agreement, the Investment Adviser may delegate to any person the performance of its duties and services required to be performed by it under the agreement.

---

The Investment Adviser has delegated the investment management function to Lowes Wealth Management of A-407 Tian Shui Yuan Centre, 2 Tian Shui Yuan Dong Jie, Beijing 10026, China.

## **6 THE DEPOSITARY**

The Company's depositary is State Street Trustees Limited. The Depositary is a private company limited by shares and incorporated in the United Kingdom. Its registered office is 20 Churchill Place, E14 5HJ.

The head office of the Depositary and the address which should be used for correspondence is 525 Ferry Road, Edinburgh EH5 2AW.

The principal business activity of the Depositary is the provision of Trustee and Depositary services. The Depositary is authorised and regulated by the Financial Services Authority.

The Depositary has delegated the function of custody of the assets of the Company to State Street Bank and Trust Company.

The Depositary provides its services under the terms of an agreement between the Company and the Depositary (the "**Depositary Agreement**") which may be terminated by 3 months' notice by either the Company or the Depositary. The Depositary may not retire voluntarily except on the appointment of a new Depositary. Subject to COLL, the Depositary has full power under the Depositary Agreement to delegate (and authorise its delegates to sub-delegate) all or any part of its duties as Depositary. The Depositary is entitled to the fees, charges and expenses as set out in more detail below in the section headed "**The Fees, Charges and Expenses of the Depositary**".

## **7 SHARES IN THE COMPANY**

The Company's Instrument of Incorporation provides that the following classes of share may be issued in respect of each of the Funds:-

- Retail Shares (Accumulation and Income, Net and Gross);
- Institutional Shares (Accumulation and Income, Net and Gross);
- Euro Retail Shares (Accumulation and Income, Net and Gross); and
- Euro Institutional Shares (Accumulation and Income, Net and Gross).

Currently however only Retail Net Income Shares are available.

Each income share is deemed to represent one undivided unit of entitlement in the property of a Fund. Where both income and accumulation shares are in existence in relation to a Fund, the number of undivided units of entitlement in the property of the Fund represented by each accumulation share increases as income is accumulated.

In relation to net income shares any income (net of tax) arising in respect of such shares attributable to a particular Fund shall be determined and distributed as summarised on page 18 under the heading "**Distribution**".

In relation to net accumulation shares, any income (net of tax) arising in relation to such shares attributable to a particular Fund shall be credited automatically to capital which will be reflected in the price of such accumulation share.

---

Where both income and accumulation shares are in existence in relation to a Fund, the income of the Fund is allocated between income shares and accumulation shares according to the respective units of entitlement in the property of the Fund represented by the accumulation shares and income shares in existence at the end of the relevant accounting period.

The rights attaching to the shares of all classes may be expressed in two denominations and, in each of these classes, the proportion of a larger denomination share represented by a smaller denomination share shall be one thousandth of the larger denomination.

## **8 INVESTMENT OBJECTIVES, POLICIES AND OTHER DETAILS OF THE FUNDS**

Investment of the assets of each of the Funds must comply with the COLL rules as they apply to UCITS Schemes and in accordance with the investment objective and policy of the relevant Funds. These investment objectives and policies are set out below. The eligible securities markets and eligible derivatives markets on which the Funds may invest are set out in Schedule 1. A detailed statement of the general investment and borrowing restrictions and the extent to which the Company may invest are set out in Schedule 1. Each of the Funds may invest in derivative instruments and forward transactions for limited purposes as explained in Schedule 1.

### **Further Funds**

Subject to the Company's Instrument of Incorporation and COLL, the ACD may establish additional Funds from time to time.

#### **8.1 Elite LWM East-West Value Fund**

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

The Fund will aim to achieve its investment objective through investment in a portfolio of transferable securities (including investment trusts), collective investment schemes, warrants, deposits, money market instruments and derivatives. These investments will give the Fund exposure to various asset types within established and emerging markets worldwide.

The portfolio will be actively managed and normally remain fully invested save for such operational liquidity as is required from time to time. The assets of the Fund will be managed in such a way that the Shares in the Fund will be qualifying investments for Individual Savings Accounts. There will, however, be no restrictions on the underlying content of the investments held, in terms of investment type, geographical or economic sector, other than those imposed by the Regulations. This means that the Investment Adviser has the absolute discretion to weight the portfolio towards any investment type or sector, including cash, at any time provided such investment is compatible with the investment objective and policy of the Fund as a whole.

The use of derivatives and/or hedging transactions are permitted in connection with the efficient portfolio management of the Fund, and borrowing will be permitted on a temporary basis under the terms of the Regulations.

On giving 60 days' notice to Shareholders, the Fund may, in addition to its other investment powers, use derivatives and forward transactions for investment purposes. It is not intended that the use of derivatives in this way will change the risk profile of the Fund.

Subject to the above, the Fund may invest in any asset class and adopt any investment technique or strategy permitted under the rules in COLL as such rules are applied to UCITS Schemes.

---

## **Initial Offer of Shares**

The initial offer of shares in the Elite LWM East-West Value Fund will begin on 1<sup>st</sup> December 2008, with each available class of share having an initial price of 100p. The offer shall end at close of business on 2<sup>nd</sup> January 2009, or earlier if the value of the underlying investments moves by more than + or – 2% at any time. Initial subscriptions may be invested during the initial offer, at the absolute discretion of the ACD. Shares will be made available in pounds sterling only during the initial offer period.

## **8.2 Elite LWM Asian Value Fund (This Fund has not yet been launched)**

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

The Fund will aim to achieve its investment objective through investment in a portfolio of transferable securities (including investment trusts), collective investment schemes, warrants, deposits, money market instruments and derivatives. These investments will give the Fund exposure to various asset types within established and emerging markets of the Asian continent.

The portfolio will be actively managed and normally remain fully invested save for such operational liquidity as is required from time to time. The assets of the Fund will be managed in such a way that the Shares in the Fund will be qualifying investments for Individual Savings Accounts. There will, however, be no restrictions on the underlying content of the investments held, in terms of investment type or economic sector, other than those imposed by the Regulations. This means that the Investment Adviser has the absolute discretion to weight the portfolio towards any investment type or sector, including cash, at any time provided such investment is compatible with the investment objective and policy of the Fund as a whole.

The use of derivatives and/or hedging transactions are permitted in connection with the efficient portfolio management of the Fund, and borrowing will be permitted on a temporary basis under the terms of the Regulations.

On giving 60 days' notice to Shareholders, the Fund may, in addition to its other investment powers, use derivatives and forward transactions for investment purposes. It is not intended that the use of derivatives in this way will change the risk profile of the Fund.

Subject to the above, the Fund may invest in any asset class and adopt any investment technique or strategy permitted under the rules in COLL as such rules are applied to UCITS schemes.

## **9 REGISTER**

The ACD also acts as Registrar to the Company. The register of shareholders including the plan register, where applicable, (being a record of persons who subscribe for shares through Individual Savings Accounts (ISAs)) will be available for inspection by shareholders on any Business Day during normal office hours at the office of the Registrar at Cedar House, 3 Cedar Park, Cobham Road, Wimborne, Dorset, BH21 7SB.

No certificates will be issued in respect of a holding of shares and should any shareholder require evidence of title to shares the Registrar will, upon such proof of identity and the payment of such fee (if any) as the ACD may reasonably require, supply the shareholder with a certified copy of the relevant entry in the register relating to the shareholder's holding of shares.

Shareholders should notify the Registrar in writing of any change to their name or address and provide such evidence as the Registrar may reasonably request.

---

No bearer shares are issued.

## 10 VALUATIONS

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

Valuations will normally be carried out on each Business Day (being each day which is a Business Day). The valuation point for each Fund is 12 noon on each Business Day.

The ACD may carry out additional valuations if it considers it desirable to do so. Valuations will not be made during a period of suspension of dealings (see "**Suspension of Dealings**" below). The ACD is required to notify the Depositary if it carries out an additional valuation.

The property attributable to a Fund will, for all purposes, be valued on the following basis (which is set out in full in the Company's Instrument of Incorporation):

- 1 All the scheme property (including receivables) is to be included, subject to the following provisions.
- 2 Property which is not cash (or other assets dealt with in paragraphs 3 and 4 below) shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:
  - (a) units or shares in a collective investment scheme:
    - (i) if a single price for buying and selling units or shares is quoted, at that price; or
    - (ii) if separate buying and selling prices are quoted, at the average of the two prices provided the buying price has been reduced by any initial charge included therein and the selling price has been increased by any exit or redemption charge attributable thereto; or
    - (iii) if, in the opinion of the 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;
- (e) property other than that described in (a), (b), (c) and (d) above: at a value which, in the opinion of the ACD, represents a fair and reasonable mid-market price.
- 3 Cash and amounts held in current, margin and deposit accounts and in other time-related deposits shall be valued at their nominal values.
- 4 In determining the value of the scheme property, all instructions given to issue or cancel shares shall be assumed (unless the contrary is shown) to have been carried out and any cash payment made or received and all consequential action required by the Regulations or this Instrument of Incorporation shall be assumed (unless the contrary has been shown) to have taken place.
- 5 Subject to paragraphs 6 and 7 below, agreements for the unconditional sale or purchase of property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and, in the opinion of the ACD, their omission shall not materially affect the final net asset amount.
- 6 Futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under paragraph 5.
- 7 All agreements are to be included under paragraph 5 which are, or ought reasonably to have been, known to the person valuing the property assuming that all other persons in the ACD's employment take all reasonable steps to inform it immediately of the making of any agreement.
- 8 Deduct an estimated amount for anticipated tax liabilities (on unrealised capital gains where the liabilities have accrued and are payable out of the property of the Scheme; on realised capital gains in respect of previously completed and current accounting periods; and on income where liabilities have accrued) including (as applicable and without limitation) capital gains tax, income tax, corporation tax, value added tax, stamp duty and stamp duty reserve tax.
- 9 Deduct an estimated amount for any liabilities payable out of the scheme property and any tax thereon treating periodic items as accruing from day to day.
- 10 Deduct the principal amount of any outstanding borrowings whenever payable and any accrued but unpaid interest on borrowings.
- 11 Add an estimated amount for accrued claims for tax of whatever nature which may be recoverable.
- 12 Add any other credits or amounts due to be paid into the scheme property.

- 
- 13 Add a sum representing any interest or any income accrued due or deemed to have accrued but not received and any stamp duty reserve tax provision anticipated to be received.
- 14 Currencies or values in currencies other than base currency 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.

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

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

Where the ACD has reasonable grounds to believe that:

- (a) no reasonable price exists for a security at a valuation point; or
- (b) the most recent price available does not reflect the ACD's best estimate of the value of a security at a valuation point;

it will value an investment at a price which, in its opinion, reflects a fair and reasonable price for that investment (the fair value price).

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

## **11 PRICES OF SHARES**

Shares in the Company are "single priced". This means that subject to the dilution levy referred to below and the preliminary charge (as set out in section 20 under the heading "**The Authorised Corporate Director's Charges**"), the price of a share for both buying and selling purposes will be the same and determined by reference to a particular valuation point. The price of a share will be calculated at or about the valuation point each Business Day (to at least four significant figures) by:

- taking the value of the property attributable to the relevant Fund and therefore all shares (of the relevant class) in issue (on the basis of the units of entitlement in the property of the Fund attributable to that class at the most recent valuation of the Fund);
- dividing the result by the number of shares of the relevant class in issue immediately before the valuation concerned;
- in relation to classes of shares which are denominated in a currency other than the designated currency of a Fund, applying a rate of exchange that is not likely to result in any material prejudice to the interests of shareholders or potential shareholders.

### ***Publication of Prices***

---

The prices of Shares for each class of Share in each Fund will be published daily on the website [www.fundlistings.com](http://www.fundlistings.com) (Financial Express). Prices can also be obtained by telephoning the Administrator on 01202 855856.

## **12 DILUTION LEVY**

***What is 'dilution'?*** - Where a Fund buys or sells underlying investments in response to a request for the issue or redemption of shares, it will generally incur a cost, made up of dealing costs and any spread between the bid and offer prices of the investments concerned, which is not reflected in the issue or redemption price paid by or to the shareholder and which is referred to as "dilution".

To mitigate the effects of dilution the ACD has discretion to charge a dilution levy on the purchase or redemption of shares in a Fund. A dilution levy is a separate charge of such amount or rate as determined by the ACD.

***The ACD's policy regarding the Dilution Levy*** – At its absolute discretion, the ACD may charge a dilution levy on the price of shares in the following circumstances:

- Where a Fund experiences a large level of net redemptions on any Business Day, relative to its size (i.e. net redemptions equivalent to greater than 5% of the Net Asset Value of the Fund);
- Where a Fund is in continuing decline, in terms of Net Asset Value, as a result of poor market conditions or continual net redemptions;
- On large deals, which for this purpose is defined as a single purchase or redemption of shares equivalent to more than 5% of the Net Asset Value of the relevant Fund.

The amount is not retained by the ACD but is paid into the affected Fund.

***How will it affect investors?*** - On the occasions when the dilution levy is not applied there may be an adverse impact on the total assets of the Fund. As dilution is directly related to the inflows and outflows of monies from the relevant Fund it is not possible to accurately predict whether dilution will occur at any point in time. Consequently it is also not possible to accurately predict how frequently the ACD will need to make such a dilution levy. However, the ACD believes that the likely effect of not charging a dilution levy, excluding such cases referred to in "***The ACD's policy regarding the Dilution Levy***" above, will be negligible.

The ACD does not currently envisage that a Dilution Levy will be applied to any dealing in the Funds, as it is unlikely that any single holder will have control of greater than 5% of any single Fund. However, where it is applied, the ACD believes that the amount will not normally exceed 5% of the net asset value of shares being bought or sold.

## **13 STAMP DUTY RESERVE TAX**

### **Stamp Duty Reserve Tax (SDRT)**

#### **What is SDRT?**

SDRT is a tax charge levied by HM Revenue & Customs, which is payable by the ACD, for which the depositary may become liable. The tax is charged when shares are sold back to the ACD, or when there is a non-exempt transfer of an investment between parties. SDRT is charged at the rate of 0.5% on investments which are subject to SDRT i.e. if the underlying investments within the Fund are not chargeable themselves to SDRT, it is likely that no SDRT charge will be levied on the open-ended investment company.

---

### **How often will SDRT be paid to HM Revenue & Customs?**

SDRT becomes due on the 14<sup>th</sup> of the month following the monthly charging period.

### **How will SDRT affect unitholders?**

The Regulations permit the charging of the SDRT liability to the Fund concerned. They also contain a provision, which allows the authorised corporate director of an OEIC to charge the SDRT directly to individual shareholders, by way of entry or exit fees, making an additional charge when buying shares, or deducting a charge from the proceeds of a redemption.

When charging SDRT to a Fund, it is the opinion of the ACD that it is unlikely to have a marked effect on the price of shares.

The maximum rate of SDRT has been 0.5% of the redemption consideration. This is charged to the relevant Fund monthly in arrears. The maximum rate is subject to amendment should the rate of SDRT be changed from time-to-time.

### **The ACD's approach to SDRT**

With the exception of the SDRT charged on transfers between third-parties (see the section below entitled "**SDRT on transfer between third-parties**"), any SDRT due will be borne by the Fund concerned. Currently the SDRT due will be deducted from the individual Funds on a monthly basis. Historically, SDRT has been charged to a Fund in respect of all share redemptions. However, the ACD reserves the right to deal with the deduction of SDRT from a Fund on an individual basis should the value of shares sold be greater than 2% of the value of the Net Asset Value of the Fund. In these cases, an SDRT provision will be deducted from the repurchase proceeds at a rate not exceeding 0.5% (subject to amendment of the rate of SDRT from time to time). Any change to this policy will be posted in the Simplified Prospectus and in this Prospectus.

### **SDRT on transfers between third-parties**

In the same way as a redemption, SDRT will be payable on non-exempt transfers of shares between third-parties. The ACD reserves the right to refuse to enter a transfer on the shareholder register without prior payment of SDRT of an amount advised to the transferee by the ACD. The ACD also reserves the right to recover any shortfall in the SDRT paid from the transferee once the final SDRT liability on the transfer is known.

---

## 14 ISSUE, REDEMPTION AND EXCHANGE OF SHARES

### Issue

#### *Applications*

The ACD is required to procure the issue or cancellation of shares by the Company where necessary to meet any obligations to sell or redeem shares. Applications for shares linked to any Fund may be made by any eligible person. Following the expiry of the initial offer period of a Fund (if any), dealings shall be effected at forward prices i.e. at prices calculated by reference to the next valuation following acceptance of the application. (see "**Valuations**" for details of the valuation points). Therefore shares to satisfy an application will be issued at a price based on the valuation made on the next Business Day following acceptance of the application.

Applications may be made by completing an application form and delivering it to the ACD at Cedar House, 3 Cedar Park, Cobham Road, Wimborne, Dorset BH21 7SB or by telephoning the ACD on 01202 855856 during office hours or by facsimile on 01202 855850. Instructions received by telephone must be confirmed in writing prior to the remittance of proceeds. Application forms are available from the ACD. Applications, however made, are irrevocable. Subject to its obligations under COLL, the ACD reserves the right to reject any application in whole or in part. In that event application monies or any balance will be returned to the applicant by post at the applicant's risk.

The Company is subject to the UK's anti-money laundering regulations and associated legislation and the ACD will always require verification of identity and address from any person(s) applying for shares (the "**Applicant**") including, without limitation, any Applicant who:

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

In the former case verification of the identity of the Applicant may be required. In the latter case, verification of the identity of any person on whose behalf the Applicant appears to be acting may be required.

Applications will not be acknowledged but a contract note will be sent on or before the Business Day next following the relevant Business Day. Certificates will not be issued. Where the total price payable for all shares for which the application is made would include a fraction of one penny it will be rounded up or down to the nearest penny.

Payment in respect of applications must be received in cleared funds no later than the fourth Business Day after the relevant Business Day. However, the ACD reserves the right to request that payment in respect of applications be received prior to the relevant Business Day.

If an Applicant defaults in making any payment in money, or by way of a transfer of property, due to the ACD in respect of the sale or issue of shares, the Company is entitled to make any necessary amendment to the register and the ACD will become entitled to the shares in place of the Applicant, subject, in the case of an issue of shares, to the ACD's payment of the purchase price to the Company. The ACD reserves the right to cancel investments for which settlement is not received, or fails to clear, and to recover from an Applicant, the amount of any decrease in value of the investment if this occurs.

---

### ***In Specie Application***

Where the application for issue of shares is equivalent to five per cent. or more of the Net Asset Value of the relevant Fund, the ACD may at its discretion, in consultation with the Depositary, accept assets other than cash as payment for the issue of shares. The acceptance of the assets will be on the basis that the receipt of the property should not adversely affect the interests of the existing shareholders of the relevant fund and subject to the investment restrictions of the said fund.

### ***Minimum Purchase***

In respect of shares in each Fund, the minimum value of shares which any one person may purchase initially is £5,000 in relation to Retail Shares and £50,000 in relation to Institutional Shares (or the equivalent value in the currency applicable to the relevant fund). The minimum value of shares which may be the subject of any subsequent purchase is £5,000 in respect of Retail Shares and £50,000 in relation to Institutional Shares. However, the ACD may, by special arrangement and at its discretion, agree on an individual basis a lower amount in relation to the minimum transaction sizes.

### ***Regular Savings Plan***

A Regular Savings Plan is available for investors in Retail Shares. Shares can be purchased monthly; the minimum value of shares which may be the subject of any one single transaction is £100.

### ***Redemption***

Shares in each Fund may be redeemed on any Business Day. Dealings are on a forward price basis as explained in the paragraph headed "**Issue**" above. Shares to be redeemed pursuant to a redemption request will be redeemed at a price based on the next available valuation point following receipt of the request. Redemption instructions may be given by delivery to the Administrator of written instructions for redemption by letter to WAY Fund Managers Limited, Cedar House, 3 Cedar Park, Wimborne, Dorset BH21 7SB on any Business Day. The ACD may also, at its sole discretion, accept instructions by facsimile on 01202 855850 or telephone on 01202 855856 or electronic means on such terms as it may specify provided that where a redemption instruction is received outside of Office Hours it shall be deemed to be received at 9am on the next following Business Day. Unless a coverall renunciation is in place, redemption instructions given by telephone and facsimile must be confirmed in writing to the ACD prior to redemption proceeds being remitted. Redemption instructions are irrevocable.

A redemption contract note will be sent on or before the next Business Day following the relevant Business Day. Where the total consideration for the transaction would include a fraction of one penny it will be rounded up or down to the nearest penny. There may also be deducted, if the consideration is to be remitted outside the United Kingdom, the cost of remitting the proceeds (if any). If a redeeming shareholder wishes to be paid other than by cheque, the Administrator will endeavour to arrange this but at the cost of the shareholder. The redemption proceeds will be paid not later than the close of business on the fourth Business Day after the later of the following times:

- (a) the valuation point immediately following the receipt by the Administrator of the request to redeem the shares; or
- (b) the time when the Administrator has received all duly executed instruments and authorisations which effect (or enable the Administrator to effect) transfer of title to the shares.

---

But neither the Company nor the ACD is required to make payment in respect of a redemption of shares where the money due on the earlier issue of those shares has not yet been received or where the ACD considers it necessary to carry out or complete identification procedures in relation to the holder or another person pursuant to a statutory, regulatory or European Community obligation (such as the UK's anti-money laundering regulations).

### ***In Specie Redemption***

Where a shareholder requests redemption of a number of shares, the ACD at its discretion may, by serving a notice of election on the shareholder not later than the close of business on the second Business Day following the day of receipt of the request, elect that the shareholder shall not be paid the redemption price of his shares but instead there shall be a transfer to that holder of property of the relevant Fund having the appropriate value. Where such a notice is so served on a shareholder, the shareholder may serve a further notice on the ACD not later than the close of business on the fourth Business Day following the day of receipt by the shareholder of the first mentioned notice requiring the ACD, instead of arranging for a transfer of property, to arrange for a sale of that property and the payment to the shareholder of the net proceeds of that sale. The selection of scheme property to be transferred (or sold) is made by the ACD in consultation with the Depositary, with a view to achieving no more advantage or disadvantage to the shareholder requesting redemption of his shares than to continuing shareholders. The Company may retain out of the property to be transferred (or the proceeds of sale) property or cash of value or amount equivalent to any SDRT to be paid in relation to the cancellation of the shares.

### ***Minimum Redemption and Holding***

In respect of each class of share in each Fund, and subject to the minimum holding requirements, if the redemption request is in respect of some only of the shares held the minimum value of shares which may be the subject of one act of redemption is £5,000 in respect of Retail Shares and £50,000 in respect of Institutional Shares (calculated by reference to their current price net of any preliminary charge and before any dilution levy). Where the value of an individual holding of shares would, in consequence of a request for redemption/cancellation, fall below £5,000 in respect of Retail Shares and £50,000 in respect of Institutional Shares (or the equivalent value in the currency available to the relevant Fund) such request may be treated as a request for redemption/cancellation of all the shares of such class held by such shareholder. The value of shares for this purpose is calculated by reference to the current price, net of any preliminary charge and before any application of a dilution levy. However the ACD may, by special arrangement and at its discretion, agree on an individual basis a lower amount in relation to the minimum redemption size.

## **15 SWITCHING BETWEEN CLASSES / BETWEEN FUNDS**

A shareholder is entitled to exchange shares of one class in a Fund for the appropriate number of shares of another class, whether linked to the same or a different Fund. Shareholders are entitled to exchange shares in one Fund for shares in a different Fund. The appropriate number of shares is determined by the following formula:

$$N = \frac{O \times (RP \times ER)}{SP}$$

where N is the number of new shares to be issued, rounded down to the nearest whole number of shares; O is the number of shares of the old class to be exchanged, RP is the price at which one share of the old class can be redeemed and SP is the price at which one share of the new class can be purchased (net of any preliminary charge), in both cases at the application valuation point (see below).

---

ER is 1, where the original shares and the new shares are designated in the same currency and, in any other case, is the exchange rate determined by the ACD in its absolute discretion (subject to the Regulations as representing the effective rate of exchange between the two relevant currencies as at the date the exchange notice is received (or deemed to be received) by the Company having adjusted such rate as may be necessary to reflect any costs incurred by the Company in making any transfer of assets as may be required as a consequence of such an exchange being effected.

Switches between shares denominated in differing currencies shall be effected 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 provided that such rate may be adjusted to reflect any costs incurred by the Company in making any transfer of assets as may be required as a consequence of such an exchange being effected. The ACD may adjust the number of new shares to be sold to reflect the effect of the dilution levy (if applicable) and any SDRT or other charges payable on the redemption or sale (as applicable) of the shares concerned.

The right to exchange is subject to the following:

- the ACD and the Depositary are not obliged to give effect to a request for exchange of shares if the value of the shares to be exchanged is less than the minimum permitted transaction (see above) or if it would result in the shareholder holding shares of any class of less than the minimum holding for that class of share (see above);
- the ACD may decline to permit an exchange into a Fund in respect of which there are no shares in issue, or in any case in which they would be entitled under COLL to refuse to give effect to a request by the shareholder for the redemption of shares of the old class or the issue of shares of the new class.

Exchanges between classes of shares linked to different Funds may be subject to a charge (See "**Switching Charge**" below).

In no circumstances will a shareholder who exchanges shares in one class of shares for shares in any other class be given a right by law to withdraw from or cancel the transaction.

It should be noted that an exchange of shares in a Fund for shares in any other Fund is treated as a redemption and sale and will, for persons subject to UK taxation, be regarded as a realisation for the purposes of capital gains taxation.

### ***Application***

A shareholder wishing to switch shares should apply in the same way as for a redemption (see above). A switch will be effected at prices based on the valuation made on the next Business Day following acceptance of the request.

A contract note giving details of the exchange will be sent on or before the next Business Day following the relevant Business Day.

## **16 SUSPENSION OF DEALINGS**

The ACD may with the prior agreement of the Depositary, and will if the Depositary so requires, at any time for a period not exceeding 28 days suspend the issue, cancellation, sale, redemption and exchange of any class of shares in any Fund ("**dealing**") if it, or the Depositary in the case of any requirement by the Depositary, is of the opinion that due to exceptional circumstances there is a good and sufficient reason to do so having regard to the interests of shareholders or potential shareholders of that class of shares. The ACD may, however, during the period in which dealing is suspended, agree to deal at prices calculated by reference to the

---

first valuation point after resumption of dealing. The recalculation of the share price will commence at or about the valuation point on the first Business Day following such period of suspension.

## **17 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. 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 thirty-day period to have requested their redemption.

## **18 DISTRIBUTION AND ACCUMULATION**

The annual accounting period for the Company and each of the Funds ends on 31<sup>st</sup> December (the "**accounting reference date**"). The half-yearly accounting period ends on 30<sup>th</sup> June (the "**interim accounting reference date**"). The amount of income to be distributed or accumulated in respect of the Fund is calculated on the last day of each accounting period. The first annual accounting reference date will be 31<sup>st</sup> December 2009.

Allocations and distributions of income will be made on or before 28<sup>th</sup> February and 31<sup>st</sup> August each year (being within four months after the end of the relevant annual or interim accounting reference date). The first distribution of income is due to be payable on 28<sup>th</sup> February 2010.

In the case of Funds in respect of which accumulation shares are in issue, income is transferred to the capital account of the relevant Fund on each distribution date. In accordance with the Regulations, the ACD and the Depositary, have agreed that in the event the income available for distribution or accumulation is less than £20 per shareholder for the Retail Shares and less than £200 in respect of Institutional Shares, income, if any will revert to the relevant Fund.

Tax vouchers will be sent to shareholders in a Fund at each income distribution date, but only where net income is available for distribution. A direct credit or warrant for the amount of the net distribution will, where applicable, be sent to the bank account nominated on the application form, or such account as is instructed and verified thereafter. Where bank details have not been supplied income will be reinvested automatically.

All distributions unclaimed for a period of six years after having become due for payment shall be forfeited and shall revert to the Company and such reclaimed distribution shall become part of the capital of the relevant Fund for the benefit of all Shareholders. The payment of any unclaimed distribution, interest or other sum payable by the Company on or in respect of a share into a separate account shall not constitute the Company a trustee thereof.

---

### ***Determination of Distributable Income***

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

The income available for distribution or accumulation in relation to a Fund is determined in accordance with the Regulations. Broadly it comprises all sums deemed by the Company, after consultation with the auditor, to be in the nature of income received or receivable for the account of the Company and attributable to the Fund in respect of the accounting period concerned, after deducting net charges and expenses paid or payable out of such income in respect of the period and adding the ACD's best estimate of any relief from tax on such charges and expenses and making such adjustments as the ACD considers appropriate, after consulting the auditors in accordance with the Regulations, in relation to taxation and other matters.

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

The amount available for income distribution is calculated by taking the aggregate of the income property received or receivable for the account of the relevant Fund in respect of the relevant period, deducting the charges and expenses of the Company paid or payable out of the income property in respect of that period and adding the ACD's best estimate of any relief from tax on those charges and expenses. Further adjustments may be made as the ACD considers appropriate (after consultation with the auditors) in relation to taxation and the proportion of the prices received or paid for shares that relate to income (taking account of any provisions in the Instrument of Incorporation constituting the scheme relating to income equalisation (see section 19 below), potential income which is unlikely to be received until 12 months after the relevant allocation date, income which should not be accounted for on an accrual basis because of lack of information about how it accrues, any transfer between the income and the capital account (regarding payments from capital or income) and making any other adjustments which the ACD considers appropriate (after consultation with the auditors).

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

The amount of income allocated to accumulation shares becomes part of the capital property and to the extent that shares of any other class (such as income shares) were in issue in relation to the relevant period, the interests of holders of accumulation shares in that amount must be satisfied by an adjustment at the end of the relevant period in the proportion of the scheme property to which the price of an accumulation share is related. This ensures that the price of an accumulation share remains unchanged despite the transfer of income to capital property.

In calculating the amount to be distributed, the ACD must deduct any amounts previously allocated by way of interim allocation of income for that annual accounting period and deduct and carry forward in the income account such amount as is necessary to adjust the allocation of income in accordance with the Regulations.

## **19 INCOME EQUALISATION**

The price of a share of a particular class in a particular Fund is based on the value of that class' entitlement in the relevant Fund including the income of the Fund since the previous distribution or, in the case of accumulation shares, deemed distribution. In the case of the first distribution received or accumulation made in respect of a share, except where shares have been purchased

---

during the initial offer period for the Company or one of its Funds, part of the amount, namely the equalisation payment, is a return of capital and is not taxable as income in the hands of the shareholder. This amount is, however, in the case of income shares, deducted from the cost of the share in computing any capital gains. In the case of accumulation shares, the equalisation amount may only be eligible for taper relief/indexation allowance from the date of allocation (as distinct from the date of acquisition of the original shares).

Equalisation applies only to shares purchased during the relevant accounting period. It is calculated as the average amount of income included in the issue price of all shares of the Fund concerned issued during the period.

## **20 THE AUTHORISED CORPORATE DIRECTOR'S CHARGES**

The ACD's charges are accrued to the Funds on a daily basis and are levied monthly in arrears.

### ***Preliminary charge***

The ACD currently imposes the following preliminary charges:

<b>Share Class</b>	<b>Current preliminary charge</b>
Retail Shares	5%
Institutional Shares	0%

The preliminary charge is payable to the ACD. If at any time the current preliminary charge applicable to shares of a particular Fund is increased, the ACD is required to give not less than 60 days' prior notice in writing to all shareholders before such increase may take effect. The ACD is also required to revise the Prospectus to reflect the new current rate and the date of its commencement.

### ***Switching Charge***

The ACD is entitled to make a charge in respect of a switch of shares of one class linked to one Fund for shares of the same class or another class linked to the same Fund or another Fund (the "**Switching Fee**"). The Switching Fee will be equal to the initial charge (see above) in respect of the class of shares being switched into, and will be deducted from the proceeds of sale of the shares being switched from. When switching between share classes of the same Fund, no dilution levy will be charged in respect of the shares being sold and purchased as part of the switch. A dilution levy and/or an SDRT provision may be charged where a switch is from one Fund to another (see pages 11 and 12 for the ACD's policy on Dilution Levy and SDRT). Currently however, the ACD does not operate a Switching Fee.

### ***Periodic Charge***

The ACD is entitled to make a periodic charge, calculated and accruing on each Business Day at each valuation point (the "**Calculation Date**"), and payable out of the property of each Fund, by way of remuneration for the services of the ACD. The periodic charge is payable to the ACD monthly in arrears. The periodic charge will be calculated separately in respect of each Fund, as a percentage rate per annum of the total value of the units of entitlement in the property of the Fund represented by the class on the Calculation Date.

The current periodic charges are as follows:

Share Class	Current periodic charge
Retail Shares	1.50%
Institutional Shares	1.00%

The first accrual will be in respect of the day on which the first valuations of the Funds are made.

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

The annual management charge will cease to be payable (in relation to a Fund) on the date of commencement of its termination, and (in relation to the Company as a whole) on the date of the commencement of its winding up or, if earlier, the date of the termination of the ACD's appointment as such.

#### ***Redemption charge***

At present no charge is levied on the redemption of shares, although the ACD is permitted to charge a dilution levy and/or SDRT provision, if applicable. The ACD has the right (subject to COLL) to introduce a charge on the redemption of shares in the future, but this will not affect shares issued prior to its introduction.

#### ***Investment Adviser***

The Investment Adviser is entitled to an advisory fee which is paid by the ACD from the periodic charge. The Investment Adviser may also receive further remuneration from the ACD's periodic charge, as a commission payment or for other services.

The fees of the Investment Sub-Adviser are paid by the Investment Advisor from its share of the periodic charge it receives from the ACD.

#### ***Performance fee***

In addition to the periodic charge outlined above, the ACD is entitled to charge by way of further remuneration of the Investment Adviser a performance-related investment management fee (the "**Performance Fee**"). The Performance Fee is taken from the scheme property of the Company and is based on the performance of the relevant Fund since the start of the current period as against the minimum performance requirement. The Performance Fee is calculated and payable after consideration of all other payments.

#### ***When is a performance fee payable?***

The Performance Fee will be calculated and accrued daily but will only become payable annually in arrears in respect of each period of twelve months ending on 31<sup>st</sup> December in each year (a "**Calculation Period**"). The Performance Fee will accrue daily as if each day were the end of a Calculation Period. However, the first such Calculation Period will be the period commencing on the Business Day immediately following the close of the initial offer period (as set out on page 8) and ending on 31<sup>st</sup> December 2009. Thereafter each Calculation Period will be each successive twelve month period.

---

The Performance Fee accrues and is reflected in the calculation of the Net Asset Value per share on a daily basis. The differences in the Net Asset Value per Share for each Class available to a Fund may result in differences in the Performance Fee calculation for each Class.

The amount of the Performance Fee will be calculated by the Administrator and verified by the ACD. As the Performance Fee depends on the performance of the Net Asset Value per Share of the Class in question, it is not possible to predict the amount of Performance Fee that will be payable. There is no limit to potential outperformance, accordingly there is no limit to the Performance Fee that could be payable and it is therefore impossible to quantify in advance.

*What is the value of the Performance Fee?*

The fund performance in respect of a Calculation Period is the arithmetic difference between the Net Asset Value per Share on the last Business Day of the previous Calculation Period ( the “**Opening NAV**”) and on the last Business Day of the current Calculation Period, expressed as a percentage of the Opening NAV (the “**Fund Performance**”). However if the High Watermark is greater than the Opening NAV the Opening NAV is substituted by the High Watermark.

The amount of Performance Fee payable in respect of each Calculation Period is a Sterling amount equivalent to the Net Asset Value per Share on the last Business Day of the relevant Calculation Period x Fund Performance x 5% x the weighted average number of Shares in issue during the Calculation Period.

Therefore, as the calculation shows the ACD is entitled to charge a sum that represents 5% of the positive Fund Performance (if any) in respect of the relevant calculation period.

In calculating the Net Asset Value per Share for Performance Fee purposes no deduction is made on account of Performance Fees accrued in the Calculation Period and any dividends or income distributed to Shareholders during the Calculation Period are added back. All other payments and expenses are deducted.

The weighted average number of shares of the Company is calculated by taking the total number of shares in issue in the Company on each day of a Calculation Period and dividing that by the number of days within that Calculation Period.

The performance of a Fund and payment of the Performance Fee is measured and determined by reference to the performance of a Fund in that Calculation Period only, however the Fund Performance is required to match or exceed its previous best performance in order for a Performance Fee to be payable, this is known as the “**High Watermark**”. Where the Fund Performance matches or exceeds its previous best performance the High Watermark is increased to match this level, being the highest point at which the performance fee has crystallised.

In order to align the long term interest of the ACD with that of the shareholder the High Watermark is also reset every three years which is determined by reference to closing NAV at the end of every third year (after launch) against the High Watermark for that Calculation Period. If the NAV at this point is lower than the prevailing High Watermark then the High Watermark taken forward is 'reset' to the lower (NAV) figure. This may therefore result in a performance fee being taken in respect of a NAV that is lower than the point at which previous fees have been crystallised.

In respect of the Calculation period ending 31<sup>st</sup> December 2009 the Opening NAV will be the initial offer price of 100p (as set out on page 8).

---

In respect of Calculation Periods where Fund Performance is negative (the “**Underperformance**”), such negative performance will be carried forward in the calculation of Opening NAV for the next period and must be recovered by future Fund Performance before any subsequent Performance Fees are payable. The Performance Fee will not be payable in situations where the Net Asset Value of a Fund falls over the Calculation Period. An illustration of this can be found in Example 3 below.

The level of the Performance Fee will not be changed unless, 60 days before the change, the ACD gives notice of its intentions and the date of commencement of the change to Shareholders and has revised and made available the Prospectus to reflect such changes.

Investors may request additional information on the way in which the Performance Fee calculation works from the ACD.

#### *Worked examples of Performance Fee*

The worked examples below illustrate the Performance Fee that Investment Adviser would earn in any one Calculation Period, and the effect this would have on the Net Asset Value of the Company. All examples assume that the Performance Fee is charged at 5%.

#### **Example 1:-**

Assuming:

- the Net Asset Value per Share on the first Business Day of the first Calculation Period is 100p, The High Watermark is therefore 100p;
- the Net Asset Value per Share on the last Business Day of the Calculation Period (before deduction for a Performance Fee) is 106p;
- the weighted average number of Shares in issue during the Calculation Period is 50,000,000.

Then the Fund Performance is  $(106-100)/100 \times 100 = 6\%$ ;

The Performance Fee payable for the Calculation Period is:

$$106 \times 6\% \times 5\% \times 50,000,000 = 1,590,000\text{p} = \text{£}159,000$$

The High Watermark for the next Calculation Period is 105.68p (106p after the deduction of 0.32p for a Performance Fee).

#### **Example 2:-**

Assuming:

- the Calculation Period in this example is that immediately following the one in example 1 above, the Net Asset Value per Share on the last Business Day of the previous Calculation Period (after the deduction of 0.32p for a Performance Fee) is 105.68p, the High Watermark is also 105.68p;
- the Net Asset Value per Share on the last Business Day of this Calculation Period (before deduction for a Performance Fee) is 109p; and

- 
- the weighted average number of Shares in issue during the Calculation Period remains at 50,000,000.

Then the Fund Performance is  $(109-105.68)/105.68 \times 100 = 3.14\%$ ;

The Performance Fee payable for the Calculation Period is:

$$109 \times 3.14\% \times 5\% \times 50,000,000 = 8,556,500\text{p} = \text{£}85,565$$

The High Watermark for the next Calculation Period is 108.83p (109p after the deduction of 0.17p for a Performance Fee).

### **Example 3:-**

Assuming:

- the Calculation Period in this example is that immediately following the one in example 2 above, the Net Asset Value per Share on the last Business Day of the previous Calculation Period (after the deduction of 0.17p for a Performance Fee) is 108.83p;
- the Net Asset Value per Share on the last Business Day of this Calculation Period (before deduction for a Performance Fee) is 108p;
- the weighted average number of Shares in issue during the Calculation Period is 50,000,000.

Then the Fund Performance is  $(108-108.83)/108.83 \times 100 = (-0.76)\%$ ;

The Fund Performance is negative and is below the high watermark Net Asset Value of 108.83p therefore there will be no Performance Fee payable.

The High Watermark is reset every three years and accordingly the High Watermark for the next Calculation Period is 108p.

### **Example 4:-**

Assuming:

- the Calculation Period in this example is that immediately following the one in example 3 above, the Net Asset Value per Share on the last Business Day of the previous Calculation Period (after the deduction of 0p for a Performance Fee) is 108p, however the High Watermark of 108.83p is now reset to 108p;
- the Net Asset Value per Share on the last Business Day of this Calculation Period (before deduction for a Performance Fee) is 108.5p;
- the weighted average number of Shares in issue during the Calculation Period is 50,000,000.

Then the Fund Performance is  $(108.5-108)/108 \times 100 = 0.46\%$ ;

$$108.5 \times 0.46\% \times 5\% \times 50,000,000 = 124,7750\text{p} = \text{£}12477.50$$

---

The High Watermark for the next Calculation Period is 108.48p (108.5p after the deduction of 0.02p for a Performance Fee).

**Example 5:-**

Assuming:

- the Calculation Period in this example is that immediately following the one in example 4 above, the Net Asset Value per Share on the last Business Day of the previous Calculation Period (after the deduction of 0.02p for a Performance Fee) is 108.48p, the High Watermark is 108.48p
- the Net Asset Value per Share on the last Business Day of this Calculation Period (before deduction for a Performance Fee) is 107p;
- the weighted average number of Shares in issue during the Calculation Period is 50,000,000.

Then the Fund Performance is  $(107-108.48)/108.48 \times 100 = -1.36\%$ ;

The Fund Performance is negative and is below the high watermark Net Asset Value of 108.48p therefore there will be no Performance Fee payable.

**Example 6:-**

Assuming:

- the Calculation Period in this example is that immediately following the one in example 5 above, the Net Asset Value per Share on the last Business Day of the previous Calculation Period is 107p, the High Watermark is 108.48p
- the Net Asset Value per Share on the last Business Day of this Calculation Period (before deduction for a Performance Fee) is 108.49p;
- the weighted average number of Shares in issue during the Calculation Period is 50,000,000.

Then the Fund Performance is  $(108.49-108.48)/108.48 \times 100 = 0.009\%$ ;

$$108.49 \times 0.009\% \times 5\% \times 50,000,000 = 25,001.52p = \text{£}250.15$$

The High Watermark for the next Calculation Period is 108.4895p (108.49p after the deduction of 0.0005p for a Performance Fee).

The above examples exist purely in order to demonstrate clearly the scenarios under which a performance fee is or is not payable and is in no way indicative of the volatility that the Fund may experience.

---

## 21 THE FEES, CHARGES AND EXPENSES OF THE DEPOSITARY

The Depositary is paid a monthly periodic fee plus VAT in remuneration for its services from the property of the Funds. The Depositary's fee is calculated, accrued and payable on the same basis as the ACD's periodic charge except that if a Fund is being wound up, the periodic fee will cease to be payable in relation to a Fund on the date of the final distribution of that Fund or in the case of a winding up following the passing of an extraordinary resolution approving a scheme of amalgamation or scheme of construction in relation to the Fund, down to and including the final day on which the Depositary is responsible for the safekeeping of the Scheme property of the Fund. The current fee payable for each Fund is as follows:-

- Fund value to £40m - 0.04%
- £40m to £100m - 0.03%
- thereafter 0.02% subject to a minimum fee of £6,000 per annum.

VAT at the standard rate (currently 17.5%) is added to this fee.

In addition to the above periodic fee, the Depositary levies transaction charges and custody charges which are currently as follows:

### UK Assets

- safekeeping fee of 0.015% (based on mid-market asset values at the end of a calendar month) on all Funds;
- transaction charges of £20 per payment;
- Cash Payment charges will range from £10 to £50 per payment.

### Non-UK assets

Non-UK assets will be dependent on the individual market and the safe keeping fees applicable for that market and will range between the following:

- safekeeping fees currently range from 0.01% per annum to 0.5% per annum. These fees are based on mid-market asset values at the end of a calendar month;
- transaction charges currently range from £15 to £90 per transaction;
- Cash Payment charges will range from £10 to £50 per payment.

Charges are accrued within the Funds on a daily basis and paid monthly in arrears.

For all of the Funds, in addition to payment of the periodic charge, the amount payable to the Depositary out of the property of each Fund by way of remuneration for its services may include charges in connection with its duties (or the exercise of powers conferred upon it by the Regulations or the general law) as depositary of each Fund referable to: (i) custody of assets (including overseas custody services) as specified above; (ii) the acquisition holding and disposal of property; (iii) the collection of dividends, interest and any other income; (iv) the maintenance of distribution accounts; (v) the conversion of foreign currency; (vi) registration of assets in the name of the Depositary or its nominees or agents; (vii) borrowings, stocklending or other permitted transactions (including any deposit or loan authorised under this deed or the

---

Regulations); (viii) communications with any parties (including telex, facsimile, SWIFT and electronic mail); (ix) taxation matters; (x) insurance matters; or (xi) the Depositary's report as set out in annual reports of the Company.

### **Expenses**

The Depositary is entitled to be reimbursed out of the property of the Funds for expenses properly incurred in performing duties imposed on it or exercising powers conferred upon it by the Regulations, together with any VAT payable.

In addition, the Depositary may be paid the following expenses or disbursements (plus VAT):-

- (a) all expenses of registration of assets in the name of the Depositary or its nominees or agents, of acquiring, holding, realising or otherwise dealing with any asset; of custody of documents; of insurance of documents and of collecting income or capital; of opening bank accounts, effecting currency transactions and transmitting money; relating to borrowings or other permitted transactions; of obtaining advice, including legal, accountancy or other advice, of conducting legal proceedings, of communicating with shareholders, the ACD, the Registrar or other persons in respect of the Funds, relating to any inquiry by the Depositary into the conduct of the ACD and any report to holders; or otherwise relating to the performance by the Depositary of its duties or the exercise by the Depositary of its powers; and
- (b) all charges of nominees or agents in connection with any of the matters referred to in (a) above; and
- (c) any other costs, disbursements or expenses accepted under the laws of England and Wales from time to time as being properly chargeable by Depositaries. If any person, at the request of the Depositary in accordance with the Regulations, provides services including but not limited to those of a custodian of property of a Fund, the expenses and disbursements hereby authorised to be paid to the Depositary out of the property of the Fund shall extend to the remuneration of such persons as approved by the Depositary and the ACD provided that in respect of a custodian such expenses to be paid out of the property of the Fund as relates to its remuneration shall be equal to (or less than) the current rates stated above under "UK Assets" and "Non-UK Assets".

Expenses not directly attributable to a particular Fund will be allocated between Funds. In each such case such expenses and disbursements may also be payable if incurred by any person (including the ACD or an associate or nominee of the Depositary or of the ACD) who has had the relevant duty delegated to it pursuant to COLL by the Depositary.

## **22 OTHER PAYMENTS OF THE COMPANY**

The following expenses (being the actual amounts incurred) may also be payable by the Company out of its capital or income at the discretion of the ACD:

- broker's commissions, fiscal charges and other disbursements which are necessarily incurred in effecting transactions for the Funds and normally shown on contract notes, confirmation notes and difference accounts as appropriate;
- interest on and other charges incurred in reporting, entering into, varying, carrying into effect with or without variation, maintaining and terminating the borrowing arrangements;

- 
- taxation and other duties payable in respect of the property of the Company and the Funds, the Instrument of Incorporation or the issue of shares;
  - any costs incurred in amending the Instrument of Incorporation and the Prospectus including the removal of obsolete provisions where the modification is:-
    - (a) necessary to implement any change in the law (including changes to the regulations); or
    - (b) necessary as a direct consequence of any change in the law (including changes to the Regulations); or
    - (c) expedient having regard to any fiscal enactment and which the ACD and the Depository agree is in the interest of shareholders; or
    - (d) to remove obsolete provisions from the Instrument of Incorporation and the Prospectus constituting the Company;
  - any costs incurred in respect of any other meeting of shareholders convened on a requisition by holders not including the ACD or an associate of the ACD and expenses of the Depository in convening a meeting of shareholders convened by the Depository alone;
  - any costs incurred in relation to a scheme of arrangement where the property of a body corporate (such as an investment company) or of another collective investment scheme is transferred to the Company in consideration of the issue of shares in the Company to shareholders in that body corporate or to participants in that other scheme, any liability arising after the transfer which, had it arisen before the transfer, could properly have been paid out of that other property provided the ACD is of the opinion that proper provision was made for meeting such liabilities as were known or could reasonably have been anticipated at the time of the transfer;
  - any audit fee and any proper expenses of the auditor and VAT thereon;
  - any fee and any proper expenses of any professional advisers retained by the Company or by the ACD in relation to the Company or any Fund;
  - payments, costs or any other administrative expenses in relation to the preparation of the prospectus and the simplified prospectus and dissemination of the prospectus or equivalent documentation (either in respect of the Company or each Fund);
  - any costs of printing and distributing annual, half yearly and quarterly reports and any other reports or information provided for shareholders;
  - any costs of listing the prices of the Funds in publications and information services selected by the ACD, including the Financial Times;
  - any costs of establishing and obtaining authorisation of the Company, including the fees and proper expenses of any professional advisers retained by the Company or the ACD;
  - any costs of authorising new Funds of the Company after its initial establishment, including the fees and proper expenses of any professional advisers retained by the Company or the ACD;
  - any sum due by virtue of any provision of the Regulations, such as cancellation proceeds and reasonable stock lending expenses;

- 
- the costs of preparing documentation required by the regulations of any country or territory in which shares of the Funds are to be marketed or authorised;
  - any costs incurred in producing and despatching any payment made by the Company;
  - any costs incurred in taking out and maintaining an insurance policy in relation to the Company;
  - the periodic fees of the FSA together with any corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which shares in the Company are or may be marketed;
  - the cost of any licences required, to enable the Funds to use, or quote, names which would normally be under copyright, in any country or territory, including the United Kingdom;
  - any costs or fees arising in connection with pursuing or defending litigation on behalf of the Company or the Funds;
  - 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;
  - any costs associated with the admission of shares to listings on any stock exchange and with the maintenance of that listing (including, for the avoidance of doubt, the fees levied by the exchange in question as a condition of the admission to listing of the shares and the periodic renewal of that listing), any offer of shares, including the preparation and printing of any prospectus and the creation, conversion and cancellation of shares associated with such prospectus;
  - any expense incurred with respect to the publication and circulation of details of the Net Asset Value of the Funds;
  - any amount payable to the Company under any indemnity provisions provided for in the Instrument of Incorporation or any agreement to which the Company is party;
  - the fees and expenses of the Administrator in relation to dealing in shares of the Funds by new and existing shareholders;
  - the fees of the Registrar for providing administration services for the Funds and maintaining the register. The fees for maintaining the register for each Fund a shareholder invests in is currently £10 per annum per holding;
  - the Registrar will also maintain sub-registers in respect of Individual Savings Account entitlements. The fees for maintaining the sub-registers will be equivalent to those shown above.
  - value added tax in respect of any of the costs, expenses, fees and charges payable by the Company; and
  - any other charges/expenses that may be taken out of the Company's property in accordance with the Regulations.

VAT where applicable on any fees, charges or expenses will be added to such fees, charges or expenses and will be payable by the Company.

---

Expenses not directly attributable to a particular Fund will be allocated proportionately between all Funds.

### ***Charges to capital***

Expenses will be charged initially against the income account of the Elite LWM East-West Value Fund and the Elite LWM Asian Value Fund at the discretion of the ACD and thereafter any remaining expenses are charged against the capital account of the Funds subject to any restriction set out in the Instrument of Incorporation, the Prospectus and the Regulations. Where such payments are made from the capital property, this policy may result in capital erosion or constrain capital growth.

### **Audit Fee**

The annual audit fee for the Company is currently the equivalent to £5,500 (plus value added tax) per Fund per annum. The fee is accrued daily at each valuation point and becomes payable to the Auditor following the completion of the Company audit. Any change to this will be published in this Prospectus.

### **FSA Fee**

The annual fee payable to the FSA, payable by the Company, is currently £1,600 per annum. This will be apportioned across all of the Funds (subject to them having been launched). The fee is accrued daily at each valuation point.

## **23 TAXATION**

### ***The Company***

The UK tax regime applicable to the Company is primarily set out in section 468A Income and Corporation Taxes Act 1988 and in the Authorised Funds (Tax) Regulations 2006 (SI 2006/964) (the "**Tax Regulations**").

The Company will be liable to corporation tax on its taxable income, less its expenses of management. Under section 468A of the Income and Corporation Taxes Act 1988, corporation tax will be payable for a financial year at the lower rate of income tax for the tax year beginning in that financial year (currently 20%), sums appropriated in accordance with the terms of this Prospectus (as amended from time to time) for the remuneration of the ACD will be treated as management expenses.

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

As an OEIC, the Company will benefit from the exemption from corporation tax on chargeable gains in respect of disposals of its investments. The Company will also not be subject to corporation tax on any profits or gains (or be entitled to corporation tax relief for any losses) which it derives from its creditor loan relationships or its derivative contracts, to the extent that those profits, gains or losses are treated as capital in nature. Capital profits, gains or losses for this purpose are those profits, gains or losses arising from an OEIC's creditor loan relationships or derivative contracts which fail to be dealt with under either the heading "net gains/losses on

---

investments during the period" or the heading "other gains/losses" in the OEIC's statement of total return for the accounting period in question.

Dependent upon the nature of the income arising within individual Funds, the total amount shown in the distribution accounts of the Company is available for distribution to shareholders in one of two ways:

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

Each Fund is regarded as a separate OEIC for tax purposes, and the Company as a whole is not so regarded. The Tax Regulations also provide that where an OEIC has different share classes there shall be no discrimination between participants in respect of different classes of shares, and accordingly it is not possible to make different types of distributions to different classes of shares within a Fund.

### ***Shareholders***

The following is a general statement of current UK tax law and HM Revenue & Customs' published practice. Such law and practice may alter without prior warning. It does not describe the taxation treatment of shareholders which are subject to specific tax regimes or of persons resident in jurisdictions other than the United Kingdom. Shareholders are advised to consult their professional advisers as to their tax position in all circumstances.

### ***Individuals***

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

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

On a disposal of shares in the Company individual shareholders may, depending upon their personal circumstances, have a liability to capital gains tax. Any net gain giving rise to a liability to capital gains tax will be charged to tax at the individual shareholder's top marginal rate of tax.

If the investments of any of the Funds were, throughout any distribution period, to consist of more than 60% by market value in "qualifying investments" (see the definition under the heading "**Corporate**" below), that Fund may distribute its income as yearly interest which would be paid under deduction of income tax at the lower rate, currently 20% (unless the shareholder has made a valid declaration that he is not ordinarily resident in the UK).

In such a situation, UK resident individuals and certain other shareholders liable to UK income tax will be taxable on the sum of their gross interest distributions received during the relevant tax year, but they will be entitled to use the income tax withheld as a credit against their UK income tax liability. Such withholding will satisfy the liability of lower and basic rate tax payers to tax on the income. Higher rate tax payers will have additional tax to pay. If the total

---

income of the shareholder is less than his or her personal allowance, the tax withheld can be the subject of a repayment claim.

**It is not the ACD's intention to manage the assets attributable to any of the Funds such that distributions are regarded as interest and tax is withheld.**

An exchange of shares in one Fund for shares in any other Fund will be treated as a disposal and acquisition for capital gains tax purposes. The disposal will be subject to capital gains tax as a disposal in its own right. An exception to this rule applies when two Funds merge with a result that one Fund ceases to exist. Usually, in these circumstances shares in the new Fund will be treated as having been acquired at the same time and for the same amount as the shares in the old Fund.

### *Corporate*

Corporate shareholders resident in the United Kingdom for tax purposes will be subject to the corporate streaming rules in relation to any dividends received from the Company. Such dividends are "streamed" into unfranked and franked income depending on the relative proportions of franked and unfranked income comprised in the gross income of the Fund. Any deemed unfranked income will be liable to corporation tax in the hands of any shareholders within the charge to corporation tax (this includes shareholders who are, themselves, either an OEIC or authorised unit trust).

In order to prevent avoidance of the tax regime relating to corporate debt (contained in the Finance Act 1996) by companies investing in an OEIC which in turn invests in debt, if the OEIC at any point in an accounting period fails to satisfy the non-qualifying investments test described below, the holding is treated as if it were a holding of rights under a creditor relationship of the Company in respect of which fair value accounting must be used. Fluctuations in the value of the investments held by the Company in such circumstances will therefore be taxed or relieved on an annual basis. The non-qualifying investments test requires that not more than 60 per cent of the market value of the investments of the OEIC are held in "qualifying investments". "Qualifying investments" for these purposes consist mainly of:

- (i) any money placed at interest;
- (ii) any security –
  - (A) including loan stock or similar security whether of the UK Government or any other government or of any public or local authority in the UK or elsewhere or of any company, and whether secured or unsecured, but
  - (B) excluding shares in the company;
- (iii) any shares in a Building Society; and
- (iv) an entitlement to a share in the investments subject to the trusts of another authorised unit trust or OEIC unless the investments of the authorised unit trust or the OEIC fulfil the 60% qualifying investments requirement stated above.

Any chargeable gains arising to United Kingdom resident corporate shareholders on a disposal of their shares in the Company will be subject to corporation tax.

---

An exchange of shares in one Fund for shares in another Fund will be treated as a disposal of the shares in the first Fund and a separate acquisition of shares in the second Fund. Any gain arising on a disposal of shares in a Fund will be subject to corporation tax. The exception described above under the heading "individuals" above where two Funds merge also applies to corporate shareholders.

*ISAs* Shares attributable to the Funds will be eligible for inclusion within a stocks and shares component of an ISA.

### ***General***

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

## **24 REPORTS AND ACCOUNTS**

The annual accounting period of the Company ends on 31<sup>st</sup> December.

The annual report of the Company (the "**long report**") will be available on or before the end of February and the half-yearly long report on or before the end of August in each year. Copies of these long reports may be inspected at, and copies obtained free of charge from the ACD at its operating address. These reports may also be inspected at the Depositary's office during normal office hours.

The ACD will issue short reports in relation to the Funds both half yearly and annually. These will be distributed to shareholders on or about the end of February and August each year. Copies of reports are sent to holders, or the first named in the case of joint holders.

## **25 ANNUAL GENERAL MEETING**

In accordance with the OEIC Regulations the Company has elected to dispense with the holding of an annual general meeting. Shareholders have the right to request copies of the service contracts in place between the Company and its service providers.

## **26 REQUISITIONS OF MEETINGS**

The ACD and/or the Depositary may requisition a general meeting at any time.

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

## **27 VOTING**

Entitlement to receive notice of a particular meeting or adjourned meeting and to vote at such a meeting is determined by reference to those persons who are holders of shares in the Company on the date seven days before the notice is sent ("**the cut-off date**"), but excluding any persons who are known not to be holders at the date of the meeting or other relevant date.

At a meeting of shareholders, on a show of hands every holder who (being an individual) is present in person or by proxy or, if a corporation, is present by a properly authorised representative, has one vote. On a poll votes may be given either personally or by proxy and the voting rights attached to a share are such proportion of the total voting rights attached to all shares in issue as the price of the share bears to the aggregate price of shares in issue on the cut-

---

off date. A holder 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. A vote will be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by the chairman, by the Depositary or by two shareholders present or by proxy.

An instrument appointing a proxy may be in any usual or common form or in any other form approved by the ACD. It should be in writing under the hand of the appointor or his attorney or, if the appointor is a corporation, either under the common seal, executed as a Deed or under the hand of a duly authorised officer or attorney. A person appointed to act as a proxy need not be a holder.

The quorum at a meeting of holders is two shareholders present in person or by proxy or (in the case of a corporation) by a duly authorised representative. If a quorum is not present within half an hour of the time appointed the meeting will (if requisitioned by shareholders) be dissolved and in any other case will be adjourned. If at such adjourned meeting a quorum is not present within 15 minutes from the appointed time, one person entitled to count in a quorum will be a quorum.

A corporation, being a holder, may by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of holders and the person so authorised is entitled to exercise the same powers on behalf of the corporation which he represents as the corporation could exercise if it were an individual holder.

In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority is determined by the order in which the names stand in the register of holders.

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

### ***Meetings and Modifications***

The convening and conduct of meetings of shareholders and the voting rights of shareholders at such meetings is governed by the Regulations, as amended from time to time. The requirement for a meeting depends on the proposed change to the Company.

Changes to the Company may fall within one of the following three categories:

- Fundamental events which change the purpose or nature of the Company or the basis on which the investor invested, for example changes to an investment objective, its risk profile or something that would cause material prejudice to the investors would require investor approval. Fundamental changes require prior approval at a meeting of shareholders.
- Significant events are those which would materially affect an investor's investment, affect a shareholder's ability to exercise his rights in relation to this investment, result in material increased payments out of the Company, or could reasonably be expected to cause investors to reconsider their participation in the Company. Those should be notified pre-event to the investors and in sufficient time to enable them to leave the Company, if they wish, before the change takes effect. 60 days minimum notice is required for these changes.

- 
- Notifiable events for which the ACD would decide when and how shareholders should be notified, depending on the type of event. In these cases notification could be after the event. This may take the form of the sending of an immediate notification to shareholders or the information being included in the next long report of the Company.

## **28 TRANSFER OF SHARES**

A shareholder is entitled (subject to as mentioned below) to transfer shares by an instrument of transfer in any usual or common form or in any other form approved by the ACD. The ACD is not obliged to accept a transfer if it would result in the holder, or the transferee, holding less than the minimum holding of shares of the class in question. The instrument of transfer, duly stamped if it is required to be stamped, must be lodged with the Registrar for registration. The transferor remains the holder until the name of the transferee has been entered in the register.

The Company or the Registrar may require the payment of such reasonable fee as the ACD and the company may agree for the registration of any grant of probate, letters of administration or any other documents relating to or affecting the title to any share.

## **29 WINDING UP OF THE COMPANY AND TERMINATION OF FUNDS**

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

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

- if an extraordinary resolution of shareholders of either the Company or the Fund (as appropriate) to that effect is passed; or
- on the date stated in any agreement by the FSA in response to a request from the ACD for the winding up of the Company or a request for the termination of the Fund.

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

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

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

---

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

### **30 OTHER INFORMATION**

#### ***Delegation***

The ACD and the Depositary, subject to exceptions specified in COLL, may retain (or arrange for the Company to retain) the services of other persons to assist them in the performance of their respective functions. Subject to certain relevant legal and/or regulatory requirements, in relation to certain functions, the Depositary will not be liable for the actions of the persons so appointed provided certain provisions of COLL apply however the ACD will retain responsibility for the provision of such services.

#### ***Conflicts of Interest***

The Depositary or any associate of the Depositary, or of any Investment Adviser may (subject to COLL) hold money on deposit from, lend money to, or engage in stocklending transactions in relation to the Company, so long as the services concerned are provided on arm's length terms.

The Depositary, the ACD, or any Investment Adviser or any associate of any of them may sell or deal in the sale of property to the Company or purchase property from the Company provided the applicable provisions of the COLL apply and are observed.

Subject to compliance with COLL the ACD may be party to or interested in any contract, arrangement or transaction to which the Company is a party or in which it is interested. The ACD is entitled in its own discretion to determine the terms of its appointment as such, and consequently to amend the terms of the Service Agreement referred to under "The Authorised Corporate Director" above.

Subject to applicable laws and regulation, the Depositary, the ACD, or any Investment Adviser or any associate of any of them will not be liable to account to the Company or any other person, including the holders of shares or any of them, for any profit or benefit made or derived from or in connection with:

- (a) their acting as agent for the Company in the sale or purchase of property to or from the Funds; or
- (b) their part in any transaction or the supply of services permitted by the COLL; or
- (c) their dealing in property equivalent to any owned by (or dealt in for the account of) the Company.

Subject to the Regulations, neither the ACD, Depositary, Administrator, Registrar, office of the Registrars Investment Adviser or any other person involved with the establishment and/or operation of the Company are liable to account to each other or to the shareholders or former shareholders of the Company for any profits or benefits they may make or receive which are made, derived from or in connection with:

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

---

### ***Liability and Indemnity***

With the exception mentioned below:

- The ACD, the Depositary and the Auditors are each entitled under the Instrument of Incorporation of the Company to be indemnified against any loss, damage or liability incurred by them in or about the execution of their respective powers and duties in relation to the Company; and
- the ACD and the Depositary are, under the terms of their respective agreements with the Company, exempted from any liability for any loss or damage suffered by the Company.

The above provisions will not, however, apply in the case of:

- any liability which would otherwise attach to the ACD or the Auditors in respect of any negligence, default, breach of duty or breach of trust in relation to the Company;
- any liability on the part of the Depositary for any failure to exercise due care and diligence in the discharge of its functions.

### **31 GENERAL**

Any complaint should be referred to the ACD at its registered office. If a complaint cannot be resolved satisfactorily with the ACD it may be referred to the Financial Ombudsman Service, South Quay Plaza, 183 Marsh Wall, London E14 9SR. More details about the Financial Ombudsman Service are available from the ACD.

All documents and remittances are sent at the risk of the shareholder.

A notice of an applicant's right to cancel the agreement to purchase shares will be forwarded, where this is required by rules made under the Act.

When the investment is a lump sum investment (or the first payment, being larger than the second payment, in a regular payment savings plan) an applicant who is entitled to cancel and does so will not get a full refund of the money paid by him if the purchase price of the shares falls before the cancellation notice is received by the ACD, because an amount equal to such fall (the "**shortfall**") will be deducted from the refund he would otherwise receive. Where the purchase price has not yet been paid the applicant will be required to pay the amount of the shortfall to the ACD. The deduction does not apply where the service of the notice of the right to cancel precedes the entering into of the agreement. Cancellation rights must be exercised by posting a cancellation notice to the ACD on or before the 14th day after the date of receipt of the notice of the right to cancel.

The address for service on the Company of notices or other documents required or authorised to be served on it is C/O WAY Fund Managers Limited, Cedar House, 3 Cedar Park, Cobham Road, Wimborne, Dorset BH21 7SB.

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

All notices or documents required to be served on shareholders shall be served by post to the address of such shareholder as evidenced on the register.

The Financial Services Compensation Scheme has been established under the rules of the FSA as a "rescue fund" for certain clients of firms authorised and regulated by the FSA which have gone out of business. The Administrator will supply you with further details of the scheme on

---

written request to its operating address. Alternatively, you can visit the scheme's website at [www.fscs.org.uk](http://www.fscs.org.uk) or by writing to the Financial Services Compensation Scheme, 7<sup>th</sup> Floor, Lloyds Chambers, Portsoken Street, London E1 8BN.

### **Documents and information available**

Copies of the following documents are available on request, free of charge from the ACD at Cedar House, 3 Cedar Park, Cobham Road, Wimborne, Dorset BH21 7SB:

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

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

### **This Prospectus**

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

---

## Schedule 1

### Investment and Borrowing Powers

The Company may exercise the full authority and powers permitted by COLL applicable to a UCITS Scheme. However, this is subject to the applicable investment limits and restrictions set out in COLL, the Company's Instrument of Incorporation and this Prospectus. The Company may exercise the full authority and powers permitted by COLL applicable to a UCITS Scheme in respect of each Fund subject to each Fund's investment objective and policy.

Save for any investment acquired for the purposes of efficient portfolio management, including hedging (referred to in more detail below), the property of each Fund may not include any investment to which a liability (whether actual or contingent) is attached unless the maximum amount of such liability is ascertained at the time when such investment is acquired for the account of that Fund.

In accordance with the investment policy of each of the Funds, each Fund may invest in units in collective investment schemes, transferable securities, deposits and money market instruments. The capital property attributable to each Fund is required to consist of such investments although investment in other asset classes is permitted as set out in COLL as it applies to UCITS Schemes and as set out below. Therefore, the capital property attributed to each Fund may at any time consist of transferable securities, units in collective investment schemes, deposits and money market instruments or a mixture of such assets as well as investments of other asset classes as set out below.

The ACD shall ensure that, taking into account the investment objective of each of the Funds, the scheme property of each of the Funds aims to provide a prudent spread of risk.

**The ACD does not anticipate that the use of derivatives will change or alter the overall risk profiles of the Funds.**

#### *Transferable securities*

Up to 100% of the scheme property attributable to a Fund may consist of transferable securities. For the purposes of COLL a transferable security is an investment which is either a share, debenture, a government and public security, a warrant or a certificate representing certain securities.

The Funds may invest in transferable securities which fulfil the following criteria:

- the potential loss which the Funds may incur with respect to holding the transferable security is limited to the amount paid for it;
- its liquidity does not compromise the ability of the ACD to comply with its obligation to redeem units at the request of any qualifying shareholder;
- reliable valuation is available for the transferable securities as follows:
  - in the case of a transferable security admitted to or dealt in on an eligible market, where there are accurate, reliable and regular prices which are either market prices or prices made available by valuation systems independent from issuers;
  - 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;
- appropriate information is available for the transferable security as follows:

- 
- 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;
  - 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;
  - it is negotiable; and
  - its risks are adequately captured by the risk management process of the ACD.

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 not to compromise the ability of the ACD to comply with its obligation to redeem shares at the request of any qualifying shareholder; and to be negotiable.

#### ***Closed end funds constituting transferable securities***

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

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

#### ***Approved Money Market Instruments***

Up to 100% of the scheme property attributable to the Funds may consist of money market instruments which are normally dealt in on the money market, are liquid and whose value can be accurately determined at any time, being an 'approved money market instrument' in accordance with the rules in COLL.

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.

The Funds may invest in an approved money market instrument if it is:

- (a) issued or guaranteed by a central, regional or local authority or central bank of an EEA state or if the EEA State is a federal state, one of the members making up the federation, the European Central Bank, the European Union or the European Investment Bank, a non-EEA state or, in the case of a federal state, by one of the members making up the federation, or by a public international body to which one or more EEA states belongs; or
- (b) an establishment subject to prudential supervision in accordance with criteria defined by Community Law or an establishment which is subject to and

---

complies with prudential rules governed by the FSA to be at least as stringent as those laid down by Community Law; or

- (c) issued by a body, any securities of which are dealt in on an eligible market.

***Money-market instruments with regulated issuer***

In addition to instruments admitted to or dealt in on an eligible market, the Funds may invest in an approved money-market instrument provided it fulfils the requirements in COLL governing regulated issuers of money-market instruments such that the issue or the issuer is regulated for the purpose of protecting investors and savings and the instrument is issued or guaranteed, in accordance with COLL.

The Funds may also with the express consent of the FSA invest in an approved money-market instrument provided:

- (a) the issue or issuer is itself regulated for the purpose of protecting investors and savings in accordance with COLL;
- (b) investment in that instrument is subject to investor protection equivalent to that provided by instruments which satisfy the requirements of COLL 5.2.10BR(1)(a),(b) or (c); and
- (c) the issuer is a company whose capital and reserves amount to at least EUR 10 million and which presents and publishes its annual accounts in accordance with Directive 78/660/EEC, is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles (as defined in COLL) which benefit from a banking liquidity line (as defined in COLL).

Transferable securities and approved money market instruments held within the Funds must be:

- (a) admitted to or dealt in on an eligible market which is a regulated market; or
- (b) dealt in on an eligible market which is a market in an EEA State which is regulated, operates regularly and is open to the public; or
- (c) admitted to or dealt in on a market which the ACD, after consultation with and notification to the Depositary decides that market is appropriate for the investment of, or dealing in, the scheme property, is listed in the Prospectus, and the Depositary has taken reasonable care to determine that adequate custody arrangements can be provided for and all reasonable steps have been taken by the ACD in deciding whether that market is eligible; or
- (d) recently issued transferable securities provided that the terms of the issue include an undertaking that application will be made to be admitted to an eligible market, and such admission is secured within a year of issue.

The Funds may invest no more than 10% of the scheme property in transferable securities and money market instruments other than those referred to in (a) to (d) above.

***Transferable securities linked to other assets***

The Funds may invest in any other investment which shall be taken to be a transferable security provided the investment:

- (a) fulfils the criteria for transferable securities set out in COLL 5.2.7AR; and
- (b) is backed by or linked to the performance of other assets, which may differ from those in which UCITS Schemes can invest.

---

Where such investments contain an embedded derivative component, the COLL rules applicable to investment in derivatives and forwards (summarised below) will apply.

***Warrants***

Not more than 5% in value of the scheme property attributable to the Funds may consist of warrants. 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 relevant Fund at any time when the payment is required without contravening COLL.

***Government and public securities***

Up to 100% of the scheme property attributable to the Funds may consist of government and public securities provided no more than 35% in value of the scheme property attributable to such Fund is invested in such securities issued by any one body. There is no limit on the amount which may be invested in such securities or in any one issue. Subject to COLL 5.2.12R(3), no more than 35% in the value of the scheme property may consist of any combination of government and public securities issued by any one body and other investments issued by or made with the same single body.

***Covered bonds***

In general a covered bond is a bond that is issued by a credit institution which has its registered office in an EEA State and is subject by law to special public supervision designed to protect bondholders and in particular protection under which sums deriving from the issue of the bond must be invested in conformity with the law in assets which, during the whole period of validity of the bond, are capable of covering claims attaching to the bond and which, in the event of failure of the issuer, would be used on a priority basis for the reimbursement of the principal and payment of the accrued interest, and which may be collateralised.

***Collective investment schemes***

Up to 10% of the scheme property attributable to the Funds may consist of units in collective investment schemes.

Not more than 10% in value of the property of a Fund may consist of units or shares in any one collective investment scheme.

A Fund must not invest in units or shares of a collective investment scheme (the "**second scheme**") unless the second scheme satisfies the conditions referred to below and provided that no more than 10% of the value of the scheme property attributed to the relevant Fund is invested in second schemes within categories (b) to (d) below.

(i) The second scheme must fall within one of the following categories:

- (a) A scheme which satisfies the conditions necessary for it to enjoy the rights conferred by the UCITS Directive; or
- (b) A scheme which is recognised under the provisions of section 270 of the Financial Services and Markets Act 2000 (schemes authorised in designated countries or territories); or
- (c) A scheme which is authorised as a non-UCITS retail scheme (as defined in COLL) and in respect of which the requirements of article 19(1)(e) of the UCITS Directive are met; or
- (d) A scheme which is authorised in another EEA State (and in respect of which the requirements of article 19(1)(e) of the UCITS Directive are met).

(ii) The second scheme must comply, where relevant, with those COLL provisions regarding investment in other group schemes and associated schemes (referred to below).

(iii) The second scheme must have terms which prohibit more than 10% in value of the scheme property consisting of units in collective investment schemes.

---

Where a Fund invests in other collective investment schemes, the maximum annual management fee that may be charged to that collective investment scheme is 3% (excluding performance fees) of the Net Asset Value of such a scheme.

The Company may invest in shares or units of collective investment schemes which are managed or operated by (or, in the case of companies incorporated under the OEIC Regulations, have as their authorised corporate director) the ACD or an associate of the ACD. However, if the Company invests in units in another collective investment scheme managed or operated by the ACD or by an associate of the ACD, the ACD must pay into the property of the Company before the close of the business on the fourth Business Day after the agreement to invest or dispose of units:

- (a) on investment – if the ACD pays more for the units issued to it than the then prevailing creation price, the full amount of the difference or, if this is not known, the maximum permitted amount of any charge which may be made by the issuer on the issue of the units; and
- (b) on a disposal – any amount charged by the issuer on the redemption of such units.

### ***Cash and near cash***

In accordance with COLL, the scheme property attributable to the Funds may consist of cash or near cash to enable:

- (a) the pursuit of a Fund's investment objectives;
- (a) the redemption of shares; or
- (c) the efficient management of a Fund in accordance with its objectives; or
- (d) for other purposes which may reasonably be regarded as ancillary to the objectives of the relevant Fund.

Cash forming part of the property of a Fund may be placed in any current or deposit account with the Depositary, the ACD or any investment manager or any associate of any of them provided it is an eligible institution or approved bank and the arrangements are at least as favourable to the Fund concerned as would be those of any comparable arrangements effected on normal commercial terms negotiated at arm's length between two independent parties.

### ***Derivatives***

**As at the date of this Prospectus the Funds(s) only use derivatives for the purpose of efficient portfolio management and hedging as set out below under the heading "Derivatives – Efficient Portfolio Management".** Subject to obtaining and maintaining the requisite permissions from the FSA under the Regulations, on giving no less than 60 days' prior written notice to all Shareholders in the Fund(s), the ACD will no longer operate the Fund(s) under efficient portfolio management, as set out under the heading "Derivatives – Efficient Portfolio Management" below, but instead, certain types of derivatives and forward transactions as set out under the heading "**Derivatives – Investment Purposes**", may be effected for the Fund(s).

**If the ACD elects to use derivatives in this way it is not intended that this will change or alter the overall risk profile of the Fund(s).**

### ***Derivatives – Efficient Portfolio Management***

The Funds may invest in derivatives for the purposes of efficient portfolio management (including hedging). Such derivatives will be covered and usually exchange traded. Where such derivatives are used for hedging or in accordance with efficient portfolio management techniques, this will not change or alter the risk profile of the Company.

---

Efficient portfolio management enables the Funds to invest in derivatives and forward transactions (including futures and options) in accordance with COLL using techniques which relate to transferable securities and approved money market instruments (as defined in COLL) 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 Funds with a risk level which is consistent with the risk profile of the relevant Fund and the risk diversification rules in COLL (as summarised in below).

In relation to the generation of additional capital or income, there is an acceptably low level of risk in any case where the ACD reasonably believes that the Funds are certain (or certain barring events which are not reasonably foreseeable) to derive a benefit:

- (a) by taking advantage of pricing imperfections in relation to the acquisition and disposal (or disposal and acquisition) of rights in relation to the same or equivalent property, being property which the Fund holds or may properly hold;
- (b) by receiving a premium for the writing of a covered call option, even if that benefit is obtained at the expense of surrendering the chance of yet greater benefit.

To be economically appropriate to the Funds, the ACD must reasonably believe that:

- (a) for transactions undertaken to reduce risk or cost (or both), the transaction (alone or in combination) will diminish a risk or cost of a kind or level which it is sensible to reduce; and
- (b) for transactions undertaken to generate additional capital or income, the Funds are certain (or certain barring events which are not reasonably foreseeable) to derive a benefit from the transaction.

### ***Derivatives – general***

A transaction in derivatives or a forward transaction must not be effected for a Fund unless the transaction is of a kind specified below and the transaction is covered.

Where a Fund invests in derivatives, the exposure to the underlying assets must not exceed the general limits on spread as set out in the paragraph headed "Spread – General" below, except for index-based derivatives where the following rules apply.

Where a Fund invests in an index-based derivative, provided the relevant index falls within COLL 5.2.33, the underlying constituents of the index do not have to be taken into account for the purposes of monitoring the spread requirements. The relaxation is subject to the ACD continuing to ensure that the property provides a prudent spread of risk.

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

---

***Permitted Transactions (derivatives and forward transactions)***

Derivatives transactions must either be in an approved derivative (being a derivative which is dealt in on an eligible derivatives market as set out in Appendix 2) or an over the counter derivative with an approved counterparty, in accordance with COLL.

A transaction in a derivative must not cause a Fund to diverge from its investment objectives as stated in the instrument of incorporation and the most recently published version of this prospectus.

Any over the counter transactions in derivatives must also be on approved terms, i.e. the counterparty has agreed with the ACD:

- (a) to provide a reliable and verifiable valuation in respect of that transaction at least daily and at any time at the request of the ACD; and
- (b) that it will, at the request of the ACD, enter into a further transaction to close out that transaction at any time, at a fair value, arrived at under the pricing model or other reliable basis agreed.

The underlying assets of a transaction in a derivative may only consist of any one or more of the following:

- transferable securities permitted under COLL 5.2.8R(3)(a) to (c) and (e);
- money market instruments permitted under COLL 5.2.8R(3)(a) to (d);
- deposits as permitted under COLL 5.2.26R;
- derivatives as permitted under COLL;
- collective investment schemes as permitted under COLL 5.2.13R;
- financial indices which satisfy the criteria set out in COLL 5.2.20AR;
- interest rates;
- foreign exchange rates; and
- currencies.

A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more transferable securities, approved money market instruments, units in collective investment schemes or derivatives provided that a sale is not to be considered as uncovered if the conditions in COLL 5.2.22(3)R are (Requirement to cover sales) are satisfied.

Any forward transaction must be made with an eligible institution or an approved bank in accordance with COLL.

All derivatives transactions are deemed to be free of counterparty risk if they are performed on an exchange where the clearing house is backed by an appropriate performance guarantee; and it is characterised by daily mark-to-market valuation of the derivative positions and an at least daily margining.

***Embedded derivatives***

Where a Fund invests in a transferable security or an approved money-market instrument which embeds a derivative, this must be taken into account for the purposes of complying with COLL.

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

- (a) by virtue of that component some or all of the cash flows that otherwise would be required by the transferable security or approved money-market instrument which functions as host contract can be modified according to a specified

---

interest rate, financial instrument price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, and therefore vary in a way similar to a stand-alone derivative;

- (b) its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and
- (c) it has a significant impact on the risk profile and pricing of the transferable security or approved money-market instrument.

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

The following types of investments are generally regarded as being transferable securities and approved money market instruments which embed a derivative:

- (a) credit linked notes;
- (b) transferable securities or approved money-market instruments whose performance is linked to the performance of a bond index;
- (c) transferable securities or approved money-market instruments whose performance is linked to the performance of a basket of shares, with or without active management;
- (d) transferable securities or approved money-market instruments with a fully guaranteed nominal value whose performance is linked to the performance of a basket of shares, with or without active management;
- (d) convertible bonds; and
- (e) exchangeable bonds.

Transferable securities and approved money-market instruments which embed a derivative are subject to the rules applicable to derivatives in COLL as summarised in this section.

A derivative includes instruments which fulfil the following criteria:

- (a) it allows the transfer of the credit risk of the underlying independently from the other risks associated with that underlying;
- (b) it does not result in the delivery or the transfer, including in the form of cash, of assets other than those referred to in COLL 5.2.6AR;
- (c) in the case of an OTC derivative, it complies with the requirements in COLL 5.2.23R;
- (d) its risks are adequately captured by the ACD's risk management process, and by its internal control mechanisms in the case of risks of asymmetry of information between the ACD and the counterparty to the derivative, resulting from potential access of the counterparty to non-public information on persons whose assets are used as the underlying by that derivative.

The Funds may not undertake transactions in derivatives on commodities.

A derivative or forward transaction which will or could lead to the delivery of property for the account of Company may be entered into only if:

- (a) that property can be held for the account of the Company; and
- (b) the ACD having taken reasonable care determines that delivery of the property under the transaction will not occur or will not lead to a breach of COLL.

---

### ***Requirement to cover sales***

No agreement by or on behalf of the Funds to dispose of property or rights may be made unless the obligation to make the disposal and any other similar obligation could immediately be honoured by the Fund(s) by delivery of property or the assignment of rights, and the property and rights above are owned by the Funds at the time of the agreement.

This requirement does not apply to a deposit, nor does it apply where:

- (a) the risks of the underlying financial instrument of a derivative can be appropriately represented by another financial instrument which is highly liquid; or
- (b) the ACD or the Depositary has the right to settle the derivative in cash, and cover exits within the scheme property which falls within one of the following asset classes:
  - cash;
  - liquid debt instruments (eg government bonds of first credit rating) with appropriate safeguards (in particular, haircuts); or
  - other highly liquid assets having regard to their correlation with the underlying of the financial derivative instruments, subject to appropriate safeguards (eg haircuts where relevant).

In the asset classes referred to above, an asset may be considered as liquid where the instrument can be converted into cash in no more than seven Business Days at a price closely corresponding to the current valuation of the financial instrument on its own market.

### ***Over-the-counter ("OTC") transactions in derivatives***

Any transaction in an OTC derivative must be:

- (a) with an approved counterparty. A counterparty to a transaction in derivatives is approved only if the counterparty is an eligible institution or an approved bank, or a person whose permission (as published in the FSA register), or whose home state authorisation, permits it to enter into such transactions as principal off-exchange.
- (b) on approved terms. The terms of a transaction in derivatives are approved only if, before the transaction is entered into, the Depositary is satisfied that the counterparty has agreed with the Company or the ACD:
  - (i) to provide at least daily and at any other time at the request of the ACD or the Company, reliable and verifiable valuation in respect of that transaction corresponding to its fair value (being the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arms' length transaction) and which does not rely only on market quotations by the counterparty; and
  - (ii) that it or an alternative counterparty will, at the request of the ACD or the Company, enter into a further transaction to sell, liquidate or close out that transaction at any time, at a fair value arrived at under the pricing model or reliable market value basis agreed under paragraph (c) below
- (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:
- (i) an appropriate third party which is independent from the counterparty of the derivative, at an adequate frequency and in such a way that the ACD is able to check it; or
  - (ii) 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.

***Collateral required under OTC derivative transactions must be:***

- (a) marked to market on a daily basis and exceed the value of the amount of risk;
- (b) exposed only to negligible risks (eg government bonds of first credit rating or cash) and is liquid);
- (c) held by a third party custodian not related to the provider or is legally secured from the consequences of a failure of a related party; and
- (d) be fully enforceable by the Fund(s) at any time.

OTC derivative positions with the same counterparty may be netted provided that the netting procedures comply with the conditions set out in Section 3 (Contractual netting (Contracts for novation and other netting agreements)) of Annex III of the Banking Consolidation Directive; and are based on legally binding agreements.

***Risk Management***

The ACD uses a risk management process, as reviewed by the Depositary, enabling it to monitor and measure frequently as appropriate the risk of a Fund's positions and their contribution to the overall risk profile of the Company. Currently derivatives may be used by each of the Funds for the purposes of efficient portfolio management (including hedging). **It is not anticipated that the use of derivatives in this way by the Funds will alter or change the risk profile of the Company.**

Before using the risk management process, the ACD will notify the FSA of the details including the methods for estimating risks in derivative and forward transactions and the types of derivatives and forward that will be used within the Funds together with their underlying risks and any relevant quantitative limits.

Any material alteration of the above details of the risk management procedures will be notified by the ACD in advance to the FSA.

***Derivative exposure***

The Funds may invest in derivatives and forward transactions only where the exposure to which the Funds are committed by that transaction itself is suitably covered from within the Funds' property. Exposure will include any initial outlay in respect of that transaction.

Cover ensures that the Funds are not exposed to the risk of loss of property, including money, to an extent greater than the net value of the Funds' property. Therefore, the Funds must hold property sufficient in value or amount to match the exposure arising from a derivative obligation to which the Fund is committed. The detailed requirements in accordance with COLL 5.3.3 for cover of the Funds are set out below.

---

Cover used in respect of one transaction in derivatives or forward transactions should not be used for cover in respect of another transaction in derivatives or a forward transaction.

***Cover for transaction in derivatives and forward transactions***

A transaction in derivatives or forward transaction is to be entered into only if the maximum exposure, in terms of the principal or notional principal created by the transaction to which the Company is or may be committed by another person, is covered globally.

Exposure is covered globally if adequate cover from within the scheme property is available to meet the Company's total exposure, taking into account the value of the underlying assets, any reasonably foreseeable market movement, counterparty risk, and the time available to liquidate any positions.

Cash not yet received into a Fund's property but due to be received within one month is available as cover for these purposes.

Property which is the subject of a stock lending transaction is only available for cover if the ACD has taken reasonable care to determine that it is obtainable (by return or re-acquisition) in time to meet the obligation for which cover is required.

The total exposure relating to derivatives held in a Fund may not exceed the net value of the property.

***Deposits***

Up to 100% of the scheme property attributable to the Funds may consist of deposits (as defined in COLL) but only if it:

- is with an approved bank;
- is repayable on demand or has the right to be withdrawn; and
- matures in no more than 12 months.

Not more than 20% in value of the scheme property may consist of deposits with a single body.

***Immovable and movable property***

It is not intended that the Company should have any interest in any immovable property or tangible movable property.

***Spread – general***

In applying any of the restrictions referred to above, not more than 20% in the value of the scheme property is to consist of any combination of two or more of the following:

- transferable securities (including covered bonds) or money market instruments issued by; or
- deposits made with; or
- exposures from over the counter derivatives transactions made with a single body.

In applying any limit to transferable securities or money market instruments, any certificates representing certain securities are to be treated as equivalent to the underlying security.

Not more than 5% in value of the scheme property attributable to a Fund may consist of transferable securities or approved money market instruments issued by any single body. This limit may be raised to 10% in respect of up to 40% in value of the scheme property.

Covered bonds need not be taken into account for the purpose of applying the limit of 40%. The limit of 5% is raised to 25% in value of the scheme property in respect of covered bonds, provided that when a Fund invests more than 5% in covered bonds issued by a single body, the total value of covered bonds held must not exceed 80% in value of the scheme property.

---

Not more than 20% in value of the scheme property attributable to the Fund is to consist of transferable securities and approved money market instruments issued by the same group.

The exposure to any one counterparty in an over the counter derivative transaction must not exceed 5% in value of the scheme property. This limit may be raised to 10% where the counterparty is an approved bank as defined in COLL. Exposure in respect of an over the counter derivative may be reduced to the extent that collateral is held in respect of it if the collateral complies with COLL, as summarised above.

### ***Borrowing***

Subject to the Company's Instrument and COLL (as it relates to UCITS Schemes), the Company may borrow money for the purposes of achieving the objectives of the Funds on terms that such borrowings are to be repaid out of the scheme property of the relevant Fund. The ACD does not anticipate significant use of this borrowing power. Such borrowing may only be made from an eligible institution or approved bank (as defined in COLL) and must be on a temporary basis only and must not be persistent.

No period of borrowing may exceed three months without the prior consent of the Depositary (which may give such consent only on conditions as appear to the Depositary appropriate to ensure that the borrowing does not cease to be on a temporary basis). The borrowing of a Fund must not, on any Business Day, exceed 10% of the value of the property of the relevant Fund. As well as applying to borrowing in a conventional manner, the 10% limit applies to any other arrangement designed to achieve a temporary injection of money into the property of the relevant Fund in the expectation that such will be repaid. For example, by way of a combination of derivatives which produces an effect similar to borrowing.

The above provisions on borrowing do not apply to "back to back" borrowing for hedging purposes, being an arrangement under which an amount of currency is borrowed from an eligible institution and an amount in another currency at least equal to the amount of currency borrowed is kept on deposit with the lender (or his agent or nominee).

Borrowings may be made from the Depositary, the ACD, the Directors or any investment manager or any associate of any of them provided that such lender is an eligible institution or approved bank and the arrangements are at least as favourable to the Fund concerned as would be those of any comparable arrangements effected on normal commercial terms negotiated at arm's length between two independent parties.

### ***Stock lending***

The Funds or the Depositary may enter into a repo contract, or a stock lending arrangement of the kind described in section 263B of the Taxation of Chargeable Gains Act 1992 but only if:-

- (a) all the terms of the agreement under which securities are to be reacquired by the Depositary for the account of the Funds are in a form which is acceptable to the Depositary and are in accordance with good market practice;
- (b) the counterparty is an authorised person, a person authorised by a home state regulator or otherwise acceptable in accordance with COLL; and
- (c) collateral is obtained to secure the obligation of the counterparty under the terms referred to in (a) above, and is acceptable to the Depositary and must also be adequate and sufficiently immediate as set out in COLL. These requirements do not apply to a stock lending transaction made through Euroclear Bank SA/NV's Securities Lending and Borrowing Programme.

### ***Underwriting***

The Company may enter into underwriting and sub-underwriting arrangements in accordance with COLL, provided that such agreements are covered in accordance with COLL 5.3.3 (as summarised above under '*Cover for transaction in derivatives and forward transactions*'), and

---

such that if all possible obligations arising under them had immediately to be met in full, there would be no breach of any limit in COLL.

***Lending and other provisions***

The scheme property of the Funds other than money must not be lent by way of deposit or otherwise and must not be mortgaged. Stock lending transactions permitted under COLL 5.4 however are not to be regarded as lending for the above purposes. The Company or the Depositary at the request of the Company may however lend, deposit, pledge or charge scheme property for margin requirements where transactions in derivatives or forward transactions are used for the account of the Funds in accordance with COLL and this Appendix.

---

## Schedule 2

### Eligible Markets

Set out below are the securities markets through which the Company may invest or deal in approved securities on account of each Fund (subject to the investment objective and policy of each fund):

- (a) a "regulated market" as defined in COLL;
- (b) a securities market established in any EEA State (which as at the date of this Prospectus includes the UK, Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Estonia, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Spain, Sweden and Slovenia) which is regulated, operates regularly and is open to the public;
- (c) any investments listed, quoted or dealt in on any stock exchange in the U.S., Australia, Canada, Japan, New Zealand or Switzerland which is a stock exchange within the meaning of the law of the country concerned relating to stock exchanges; and
- (d) the principal or only market established under the rules of any of the following investment exchanges:

<b>Country</b>	<b>Market</b>
Brazil	Bolsa de Valores do Rio de Janeiro Bolsa de Valores de Sao Paulo
Chile	Bolsa de Comercio de Santiago Bolsa Electronica de Chile
China Peoples' Rep. of Shanghai Peoples' Rep. of Shenzhen Hong Kong	Shanghai Securities Exchange Shenzhen Stock Exchange Stock Exchange of Hong Kong
Croatia	Zagreb Stock Exchange
Egypt	Alexandria Stock Exchange Cairo Stock Exchange
India	Bangalore Stock Exchange Delhi Stock Exchange Mumbai Stock Exchange National Stock Exchange of India
Indonesia	Jakarta Stock Exchange Surabaya Stock Exchange
Israel	Tel-Aviv Stock Exchange
Kazakhstan (Rep. Of)	Central Asian Stock Exchange Kazakhstan Stock Exchange

Malaysia	Kuala Lumpur Stock Exchange
Mexico	Bolsa Mexicana de Valores
Peru	Bolsa de Valores de Lima
Philippines	Philippine Stock Exchange
Singapore	Singapore Stock Exchange
South Africa	Johannesburg Stock Exchange
South Korea	Korea Stock Exchange KOSDAQ Market
Taiwan (Republic of China)	Taiwan Stock Exchange Corporation
Thailand	Stock Exchange of Thailand
Turkey	Istanbul Stock Exchange
Ukraine	Ukrainian Stock Exchange
Uruguay	Uruguay - Bolsa de Valores de Montevideo
USA	The market in US government securities conducted by primary dealers regulated by the Federal Reserve Bank of New York
Russia	MICEX (equity securities that are traded on level 1 or level 2 only); RTS1 (equity securities that are traded on level 1 or level 2 only); RTS2 (equity securities that are traded on level 1 or level 2 only)

- (e) the market organised by the International Securities Market Association; the Alternative Investment Market ("AIM") in the UK; the over-the-counter market in Canadian Government Bonds, regulated by the Investment Dealers Association of Canada; the Singapore International Monetary Exchange; and

PLUS – an independent market for small and mid-cap companies.

For the purposes only of determining the value of the assets of a Fund, the term “Eligible Market” shall be deemed to include, in relation to any futures or options contract utilised by the Fund for the purposes of efficient portfolio management or to provide protection against exchange rate risk any organised exchange or market on which such futures or options contract is regularly traded.

---

### Eligible Derivatives Markets

Set out below are the derivatives markets through which the Company may deal on account of each Fund (subject to the Instrument of Incorporation of the Company, this Prospectus and COLL as it applies to UCITS Schemes):

- (a) the market conducted by the "listed money market institutions", as described in the FSA publication "The Regulation of the Wholesale Cash and OTC Derivatives Markets under Section 43 of the FSA (the "Grey Paper") as amended from time to time (in Sterling, foreign currency and bullion)";
- (b) the over-the-counter market in Japan regulated by the Securities Dealers Association of Japan.
- (c) NASDAQ in the United States;
- (d) the Tokyo Stock Exchange;
- (e) the over-the-counter market in the United States regulated by the National Association of Securities Dealers Inc. (also described as the over-the-counter market in the United States conducted by primary and secondary dealers regulated by the Securities and Exchanges Commission and by the National Association of Securities Dealers (and by banking institutions regulated by the US Comptroller of the Currency, the Federal Reserve System or Federal Deposit Insurance Corporation);
- (f) the French market for Titres de Créances Négotiables (over-the-counter market in negotiable debt instruments);
- (g) NASDAQ Europe;
- (h) the New Zealand Futures and Options Exchange;
- (i) the French market for Titres de Créances Négotiables (over-the-counter market in negotiable debt instruments);
- (j) SESDAQ (the second tier of the Singapore Stock Exchange);
- (k) Euronext.liffe;
- (l) the London Securities and Derivatives Exchange;
- (m) EUREX,
- (n) the European Options Exchange.

---

### **Schedule 3**

#### **Historical Performance**

As the Funds launched on 1<sup>st</sup> December 2008, we are unable to show historical performance. We have therefore not included any reference to historic performance (such information will be included as it becomes available).

#### **Investors and potential investors should note the following statements**

- As newly launched sub-funds, the Funds do not currently have any historical performance.
- The prices of shares, and the income from them, can go down as well as up as a result of changes in the value of the underlying securities and currency movements. An investor may not get back the amount originally invested.
- Past performance is not necessarily a guide to future investment returns.