

# CCLA Charity Authorised Investment Fund

Prospectus

## Prospectus of CCLA Charity Authorised Investment Fund

A charity authorised investment fund structured as an umbrella-type authorised unit trust and NURS.

**Important: if you are in any doubt about the contents of this Prospectus, you should consult your professional adviser.**

This document constitutes the Prospectus for the CCLA Charity Authorised Investment Fund which has been prepared in accordance with the Collective Investment Schemes Sourcebook and the Investment Funds Sourcebook. The current version is available on [www.ccla.co.uk](http://www.ccla.co.uk) and alternative formats are available upon request from [clientservices@ccla.co.uk](mailto:clientservices@ccla.co.uk).

This Prospectus is dated and is valid as at 6 May 2026.

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

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## Directory

**Manager:**

CCLA Fund Managers Limited  
One Angel Lane,  
London EC4R 3AB

**Trustee and Custodian:**

HSBC Bank plc  
8 Canada Square,  
London E14 5HQ

**Investment Manager:**

CCLA Investment Management Limited  
One Angel Lane,  
London EC4R 3AB

**Auditors:**

Deloitte LLP  
110 Queen Street,  
Glasgow G1 3BX

**Registrar and Transfer Agent:**

FNZ TA Services Limited  
7<sup>th</sup> Floor, 2 Redman Place,  
London E20 1JQ

**Administrator:**

HSBC Bank plc  
8 Canada Square,  
London E14 5HQ

## Summary

- The Trust is a Charity Authorised Investment Fund structured as an umbrella-type authorised unit trust and is a NURS.
- The Charity Commission has issued an order under section 96 of the Charities Act 2011 in relation to the Trust dated 11 December 2020 and with effect from the date of that order the Trust was established as a common investment fund for the purposes of the Charities Act 2011 and is registered with the Charity Commission with registered charity number 1192761.
- For the purposes of the UK AIFMD Measures, the Trust qualifies as a UK AIF. It was authorised by the FCA on 11 December 2020 and is registered with the FCA under product reference number (**PRN**) 940774. It is established by way of a Trust Deed dated 11 December 2020.
- Details of the Sub-Funds including their investment objectives and policies, annual and interim accounting reference dates and distribution dates for each Sub-Fund are set out in Annexure 1. Each Sub-Fund is a UK AIF and a NURS for the purposes of the Regulations.
- The Sub-Funds of the Trust are segregated portfolios of assets and, accordingly, the assets of a Sub-Fund belong exclusively to that Sub-Fund and shall not be used to discharge directly or indirectly the liabilities of, or claims against, any other person or body, including the Trust, or any other Sub-Fund and shall not be available for any such purpose.
- Other Sub-Funds may be established by the Manager from time to time.
- The base currency of the Trust and all Sub-Funds is pounds sterling (**GBP**) unless otherwise specified. The accounts of the Trust are prepared in GBP or its successor as the currency of the UK.
- CCLA Fund Managers Limited is the Manager of the Trust and has delegated the investment management function to CCLA Investment Management Limited.
- HSBC Bank plc is the Trustee of the Trust. HSBC Bank plc also acts as Administrator for the Sub-Funds.
- FNZ TA Services Limited is the Registrar and Transfer Agent of the Trust.
- The Manager may instruct the Trustee to operate an income reserve account in order to avoid fluctuations in the income available for allocation or distribution for the annual accounting period.
- The Trust and its Sub-Funds are marketed, and Units are only available, to Eligible Investors. An Eligible Investor is defined in the Trust Deed and in this Prospectus. Full details of the eligibility requirements are set out in the Trust Deed and this Prospectus. For the avoidance of doubt Nominees acting on behalf of Eligible Investors may hold Units.
- The Unit prices for the Sub-Funds will be published daily on the Manager's website ([www.ccla.co.uk](http://www.ccla.co.uk)) and are also available by calling 0800 022 3505. As the Manager deals on a forward pricing basis, the price that appears in these sources will not necessarily be the same as the one at which investors can deal. The Unit prices may also appear in other third-party websites or publications. The Manager does not accept responsibility for the accuracy of the Unit prices published in, or for the non-publication of Unit prices by, these sources for reasons beyond the control of the Manager. The Units are not listed on any investment exchange.
- Costs and expenses are accrued at Sub-Fund level with allocations for any fund costs made on a pro rata basis in accordance with the value of the Sub-Funds at the time of allocation, in accordance with Regulations.
- There are two denominations of Unit, larger and smaller in a ratio of 1:1000. Title to Units will be evidenced by entry on the Register and certificates will not be issued by the Registrar. Unit confirmations will be issued on request. A statement of holdings is issued at least semi-annually, or quarterly if requested, to Unitholders.
- A Dealing Day is every day which is a Business Day and such other day as the Manager may, with the consent of the Trustee, decide from time to time.
- The Dealing Deadline is normally 11:59am London time on a Dealing Day.
- The Valuation Point is normally 12:00pm on each Dealing Day.
- This Prospectus, the Trust Deed and related documents can be inspected during normal office hours at the offices of the Manager.

## 1. Definitions and Interpretation

### 1.1

The following defined terms are used in this Prospectus:

<b>Administrator</b>	means HBSC Bank plc, or such other person as is appointed to act as administrator to the Trust from time to time.
<b>AIFM Regulations</b>	means the Alternative Investment Fund Managers Regulations 2013, as amended from time to time.
<b>AIFMD</b>	means the Alternative Investment Fund Managers Directive (2011/61/EU).
<b>AIFMD Level 2 Regulation</b>	has the meaning as set out in the Glossary.
<b>Annual Management Charge</b>	means the periodic fee payable to the Manager as set out in detail in paragraph 20.2.
<b>Approved Bank</b>	<p>means (in relation to a bank account opened on behalf of the Trust or a Sub-Fund):</p> <ul style="list-style-type: none"><li>a) if the account is opened at a branch in the United Kingdom:<ul style="list-style-type: none"><li>i) the Bank of England; or</li><li>ii) the central bank of a member state of the OECD; or</li><li>iii) a bank; or</li><li>iv) a building society; or</li><li>v) a bank which is supervised by the central bank or other banking regulator of a member state of the OECD; or</li></ul></li><li>b) if the account is opened elsewhere:<ul style="list-style-type: none"><li>i) a bank in (a); or</li><li>ii) a credit institution established in an EEA State and duly authorised by the relevant Home State Regulator; or</li><li>iii) a bank which is regulated in the Isle of Man or the Channel Islands; or</li></ul></li><li>c) a bank supervised by the South African Reserve Bank.</li></ul> <p>as such definition may be updated in the Glossary from time to time.</p>
<b>Associate</b>	means any other person whose business or domestic relationship with the Manager or the Manager's associate might reasonably be expected to give rise to a community of interests between them which may involve a conflict of interest in dealings with third parties.
<b>Auditors</b>	means Deloitte LLP, or such other entity as is appointed to act as auditors to the Trust from time to time.
<b>Base Currency</b>	means, depending on the context, the currency in which the accounts of the Trust, Sub-Fund or Class are to be prepared, or payments in relation to any of them.
<b>Business Day</b>	means any weekday when the banks in England and Wales are open for business (excluding any bank or public holiday in England and Wales).
<b>Charities Act</b>	means the Charities Act 2011.
<b>Charity Authorised Investment Fund or CAIF</b>	has the meaning set out in the Glossary, being an authorised fund that has been registered with the Charity Commission as a charity.
<b>Charity Commission</b>	means the Charity Commission for England and Wales.
<b>Class</b>	means a class of Units created by the Manager in respect of a Sub-Fund.
<b>COBS</b>	means the Conduct of Business Sourcebook of the FCA Rules.
<b>COLL</b>	refers to the appropriate chapter or rule in the COLL Sourcebook.
<b>COLL Sourcebook</b>	means the Collective Investment Schemes Sourcebook issued by the FCA as amended or re-issued from time to time.

<b>Conversion</b>	means the conversion of Units in one Class in a Sub-Fund to Units of another Class in the same Sub-Fund and <b>Convert</b> and <b>Converted</b> shall be construed accordingly.
<b>Custodian</b>	means HSBC Bank plc and/or such person appointed by the Trustee from time to time to provide custody services in relation to the Scheme Property.
<b>Data Protection Legislation</b>	means Regulation (EU) 2016/679 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, as onshored by the EUWA, or any successor legislations thereto, and any associated codes, regulation or guidance (as may be amended or replaced from time to time) and any related regulations and guidance and all other laws concerning the processing of data relating to living persons.
<b>Dealing Day</b>	means a Business Day and such other day as the Manager may, with the consent of the Trustee, decide from time to time.
<b>Dealing Deadline</b>	means 11:59am London time on a Dealing Day, or as otherwise determined by the Manager.
<b>Depository Services Agreement</b>	means the written agreement between the Trustee and the Manager which evidences the appointment of the Trustee as depository of the Trust in accordance with the Regulations.
<b>EEA State</b>	means a member state of the European Union and any other state which is within the European Economic Area.
<b>Efficient Portfolio Management</b>	means techniques and instruments which relate to transferable securities and approved money-market instruments and which fulfil the following criteria: <ul style="list-style-type: none"> <li>a) they are economically appropriate in that they are realised in a cost-effective way;</li> <li>b) they are entered into for one or more of the following specific aims: <ul style="list-style-type: none"> <li>i) reduction of risk;</li> <li>ii) reduction of cost;</li> <li>iii) generation of additional capital or income for the scheme with a risk level which is consistent with the risk profile of the scheme and the risk diversification rules laid down in COLL.</li> </ul> </li> </ul>
<b>Eligible Institution</b>	means one of certain eligible institutions as defined in the Glossary.
<b>Eligible Investor</b>	means investors permitted to subscribe for Units as described in paragraph 2.5.1.
<b>EMIR</b>	has the meaning set out in the Glossary.
<b>Euro or EUR or €</b>	means monetary unit of the official currency of the Eurozone countries.
<b>EUWA</b>	means the European Union (Withdrawal) Act 2018.
<b>FATCA</b>	means the Foreign Account Tax Compliance Act provisions of the United States Hiring Incentives to Restore Employment Act.
<b>FCA</b>	means the Financial Conduct Authority or any other regulatory body which may assume its regulatory responsibilities from time to time.
<b>FCA Rules</b>	means the FCA Handbook of rules and guidance, made under FSMA as amended or updated from time to time.

<b>Financial Services Register</b>	<p>the public record, as required by section 347 of FSMA (The public record) of every:</p> <ul style="list-style-type: none"> <li>a) authorised person;</li> <li>b) authorised unit trust scheme;</li> <li>c) authorised contractual scheme;</li> <li>d) authorised open-ended investment company;</li> <li>e) recognised scheme;</li> <li>f) recognised investment exchange;</li> <li>g) individual to whom a prohibition order relates;</li> <li>h) approved person; and</li> <li>i) person falling within such other class (if any) as the FCA may determine;</li> </ul> <p>except as provided by any transitional provisions.</p>
<b>FSCS</b>	means the Financial Services Compensation Scheme.
<b>FSMA</b>	means the Financial Services and Markets Act 2000, as amended or replaced from time to time.
<b>FUND Sourcebook</b>	means the Investment Funds Sourcebook issued by the FCA as amended or re-issued from time to time.
<b>Global Standards</b>	refers to the UN's Global Compact Principles, International Labour Organization's (ILO) Conventions, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs).
<b>Glossary</b>	means the glossary of definitions to the FCA Rules.
<b>HMRC</b>	means His Majesty's Revenue & Customs.
<b>Home State</b>	has the meaning set out in the Glossary.
<b>Investment Committee</b>	means the body responsible for the oversight of the Investment Manager's investment processes and activities.
<b>Investment Manager</b>	means CCLA Investment Management Limited (part of the Jupiter Group) as the investment manager appointed by the Manager in respect of the Trust, or such other entity as may from time to time be appointed as investment manager.
<b>Jupiter Group</b>	means Jupiter Fund Management plc, a company incorporated in the UK together with its subsidiaries (which includes the Manager and the Investment Manager).
<b>Key Information Document</b>	means the document published for a Sub-Fund which contains information to help investors understand the nature and the risks of investing in the Sub-Fund. A key information document must be provided to investors prior to subscribing for Units so they can make an informed decision about whether to proceed.
<b>Illiquid</b>	means any asset that requires more than 90 days to be sold.
<b>Manager</b>	means CCLA Fund Managers Limited (part of the Jupiter Group) and its successor as manager of the Trust.
<b>Master Scheme</b>	<p>means any of the following:</p> <ul style="list-style-type: none"> <li>a master UCITS (in the case of a feeder UCITS);</li> <li>a qualifying master scheme (in the case of a feeder NURS);</li> <li>a property authorised investment fund (in the case of a scheme dedicated to units in a single property authorised investment fund); or</li> <li>or the master recognised scheme (in the case of a scheme dedicated to units in a recognised scheme being a scheme recognised under section 272 of FSMA).</li> </ul>



<b>Money Laundering Regulations</b>	means The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 as may be amended, updated or replaced from time to time.
<b>Net Asset Value</b> or <b>NAV</b>	means the value of the Scheme Property of a Sub-Fund (or, as the context requires, of all existing Sub-Funds of the Trust) less all the liabilities of that Sub-Fund (or of all existing Sub-Funds of the Trust) determined in accordance with the Trust Deed.
<b>Nominee</b>	means a person who holds Units for an Eligible Investor.
<b>NURS</b>	means in accordance with the FCA Rules an authorised fund which is neither a UCITS Scheme nor a qualified investor scheme (a non-UCITS retail scheme).
<b>OECD</b>	means the Organisation for Economic Co-operation and Development.
<b>OTC</b>	means over-the-counter or off-exchange trading. This type of trading is done directly between two parties (e.g. the Investment Manager and a broker), without the supervision of an investment exchange (e.g. the London Stock Exchange).
<b>Privacy Notice</b>	means the privacy notice for clients available on the Manager's website as may be amended from time to time.
<b>Register</b>	means the register of Unitholders.
<b>Registrar and Transfer Agent</b>	means FNZ TA Services Limited, or such other person as is appointed to act as registrar and transfer agent to the Trust from time to time.
<b>Regulations</b>	means the AIFMD Level 2 Regulation, the AIFM Regulations, as may be applicable and the FCA Handbook (including the COLL and FUND Sourcebooks) made under FSMA, and any other applicable rules made under FSMA from time to time in force. This does not include guidance or evidential requirements contained in the COLL Sourcebook.
<b>Scheme Property</b>	means the scheme property of a Sub-Fund or of all existing Sub-Funds (as appropriate).
<b>Service Providers</b>	means the Manager, the Trustee, the Investment Manager, the Administrator, the Registrar and Transfer Agent and the Auditors, whose details are set out in this Prospectus.
<b>SDRT</b>	means Stamp Duty Reserve Tax.
<b>Sub-Fund</b> or <b>Sub-Funds</b>	means a sub-fund of the Trust (being part of the Scheme Property of the Trust which is pooled separately) to which specific assets and liabilities of the Trust may be allocated and which is invested in accordance with the investment objective applicable to such Sub-Fund.
<b>Switch</b>	means the exchange, where permissible, of Units of one Sub-Fund for Units of another Sub-Fund and <b>Switching</b> and <b>Switched</b> shall be construed accordingly.
<b>Taxation</b> or <b>Tax</b>	means all forms of taxation whenever created or imposed and whether in the UK or elsewhere and shall include any taxes, duties, levies and any other amount in the nature of taxation in any relevant jurisdiction, including all fines, interest, penalties and expenses incidental and relating to any such tax, duty, levy or charge and their negotiation, settlement or dispute and any actual or threatened claim in respect of them.
<b>Trust</b>	means CCLA Charity Authorised Investment Fund.
<b>Trust Deed</b>	means the deed constituting the Trust and Sub-Funds as amended from time to time in accordance with the COLL Sourcebook.
<b>Trustee</b>	means HSBC Bank plc, or such other person as is appointed to act as trustee of the Trust from time to time.
<b>UCITS</b>	means Undertaking for Collective Investment in Transferable Securities. This will include a UCITS Scheme or an EEA UCITS scheme, as defined in the FCA Rules.

<b>UCITS Scheme</b>	means a UK UCITS.
<b>UK AIF</b>	means an alternative investment fund and has the meaning set out in the Glossary.
<b>UK AIFM</b>	means an alternative investment fund manager and has the meaning as set out in the Glossary.
<b>UK AIFMD Measures</b>	means <ul style="list-style-type: none"> <li>i) the Alternative Investment Fund Managers Regulations 2013 (SI 2013/1773);</li> <li>ii) the AIFMD Level 2 Regulation; and</li> <li>iii) all other UK law and regulation implemented for the purposes of onshoring the EU's AIFMD regime in the UK.</li> </ul>
<b>UK CRR</b>	means the UK version of Regulation of the European Parliament and the Council on prudential requirements for credit institutions and investment firms (Regulation (EU) No 575/2013) and amending Regulation (EU) No 648/2012, which is part of UK law by virtue of the EUWA.
<b>UK UCITS</b>	has the meaning set out in the Glossary.
<b>UK Tax Resident</b>	means any entity resident in the UK for tax purposes.
<b>Unit or Units</b>	means a unit or units in a Sub-Fund (including fractions of Units, with one fraction being equivalent to one-thousandth of a Unit).
<b>Unitholder</b>	means a holder of registered Units.
<b>Valuation Point</b>	means the valuation point on each Dealing Day fixed by the Manager for the purpose of valuing the property of a Sub-Fund being normally at 12:00pm London time or as otherwise determined by the Manager. Special valuations may also take place if at any time the Manager considers there is good and sufficient reason to do so, having regard to the interests of Unitholders or potential Unitholders.
<b>VAT</b>	means value added tax.
<b>Volatility</b>	means the degree to which the returns from one investment or portfolio of investments or market vary from time to time.

## 1.2 Interpretation

### 1.2.1

Any reference to the Trust, Sub-Fund or the Manager includes a reference to its or their duly authorised agents or delegates.

### 1.2.2

References to paragraphs are to paragraphs of this Prospectus and references to this Prospectus are to this Prospectus as amended from time to time.

### 1.2.3

The headings to the paragraphs of this Prospectus are for convenience only and shall not affect their meaning or legal effect.

### 1.2.4

References to the plural shall include the singular and vice versa. In particular, reference to Sub-Funds should be taken to mean reference to Sub-Fund as appropriate when the Trust only has one Sub-Fund.

### 1.2.5

References to statutory provisions, regulations, FCA Rules or notices shall include those statutes, provisions, regulations, FCA Rules or notices as amended, extended, consolidated, substituted or re-enacted from time to time and, in particular, references to Regulations and/or Directives of the European Union shall, where appropriate, include all domestic law and regulation enacted (or re-enacted) for the purpose of bringing such European Union law and regulation into domestic law and regulation.

### 1.2.6

Any words following the words “include”, “includes”, “including”, “in particular” or any similar words or expressions will be construed without limitation and accordingly will not limit the meaning of the words preceding them.

## 2. Details of the Trust and its Structure

### 2.1 Constitution

The Trust is an authorised unit trust which is authorised by the FCA and registered with the Charity Commission. The Trust is established by way of the Trust Deed entered into by the Manager and the Trustee.

Only certain Eligible Investors are permitted to invest in the Trust, further details are contained in paragraph 2.5.

The Trust is structured as an umbrella scheme, in that different Sub-Funds may be established from time to time by the Manager with the approval of the FCA.

For the purposes of the Regulations the Trust is a:

- Charity Authorised Investment Fund (CAIF);
- A UK Alternative Investment Fund (UK AIF);
- A Non-UCITS Retail Scheme (NURS).

The effective date of authorisation of the Trust by the FCA was 11 December 2020. The product reference number (**PRN**) of the Trust is 940774.

The Trust is registered with the Charity Commission with registered charity number 1192761.

The Manager and Trustee are charity trustees for the purposes of the Charities Act.

The Trust has an unlimited duration.

### 2.2 Prospectus

#### 2.2.1

CCLA Fund Managers Limited as the Manager of the Trust is responsible for the information contained in this Prospectus. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in the Prospectus does not contain any untrue or misleading statement or omit any matters required by the COLL and the FUND Sourcebooks to be included in it. CCLA Fund Managers Limited accepts responsibility accordingly.

#### 2.2.2

This Prospectus is based on information, law and practice at the date of the Prospectus specified on the front cover. The Manager is not bound by an out of date Prospectus when it has issued an amended or updated one. Investors should check with the Manager that this is the most recently published Prospectus. This Prospectus does not give investment, legal or tax advice. Investors should consult their own advisers in relation to acting in response to the information contained in this document.

#### 2.2.3

A copy of this Prospectus and each revision to it has been sent to the FCA, the Charity Commission and the Trustee.

### 2.3 The Charities Act

#### 2.3.1

The Trust is established as a common investment fund for the purposes of the Charities Act and accordingly:

- a) the Manager and the Trustee shall have no power for which provision may not lawfully be made by or in a common investment scheme as that term is defined in section 96 of the Charities Act; and
- b) neither the Trust Deed nor this Prospectus may make provision for any matter to the extent that such matter may conflict with the provisions of section 98 of the Charities Act.

### 2.4 Sub-Funds

#### 2.4.1

The Trust is structured as an umbrella in that Units representing interests in different Sub-Funds may be issued from time to time by the Trustee as instructed by the Manager.

#### 2.4.2

Each Sub-Fund is a UK AIF and a NURS scheme for the purpose of the Regulations.

#### 2.4.3

Each Sub-Fund is operated as a distinct fund with its own portfolio of investments. Details of each Sub-Fund are set out in Annexure 1.

#### 2.4.4

Please see paragraph 18.11 below "Liabilities of the Trust and the Sub-Funds".

#### 2.4.5

The eligible securities markets and eligible derivatives markets on which the Sub-Funds may invest are set out in Annexure 2. A detailed statement of the general investment and borrowing restrictions in respect of each type of Sub-Fund is set out in Annexure 3.

#### 2.4.6

The Trust and the Sub-Funds will be treated as tax exempt vehicles for the purposes of UK income and gains. Further details of the taxation of the Trust and Sub-Funds are set out in paragraph 22.

### 2.5 Eligible Investors

#### 2.5.1

The only investors permitted to subscribe for Units are those set out below or Nominees acting on their behalf:

- a) a charity in England and Wales within the meaning of section 1(1) of the Charities Act; or
- b) an organisation which is a charity as defined in paragraph 1(1) of Schedule 6 of the Finance Act 2010; or
- c) a Scottish recognised body or a Northern Ireland charity, within the meaning of section 104 of the Charities Act.

### 2.5.2

Investors will be required to provide the Manager with such information and documentation as the Manager may require to the Manager's satisfaction that the investor is an Eligible Investor.

### 2.5.3

If a Unitholder becomes aware that it is no longer an Eligible Investor, it must inform the Manager immediately. In the event that the Manager becomes aware that the Units are held by a person other than an Eligible Investor (or reasonably believes this to be the case) the Manager reserves the right to redeem such Units immediately. In these circumstances, the Unitholder will immediately be deemed to have renounced title to its entire holding to the Manager and the Manager will redeem the entire holding. This will normally be at the next Valuation Point, but the Manager may create a special Valuation Point for this purpose upon giving the Trustee reasonable prior notice of the creation of such special Valuation Point.

### 2.5.4

The Manager may periodically request Unitholders to provide up to date documentation confirming their status as an Eligible Investor. The cost of providing this documentation will be borne by the Unitholders.

### 2.5.5

Unitholders will be liable for any tax suffered by the Trust or any Sub-Fund in which they are invested which arises as a consequence of that Unitholder ceasing to be an Eligible Investor or the person on whose behalf Units are held, ceasing to be an Eligible Investor.

## 2.6 General

### 2.6.1

Contact address

The contact address for the Trust is care of CCLA Fund Managers Limited at One Angel Lane, London EC4R 3AB.

### 2.6.2

Base Currency

The base currency of the Trust and the Sub-Funds is GBP unless otherwise specified in Annexure 1.

### 2.6.3

Cancellation Rights

A Unitholder who has received advice may be entitled to cancel an application to purchase Units for a period of 14 days from receipt of the contract note and to request the return of their money. If the investor has a right to cancel and exercises that right and if the value of the investment has fallen before the Manager receives notice of the cancellation, then the amount of refund that the investor receives will be reduced to reflect the fall in value. Generally, an investor who has applied directly will have no rights to cancel an application under the cancellation rules of the FCA Rules.

## 3. Inspection and Copies of Documents

The constitutional documents of the Trust, including copies of the Trust Deed, the current Prospectus, the most recent annual and half-yearly long reports of the Trust, the Key Information Document and other material contracts may be inspected at, and copies obtained from, the head office of the Manager upon request. The Manager may make a charge at its discretion for copies of documents (apart from the most recent annual and half-yearly Trust reports and the Prospectus which are available free of charge).

## 4. Conflicts of Interest

The Manager and other companies within the Jupiter Group may, from time to time, act as manager, authorised corporate director, alternative investment fund manager, investment manager or adviser to other companies or funds, which follow similar investment objectives to those of the Trust or its Sub-Funds. The Sub-Funds may also invest in other funds managed by the Manager or its Associates or a second Sub-Fund of the Trust. It is therefore possible that the Manager may in the course of its business have actual or potential conflicts of interest with the Trust or a particular Sub-Fund. The Manager will, however, have regard in such event to its obligations in relation to the Trust under the Trust Deed and, in particular, to its obligation to act in the best interests of the Trust so far as practicable, having regard to its obligations to other clients when undertaking any activity where potential conflicts of interest may arise, as outlined in its Conflicts of Interest policy.

Details of this policy are available at [www.ccla.co.uk](http://www.ccla.co.uk). Where a conflict of interest cannot be avoided, the Manager will endeavour to ensure that the Trust and other funds it manages are treated fairly.

The Manager acknowledges that there may be some situations where the organisational or administrative arrangements in place for the management of conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the Trust or its Unitholders will be prevented. Should any such situations arise the

Manager will disclose these to Unitholders in an appropriate format.

The Trustee may act as trustee of other charity authorised investment funds, authorised unit trusts, open-ended investment companies, authorised contractual schemes and as depositary or custodian of other collective investment schemes. The Trustee when acting as such must act solely in the interests of the relevant investors. The Manager has delegated certain administrative functions to HSBC Bank plc and CCLA Investment Management Limited. The Trustee has functionally and hierarchically separated the performance of its trustee functions from the other functions delegated to it by the Manager.

Actual or potential conflicts of interest may arise from time to time from the provision by the Trustee of the services and/or its affiliates of other services to the Manager and/or other parties as set out further in paragraph 8.

Where a conflict or potential conflict of interest arises, the Trustee will have regard to its obligations to the Manager and to the Unitholders in the Sub-Funds as applicable and will treat fairly the Manager and/or the Unitholders and the other funds for which it acts, so far as practicable.

In addition, the Manager and Trustee are both charity trustees and, in this capacity, they have agreed to a shared set of principles in respect of their decision-making where there is a possibility of a conflict of interest.

As charity trustees, the Manager and Trustee have a legal duty to act in the best interests of the Trust in furtherance of its charitable purposes. The Manager and Trustee will therefore identify, manage and record any conflict of interests in relation to the Trust and its Sub-Funds in accordance with their own conflict of interest policies, their documented shared principles, their respective obligations under the Trust Deed, any applicable laws and the FCA Rules, having regard to any relevant best practice guidance (including any such guidance issued by the Charity Commission from time to time).

The Manager and Trustee acknowledge that nothing in this Prospectus will exclude or limit their duties or obligations as charity trustees or under any other applicable laws and guidance.

## 5. Exercise of Voting Rights

The Manager has a strategy for determining how voting rights attached to ownership of Scheme Property are to be exercised for the benefit of each Sub-Fund. A summary of this strategy is available on the Investment Manager's website [www.ccla.co.uk](http://www.ccla.co.uk). Details of action taken in respect of the exercise of voting rights are available from the Manager upon request.

## 6. Best execution

In accordance with the Regulations, the Manager must act in the best interests of the Sub-Funds when executing decisions to deal on behalf of the Sub-Funds and must establish and implement an order execution policy to allow it to obtain the best possible result.

The Manager's order execution policy sets out the basis upon which the Manager will effect transactions and place orders in relation to the Sub-Funds whilst complying with its obligations in relation to execution. Details of the order execution policy are available on the Investment Manager's website [www.ccla.co.uk](http://www.ccla.co.uk). A copy will also be made available on request.

## 7. Management and Administration

### 7.1 The Manager

#### 7.1.1

CCLA Fund Managers Limited (part of the Jupiter Group), whose registered and head office is at One Angel Lane, London EC4R 3AB, is the Manager of the Trust. It is authorised and regulated by the Financial Conduct Authority in the conduct of investment business in the United Kingdom and is entered on the Financial Services Register under number 611707.

#### 7.1.2

The Manager is a charity trustee in respect of the Trust for the purposes of the Charities Act.

#### 7.1.3

For the purposes of the UK AIFMD Measures, CCLA Fund Managers Limited is the UK AIFM of the Trust.

#### 7.1.4

The Manager shall also provide or procure the provision of such administrative, accounting, consultancy, advisory, secretarial and general management services as are necessary to manage the Trust and to enable the Trust to comply with the requirements of this Prospectus, the Trust Deed and any other applicable legislation and regulations.

#### 7.1.5

The Manager shall provide or procure the provision of the services of a person to act as Registrar and Transfer Agent of the Trust performing all such functions as are usually performed by Registrars and Transfer Agents.

#### 7.1.6

The Manager has authority to enter into contracts on behalf of the Trust and/or Unitholders for the

acquisition, management and/or disposal of the Trust's (or a Sub-Fund's) property.

### **7.1.7**

CCLA Fund Managers Limited is a private company limited by shares incorporated in England and Wales on 16 October 2013. CCLA Fund Managers Limited has an issued share capital of £2,700,000 which is entirely paid up.

### **7.1.8**

The ultimate holding company of the Manager is Jupiter Fund Management plc, a company incorporated in England and Wales. The registered office of Jupiter Fund Management plc is at The Zig Zag Building, 70 Victoria Street, London SW1E 6SQ.

The directors of the Manager are:

J. Bailie (Chair)\*  
R. Fuller\*  
S. Fuschillo  
N. McLeod-Clarke\*  
E. Sheldon  
J. Singh

(\* indicates a non-executive director)

### **7.1.9**

The directors of the Manager also act as the directors of companies other than the Manager (including companies that are within the Jupiter Group). None of the main business activities of the directors (other than the Executive Directors connected with the business of the Trust) are of significance to the Trust's business.

### **7.1.10**

The Manager may provide investment services to other clients and funds and to companies in which the Trust or Sub-Funds may invest. It may also delegate its activities and/ or retain the services of another person (including Associates) to assist in its functions subject to the requirements set out in the Regulations. Details of the material delegation arrangements entered into by the Manager are set out in this Prospectus.

### **7.1.11**

The Manager is appointed under the Trust Deed.

### **7.1.12**

The Manager is also the UK AIFM of the COIF Charities Investment Fund, COIF Charities Ethical Investment Fund, COIF Charities Global Equity Fund, COIF Charities Short Duration Bond Fund, COIF Charities Property Fund, COIF Charities Deposit Fund and the Local Authorities' Property Fund (all unauthorised UK AIFs).

### **7.1.13**

The Manager has delegated certain functions, summaries of which are set out below.

## **7.2 Investment Management**

### **7.2.1**

As at the date of this Prospectus, the Manager has appointed CCLA Investment Management Limited (part of the Jupiter Group) as Investment Manager to the Trust and the Sub-Funds. The Investment Manager was appointed by an agreement dated 3 March 2021 between the Manager and the Investment Manager, as amended from time to time (**Investment Management Agreement**).

### **7.2.2**

The Investment Manager is authorised and regulated by the Financial Conduct Authority in the conduct of investment business in the UK and is entered on the Financial Services Register under number 119281. The Investment Manager's registered office is at One Angel Lane, London EC4R 3AB. The principal business activity of the Investment Manager is the provision of investment management services. CCLA Investment Management Limited is an Associate of the Manager and Jupiter Fund Management plc.

### **7.2.3**

In the exercise of the Manager's investment functions, the Investment Manager shall (subject to the overall policy and supervision of the Manager) have full power, authority and right to exercise the functions, duties, powers and discretions exercisable by the Manager under the Trust Deed and the Regulations to manage the investment of the Scheme Property of the Trust and/or Sub-Funds. The Investment Manager has full power to delegate under the Investment Management Agreement subject to the Regulations and the prior authorisation and/or consent (as applicable) of the Manager.

### **7.2.4**

The Investment Management Agreement may be terminated by either party on not less than 60 Business Days' written notice to the other, or immediately by the Manager if it is in the best interest of investors, or by written notice given by either party on the happening of certain events involving any material breach or insolvency.

### **7.2.5**

The Investment Manager is entitled to a fee out of that paid to the Manager, as explained below in paragraph 20.

## **7.3 The Administrator and Fund Accountant**

### **7.3.1**

On behalf of the Trust the Manager has appointed HSBC Bank plc to provide fund accounting and other administration services to the Trust.

The registered office of HSBC Bank plc is 8 Canada Square, London E14 5HQ.



## **7.4 The Registrar and Transfer Agent**

### **7.4.1**

On behalf of the Trust the Manager has appointed FNZ TA Services Limited to act as registrar and transfer agent for the Trust.

The registered office of the Registrar is 7<sup>th</sup> Floor, 2 Redman Place, London E20 1JQ.

The Register of Unitholders is kept and maintained at 7<sup>th</sup> Floor, 2 Redman Place, London E20 1JQ.

### **7.4.2 Register of Unitholders**

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

## **8. The Trustee**

### **8.1**

The Trustee acts as a trustee and depositary of the Trust. The Trustee is appointed as trustee under the Trust Deed. The Trustee provides its services as depositary to the Trust pursuant to the Depositary Services Agreement dated 19 January 2021 between the Manager and the Trustee and for the purposes of and in compliance with the UK AIFMD Measures and the relevant FCA Rules.

### **8.2**

The Trustee is a public limited company incorporated in England and Wales with company registration number 00014259. HSBC Bank plc is a wholly-owned subsidiary of HSBC Holdings plc. The Trustee's registered and head office is located at 8 Canada Square, London E14 5HQ and the principal business activity of the Trustee is the provision of financial services, including trustee and depositary services. HSBC Bank plc is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

### **8.3**

The Trustee is a charity trustee in respect of the Trust for the purposes of the Charities Act.

### **8.4**

The Trustee provides services to the Trust as set out in the Depositary Services Agreement and, in doing so, shall comply with the UK AIFMD Measures, the relevant FCA Rules and the terms of the Trust Deed.

### **8.5**

The Trustee's duties include the following in respect of the Trust and each Sub-Fund as applicable:

### **8.5.1**

Ensuring that the Sub-Funds' cash flows are properly monitored and that all payments made by or on behalf of applicants upon the subscription to Units of the Sub-Fund

### **8.5.2**

Safekeeping the assets of the Sub-Funds, which includes (i) holding in custody all financial instruments that can be physically delivered to the Trustee; and (ii) verifying the ownership of other assets and maintaining records accordingly.

### **8.5.3**

Ensuring that issues, redemptions and cancellations of the Units of the Sub-Funds are carried out in accordance with applicable law and the relevant FCA Rules and Trust Deed.

### **8.5.4**

Ensuring that the value of the Units of the Sub-Funds are calculated in accordance with applicable law and the relevant FCA Rules and the Trust Deed.

### **8.5.5**

Carrying out the instructions of the Manager, unless they conflict with applicable law and the relevant FCA Rules or the Trust Deed.

### **8.5.6**

Ensuring that in transactions involving the Sub-Funds' assets any consideration is remitted to the relevant Sub-Fund within the usual time limits.

### **8.5.7**

Ensuring that the Sub-Funds' income is applied in accordance with applicable law and the relevant FCA Rules and the Trust Deed.

### **8.6**

The appointment of the Trustee as depositary under the Depositary Services Agreement may be terminated without cause by not less than 90 days' written notice provided that the Depositary Services Agreement does not terminate until a replacement trustee has been appointed. In addition, the Trustee must not retire voluntarily except upon the appointment of a new trustee. Where the Trustee wishes to retire or ceases to be an authorised person the Manager may, subject to FCA and Charity Commission approval, appoint another person eligible to be the trustee in its place.

### **8.7**

The Trustee may delegate its safekeeping functions subject to the terms of the Depositary Services Agreement.

## **8.8**

Unitholders have no personal right to directly enforce any rights or obligations under the Depositary Services Agreement.

## **8.9**

In general, the Trustee is liable for losses suffered by the Trust or a Sub-Fund as a result of its negligence or wilful default to properly fulfil its obligations. Subject to the paragraph below, and pursuant to the Depositary Services Agreement, the Trustee will be liable to the Trust or Sub-Fund as applicable for the loss of financial instruments of the Trust or Sub-Fund which are held in its custody. The Trustee will not be indemnified out of the Scheme Property for the loss of financial instruments where it is so liable.

## **8.10**

The liability of the Trustee will not be affected by the fact that it has delegated safekeeping to a third party save where this liability has been lawfully discharged to a delegate. Any such discharge will be notified to the Unitholders and consent will be obtained from the Manager to such delegation and discharge. At the date of this Prospectus, the Trustee has not discharged its liability for the safekeeping of assets in its safekeeping.

## **8.11**

The Trustee will not be liable where the loss of financial instruments arises as a result of an external event beyond the reasonable control of the Trustee, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary. The Trustee shall not be liable for any indirect, special or consequential loss.

## **8.12**

In the event there are any changes to the Trustee's liability under the UK AIFMD Measures and the relevant FCA Rules, the Manager will inform Unitholders of such changes without delay.

## **8.13**

From time to time actual or potential conflicts of interest may arise between the Trustee and its delegates, for example, and without prejudice to the generality of the foregoing, where an appointed delegate is an affiliated group company and is providing a product or service to the Trust or a Sub-Fund and has a financial or business interest in such product or service or where an appointed delegate is an affiliated group company which receives remuneration for other related products or services it provides to the Trust or a Sub-Fund. The Trustee maintains a conflict of interest policy to address this.

## **8.14**

In addition, actual or potential conflicts of interest may also arise between the Trust, a Sub-Fund, the Unitholders or the Manager on the one hand and the

Trustee on the other hand. For example, such actual or potential conflict may arise because the Trustee is part of a legal entity or is related to a legal entity which provides other products or services to the Trust, a Sub-Fund or the Manager and from which fees and profits in relation to the provision of those products or services may arise and from which the Trustee may benefit directly or indirectly. In addition, the Trustee may have a financial or business interest in the provision of such products or services, or receives remuneration for related products or services provided to the Trust, a Sub-Fund, or may have other clients whose interests may conflict with those of the Trust, a Sub-Fund, the Unitholders or the Manager.

## **8.15**

In particular, HSBC Bank plc may provide foreign exchange services to the Trust or a Sub-Fund for which they are remunerated out of the property of the relevant Sub-Fund. HSBC Bank plc or any of its affiliates or connected persons may also: act as market maker in the investments of a Sub-Fund; provide broking services to a Sub-Fund and/or to other funds or companies; act as financial adviser, banker, derivatives counterparty or otherwise provide services to the issuer of the investments of a Sub-Fund; act in the same transaction as agent for more than one client; have a material interest in the issue of the investments of a Sub-Fund; or earn profits from or have a financial or business interest in any of these activities.

## **8.16**

The Trustee will ensure that any such additional services provided by it or its affiliates are on terms which are not materially less favourable to the Trust or a Sub-Fund than if the conflict or potential conflict had not existed.

## **8.17**

The Trustee has a conflict of interest policy in place to identify, manage and monitor on an on-going basis any actual or potential conflict of interest. The Trustee has functionally and hierarchically separated the performance of its trustee tasks from its other potentially conflicting tasks. The system of internal controls, the different reporting lines, the allocation of tasks and the management reporting allow potential conflicts of interest and any other trustee issues to be properly identified, managed and monitored.

## **8.18**

The fees to which the Trustee is entitled are set out in paragraph 20.7.



## 9. The Auditors

### 9.1

The auditors of the Trust are Deloitte LLP of 110 Queen Street, Glasgow G1 3BX.

### 9.2

The Auditors shall, with respect to the assets of the Trust, carry out their duties in accordance with all applicable laws, rules and regulations, including the audit of the accounting information contained in the annual report of the Trust.

## 10. Unitholders Rights Against Service Providers

It should be noted that Unitholders will not have any direct contractual rights against the Service Providers of the Trust or a Sub-Fund appointed from time to time.

This is without prejudice to any right a Unitholder may have to bring a claim against an FCA authorised Service Provider, such as the Manager, the Investment Manager or the Trustee under section 138D of the FSMA (as a result of a breach of the FCA Rules by such Service Provider), or any tortious or contractual right of action.

Additionally, Unitholders may be eligible for compensation under the FSCS if they have claims against the Manager or another FCA authorised Service Provider who is in default. As set out in paragraph 27.7 there are limits on the compensation available. Further information about the FSCS is available at [www.fscs.org.uk](http://www.fscs.org.uk).

See paragraph 8 for further information on the Trustee's liability.

## 11. Governing Law

### 11.1

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

### 11.2

By applying for Units in a Sub-Fund, the Unitholder agrees to be bound by the Trust Deed and this Prospectus (as may be amended from time to time). The Trust, the Trust Deed and this Prospectus are governed by the laws of England and Wales. The Trust, the Manager and Unitholders will be subject to the exclusive jurisdiction of the courts of England and Wales to settle any dispute or claim arising out of or in connection with a Unitholder's investment in a Sub-Fund or any related matter. The laws of England and Wales provide a number of legal mechanisms for the recognition and enforcement of judgments.

## 12. Past Performance

Past performance data (to the extent it is available) in respect of each Sub-Fund is shown in Annexure 4.

## 13. The Trust's Investment Objective

### 13.1

The Trust is structured as an umbrella-type CAIF and different Sub-Funds may be established from time to time by the Manager with the agreement of the Trustee and the approval of the FCA. The investment objective and policy of each Sub-Fund will be formulated by the Manager at the time of creation of the relevant Sub-Fund, and may be varied from time to time subject to the requirements regarding Unitholder approval and FCA consent as set out in the Regulations.

### 13.2

The fundamental investment objective of the Trust is to invest the property of the Trust with the aim of spreading investment risk and giving Unitholders the benefit of the results of the management of that property. The types of investments and assets in which the property of the Trust may be invested are:

#### 13.2.1

transferable securities;

#### 13.2.2

money market instruments;

#### 13.2.3

units in collective investment schemes;

#### 13.2.4

deposits;

#### 13.2.5

derivatives and forward transactions;

#### 13.2.6

immovable property;

#### 13.2.7

and gold and other assets in line with the investment and borrowing powers of a NURS scheme to which the Trust and the Sub-Funds will be subject, as summarised in Annexure 3.

## 14. Characteristics of Units in the Trust

### 14.1

Each Unit represents a share in the Scheme Property of a Sub-Fund. The nature of the right represented by Units is that of a beneficial interest under a trust.

## **14.2**

Unitholders are not liable for the debts of the Sub-Fund.

## **14.3**

Except as otherwise set out expressly in the Trust Deed, Unitholders are not liable to make any further payment after they have paid the price of their Units.

## **14.4**

The Sub-Funds issue larger and smaller denomination Units in the ratio of 1:1000. Smaller denomination Units represent what, in other terms, might be called fractions of a larger Unit and have proportionate rights.

## **14.5**

Units have no par value and, within each Class in each Sub-Fund subject to their denomination, are entitled to participate equally in the profits arising in respect of, and in the proceeds of, the termination of the relevant Sub-Fund or the winding up of the Trust.

## **14.6**

Units do not carry preferential or pre-emptive rights to acquire further Units.

## **14.7**

All Units are in registered form. Certificates are not issued in respect of the Units. Ownership will be evidenced by entry on the Register of Unitholders. At least twice a year, or quarterly if requested, the Registrar will send to each current Unitholder a statement setting out their current holding of Units. A statement of holdings is also available monthly via the CCLA Digital Portal.

## **14.8**

The Units may only be held by Eligible Investors as described in paragraph 2.5. If the Manager reasonably believes that the Units are held otherwise than by Eligible Investors, the Manager may take action as set out in paragraph 2.5 and/or paragraph 15.13 to ensure that the Units are held only by Eligible Investors in accordance with the Regulations.

## **14.9**

Classes of Units may be established from time to time by the Manager with the agreement of the Trustee and in accordance with the Trust Deed and the Regulations. Different Classes may:

### **14.9.1**

have differing charging structures, minimum investment levels and eligibility provision; and

### **14.9.2**

be offered to different investors.

On the introduction of any new Class, a revised Prospectus will be prepared setting out the details of each new Class. Annexure 1 contains specific details

of the characteristics of Classes comprised within each Sub-Fund.

## **14.10**

If a Unitholder ceases to be an Eligible Investor, or where the Unitholder has failed to provide within 10 Business Days of a request from the Manager such documentation as the Manager may require in order to confirm the Unitholder eligibility, or where the Unitholder fails to meet any other investment criteria for that Sub-Fund or Class the Manager may in its sole discretion redeem that Unitholder's Units.

## **14.11**

Unitholders will be liable for any tax suffered by the Trust or any Sub-Fund in which they are invested which arises as a consequence of that Unitholder ceasing to be an Eligible Investor.

## **14.12**

In such scenarios the Unitholder bears any consequent risks, including that of market movement.

## **14.13**

The net proceeds from subscriptions to a Sub-Fund will be invested in the specific pool of assets constituting that Sub-Fund. The Trust will maintain for each current Sub-Fund a separate pool of assets, each invested for the exclusive benefit of the Unitholders in the relevant Sub-Fund.

## **14.14**

To the extent that any Scheme Property, or any assets to be received as part of the Scheme Property, or any costs, charges or expenses to be paid out of the Scheme Property, are not attributable to one Sub-Fund only, the Manager will allocate such Scheme Property, assets, costs, charges or expenses between Sub-Funds in a manner which is fair to all Unitholders of the Trust.

## **14.15**

The Units are not listed or dealt on any investment exchange.

## **14.16**

Units are made available as either Income or Accumulation Units. Holders of Income Units will be entitled to be paid the distributable income attributed to those Units. Holders of Accumulation Units have income automatically transferred to the capital assets of the relevant Sub-Fund at each distribution period. This income is reflected in the price of an Accumulation Unit.

## **14.17**

Unitholders are entitled (subject to certain restrictions, in particular as regards meeting the eligibility criteria) to Convert all or part of their Units in a Class in a Sub-Fund for Units of another Class

within the same Sub-Fund, where available, or to Switch them for Units of any Class within a different Sub-Fund of the Trust. Details of these Conversion and Switching facilities and the restrictions are set out in paragraph 15.7 for Switching and paragraph 15.8 in the case of Conversions.

#### **14.18**

The Manager will neither sell nor redeem (as those terms are defined in the FCA Rules) Units for its own account.

## **15. Buying, Redeeming and Switching Units**

### **15.1 How to purchase Units**

#### **15.1.1**

Except during periods of temporary suspension, the Registrar will accept orders for the purchase of Units on any Business Day between 9:00am and 5:00pm. It is intended that issues of Units will normally be made with effect from a Dealing Day in respect of applications received and payment made on or prior to the relevant Dealing Deadline.

#### **15.1.2**

Applications to purchase Units for the first time should be made by completion of the account application form and a buy Units form (which are available from the Manager's website: [www.ccla.co.uk](http://www.ccla.co.uk)), together with such other documents and information that the Manager/Registrar may require regarding the investor (including the investor being an Eligible Investor) and submitted to the Registrar by post to CCLA, PO Box 12892, Dunmow, Essex CM6 9DL.

#### **15.1.3**

Applications to purchase additional Units should be made by completion of a buy Units form and submitted to the Registrar by post to CCLA, PO Box 12892, Dunmow, Essex CM6 9DL or by fax to the Registrar on 0844 8801 559 or, provided an email instructions authority form has been completed (which is available as part of the account application form or separately on the Manager's website), by email to the Registrar at [claclientservices@fnztaservices.com](mailto:claclientservices@fnztaservices.com) or by such other means as the Manager may from time to time permit. All applications to purchase Units should be received by the Registrar on or prior to the relevant Dealing Deadline. Subject to the receipt of complete and valid applications and the remaining provisions of this paragraph 15, applications to buy Units received by the Registrar prior to the Dealing Deadline for any Dealing Day will be dealt with at the price calculated at the Valuation Point on that Dealing Day. By completing the form, the investor will confirm that they have received, read and understood the Key Information Document.

#### **15.1.4**

If an application is received after the relevant Dealing Deadline for the relevant Dealing Day, the application shall (unless otherwise determined by the Manager/Registrar) be deemed to have been received by the following relevant Dealing Deadline. There is no right of withdrawal after acceptance by the Registrar. However, the Registrar (at its discretion and in consultation with the Manager) may allow a Unitholder or potential Unitholder to withdraw their application for Units if such a request is made prior to the relevant Dealing Deadline.

#### **15.1.5**

If payment in full in cleared funds in respect of an application has not been received by the relevant Dealing Deadline or in the event of non-clearance, any provisional allotment of Units made in respect of such application may be cancelled. In such circumstances the Manager may charge the applicant for any expense incurred by the Sub-Fund and for any loss to the Sub-Fund arising out of such non-receipt or non-clearance.

#### **15.1.6**

Subscription monies in respect of Units are payable in GBP by bank transfer to the account details of which are set out in the buy Units form.

#### **15.1.7**

The Manager may conduct source of funds checks in relation to application monies received and reserves the right to reject applications where it does not have satisfactory evidence as to the applicant's source of funds. In particular, where monies are paid by bank transfer, payments may be rejected unless:

#### **15.1.8**

the payment is accompanied by a duly completed and signed buy Units form; and

#### **15.1.9**

such funds are paid from a bank account which has previously been notified to the Manager/Registrar as the applicant's nominated bank account AND the payee includes the applicant's transfer agency account number within the "payee reference" field.

#### **15.1.10**

Any subscription monies remaining after a whole number of Units have been issued will not be returned to the applicant. Instead, smaller denomination Units will be issued.

Purchase contract notes will usually be issued by the end of the Business Day following the allocation of Units to the Unitholder and will set out the number of Units purchased, and the price paid. Registration of Units can only be completed by the Registrar on behalf of the Manager upon receipt of any required registration details.

#### **15.1.11**

In addition, income information provided in respect of periodic distributions on Units will show the number of Units held by the recipient at the end of the period.

#### **15.1.12**

Details of the initial charge payable on purchase of Units (if any) are set out in Annexure 1.

#### **15.1.13**

Units may not be issued or redeemed during any period of suspension which is more fully described in paragraph 15.14.

#### **15.1.14**

No interest will be paid on monies held prior to investment.

#### **15.1.15**

A purchase of Units in writing or via any other communication media made available is a legally binding contract. Applications to purchase, once made, are, except in the case where cancellation rights are applied, irrevocable. However, subject to its obligations under the Regulations, the Manager/Registrar has the right to reject, on reasonable grounds, any application for Units in whole or part, and in this event the Manager/Registrar will return any money sent, or the balance of such monies, at the risk of the applicant.

### **15.2 In specie purchase**

#### **15.2.1**

The Manager may, at its discretion (with the prior permission of the Trustee), arrange for the issue of Units in exchange for assets other than cash, but will only do so where the Trustee has taken reasonable care to determine that a Sub-Fund's acquisition of those assets in exchange for the Units concerned is not likely to result in any material prejudice to the interests of Unitholders.

#### **15.2.2**

The Manager will ensure that the beneficial interest in the assets is held for the Unitholders in the relevant Sub-Fund with effect from the issue of the Units.

#### **15.2.3**

The Manager will not issue Units in any Sub-Fund in exchange for assets the holding of which would be inconsistent with the investment objective or policy of that Sub-Fund.

### **15.3 Redeeming Units**

#### **15.3.1**

Requests for the redemption of Units should be made by completion of a sell Units form (which is available from the Manager's website:

[www.ccla.co.uk](http://www.ccla.co.uk)) and submitted to the Registrar by post to CCLA, PO Box 12892, Dunmow, Essex CM6 9DL or by fax to the Registrar on 0844 8801 559 or, provided an email instructions authority form has been completed, by e-mail to the Registrar at [cclaclientservices@fnztaservices.com](mailto:cclaclientservices@fnztaservices.com) or by such other means as the Manager may from time to time permit.

#### **15.3.2**

Requests to sell Units received by the Registrar up to the Dealing Deadline for any Dealing Day will be dealt with at the price calculated at the Valuation Point for that Dealing Day. Requests to sell Units received after the Dealing Deadline for a Dealing Day will be dealt with at the price calculated at the Valuation Point for the following Dealing Day. The Registrar on behalf of the Manager can require that requests to sell Units are confirmed in writing, together with any such other information as the Manager may reasonably require. Once made there is no right to withdraw from any request for the sale of Units. However, the Manager (at its discretion) may allow a Unitholder to withdraw their request to sell Units if such a request is made prior to the relevant Dealing Deadline.

#### **15.3.3**

Details of the redemption charge payable on the sale of Units (if any) are set out in Annexure 1.

#### **15.3.4**

The Manager may determine from time to time a minimum value of Units which may be issued. Unitholders must retain the minimum holding of Units for a particular Class, or redeem their entire holding save that the Manager in its discretion may permit a Unitholder to hold less than the specified minimum of a Class.

#### **15.3.5**

On the agreement of the Trustee, Units in respect of a Sub-Fund may on occasion be created or cancelled directly through the Manager, in accordance with the relevant provisions of the COLL Sourcebook.

#### **15.3.6**

Contract notes will usually be issued within 24 hours of the relevant Dealing Day, giving details of the number of Units redeemed and the price paid to the Unitholder.

### **15.4 In specie redemption**

Where a Unitholder requests the redemption of Units, the Manager may at its discretion (with the prior permission of the Trustee) arrange to cancel the Units and transfer certain identified Scheme Property to the Unitholder, instead of paying the price of the Units in cash provided this is unlikely to materially prejudice the interests of Unitholders. The Manager will serve a written notice on the Unitholder

that it proposes to make the in specie redemption. The selection of the Scheme Property will be made by the Manager in consultation with the Trustee with a view to ensuring that the redeeming Unitholder is not advantaged or disadvantaged vis-à-vis the continuing Unitholders.

## **15.5 Settlement**

### **15.5.1**

In the case of subscriptions, cleared funds must be received before the Dealing Deadline unless otherwise permitted by the Manager. Registration of Units is usually completed no later than two Business Days after the Dealing Day.

### **15.5.2**

In the case of redemptions, proceeds will be paid to a specified account at the Unitholder's risk and expense. Redemption proceeds will usually be paid no later than two Business Days after receipt of the correctly completed redemption documents or the sale date, whichever is later.

## **15.6 Deferred Redemptions**

If requested redemptions across all Classes of a Sub-Fund on a particular Dealing Day exceed 10% of the value of a Sub-Fund, redemptions of Units may be deferred to the next Valuation Point. Any such deferral will only be undertaken in such manner as to ensure consistent treatment of all Unitholders who had sought to redeem Units at the Valuation Point at which redemptions were deferred.

Deferral will be pro-rated based on the value of Units being redeemed (provided that the Manager may determine in its discretion a value threshold below which all redemptions will be effected and above which the foregoing pro rata deferral shall apply) and so that all deals relating to an earlier Valuation Point are completed before those relating to a later Valuation Point are considered.

## **15.7 Switching of Units**

### **15.7.1**

Subject to any restrictions on the eligibility of investors for a particular Class, a Unitholder may at any time Switch all or some of their Units of one Sub-Fund (**Original Units**) for Units of another Sub-Fund (**New Units**) in the Trust, subject to the transferee Sub-Fund having an appropriate Class for the switching Unitholder. The number of New Units issued will be determined by reference to the respective prices of New Units and Original Units at the Valuation Point applicable at the time the Original Units are redeemed and the New Units are issued.

### **15.7.2**

Switching may be effected by contacting the Registrar acting on behalf of the Manager in the

same way as redemptions and the Unitholder may be required to complete a Switching form.

### **15.7.3**

The Manager may, at its discretion, make a charge on the Switching of Units between Sub-Funds. Any such charge on Switching does not constitute a separate charge payable by a Unitholder but is rather the application of any redemption charge on the Original Units and any initial charge on the New Units, subject to certain waivers. For details of the charges on Switching currently payable, please see paragraph 15.11. The Manager may adjust the number of New Units to be issued to reflect the application of any charge on Switching together with any other charges or levies in respect of the application for the New Units or redemption of the Original Units as may be permitted pursuant to the COLL Sourcebook.

### **15.7.4**

If a partial Switch would result in the Unitholder holding a number of Original Units or New Units of a value which is less than the minimum holding in the Class concerned as determined by the Manager from time to time, the Manager may, if it thinks fit, Switch the whole of the applicant's holding of Original Units to New Units (and make a charge on Switching) or refuse to effect any Switch of the Original Units. Save as otherwise specifically set out, the general provisions on procedures relating to redemption will apply equally to a Switch.

### **15.7.5**

Where Switching is possible, the Registrar will carry out instructions to Switch Units as soon as possible but this may not be at the next Valuation Point and instructions may be held over and processed with Switching instructions given by other Unitholders and in some cases, may not be effected until the end of the relevant accounting period.

Unitholders should contact the Manager for further information on when a Switch may be effected.

### **15.7.6**

A Unitholder who Switches Units in one Sub-Fund for Units in any other Sub-Fund will not be given a right by law to withdraw from or cancel the transaction.

## **15.8 Conversion of Units**

### **15.8.1**

Subject to any eligibility criteria in relation to a Class, Unitholders are permitted to Convert their Units in one Class in a Sub-Fund for Units of another Class (if any) in the same Sub-Fund.

### **15.8.2**

Conversions will be effected by the Registrar recording a change of Class on the Register.

### **15.8.3**

Investors should note that whilst Conversions are permitted, opportunities for Conversions may be limited.

### **15.8.4**

Where Conversions are possible, the Registrar will carry out instructions to Convert Units as soon as possible but this may not be at the next Valuation Point and instructions may be held over and processed with Conversion instructions given by other Unitholders and in some cases, may not be effected until the end of the relevant accounting period.

Unitholders should contact the Manager for further information on when a Conversion may be effected.

### **15.8.5**

The number of Units to be issued in the new Class will be calculated relative to the latest price of the Units being Converted and the Units being issued.

### **15.8.6**

Where a Conversion of Units would, if effected in accordance with the terms of any Conversion notice, result in a Unitholder holding less than the permitted minimum holding (by number or value) of Units in either Class as the Manager may determine from time to time and as set out in the Prospectus from time to time, then the Manager may (at its discretion) decide either to:

- a) treat the Unitholder in question as having served a Conversion notice in respect of their entire holding of Units; or
- b) refuse to give effect to the Conversion notice in question.

### **15.8.7**

For the avoidance of doubt, each Conversion notice shall relate only to the Conversion of Units of a single Class.

### **15.8.8**

The Manager may at its discretion make a charge on the Conversion of Units between Classes in a Sub-Fund. For details of the charges on Conversion currently payable, please see paragraph 15.11 “Dealing Charges”.

## **15.9 Transfers**

### **15.9.1**

Unitholders are entitled to transfer their Units to another Unitholder but only if that other Unitholder is an Eligible Investor.

### **15.9.2**

All transfers must be in writing in the form of an instrument of transfer approved by the Manager for this purpose. Completed instruments of transfer

must be returned to the Manager in order for the transfer to be registered by the Registrar on behalf of the Manager. The instrument of transfer requires the transferee to provide evidence to the satisfaction of the Manager that the transferee is an Eligible Investor and such other documents and information as the Manager may require to ensure that the proposed investor is eligible to invest in the same Class as the transferring Unitholder. The Manager therefore needs to be informed as soon as practicable about any potential transfer, at which time it will let both the transferee and the transferor Unitholder know what is required. The Registrar on behalf of the Manager will refuse to register a transfer unless this documentation and information it requires is provided to it.

## **15.10 Minimum Subscriptions**

### **15.10.1**

The minimum initial subscriptions for each Class in a Sub-Fund are set out in Annexure 1.

### **15.10.2**

If following a redemption, transfer, Switch or Conversion a holding in any Class should fall below the minimum holding as the Manager may determine from time to time for that Class, the Manager has discretion to effect a redemption of that Unitholder's entire holding in that Class. The Manager may use this discretion at any time. Failure not to do so immediately after such redemption, transfer, Switch or Conversion does not remove this right.

## **15.11 Dealing Charges**

### **15.11.1**

The Manager may levy an initial charge on the purchase of Units, which will be added to the price of Units and will be paid by the Unitholder to the Manager. The current initial charge (if any) is specified in Annexure 1.

### **15.11.2**

The Manager may levy a redemption charge. If charged, the charge will be deducted from the price of the Units being redeemed and will be paid by the Unitholder to the Manager. The current redemption charge (if any) is specified in Annexure 1.

### **15.11.3**

The Manager may levy a charge for Switching.

## **15.12 Dilution Adjustment**

### **15.12.1**

The actual cost of purchasing or selling investments may be higher or lower than the mid-market value used in calculating the Unit price. For example, due to dealing charges or through dealing at prices other than the mid-market price. This may have an adverse



effect on the Unitholders' interest in the relevant Sub-Fund. This effect is known as "dilution" and may affect the future growth of the relevant Sub-Fund. Therefore, once the single price of a Unit has been determined (in accordance with paragraph 17.2) a dilution adjustment will be applied to the price in accordance with the policy outlined below. This is known as "single swing pricing" i.e. the price swings in response to particular circumstances to mitigate the effects of dilution.

#### **15.12.2**

When there are net inflows to a Sub-Fund, a dilution adjustment increases the price (price swings up) and when there are net outflows from a Sub-Fund, the dilution adjustment reduces the price (price swings down). This is to reflect the true cost of purchasing or selling Units in a Sub-Fund. These costs are estimated and can vary over time depending on prevailing dealing spreads and market transaction costs and as a result the dilution adjustment will also vary over time.

#### **15.12.3**

Any dilution adjustment is imposed for the protection of existing Unitholders to prevent inflows and outflows adversely affecting their interests through the costs referred to above. Neither the Manager nor any introducing agent in any way benefits from the imposition of a dilution adjustment.

#### **15.12.4**

The Manager's policy is to make a dilution adjustment when it believes that it is in the interests of Unitholders to do so. For example:

- a) when a Sub-Fund is typically expanding the Manager may operate a dilution adjustment on a semi-permanent basis to reflect the trend of net inflows to that Sub-Fund. The effect is that the price will swing up. However, in the event of a large outflow on a particular day, the price will swing down; and
- b) when a Sub-Fund is typically contracting the Manager may operate a dilution adjustment on a semi-permanent basis to reflect the trend of net outflows from the Sub-Fund. The effect is that the price will swing down. However, in the event of a large inflow on a particular day, the price will swing up.

#### **15.12.5**

Notwithstanding the above, the Manager reserves the right to impose or amend a dilution adjustment where the Manager is of the opinion that it is in the interests of the Unitholders to do so.

#### **15.12.6**

The Manager would typically expect to make a dilution adjustment whenever there are inflows to or outflows from the Sub-Funds. It is not possible to predict accurately how frequently the Manager will

need to make such a dilution adjustment in respect of a particular Sub-Fund, as this is dependent on inflows to or outflows from that Sub-Fund.

#### **15.12.7**

The Manager will review previous dilution adjustments made on at least a quarterly basis or dependent on prevailing market conditions.

#### **15.12.8**

The Manager may alter its dilution policy either by Unitholder consent pursuant to the passing of a resolution to that effect at a properly convened meeting of Unitholders and by amending this Prospectus or by giving Unitholder's notice and amending the Prospectus 60 days before the change to the dilution policy is to take effect.

#### **15.12.9**

The rates of the dilution adjustment at the time of this Prospectus for each Sub-Fund are as set out in Annexure 1.

### **15.13 Restrictions, Compulsory Redemption and Compulsory Transfer**

#### **15.13.1**

The Manager may compulsorily Convert, Switch, redeem or cancel Units where to do so is considered by the Manager to be in the best interests of Unitholders. The Manager will give affected Unitholders reasonable written notice before using this power unless the following paragraphs apply.

#### **15.13.2**

In addition to the Eligible Investor requirements referred to in paragraph 2.5, the Manager may from time to time impose such restrictions as it may think necessary for the purpose of ensuring that no Units are acquired or held by any Unitholder in breach of the law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory or which would result in the Sub-Funds incurring any liability to taxation which the Sub-Fund is not able to recoup itself or suffering any other adverse consequence.

#### **15.13.3**

In this connection, the Manager has discretion to reject any application for the purchase, redemption, transfer, Conversion or Switch of Units.

#### **15.13.4**

If it comes to the notice of the Manager that any Units (**Affected Units**):

- a) are owned directly or beneficially in breach of any law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory; or

- b) would result in the Trust incurring any liability to taxation which the Trust would not be able to recoup itself 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); or
- c) are held in any manner by virtue of which the Unitholder or Unitholders in question is/are not qualified to hold such Units (this being in addition to the Eligible Investor criteria referred to in paragraph 2.5.1) or if it reasonably believes this to be the case; or
- d) are held in a manner which constitutes a breach of the Trust Deed or this Prospectus as to eligibility or entitlement to hold any Units,

the Manager may give notice to the Unitholder(s) of the Affected Units requiring full redemption of their Units in accordance with the Regulations. If any Unitholder upon whom such a notice is served does not within 10 Business Days after the date of such notice transfer their Units to a Unitholder qualified to own them or submit a written request for their redemption to the Manager or establish to the satisfaction of the Manager (whose judgement is final and binding) that Unitholder or the beneficial owner is qualified and entitled to own the Affected Units, they shall be deemed upon the expiry of that ten day period to have given a request in writing for the redemption or cancellation (at the discretion of the Manager) of all the Affected Units.

#### **15.13.5**

A Unitholder who becomes aware that they are holding or owns Affected Units shall immediately, unless they have already received a notice as set out above, either transfer all their Affected Units to a Unitholder qualified to own them or submit a request in writing to the Manager for the redemption of all their Affected Units.

#### **15.13.6**

Where a request in writing is given or deemed to be given for the redemption of Affected Units, such redemption will (if effected) be effected in the same manner as provided for in the COLL Sourcebook.

#### **15.13.7**

In addition, where the Manager considers it is in the best interests of Unitholders, the Manager may Convert a Unitholder's holding in one Class to another Class in the same Sub-Fund. The Manager shall give prior written notice to the Unitholders concerned of the proposed Conversion, including details of the new Class and reminding Unitholders of their rights to redeem.

### **15.14 Suspension of dealings in the Trust or a Sub-Fund**

#### **15.14.1**

The Manager may, with the prior agreement of the Trustee, and must without delay if the Trustee so requires, temporarily suspend the issue, cancellation, sale and redemption of Units in any or all of the Sub-Funds where due to exceptional circumstances it is in the interests of all the Unitholders in the relevant Sub-Fund or Sub-Funds. The Manager and the Trustee must ensure that the suspension is only allowed to continue for as long as is justified having regard to the interests of Unitholders.

#### **15.14.2**

On suspension, the Manager or the Trustee (as appropriate) must immediately inform the FCA of the suspension and the reasons for its action. Suspension will cease as soon as practicable after the exceptional circumstances leading to the suspension have ceased but the Manager and the Trustee will formally review the suspension at least every 28 days and will inform the FCA of the review and any change to the information given to Unitholders.

#### **15.14.3**

The Manager will ensure that a notification of the suspension is sent to Unitholders as soon as is practicable after the commencement of the suspension. The Manager will also publish details on its website or other general means, sufficient details to keep Unitholders appropriately informed about the suspension, including, if known, its possible duration.

#### **15.14.4**

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

#### **15.14.5**

The Manager may agree during the suspension to accept orders in relation to Units in which case all deals accepted during and outstanding prior to the suspension will be undertaken at a price calculated at the first Valuation Point after the restart of dealings in Units. All redemption requests will be allocated on a pro-rata basis at the time of the first Dealing Day after the restart of dealings in Units.

### **15.15 Money Laundering**

#### **15.15.1**

The Manager must comply with and operate in accordance with the Money Laundering Regulations as applicable from time to time. The Manager/Registrar may in its absolute discretion



require verification of identity of any investor (including the identity of individual trustees) buying, selling, Switching or transferring Units. If satisfactory verification is not forthcoming, the Manager/Registrar reserves the right to refuse to complete the transaction. In the case where Units are being sold, the remittance of the proceeds may be delayed until proof of identity has been obtained.

#### 15.15.2

Electronic identity checks may be undertaken on the Unitholder named in applications to purchase or redeem Units.

#### 15.15.3

In the case of a purchase of Units where the applicant is not willing to provide the information requested within a reasonable period, the Manager also reserves the right to sell the Units purchased and return the proceeds to the account from which the subscription was made at the risk of the applicant. These proceeds may be less than the original investment.

### 15.16 Market Timing and Late Trading

#### 15.16.1

The repeated purchasing and selling of Units in response to short-term market fluctuations is known as **“market timing”**. The Manager has a policy to prevent market timing and late trading. As part of its policy, the Manager may refuse to accept an application for Units from Unitholders that they reasonably believe are engaged in these practices.

#### 15.16.2

Late trading is the practice of the placing and acceptance of an order to buy, sell, Convert or Switch Units after a Sub-Fund's Valuation Point for that Dealing Day and is not permitted.

## 16. Client Money

### 16.1

The Manager is obliged to comply with the FCA's Client Money Asset Rules (**“CASS”**) where it holds client money (as defined by CASS).

Client money typically arises during the creation and redemption processes where a Unitholder passes money to the Manager for the purpose of investing in Units or the Manager passes money due to the Unitholder as the result of the redemption of Units. All subscriptions are received into a client money account and all redemptions are passed into, and paid from, a client money account. Unitholders should note that in their dealings in Units the Manager is responsible for arranging for the issue and the cancellation of the Units.

### 16.2

#### **Money received for subscription or redemption of**

**Units:** Any money which is received by the Manager prior to investment in a Sub-Fund or following a redemption of Units will be held in accordance with the FCA's client money rules. Where the Manager is required to protect client money it will deposit the cash in the UK with an authorised bank to be held on its behalf in a 'client money' account separate to any account used to hold money belonging to the Manager in its own right. Interest will not be paid on cash balances held in the client money account. The purpose of client money accounts is to protect Unitholders' money should the Manager become insolvent. The Manager will not be responsible for any acts or omissions of the bank.

### 16.3

**Paying money away:** Where the Manager is holding unclaimed money, the Manager, may, in accordance with CASS, eventually pay away such amounts to a registered charity. This would be after a period of six years has elapsed since the date of the last movement on the relevant account. Prior to paying away, the Manager will have ensured that it has taken reasonable steps in accordance with CASS, to attempt to pay these monies to the relevant Unitholder.

### 16.4

#### **Insolvency of the third-party bank holding client**

**money:** If the third-party bank holding client money becomes insolvent, the Manager will have a claim on behalf of the investors against the bank. It is important to note that if the bank holding client money fails, there may be a shortfall between the amount of client money held with the bank and any client money claimed by the Manager on behalf of investors. In these circumstances, investors will share that shortfall with all other clients in proportion to their respective claims, and investors may not receive back all the client money due to them.

### 16.5

**Compensation Payments:** In the event that the Manager decides that compensation is payable to a Unitholder (the **“Compensation Payment”**), the Compensation Payment will become due and payable to the Unitholder on the date of the decision. The Manager will pay the Compensation Payment into a client money account within one Business Day of the date of such decision. The Compensation Payment will be held in a client money account until it is paid to the Unitholder.

## 17. Valuation of the Trust

### 17.1 General

#### 17.1.1

The Trust and each Sub-Fund will be single priced. The price at which Units are issued or redeemed is based on the value of the Scheme Property of the relevant Sub-Fund (adjusted to reflect any dilution adjustment). For details on any dilution adjustment, please see paragraph 15.12. For single-priced Sub-Funds, there is only a single price for any Unit as determined from time to time by reference to a particular Valuation Point. For details of the Valuation Point and the pricing basis of a Sub-Fund, please see Annexure 1.

#### 17.1.2

The Manager may at any time during a Business Day carry out an additional valuation if it considers it desirable to do so and may use the price obtained at such additional valuation as the price for the day. The Manager shall inform the Trustee of any decision to carry out any such additional valuations. Valuations may be carried out, for example for effecting a scheme of amalgamation or reconstruction, or for other purposes which do not create a Valuation Point for the purposes of dealings. Where permitted and subject to the Regulations, the Manager may, in certain circumstances (for example where a significant event has occurred since the closure of a market) substitute a price with a more appropriate price which in its opinion reflects a fair and reasonable price for that investment.

#### 17.1.3

The Manager will at each Valuation Point, notify the Trustee of the price of each Class of each Sub-Fund.

### 17.2 Calculation of the Net Asset Value

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

#### 17.2.1

All the Scheme Property of the Trust or a Sub-Fund (as the case may be) (including receivables) is to be included, subject to the following provisions:

#### 17.2.2

Scheme Property which is not cash (or other assets dealt with in paragraph 17.2.3 below) shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:

- a) units or shares in a collective investment scheme:
  - i) if a single price for buying and selling units or shares is quoted, at that price; or

- ii) if separate buying and selling prices are quoted, at the average of the two prices providing the buying price has been reduced by any initial charge included therein and the selling price has been increased by any exit or redemption charge attributable thereto; or
  - iii) if, in the opinion of the Manager, the price obtained is unreliable or no recent traded price is available or if no recent price exists, at a value which, in the opinion of the Manager, is fair and reasonable;
- b) immovable property:
  - i) by a standing independent valuer (as defined in the Glossary) appointed by the Manager with the approval of the Trustee, on the basis of an 'open market value' as defined in Practice Statement 3 in the Royal Institute of Chartered Surveyors' Appraisal and Valuation Manual (first edition published September 1995) as updated and amended from time to time;
  - ii) on the basis of a full valuation with physical inspection (including, where the immovable is or includes a building, internal inspection), at least once a year; and
  - iii) on the basis of the last full valuation, at least once a month;
- c) 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;
- d) over-the-counter derivative contracts shall be valued in accordance with the method of valuation as shall have been agreed between the Manager and the Trustee;
- e) any other investment:
  - i) if a single price for buying and selling the security is quoted, at that price; or
  - ii) if separate buying and selling prices are quoted, at the average of the two prices; or
  - iii) if, in the opinion of the Manager, the price obtained is unreliable or no recent traded price is available or if the most recent price available does not reflect the Manager's best estimate of the value, at a value which, in the opinion of the Manager, is fair and reasonable; and
- f) property other than that described in paragraphs 17.2.2 – 17.2.2(e) above: at a value which, in the opinion of the Manager, represents a fair and reasonable mid-market price.

#### 17.2.3

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

#### **17.2.4**

In determining the value of the Scheme Property (as the case may be), all instructions given to issue or cancel Units shall be assumed (unless the contrary is shown) to have been carried out and any cash payment made or received, whether or not this is the case.

#### **17.2.5**

Subject to paragraphs 17.2.6 and 17.2.7 below, agreements for the unconditional sale or purchase of Scheme Property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and, in the opinion of the Manager, their omission will not materially affect the final net asset amount.

#### **17.2.6**

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 17.2.5 above.

#### **17.2.7**

All agreements are to be included under paragraph 17.2.5 above which are, or ought reasonably to have been, known to the person valuing the Scheme Property assuming that all other persons in the Manager's employment or to whom the Manager has delegated such responsibility take all reasonable steps to inform it immediately of the making of any agreement.

#### **17.2.8**

Deduct an estimated amount for anticipated tax liabilities.

#### **17.2.9**

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.

#### **17.2.10**

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

#### **17.2.11**

Add any other credits or amounts due to be paid into the Scheme Property or the Sub-Fund (as the case may be).

#### **17.2.12**

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.

#### **17.2.13**

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

### **17.3 Price per Class of Unit in each Sub-Fund**

#### **17.3.1**

The price per Unit at which Units can be bought is the Net Asset Value of a Unit to which may be added an initial charge (if applicable). The price per Unit at which Units may be redeemed is the Net Asset Value per Unit from which may be deducted a redemption charge (if applicable).

#### **17.3.2**

Each allocation of income made in respect of any Sub-Fund at a time when more than one Class is in issue in respect of that Sub-Fund shall be done by reference to the relevant Unitholder's proportionate interest in the income of the Sub-Fund in question calculated in accordance with the Trust Deed.

### **17.4 Fair Value Pricing**

#### **17.4.1**

Where the Manager has reasonable grounds to believe that:

##### **17.4.1.1**

no reliable price exists for a security (including a unit/share in a collective investment scheme) at a Valuation Point; or

##### **17.4.1.2**

the most recent price available does not reflect the Manager's best estimate of the value of the security (including a unit/share in a collective investment scheme) at the Valuation Point;

##### **17.4.1.3**

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

#### **17.4.2**

The circumstances which may give rise to a fair value price being used include:

##### **17.4.2.1**

no recent trade in the security concerned; or

##### **17.4.2.2**

suspension of dealings in the security concerned; or

### **17.4.2.3**

the occurrence of a significant event since the most recent closure of the market where the price of the security is taken.

### **17.4.3**

In determining whether to use such a fair value price, the Manager will include in its consideration but need not be limited to:

#### **17.4.3.1**

the type of authorised fund concerned;

#### **17.4.3.2**

the securities involved;

#### **17.4.3.3**

whether the underlying collective investment schemes may already have applied fair value pricing;

#### **17.4.3.4**

the basis and reliability of the alternative price used; and

#### **17.4.3.5**

the Manager's policy on the valuation of Scheme Property as disclosed in this Prospectus.

### **17.5 Pricing Basis**

The Manager deals on a forward pricing basis. A forward price is the price calculated at the next Valuation Point after the purchase or redemption of Units is deemed to be accepted by the Manager. The manner in which the prices of Units are published is set out in Annexure 1.

## **18. Risk Factors**

Investing in Units involves risks. Some of these risks are general, which means that they apply to all investments. Others are specific, which means that they apply to individual Sub-Funds. Before investors decide to invest, it is important to understand these risks.

If investors are unsure of the risks involved in the purchase of Units, they should seek advice from an independent financial advisor or consultant.

### **18.1 Market Fluctuations**

The value of investments and the income derived from them may fall as well as rise. Unitholders may not get back the amount originally invested and may lose money. The value of investments will be affected by general economic conditions such as prevailing economic growth, inflation and interest rates. There is no assurance that the investment objective of a Sub-Fund will actually be achieved. The entire market of a particular asset class or geographical sector may fall, having a more pronounced effect on

a Sub-Fund heavily invested in that asset class or region.

### **18.2 Political Risk**

The performance of a Sub-Fund may be affected by changes in economic and market conditions, uncertainties such as political developments, changes in government policies, the imposition of restrictions on the transfer of capital and in legal, regulatory and tax requirements. A Sub-Fund may also be exposed to risks of expropriation, nationalisation and confiscation of assets and changes in legislation relating to the level of foreign ownership.

### **18.3 Interest Rate Risk**

Investment in both fixed rate and floating rate securities involves interest rate risk. Any change to the interest rate relevant for floating rate securities may result in future income either increasing or decreasing. Changes to prevailing rates or changes in expectations of future rates may also result in an increase or decrease in the market value of any fixed income securities held. When interest rates decline, the value of fixed income securities generally can be expected to rise. Conversely, when interest rates rise, the value of fixed income securities generally can be expected to decline.

The Sub-Funds may at certain times invest cash on deposit. In times of low nominal interest rates, there may be no, negative or low interest paid on these holdings. In such circumstances, a Sub-Fund could be subject to losses especially after charges are deducted.

### **18.4 Liquidity Risk**

A Sub-Fund's investments may be subject to liquidity constraints which means that securities may trade infrequently and in small volumes. Normally liquid securities may also be subject to periods of significantly lower liquidity in difficult market conditions. As a result, changes in the value of investments may be more unpredictable and in certain cases, it may be difficult to deal a security at the last market price quoted or at a value considered to be fair. Where a Sub-Fund owns non-traditional or alternative asset classes, it is possible that the liquidity in these assets is more variable than for traditional stocks or bonds.

### **18.5 Effect of Initial, Redemption, Conversion or Switching Charge**

Where such a charge is imposed, a Unitholder who realises their Units may not realise the amount originally invested, depending on change in investment value and the amount of the charge.

## 18.6 Tax Risk

### 18.6.1

The tax information provided in the “Taxation” section (see paragraph 22) is based on tax law and practice at the date of this Prospectus. Tax legislation, the tax status of the Manager, the Trust and Sub-Funds, the taxation of Unitholders and the availability of any tax reliefs may change from time to time. Any change in the taxation legislation or practice in the UK or in any jurisdiction in which a Sub-Fund is registered, marketed or invested could affect the tax status of the Trust and the Sub-Funds and the value of the relevant Sub-Fund’s investments in the affected jurisdiction.

### 18.6.2

The availability and value of any tax reliefs to Unitholders will depend on the tax status of the Trust and Sub-Funds. The information in the Taxation section is not exhaustive and does not constitute tax or legal advice. Investors should seek professional advice from their tax advisors in respect of the tax consequences of an investment in the Sub-Funds.

## 18.7 Inflation Risk

The real value of returns achieved from investment in a Sub-Fund will be affected by the rate of inflation experienced over the holding period.

## 18.8 Performance Risk

There may be variation in performance between Sub-Funds with similar objectives due to the different assets selected.

## 18.9 Custody Risk

There may be a risk of a loss where the assets of the Sub-Funds are held in custody that could result from insolvency, negligence or fraudulent action of the Custodian or sub-custodian.

## 18.10 Currency Exchange Rates

A Sub-Fund investing in overseas securities is exposed to and can hold currencies other than GBP. As a result, exchange rate movements may cause the value of investments to decrease or increase. The Sub-Funds may use forward foreign exchange transactions to hedge, as far as is reasonably practicable, the currency exposure of the underlying asset against the Base Currency of the Sub-Fund.

This may mitigate this risk, however there is no guarantee that this will be either wholly or partially effective.

## 18.11 Liabilities of the Trust and the Sub-Funds

### 18.11.1

Unitholders are not liable for the debts of the Trust or any Sub-Fund. A Unitholder is not liable to make any further payment to the Trust or any Sub-Fund

after paying the price on purchase of the Units (please also refer to paragraph 18.24 below).

## 18.12 Foreign Tax status of the Trust

The Trust is a relatively new type of UK fund structure developed specifically for charity investors and as a registered charity it is tax exempt in the UK. It is expected that non-UK tax authorities will recognise the Trust and the Sub-Funds as being tax exempt, the Manager cannot guarantee that this will be the case. Should a non-UK tax authority treat the Trust as not tax exempt, the Trust or Sub-Funds may suffer tax on income and gains in respect of investments held in that jurisdiction.

## 18.13 Clearing of over-the-counter derivatives

### 18.13.1

While the clearing of over-the-counter derivative contracts is intended to reduce risk in the financial system, it does not eliminate the risk on such trades entirely and may introduce additional risk. There is a risk that a clearing member or other person through whom trades are cleared may default or become insolvent. There is also a risk that the exchange, clearing house or central counterparty clearing house (**CCP**) itself may default or become insolvent.

### 18.13.2

While in the event of a clearing member default, positions and the associated collateral value may be capable of being transferred to, or replaced by new trades with, a substitute clearing member, there can be no guarantee that this will occur. The associated collateral value transferred to a substitute clearing member may not be of the same type as the Sub-Fund has transferred in respect of its positions and may not reflect the full amount of the Sub-Fund’s exposure to the clearing member.

### 18.13.3

Where a CCP itself defaults or becomes insolvent, the consequences are hard to predict and will depend in part on the jurisdiction and rules of the relevant CCP but can be expected to be significant. Loss of positions and associated collateral is likely and there may be significant delays in any assets being returned.

## 18.14 Counterparty Risk

Sub-Funds will be subject to the risk of the inability of any counterparty to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes. The Sub-Funds may pass cash or other assets to its counterparties as margin or collateral to an unlimited extent. Subject to the Regulations, at any one time, the Sub-Funds may be exposed to the creditworthiness of its counterparties in respect of all or part of such margin or collateral. In the event of the insolvency of any counterparty,



the Sub-Funds might not be able to recover cash or assets of equivalent value in full.

#### **18.15 Trustee Insolvency**

Where Unitholders pass money to the depositary or its agent for the purpose of creating Units in a Sub-Fund, the depositary will hold that money on deposit as banker and not as trustee and therefore not be under a duty to comply with the provisions of the FCA Handbook on holding money (**Client Money**) received in the course of designated investment business (**Client Money Rules**) and as a result the money will not be held in accordance with the FCA Client Money Rules. The cash will therefore not be protected under the FCA's Client Money Rules. If the depositary fails, FCA's client money distribution rules as set out in the Client Money Rules would not apply to these sums and Unitholders and/or applicants would not be entitled to share in any distribution under the Client Money in respect of these sums.

The Trust is subject to similar risks in the event of Insolvency of any sub-custodian with which any relevant securities are held or of any third-party bank with which Client Money is held. There may be circumstances where the depositary is relieved from liability for the acts or defaults of its appointed sub-custodians provided that the depositary has complied with its duties. An insolvency could cause severe disruption to the trading of the Trust and the Sub-Funds.

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

Unitholders are reminded that in certain circumstances, where the Manager determines that redemption requests may not be met their right to redeem Units (including a redemption by way of Switching) may be suspended.

#### **18.17 Settlement Risk**

There is a risk that a settlement in a trading system does not take place as expected because a counterparty does not pay monies or deliver assets on time or as expected.

#### **18.18 Redemption Risk**

Large redemptions of Units in a Sub-Fund might result in a Sub-Fund being forced to sell assets at a time and price at which it would normally prefer not to dispose of such assets. In extreme cases it may result in the temporary suspension of a Sub-Fund in accordance with paragraph 15.14.

Further, the Sub-Funds may invest in investment vehicles which do not permit holdings to be redeemed on either as frequent a basis or on the same day as a Sub-Fund.

In the absence of current redemption prices or net asset values for investments held by a Sub-Fund or if no recent redemption prices exists, or if the most recent redemption prices available do not reflect the Manager's best estimate of the value of the

investments, the Manager may have to determine valuations in respect of such investments at a value which, in the opinion of the Manager, is fair and reasonable, which may in turn impact on the price of units in the Sub-Funds as determined in accordance with paragraph 17.

#### **18.19 Charges to Capital**

Where the investment objective of a Sub-Fund is to treat the generation of income as a higher priority than capital growth, or the generation of income and capital growth have equal priority, all or part of the Annual Management Charge may be offset against capital instead of against income. The treatment of such fees may increase the amount of income (which may be taxable) available for distribution to Unitholders in the Sub-Fund concerned but may constrain capital growth.

#### **18.20 Derivatives for investment purposes**

While the Sub-Funds will not use derivatives for investment purposes, they may invest in other collective investment schemes that do use derivatives for investment purposes.

Further in the future the Trust may establish new Sub-Funds which may use derivatives for investment purposes and should this occur the Prospectus will be updated accordingly. Derivatives can be volatile and involve various degrees of risk. In particular, because many derivative instruments provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement can not only result in the loss of the entire investment, but may also expose a portfolio to the possibility of a loss exceeding the original amount invested and in turn this may affect the value of a Sub-Fund's investment in a collective investment scheme which uses derivatives for investment purposes.

#### **18.21 Derivatives and other techniques for Efficient Portfolio Management**

##### **The Sub-Funds may use derivatives for Efficient Portfolio Management.**

##### **18.21.1**

Certain derivatives including forward foreign exchange contracts and other techniques may be used for the purposes of Efficient Portfolio Management, which includes the reduction of risk or the generation of additional capital or income for a Sub-Fund. As a result, there is a risk that in a rising market, potential gains may be restricted.

##### **18.21.2**

The use of derivatives and other techniques for Efficient Portfolio Management has the overall intention of reducing risk, reducing costs or generating additional capital or income for the relevant Sub-Funds. As these techniques will not be

used for investment purposes, they are not intended to increase the risk profile of the relevant Sub-Funds. However, the risks explained in paragraph 18.13 in relation to the clearing of over-the-counter derivatives and paragraph 18.14 in relation to counterparty exposure are also relevant to derivatives and other transactions entered into for Efficient Portfolio Management.

### **18.22 Concentration of Investments**

While it is the intention of the Manager that the Sub-Funds will hold diversified portfolios of investments, the Sub-Funds may at certain times hold relatively few investments. Such a Sub-Fund could be subject to significant losses if it holds a large position in a particular investment that declines in value or is otherwise adversely affected, including default of the issuer.

### **18.23 Emerging Markets**

Securities markets in emerging market countries are generally not as large as those in more developed economies and have substantially less dealing volume which can result in a lack of liquidity. Accordingly, where a Sub-Fund invests substantially in securities listed or traded in such markets, its Net Asset Value may be more volatile than a fund that invests in the securities of companies in developed countries. Substantial limitations may exist in certain countries with respect to repatriation of investment income or capital or the proceeds of sale of securities to foreign investors or by restriction on investment, all of which could adversely affect a Sub-Fund. Many emerging markets do not have well developed regulatory systems and disclosure standards. In addition, accounting, auditing and financial reporting standards, and other regulatory practices and disclosure requirements (in terms of the nature, quality and timeliness of information disclosed to investors) applicable to companies in emerging markets are often less rigorous than in developed markets. Accordingly, investment opportunities may be more difficult to properly assess. Adverse market and political conditions arising in a specific emerging market country may spread to other countries within the region. Political risks and adverse economic circumstances (including the risk of expropriation and nationalisation) are more likely to arise in these markets, putting the value of the investment at risk. These factors may lead to temporary suspension of dealing in a Sub-Fund.

### **18.24 Liabilities of the Trust and the Sub-Funds**

Each of the Sub-Funds is a segregated portfolio of assets and the assets of a Sub-Fund belong exclusively to that Sub-Fund. However, there is a risk that the concept of segregated liability may not be accepted by the foreign courts.

### **18.25 Tax status of Sub-Funds**

Each Sub-Fund is a sub-fund of the Trust, which is a registered charity. If the Trust were to lose its charitable status for example due to a change in tax or charity law or a change in the status of a Unitholder, then tax may become due in respect of each Sub-Fund on an ongoing or retrospective basis which would impact investor returns.

### **18.26 Risk of Investment in Other Collective Investment Schemes**

A Sub-Fund may invest in one or more collective investment schemes (funds) including schemes that are managed by the Manager or Associates. In some cases, these collective investment schemes may be unregulated. The Sub-Funds may invest in collective investment schemes and other assets which may, on occasions, be illiquid. As a Sub-Fund may invest in other funds, Unitholders may incur a duplication of fees and commissions (such as management fees (including performance fees), custody and transaction fees, other administration fees and audit fees). To the extent these collective investment schemes are permitted to invest in turn in other funds, Unitholders may incur additional fees.

### **18.27 Operational Risk**

The Trust, the Manager, the Trustee and other Service Providers, their delegates, and counterparties are exposed to operational risk, which is the risk of financial and non-financial impact resulting from inadequate or failed internal processes, personnel and systems errors, third-party service provider errors or external events, and is present in all of its businesses. The Manager, Trustee and other Service Providers seek to reduce these operational risks through controls and procedures and by implementing an operational risk framework in order to identify, assess, manage and report on the operational risks and associated controls including IT, data and outsourcing arrangements. However, operational risks are inherent in all activities and processes and exposure to such risk could disrupt the Manager's, Trustee's and other Service Providers' systems and operations significantly, which may result in financial loss, regulatory censure and/or reputational damage.

### **18.28 Cyber Event Risk**

Like other business enterprises, the use of the internet and other electronic media and technology exposes the Trust, the Manager, Trustee and other Service Providers and their respective operations to potential risks from cyber-security attacks or incidents (collectively, "**cyber-events**"). Cyber-events may include, for example, unauthorised access to systems, networks or devices (such as, for example, through "hacking" activity), infection from computer viruses or other malicious software code and attacks which shut down, disable, slow or otherwise disrupt operations, business processes or website access or

functionality. In addition to intentional cyber-events, unintentional cyber-events can occur, such as, for example, the inadvertent release of confidential information. Any cyber-event could adversely impact the Trust and its Unitholders. A cyber-event may cause the Trust, or the Manager, Trustee and/or other Service Providers to lose proprietary information, suffer data corruption, lose operational capacity (such as, for example, the loss of the ability to process transactions, calculate the Net Asset Value of a Sub-Fund or allow Unitholders to transact business) and/or fail to comply with applicable privacy and other laws. Among other potentially harmful effects, cyber-events also may result in theft, unauthorised monitoring and failures in the physical infrastructure or operating systems that support the Trust and the Manager, Trustee and/or other Service Providers. In addition, cyber-events affecting issuers in which a Sub-Fund invests could cause the Sub-Fund's investments to lose value.

### **18.29 Indirect Property Risk**

A Sub-Fund may invest indirectly in property which is an illiquid asset class. A Sub-Fund will achieve this indirect exposure by investing in collective investment schemes which may include the COIF Charities Property Fund which invests directly in property and property related assets which are valued by an external property valuer and as such are open to substantial subjectivity. COIF Charities Property Fund is managed by the Manager and the Investment Manager. The performance of the COIF Charities Property Fund may be adversely affected by a downturn in the property market which could impact on the capital and or income value of the Sub-Fund.

### **18.30 Total Return Approach to Income Distribution Risk**

Where a Sub-Fund operates on the basis of a total return approach to distributions the Sub-Fund may return capital as well as dividend and interest income. Taking out distributions constrains future capital growth and there is a risk of capital erosion.

### **18.31 Other Risks including Terrorism and Pandemic Risk**

The Trust and counterparties with which the Manager on behalf of the Trust may do business could be severely disrupted in the event of a major terrorist attack or the outbreak, continuation or expansion of war or other hostilities, or as a result of governmental or regulatory actions in anticipation of the same. Additionally, a serious pandemic, or a natural disaster, such as a hurricane or a super typhoon, or governmental or regulatory actions in anticipation or mitigation of the same, such as a lockdown, or a typhoon warning, could severely disrupt the global economy and/or the operation of the Trust and its counterparties. In the event of a serious pandemic or natural disaster, for safety and

public policy reasons, relevant persons and entities involved in the operations of the Trust and its counterparties may to the extent that they are affected by such pandemic or natural disaster or by such governmental or regulatory actions, be required to temporarily shut down their offices and to prohibit their respective employees from going to work. Any such closure could severely disrupt the services provided to the Trust and materially and adversely affect its operation.

### **18.32 Smaller Capitalisation Companies Risk**

Securities of smaller capitalisation companies may, from time to time, and especially in falling markets, become illiquid and experience short-term price Volatility and wide spreads between bid and offer prices. Investment in smaller capitalisation companies may involve higher risk than investment in larger companies. The securities of smaller companies may be subject to more abrupt or erratic market movements than larger, more established companies or the market average in general. These companies may have limited product lines, markets or financial resources, or they may be dependent on a limited management group. Full development of those companies takes time. In addition, many small company securities trade less frequently and in smaller volume. The securities of small companies may also be more sensitive to market changes than the securities of large companies. These factors may result in above-average fluctuations in the price of the Units of a Sub-Fund.

### **18.33 Credit Risk**

Where a Sub-Fund holds bonds or other debt instruments the value of the Sub-Fund will fall in the event of the default or perceived increased credit risk of an issuer. This is because the capital and income value and liquidity of the investment is likely to decrease. Government and corporate bonds are assessed by credit rating agencies and given a rating. These ratings determine whether the bond is considered to be investment grade or non-investment grade. Investment grade bonds are considered to be lower risk. Within investment grade and non-investment grade there are a number of different rating levels; the higher the rating, the lower the expected risk of default. However, all ratings are subject to change and in periods of recession or slow growth the risk of non-investment grade bonds defaulting may be appreciably higher.

### **18.34 ESG Risk**

An environmental, social or governance risk is a factor or issue that may expose a security, issuer, investment or asset class to unexpected changes in its current and future financial, economic, reputational and legal situation.



### **18.35 Risk Factors Not Exhaustive**

The risks set out in this Prospectus do not purport to be exhaustive and potential investors should be aware that an investment in the Trust or any Sub-Fund may be exposed to risks of an exceptional nature from time to time.

## **19. Payments out of the Scheme Property of the Trust**

### **19.1**

The fees, costs and expenses relating to the authorisation and establishment of the Trust will be paid for by the Manager and not out of the Scheme Property.

### **19.2**

Each Sub-Fund formed after the initial Prospectus is superseded may bear its own direct establishment costs. The Manager may pay out of the Scheme Property any liabilities arising on the unitisation, amalgamation or reconstruction of the Trust or of any Sub-Fund.

### **19.3**

In accordance with the Regulations, the following may lawfully be made out of the Scheme Property:

#### **19.3.1**

the charges and expenses payable to the Manager, including the Manager's Annual Management Charge (from which the Manager may pay the fees and expenses payable to the Investment Manager or other Service Providers). Any increase of the Manager's remuneration requires the prior written approval of the Charity Commission;

#### **19.3.2**

fees and expenses of the Trustee and Custodian;

#### **19.3.3**

fees of any paying, representatives or other agents of the Trust, Sub-Fund or the Manager;

#### **19.3.4**

fees and expenses of the Auditors and any tax, legal and other professional advisers of the Trust or Sub-Funds;

#### **19.3.5**

fees of the FCA under FSMA and the corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which Units are or may lawfully be marketed;

#### **19.3.6**

costs incurred in taking out and maintaining any insurance policy in relation to the Trust and/or its directors;

### **19.3.7**

tax and duties payable by the Trust or Sub-Fund;

### **19.3.8**

interest on and charges incurred in borrowings;

### **19.3.9**

any amount payable by the Trust under any indemnity provisions contained in the Trust Deed or any agreement with any functionary of the Trust;

### **19.3.10**

any payments otherwise due by virtue of changes to the Regulations;

### **19.3.11**

expenses incurred in acquiring, registering and disposing of investments (including the costs associated with entering into hedging transactions in any hedged Classes which will be applied only to the relevant hedged Class);

### **19.4**

VAT may be payable on these charges.

### **19.5**

Expenses are allocated between capital and income in accordance with the COLL Sourcebook.

## **20. Fees and Expenses**

### **20.1 General**

The charging structure in respect of each Sub-Fund is detailed in Annexure 1.

### **20.2 Annual Management Charge**

#### **20.2.1**

In payment for carrying out its duties and responsibilities the Manager is entitled to take an Annual Management Charge in respect of each Sub-Fund.

The Annual Management Charge is calculated and accrued on a daily basis by reference to the Net Asset Value of the Sub-Fund on the previous Dealing Day and the amount due for each month is payable the following month. The current Annual Management Charge for each Sub-Fund (expressed as a percentage per annum of the Net Asset Value of each Sub-Fund) is set out in Annexure 1.

#### **20.2.2**

The Manager will pay fees to the Investment Manager for providing investment management services, to the Administrator for providing administration services and to the Registrar and Transfer Agent for providing their services out of the Annual Management Charge.

### 20.2.3

The Manager is also entitled to all reasonable, properly documented, out of pocket expenses incurred in the performance of its duties.

### 20.2.4

VAT may be payable on these charges.

## 20.3 Increase in the Annual Management Charge

Any increase of the Annual Management Charge by the Manager will be carried out in accordance with the FCA Rules and prior written notice will be given to Unitholders. Any increase of the Manager's remuneration requires the prior written approval of the Charity Commission.

## 20.4 Charging of Fees to Capital or Income

Where the investment objective of a Sub-Fund is to treat the generation of income as a higher priority than capital growth, or the generation of income and capital growth have equal priority, all or part of the Annual Management Charge may be offset against capital instead of against income as set out in Annexure 1. This will only be done with the approval of the Trustee. This treatment of the Annual Management Charge will increase the amount of income (which may be taxable) available for distribution to Unitholders in the Sub-Fund concerned but will result in capital erosion and constrain capital growth. If a Class's expenses in any period exceed its income the Manager may take that excess from the capital property attributable to that Class.

## 20.5 Inducements

### 20.5.1

In accordance with the Regulations, the Manager when executing orders or placing orders with other entities in relation to financial instruments for execution on behalf of the Sub-Funds must not accept and retain any fees, commission or monetary benefits from a third party (**Third Party Payments**). If the Manager receives any Third Party Payments, the Manager will return the Third Party Payments to the Sub-Funds as soon as reasonably possible and will inform Unitholders of the amount received which will be set out in the annual reports.

### 20.5.2

The Manager must not accept any non-monetary benefits when executing orders or placing orders with other entities for execution in relation to financial instruments on behalf of the Sub-Funds, except those which are capable of enhancing the quality of the service provided to the Sub-Funds, and which are of a scale and nature such that they could not be judged to impair the Manager's compliance with its duty to act honestly, fairly and professionally in the best interests of the Sub-Funds.

## 20.6 Research

Certain brokers may from time to time provide research services to the Investment Manager. The Investment Manager pays for such research services out of its own resources, which are used by the Investment Manager in its investment management process.

## 20.7 Trustee's Fees and Expenses

### 20.7.1

The Trustee, as remuneration for carrying out its duties and responsibilities, as specified in paragraph 8, is entitled to receive a monthly fee which will be calculated and accrued as at each Valuation Point and will be pro-rated for periods of less than a full month. The fee accrues daily and will be payable monthly in arrears.

### 20.7.2

The Trustee's tiering fee will be calculated as follows:

- a) 0.02% per annum on the NAV of the Scheme Property of the Trust up to £100 million;
- b) 0.015% per annum on the next £400m of the Scheme Property of the Trust;
- c) 0.008% per annum on the next £500m of the Scheme Property of the Trust;
- d) 0.005% per annum over £1 billion of the Scheme Property of the Trust.

subject to a minimum annual amount of £25,000.

### 20.7.3

The Trustee's tiering fee will be calculated on the aggregate value of the Scheme Property of the Trust, and will be charged to each Sub-Fund on a pro-rated basis in relation to the assets under management within each Sub-Fund, plus the applicable rate of VAT.

### 20.7.4

Separately, the Trustee receives a custody fee and transaction charges in relation to transaction handling and safekeeping of Scheme Property.

### 20.7.5

These fees vary from country to country (custody fees usually between 0.00225% and 0.18750% per annum and transaction charges usually between £3 to £67.50 per transaction) depending on the markets and the value of the stock involved.

### 20.7.6

Any increase to the custody fee and transaction charges as set out above will be subject to the agreement of the Trustee and Manager. Any increase of the Trustee's remuneration requires the prior written approval of the Charity Commission.

### **20.7.7**

The Trustee will be paid out of the Scheme Property attributable to each Sub-Fund, including in relation to expenses properly incurred in the performance of, or arranging the performance of, functions conferred on it by the Depositary Services Agreement, the FCA Rules or by the general law.

### **20.7.8**

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

### **20.7.9**

VAT at the prevailing rate may be payable in addition to the Trustee's remuneration and the above expenses.

## **20.8 Allocation of Fees and Expenses between Sub-Funds**

All the above fees, duties and charges (other than those borne by the Manager) will be charged to the Sub-Funds in respect of which they were incurred. Where an expense is not considered to be attributable to any one Sub-Fund, the expense will normally be allocated to all Sub-Funds pro rata to the value of the Net Asset Value of the Sub-Funds, although the Manager has discretion to allocate these fees and expenses in a manner which it considers fair to Unitholders generally.

## **21. Unitholder Meetings and Voting Rights**

### **21.1 Calling Unitholder Meetings**

#### **21.1.1**

The Manager may call a general meeting at any time.

#### **21.1.2**

Unitholders may also call a general meeting of a Sub-Fund. In order to convene such a meeting, the Unitholder must set out in writing the objects of the meeting and such a requisition must be dated and signed by Unitholders who, at the date of the requisition, are registered as holding not less than one tenth in value of all Units then in issue and the requisition must be deposited at the head office of the Manager. The Manager must convene a general meeting no later than eight weeks after receipt of such requisition.

### **21.2 Notice and Quorum**

#### **21.2.1**

Unitholders will receive at least 14 days' notice of a general meeting and are entitled to be counted in the quorum and vote at such meeting either in person or by proxy.

#### **21.2.2**

The quorum for a meeting is two Unitholders, present in person or by proxy. The quorum for an adjourned meeting is one person entitled to be counted in a quorum.

#### **21.2.3**

Notices of meetings and adjourned meetings will be sent to Unitholders at their registered addresses.

### **21.3 Voting Rights**

#### **21.3.1**

At a general meeting, on a show of hands every Unitholder who (being a corporation) is present by its representative properly authorised in that regard, has one vote.

#### **21.3.2**

A poll vote may be demanded by the Chair of the meeting, the Manager, the Trustee or by two Unitholders present in person or by proxy. On a poll vote, each Unitholder who is present in person or by proxy will be entitled to a number of votes calculated in accordance with the value that their Unitholding bears in relation to the value of the Sub-Fund or Trust as relevant.

#### **21.3.3**

A Unitholder entitled to more than one vote need not, if voting, use all votes or cast all the votes in the same way.

#### **21.3.4**

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

#### **21.3.5**

The Manager is entitled to receive notice of and attend any meeting of Unitholders but is not entitled to vote or to be counted in the quorum. The Manager or any Associate of the Manager holding Units shall not be entitled to vote at such a meeting except in respect of Units which the Manager holds on behalf of a person who, if they were the registered Unitholder, would be entitled to vote and from whom the Manager has received voting instructions.

### 21.3.6

Where all the Units in a Sub-Fund are registered to, or held by, the Manager or its Associates and they are therefore prohibited from voting and a resolution (including an extraordinary resolution) is required to conduct business at a meeting, it shall not be necessary to convene such a meeting and a resolution may, with the prior written agreement of the Trustee, instead be passed with the written consent of Unitholders representing 50% or more, or for an extraordinary resolution 75% or more, of the Units in issue.

### 21.3.7

The Unitholder meetings and voting rights provisions applying to the Trust as a whole shall also apply to meetings of a Sub-Fund or Class as if they were general meetings of the Unitholders, but by reference to the Class of Sub-Fund concerned and the Unitholders and value of such Units.

### 21.3.8

Unitholders in this context means Unitholders entered on the Register at a time to be determined by the Manager and stated in the notice of the meeting which must not be more than 48 hours before the time fixed for the meeting.

## 22. Taxation

### 22.1 General

The information given below does not constitute legal or tax advice and prospective investors should consult their own professional advisers as to the implications of their subscribing for, purchasing, holding, Switching, converting or disposing of Units under the laws of any jurisdiction in which they may be subject to tax.

These statements are based on United Kingdom law and HMRC practice as known at the date of this document. Unitholders are recommended to consult their professional advisers if they are in any doubt about their tax position.

The information below is a general guide based on current UK law and HMRC practice, which are subject to change. It summarises the tax position of the Trust and the Sub-Funds and of UK resident investors who hold Units as investments. The tax position of investors will depend on their precise status and circumstances. Prospective investors who are concerned about their tax position, and in particular who may be subject to tax in a jurisdiction other than the UK, are recommended to take professional advice.

## 22.2 Taxation of the Trust and Sub-Funds

### 22.2.1

The Trust will benefit from tax-exempt status in the UK as it is a charity registered with the Charity Commission subject to its being recognised as a charity by HMRC. Whilst each Sub-Fund of the Trust will be treated as a separate entity for UK tax purposes, they will also benefit from tax-exempt status in the UK on the same basis.

### 22.2.2

As a result, the Sub-Funds should not be subject to UK tax on gains arising on the disposal of investments nor subject to UK tax on income from investments provided such gains and income are applied exclusively for charitable purposes.

### 22.2.3

As an authorised unit trust scheme, the Trust will benefit from an exemption from UK VAT in respect of investment management fees.

### 22.2.4

The Sub-Funds are eligible for exemption or relief in full from UK stamp duty, stamp duty reserve tax and stamp duty land tax in respect of purchases of UK securities or of land to be held for charitable purposes.

### 22.2.5

As the Trust is registered with the Charity Commission, certain jurisdictions will recognise it as a tax-exempt vehicle and will therefore not apply local withholding tax on income and gains received by the Sub-Funds from sources in such jurisdictions.

### 22.2.6

Should the Sub-Funds suffer foreign tax on transactions entered into, or on income or gains received, this will generally be an irrecoverable tax expense of the Sub-Funds.

### 22.3 Taxation of distributions

Distributions of income by a Sub-Fund will be made gross (i.e. without deduction of tax). Unitholders should not be liable to UK tax in respect of such distributions provided the income is applied exclusively for their charitable purposes.

### 22.4 Taxation of gains

Gains made by Unitholders in respect of a disposal of their Units should not be liable to UK tax provided such gains are applied exclusively for their charitable purposes.

### 22.5 Disclosure of Information

Where required by law, or where it is believed in good faith to be in the interests of a Sub-Fund as a whole, and each time in compliance with UK law, the Manager, acting with due diligence, reserves the

right to disclose the names of the Unitholders in that Sub-Fund identified on the Register of the relevant Sub-Fund and where relevant, the chain of ownership of such Unitholder to any tax authority.

Each Unitholder should note that if a request for disclosure from a regulatory, taxation or other government authority is demanded of the Manager, the consequences of non-compliance with which would place in jeopardy the Trust or the relevant Sub-Fund as a going-concern, give rise to tax liability or otherwise cause prejudice, the Manager retains the right to disclose such information in respect of each relevant investor as the Manager deems necessary.

Accordingly, each Unitholder will be required to provide, as is necessary, such information to the Manager for the purpose of establishing to what extent any jurisdiction's taxation laws, rules and regulations apply to it.

## **22.6 Taxation Liability and Indemnity**

To the extent the Manager, the Trust, any Sub-Fund, or any of their respective delegates or agents and any Unitholder or former Unitholder is liable to pay any Taxation because of the ownership, directly or indirectly, by any holder of Units, the Unitholder will pay the amount of the Taxation to the relevant Sub-Fund or as the Manager may direct before the time it becomes payable by the relevant affected Unitholder. To the extent not so paid, the Unitholder will indemnify the Manager, the relevant Sub-Fund or any of the other persons mentioned affected by such Taxation in relation to all such amounts of Taxation and the Manager in relation to the relevant Sub-Fund or any of their respective delegates or agents and any Unitholder or former Unitholder in which the Unitholder holds Units will have the right to deduct and set off the amount of such Taxation from any amounts available to be distributed in respect of any Units owned by that Unitholder. Additionally, any amounts equal to such Taxation and not paid as described may be deducted from any proceeds payable where a redemption request is met. The Manager may also, pursuant to the Trust Deed, compulsorily redeem any Units of a Unitholder who holds Units in the relevant Sub-Fund and use the proceeds of such redemption to pay any relevant Taxation.

## **22.7 Automatic exchange of information for international tax compliance**

Under certain international tax compliance laws, including those which implement FATCA and the OECD Common Reporting Standard for Automatic Exchange of Financial Account Information, the Manager (or its delegates) is required to collect and may be required to report information about Unitholders and their investments to HMRC who may in turn report this information to other tax authorities.

Each Unitholder is required to provide to the Manager (or its delegates) any information that the Manager determines is necessary to satisfy such obligations. By signing the account application form to open an account and subscribe for Units, each Unitholder is agreeing to provide such information upon request from the Manager or its delegate. If a Unitholder does not provide the necessary information, it may be subject to liability for any resulting penalties.

## **23. Winding up of the Trust or Termination of a Sub-Fund**

### **23.1 General**

The Trust may be wound up, or a Sub-Fund terminated, under the rules in the COLL Sourcebook only when the Trust or the relevant Sub-Fund is solvent. If the Trust is insolvent it may only be wound up under Part V of the Insolvency Act 1986 as an unregistered company.

### **23.2 Winding Up of the Trust and termination of Sub-Funds**

The Manager shall proceed to wind-up the Trust in accordance with the COLL Sourcebook in the following circumstances:

#### **23.2.1**

if the FCA authorisation order of the Trust is revoked;

#### **23.2.2**

if the Manager or the Trustee requests the FCA to revoke the Trust's authorisation and the FCA agrees that at the conclusion of the winding-up proceedings it will accede to that request;

#### **23.2.3**

if an extraordinary resolution of Unitholders to that effect is passed subject to the consent of the FCA;

#### **23.2.4**

on the effective date of a duly approved scheme of arrangement, which is to result in the Trust or the relevant Sub-Fund being left with no property;

#### **23.2.5**

the date on which all or the last Sub-Funds fall within paragraph 23.2.4 above or have otherwise ceased to hold any Scheme Property, notwithstanding that the Trust may have assets and liabilities that are not attributable exclusively to any particular Sub-Fund;

#### **23.2.6**

if the Manager and the Trustee are directed to do so by the FCA in the exercise of their powers under FSMA, as amended from time to time.

## 23.3 Procedure for winding up

### 23.3.1

The procedure for winding up of the Trust or termination of a Sub-Fund as the case may be will be as follows:

- a) transfer any balance in the Income Reserve Account to the income account;
- b) realise the assets and meet the liabilities of the Trust or Sub-Fund properly so payable;
- c) retaining provision for the costs of the winding up;
- d) distribute the proceeds to the Unitholders proportionately to their respective interests in the Scheme Property.

### 23.3.2

On completion of a winding up of the Trust or the termination of a Sub-Fund, any unclaimed net proceeds or other cash held by the Trustee after one year from the date on which they become payable must be paid by the Trustee into court subject to:

- a) the Trustee having a right to retain thereout any expenses incurred in making the payment into court; and
- b) the requirement that such proceeds or other cash be distributed for charitable purposes.

### 23.3.3

Distributions will only be made to Unitholders entered on the Register. Any net proceeds or cash (including unclaimed distribution payments) held by the Trustee which have not been claimed after 12 months will be paid into court, after the deduction by the Trustee of any expenses it may incur.

### 23.3.4

Following the completion of a winding up of either the Trust or a Sub-Fund, the Manager must prepare a final account showing how the winding up took place and how the Scheme Property was distributed. The Auditors of the Trust shall make a report in respect of the final account stating their opinion as to whether the final account has been properly prepared. This final account and the Auditors' report must be sent to the FCA and to each Unitholder within two months of the completion of the winding up or termination.

## 24. Accounting Periods and Income Allocation

### 24.1 Accounting Periods

The annual accounting period of the Trust ends each year on 31 December (the **accounting reference date**) with an interim accounting period ending on 30 June.

## 24.2 Income Allocations

With respect to the allocation and payment of income:

### 24.2.1

the income of each Sub-Fund which is distributed to Unitholders in respect of each accounting reference period is determined by taking the aggregate income received or receivable by the relevant Sub-Fund and deducting all charges and expenses properly payable out of the Scheme Property attributed to the relevant Sub-Fund and making appropriate adjustments for taxation;

### 24.2.2

income is allocated and distributed to Unitholders in a Sub-Fund as provided for in Annexure 1;

### 24.2.3

income is allocated to Unitholders of a Class pro rata in accordance with the number of Units held on the day prior to the Ex-dividend date;

### 24.2.4

income available for allocation in respect of a Sub-Fund will be allocated between the Classes based upon the respective proportionate interests represented by those Classes on a daily basis;

### 24.2.5

payment of income distributions will be made by means of direct credit to the Unitholder's nominated bank account or otherwise as determined by the Manager;

### 24.2.6

no payments of distributions shall bear interest against the Trust (or Sub-Fund as the case may be); and

### 24.2.7

all distributions unclaimed for a period of six years after having become due for payment shall be forfeited and shall revert to the Trust (or Sub-Fund as the case may be).

## 24.3 Income Equalisation

The first allocation of income within a distribution to which a Unitholder is entitled, following the purchase of Units, is calculated as if the purchase had been made at the beginning of the quarter. The distribution will therefore include that part of the purchase price consisting of income from the beginning of the quarter to the date of purchase.

## 24.4 Income Reserve Account

### 24.4.1

As income may fluctuate from accounting period to accounting period, the Manager may instruct the Trustee, to transfer up to 15% of the income available



for allocation or distribution in one accounting period to be held in the income Reserve Account in order to smooth out future income payments in the following period.

#### **24.4.2**

The Manager may at any time instruct the Trustee to transfer any sum standing to the credit of the Income Reserve Account to the income account, and such sum shall be treated as income available for allocation or distribution in that accounting period.

### **24.5 Total Return Approach**

#### **24.5.1**

The Manager and Trustee may operate a Sub-Fund on the basis of a total return approach to the distribution of income as provided in the Trust Deed and in accordance with this paragraph 24.5 and COLL 14.4.5.

#### **24.5.2**

Distributions under the total return approach may consist of capital as well as dividend and interest income.

#### **24.5.3**

Under the total return approach, the Manager may, from time to time, instruct the Trustee to make transfers between the capital account and income account for the relevant Sub-Fund solely for the purpose of meeting the pre-determined distribution amount for the relevant Sub-Fund.

#### **24.5.4**

Whether a Sub-Fund is operated using the total return approach and the related target distribution amount will be set out in Annexure 1.

### **24.6 Annual Reports**

#### **24.6.1**

The Trust's annual report incorporating audited financial statements will be published within four months after the end of each annual accounting period and the half-yearly long report within two months of the end of each half-yearly accounting period. Copies of the reports (annual and half-yearly) will be available online at [www.ccla.co.uk](http://www.ccla.co.uk) and shall be supplied to Unitholders free upon request.

#### **24.6.2**

In addition to the accounting information contained in the annual report, pursuant to UK AIFMD Measures the Manager will disclose the following information in each annual report:

- a) the percentage of a Sub-Fund's assets which are subject to special arrangements arising from their illiquid nature, including an overview of any special arrangements in place, the valuation methodology applied to the assets which are

subject to such arrangements and how management and performance fees, if any, apply to these assets;

- b) if risk limits set for a Sub-Fund by the Manager have been or are likely to be exceeded and, where these risk limits have been exceeded, a description of the circumstances and the remedial measures taken;
- c) the total amount of Leverage employed by a Sub-Fund;
- d) any material changes to the following information:
  - i) the arrangements for managing the liquidity of a Sub-Fund;
  - ii) the risk management systems employed by the Manager to manage the risks to which the Trust or Sub-Fund is or may be exposed;
  - iii) the current risk profile of a Sub-Fund and the maximum level of Leverage that may be employed by a Sub-Fund; and
  - iv) where applicable, any right for re-use of collateral or any guarantee under a Sub-Fund's leveraging arrangements as well as the nature of such rights or guarantees; and
- e) any additional disclosures required by the UK AIFMD Measures.

## **25. Risk Management Process and Liquidity Management**

### **25.1**

The Manager employs a risk management process which enables it to identify, measure, manage and monitor at any time the relevant risks of the positions to which the Trust or Sub-Funds are or may be exposed and its contribution to the overall risk profile of the Trust or Sub-Funds and which includes the use of appropriate stress testing procedures.

### **25.2**

The Manager has established a liquidity management policy which enables it to identify, monitor and manage the liquidity risks of a Sub-Fund and to ensure the liquidity profile of the investments of a Sub-Fund will facilitate compliance with its underlying obligations. The Manager's liquidity policy takes into account the investment strategy, the liquidity profile, redemption policy and other underlying obligations of a Sub-Fund. The liquidity management systems and procedures include appropriate escalation measures to address anticipated or actual liquidity shortages or other distressed situations of a Sub-Fund. In summary, the liquidity management policy monitors the profile of investments held by a Sub-Fund and ensures that such investments are appropriate to the redemption policy as set out in this Prospectus. Further, the liquidity management policy includes details on periodic stress testing carried out by the Manager to

manage the liquidity risk of a Sub-Fund in exceptional and extraordinary circumstances.

### 25.3

The liquidity management systems and procedures allow the Manager to apply various tools and arrangements necessary to ensure that all Sub-Funds are sufficiently liquid to respond appropriately to redemption requests normally. In normal circumstances, redemption requests will be processed as set out in paragraph 15.3.

### 25.4

Other arrangements may also be used in response to redemption requests, including in certain circumstances the deferral of such redemption requests as investors benefit from in normal circumstances as set out in paragraph 15.3.

### 25.5

Further information regarding the risk management process and liquidity management systems and procedures, including the measures used to assess the sensitivity of any Sub-Fund's portfolio to the most relevant risks to which the Sub-Fund is or could be exposed, can be found in the risk management process document which is available upon request from the Manager.

### 25.6

It is intended that Unitholders will be notified of any material changes to the liquidity management systems and procedures employed by the Manager and will be notified immediately if redemptions are suspended. Such changes may be subject to FCA approval before they can be implemented. It is intended that any changes to the maximum level of Leverage (as defined below) that may be employed by a Sub-Fund will be provided to Unitholders without undue delay.

### 25.7

In addition, other policies and procedures are available from the Manager including, but not limited to, policies regarding conflicts of interest and order execution.

## 26. Leverage (as defined by UK AIFMD Measures)

### 26.1

This section explains in what circumstances and how the Manager may use leverage as defined by UK AIFMD Measures (**Leverage**) in respect of the Trust and the maximum level of Leverage permitted.

### 26.2

Leverage means any method by which the Trust increases its exposure whether through borrowing cash or securities or leverage embedded in

derivative positions or any other means. The only source of Leverage the Manager will use when managing the Trust is forward foreign exchange transactions. The Sub-Funds will only use these financial derivative instruments for Efficient Portfolio Management.

### 26.3

The Manager is required to calculate and monitor the level of leverage of each Sub-Fund. Leverage is expressed as a ratio between the exposure of the Sub-Fund and its Net Asset Value (**Exposure/NAV**).

### 26.4

Gross Method: under the Gross Method, the exposure of the Trust or a Sub-Fund (as applicable) is calculated as follows:

#### 26.4.1

include the sum of all assets purchased, plus the absolute value of all liabilities;

#### 26.4.2

- a) exclude the value of cash and cash equivalents which are highly liquid investments held in the Base Currency of the Trust, that are readily convertible to a known amount of cash, and are subject to an insignificant risk of change in value;
- b) convert derivative instruments into the equivalent position in their underlying assets;
- c) exclude cash borrowings that remain in cash or cash equivalents and where the amounts payable are known;
- d) include exposure resulting from the reinvestment of cash borrowings, expressed as the higher of the market value of the investment realised or the total amount of the cash borrowed;
- e) include positions within repurchase or reverse repurchase agreements and securities lending or borrowing or other similar arrangements.

### 26.5

Commitment Method: under the Commitment Method, the exposure of the Sub-Fund is calculated in largely the same way as under the Gross Method; however, whilst certain cash instruments and cash borrowing are included, the exposure of derivative or security positions subject to hedging and netting arrangements are not included in this calculation, provided certain conditions are met. These conditions aim to ensure that only those trades which offset the risks linked to other trades, leaving no material residual risk, are taken into account.

### 26.6

The exposure of each Sub-Fund will be calculated in accordance with both the Gross Method and the Commitment Method. Further information regarding these different Leverage calculation methods can be found in UK AIFMD Measures and the investment risk management policy, which is available upon request



from the Manager. The only type of derivative the Investment Manager currently uses when managing the Sub-Fund is forward foreign exchange transactions. The Sub-Fund will only use these financial derivative instruments for the reduction of risk.

## **26.7**

The maximum level of Leverage permitted in respect of the Sub-Funds using the Gross Method of that Sub-Fund's NAV and using the Commitment Method of that Sub-Fund's NAV is set out in Annexure 1.

## **26.8**

As these calculations of regulatory leverage do not fully take into account whether a particular financial derivative instrument increases or decreases investment risk, they will not necessarily be fully representative of the actual level of investment risk within the Trust or Sub-Fund.

## **26.9**

It is not intended that the Trustee or any sub-custodian shall be entitled to re-use for its own benefit any of the Trust's or Sub-Fund's assets with which it has been entrusted with.

## **27. Miscellaneous**

### **27.1 Telephone Recordings**

The Manager in accordance with the Regulations must take all reasonable steps to record telephone conversations and keep a copy of electronic communications where such conversations and communications relate to activities in financial instruments as required by the FCA Rules.

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

### **27.2 Complaints**

Complaints concerning the operation or marketing of the Trust or Sub-Funds may be referred to the Compliance Officer of the Manager at One Angel Lane, London EC4R 3AB or, if eligible, if you subsequently wish to take your complaint further, direct to the Financial Ombudsman Service at Exchange Tower, London E14 9SR.

### **27.3 Professional liability risks**

The Manager covers its potential liability risks arising from professional liability by holding appropriate professional indemnity insurance.

### **27.4 Fair treatment of investors**

#### **27.4.1**

The Manager has established policies and procedures and made arrangements to ensure the fair treatment of Unitholders. Such arrangements include, but are

not limited to, ensuring that no one or more Unitholders are given preferential treatment over any rights and obligations in relation to their investment in a Sub-Fund without appropriate disclosure. All rights and obligations to Unitholders, including those related to subscription and redemption requests, are set out in this Prospectus.

#### **27.4.2**

The Manager has established fair and transparent pricing models and valuation systems and procedures for the assets of each Sub-Fund and endeavours to ensure that there are no undue costs being charged to each Sub-Fund and the Unitholders.

#### **27.4.3**

The Manager has also established procedures to identify, manage and monitor conflicts of interest and, where applicable, disclose those conflicts of interest to prevent them from adversely affecting the interests of the Unitholders. The Manager has established a process for recognising and dealing with complaints fairly.

### **27.5 Changes to the investment objective, investment policy and investment strategy**

Changes to the investment objective and policy of a Sub-Fund will normally require approval by Unitholders at an Extraordinary General Meeting of that Sub-Fund if the change alters the nature or risk profile of the Sub-Fund, or on giving 60 days' notice to Unitholders where these do not alter the nature or risk profile of the Sub-Fund. In exceptional circumstances, changes may be made to the investment objective and policy of a Sub-Fund with no minimum period of notice where these are for clarification purposes only. In all cases, changes may only be made to the investment objective and policy of a Sub-Fund following notification to the FCA and confirmation from the FCA that these changes will not affect the ongoing authorisation of the Trust or that particular Sub-Fund.

### **27.6 Reliance on current Prospectus**

Any person relying on the information contained in this Prospectus, which was current at the date of this Prospectus, should check with the Manager that this document is the most recent version of the Prospectus and that no revisions or corrections have been published since the date of this Prospectus.

### **27.7 Financial Services Compensation Scheme**

In the event of the Manager being unable to pay a valid claim against it, a Unitholder may be entitled to protection from the FSCS. The maximum amount that can be claimed under the FSCS is £85,000. However, please be aware that the compensation limits from the FSCS apply at a firm level. This means, for example, that if the Manager cannot meet its obligations and a Unitholder has investments in

more than one CCLA fund (and each fund is eligible under the FSCS), then it is likely that the maximum amount that would be protected would be £85,000, provided the Unitholder is eligible to claim. For further information about the FSCS please refer to [www.fscs.org.uk](http://www.fscs.org.uk) or phone 0800 678 1100.

### 27.8 Amending the Prospectus

In accordance with the Trust Deed and the FCA Rules, the Prospectus may be revised from time to time by the Manager.

### 27.9 Notices

All notices or documents required to be served on Unitholders shall be served by post to the address of the Unitholder as evidenced on the Register. All documents and remittances are sent at the risk of the Unitholder or by email where agreed in writing with the Manager. Any notice or document served by post is deemed to have been served on the second Business Day following the day on which it is posted.

#### 27.10 Data Protection

The Manager is a data controller and the Registrar is a data processor in accordance with the Data Protection Legislation and both will hold personal data about each Unitholder's representatives (referred to below as **"representatives"**) that has been supplied to the Manager or Registrar (whether by the representative, a Unitholder or otherwise) as set out in CCLA's Privacy Notice. Each Unitholder agrees to ensure that the contact details, including mailing address, and other personal data provided for it and its representatives to the Manager and Registrar remains up to date at all times.

The Unitholder acknowledges that the Trust may invest in investment schemes operated and managed

by the Manager or its related parties and/or by third parties (referred to below as **"investment schemes"**); that the Manager may need to pass data, including personal data regarding the representatives, to those investment schemes; and that it is in the Manager's legitimate interests to do so. The Manager will not pass on any personal data to any other third party or permit the investment schemes to pass the personal data to third parties except: (i) where, in relation to the performance of its services to the Unitholder, the Manager or its related parties (or the investment scheme) sub-contracts part of the services or any support services; (ii) as agreed by the Unitholder and/or the relevant representatives; or (iii) where required to do so for legal or regulatory purposes, or if necessary for any other lawful purposes set out in CCLA's Privacy Notice.

The Manager may keep records of all business transactions for at least five years. Each Unitholder has a right to inspect entries in the Manager's books or computerised records relating to their transactions. Their representatives also have certain rights under the Data Protection Legislation, including the right to access copies of their personal data and change any preferences given in respect of the processing of it. The Manager will treat all Unitholders' records as confidential and so reserves the right to provide copies of the Unitholder/representative's particular record, rather than allow access to files which may contain information about other Unitholders. Requests to access the above records/personal data or to exercise any other rights under the Data Protection Legislation should be directed to The Data Protection Adviser at the Manager's office, One Angel Lane, London EC4R 3AB.

## Annexure 1

### Sub-Fund Information Catholic Investment Fund

#### 1. Launch date

1 April 2021

#### 2. Product reference number

940775

#### 3. Valuation Point

12:00pm on each Dealing Day.

#### 4. Investment Objective

The Sub-Fund's objective is to provide capital growth and a growth in income, with the aim that a gross total return of 5% per annum net of inflation as measured by the increase in the UK Consumer Prices Index is achieved over the long term (defined as five years). This will be achieved through exposure to a diversified portfolio. The Sub-Fund is actively managed which means the Investment Manager uses their discretion to pick investments to seek to achieve the Sub-Fund's objective.

There is no guarantee that this return will be achieved over this specific period, or any other period and capital is at risk.

#### 5. Investment Policy and Strategy

The Sub-Fund will use a broad range of assets to achieve the investment objective with a focus on equities (approx. 50-85%). Other assets available for investment will include: fixed interest securities including those issued by governments and their agencies and by corporations and other issuing bodies, money-market instruments, cash and near-cash investments, infrastructure related investments, deposits, gold and immovables, which may be both liquid and illiquid in nature. Exposure to these assets may be via direct holdings (except gold and immovables) or indirectly through investment in collective investment schemes (including those managed and operated by the Manager or its Associates). Collective investment schemes may include exchange traded funds, closed-ended investment companies and open-ended funds. No more than 5% of the portfolio will be invested in **Illiquid** assets. The proportion of the Catholic Investment Fund invested in different asset classes will vary over time in response to the economic and

market environment and expectations of future returns and Volatility.

The Sub-Fund is managed to reflect the traditions and teachings of the Catholic Church and adopts a Catholic faith consistent investment policy which is set out in paragraph 7 below.

The Sub-Fund is also managed in line with CCLA's, 'Act, Assess, Align' approach to sustainability, as set out in paragraph 6 below.

Derivatives can be used for Efficient Portfolio Management only. The exposure to any one counterparty of an OTC derivative transaction must not exceed 10% in value of the Catholic Investment Fund. Forward Foreign Exchange (**FFX**) contracts can be used to hedge the currency exposure in the Catholic Investment Fund.

#### 6. Sustainability Approach

This product does not have a UK sustainable investment label. Sustainable investment labels help investors find products that have a specific sustainability goal. The Sub-Fund does not use a sustainable investment label because it does not have a sustainability goal.

However, the Sub-Fund is managed in line with a faith consistent investment policy that is consistent with the faith and teachings of the Catholic Church and is set out in paragraph 7 below. The listed equities held in the Sub-Fund are also managed in line with CCLA's 'Act, Assess, Align' approach to sustainability. Other assets are managed in line with the 'Align' approach as set out in the targeted restrictions below.

The 'Act, Assess, Align' approach includes:

**Act:** acting as an agent for 'change', because investment markets can only ever be as healthy as the environment and communities that support them. This includes:

- Using our ownership rights to improve the sustainability of the assets in which we invest.
- Bringing investors together to address systemic risks that have not received the attention that they require.
- Seeking to be a catalyst for change in the investment industry.

Engagement priorities are applied by the Manager to holdings within the Sub-Fund on a 'top-down basis'. By this it is meant that the Manager prioritises a number of sustainable themes, builds engagement programmes to tackle them and then identifies the correct holdings within the Sub-Fund to be included within them. This allows the Manager to control the

number of ongoing dialogues and increase its ability to deliver the desired change.

At present, three engagement themes are applied to the Sub-Fund. These are:

- I. **Better Health:** which includes working with companies to push for better standards to protect the mental health of employees and push for improvements in the nutritional standards of products.
- II. **Better Environment:** where we are working to accelerate the transition to a net-zero emissions economy and address concerns regarding biodiversity loss. This includes issues such as addressing climate change and tackling biodiversity loss.
- III. **Better Work:** where we are working to address modern slavery and wider concerns regarding human rights, poor labour standards and the living wage.

This work only applies to the listed equity component of the Sub-Fund. CCLA may change or add to these areas of focus.

Recognising the importance of engagement to the sustainability approach the Manager has adopted an engagement metric. The Manager, no less than annually, will disclose the proportion of portfolio holdings that have been engaged directly and report on the effectiveness of these engagements.

For details about engagement priorities and the outcomes that have been achieved please refer to the 'Sustainable Investment Outcomes' report which is available at [www.ccla.co.uk](http://www.ccla.co.uk)

**Assess:** assessing the environmental, social, and governance (ESG) standards of listed equities with the aim of avoiding investment in companies that are deemed by the Manager as having an unacceptable social or environmental impact and supporting the financial returns of the Sub-Fund.

This approach is undertaken because the Manager believes that a combination of legislation, regulation and changing societal preferences will impact negatively on the most unsustainable business models.

The Manager's approach to assessing ESG standards has two components; (i) formal codified restrictions from investment of sectors and companies that we believe pose significant environmental and social risks and (ii) an assessment process for the remaining eligible holdings.

The formal codified restrictions process is the method through which investments are 'screened out' on ESG grounds. An example would be that CCLA would be unable to buy a listed equity security in a company that generates more than 10% of its revenue from the extraction, refining or production of fossil fuels. The full restrictions applied by the Sub-Fund are included within the Catholic Faith Consistent Investment Policy below.

The assessment process of the remaining 'eligible' universe is designed to assist in 'financial risk' management and – as such – it identifies companies that require further assessment and/or additional approvals (such as approval by the CCLA Investment Committee) due to the level of ESG Risk rather than explicitly restricting companies. There are three components to this approach:

- I. **Corporate Governance:** assessments of companies' corporate governance is conducted using the CCLA Corporate Governance Rating. Companies with an E or F (the two lowest ratings provided) require the approval of the CCLA Investment Committee.
- II. **ESG Risk/Wider Sustainability factors:** we assess ESG Risk using our third-party data provider's ESG Risk Rating. Companies which have an ESG Risk rating of 35 (high risk) or more are deemed high risk and require Investment Committee approval for investment. The ESG Risk Rating scale ranges from 0 (negligible risk) to 40+ (severe risk).
- III. **Controversies:** companies which do not comply with Global Standards have the most severe level of controversy (as advised by our third-party provider) and are excluded. If they become non-compliant while they are in the Sub-Fund, a time-limited engagement plan is created with regular monitoring by the Investment Committee. Should the company not show sufficient improvement the Investment Manager then has a 6-months divestment window. Finally, no further stock/shares can be purchased in this company.

In addition, the Sub-Fund is managed in line with CCLA's goal to achieve net-zero emission listed equity portfolios no later than 2050. Companies can be included in our net-zero approach as long as they pass the Sub-Fund's values-based screens, our wider ESG minimum standards and are covered by our third-party data providers which provide the basis for assessment in our engagement framework. All our listed-equity portfolios are managed in a way that is less carbon intensive than the MSCI World Index. We determined a reducing maximum carbon ceiling by decarbonising the MSCI World Index's weighted average carbon intensity (Scope 1+2) using the Intergovernmental Panel on Climate Change (IPCC) 1.5°C/net zero pathway (P2). We commit to managing the listed-equity component of the Sub-Fund in a way that ensures that the portfolio footprint is lower than this maximum ceiling. The Manager currently does not provide Scope 3 emissions data due to concerns over accuracy and availability from data providers.

The 'Assess' criteria set out above only apply to the listed equities held within the Sub-Fund. In the management of the Sub-Fund the Manager may,

over time, amend the process used to assess ESG standards.

Recognising the importance of climate change to the Sub-Fund's client base the Manager has adopted 'Weighted Average Carbon Intensity' as a key metric for managing the Sub-Fund. The Manager will disclose, no less than annually, the weighted average carbon intensity of the Sub-Fund, the proportion of the Sub-Fund that the disclosure applies to (as it is anticipated that the Manager will be unable to provide full disclosure due to unavailable data) and the listed-equity component of the Sub-Fund's position against the maximum carbon ceiling.

More detail is available in our 'Climate for Good Investment' publication – available at [www.ccla.co.uk/documents/climate-good-investment-tcfd/download?inline](http://www.ccla.co.uk/documents/climate-good-investment-tcfd/download?inline)

Full details of our approach to net-zero listed equity portfolios are available on our website at [www.ccla.co.uk/sustainability/initiatives/climate-action](http://www.ccla.co.uk/sustainability/initiatives/climate-action).

**Align:** investing in a way that we believe is aligned with the values and beliefs of our clients.

**Note:** We offer other multi-asset funds with similar investment objectives but different targeted restrictions to enable investors to better align with their values.

The implementation of this approach involves the application of targeted restrictions upon investment by the Sub-Fund. As such, companies and any other assets that meet the criteria listed in the Catholic Faith Consistent Investment Policy below are restricted from investment by the Sub-Fund.

These restrictions are applied based upon data points selected by CCLA and in accordance with our values-based screening policy which sets out our approach for implementing restrictions across different asset classes and investment structures. The full values-based screening policy is available on our website at [www.ccla.co.uk/about-us/policies-and-reports](http://www.ccla.co.uk/about-us/policies-and-reports).

Recognising the importance of restrictions to Unitholders of the Sub-Fund the Manager will disclose the percentage of the MSCI World Index that is restricted from investment by the Sub-Fund.

## 7. Catholic Faith Consistent Investment Policy

### 7.1

The Sub-Fund's faith consistent investment policy is set by the Manager and informed by a dedicated Catholic Faith-Consistent Investment Committee.

### 7.2

The Sub-Fund adopts a faith consistent investment policy that is designed to reflect the teachings and mission of the Catholic Church.

### 7.3

The policy is made up of values-based restrictions, that are targeted to avoid investing in companies whose activities contradict the Church's teachings, and is supplemented by activities – such as corporate engagement – that are conducted by the Manager to drive positive and social change (as described in the Sustainability Approach section).

### 7.4

In line with the Church's teachings, the Sub-Fund will avoid investment in companies that we have been advised by our third-party data provider through the datapoints selected by the Manager, as:

#### 7.4.1

producing landmines, cluster bombs, chemical/biological weapons (defined as controversial weapons), and/or nuclear weapons;

#### 7.4.2

having significant involvement (>10% of revenue) in gambling, adult entertainment, non-medicinal cannabis, high interest rate lending, civilian firearms, or military weapons and equipment;

#### 7.4.3

having any involvement in the production of tobacco and/or deriving more than 5% of revenue from the production and/or retail of tobacco and related products/services;

#### 7.4.4

having fallen behind the transition to a low carbon economy. This is currently defined as any company:

- a) that derives more than 5% of their revenue from the extraction of thermal coal or tar sands and/or produces more than 10 million metric tonnes of coal (or have plans to expand their coal production);
- b) that derives more than 10% of their revenue from the extraction of oil and gas (this is defined as revenue derived from oil and gas extraction & production and oil and gas refining);
- c) whose principal business is the generation of electricity, and has not demonstrated the ability to align their business with the Paris Climate Change Agreement (as determined by the Manager);
- d) that is in the extractives or utilities sectors and where the Manager believes that productive engagement is not possible;

#### 7.4.5

is involved in activities that threaten the Sanctity of Life. This is currently defined as any company that:

- a) is involved in the production of drugs purposefully created to be used as abortifacients and/or with any involvement in providing “healthcare services or information which may relate to abortion”;
- b) is identified as engaging in human embryonic stem cell research;
- c) produces contraceptive products and/or derives more than 5% of its revenue from contraceptive products.

## 7.5

Remaining companies who after persistent engagement, fail the Manager’s ‘controversy process’ on non-conformance with the UN Global Compact are excluded. In order to provide the opportunity for companies to provide remedy, and to develop policies and processes to prevent a re-occurrence of the incident, the controversies process allows a three-year engagement window with the company. It is only at the completion of this engagement period that a company be deemed to have ‘failed’ the process.

## 7.6

The Sub-Fund will also not purchase sovereign debt from countries agreed by the Manager and the Sub-Fund’s Faith-Consistent Investment Committee as being amongst the world’s most oppressive.

## 7.7

Collective Investment Schemes: Other investment funds that are assessed by the Manager as having any exposure to landmines, cluster munitions, chemical or biological weapons or exposures that materially contradict the above approach are excluded. This is defined as having more than 10% of Net Asset Value exposed to other precluded activity. As a final safeguard, we seek to ensure that the combined exposure to all restricted activities within such other investment fund holdings remains below 1% of the capital value of the Sub-Fund. Due to a lack of data this approach to assessing the eligibility of collective investment schemes is implemented on a ‘best-endeavours’ basis.

## 7.8

The Sub-Fund’s faith consistent investment policy is kept under constant review and is set by the Manager based upon the advice of a dedicated Faith-Consistent Investment Committee.

## 7.9

Further details, as to how the faith consistent investment policy is implemented are available to Unitholders on request.

# 8. Benchmarks

## 8.1

The Sub-Fund’s performance can be assessed by reference to a:

### 8.1.1

Target benchmark of UK Consumer Prices Index plus 5% for target return purposes only. This index was chosen as a target for the Catholic Investment Fund’s return because the Catholic Investment Fund aims to grow investments above the rate of UK inflation.

### 8.1.2

Comparator benchmark that reflects the asset allocation of the Sub-Fund. This is designed to broadly reflect the risk/return profile of the Catholic Investment Fund and its underlying assets portfolio over the long term.

Index	Allocation
MSCI World Index	75.00%
Markit iBoxx £ Gilt Index	15.00%
MSCI UK Monthly Property Index	5.00%
Sterling Overnight Index Average (SONIA)	5.00%



## 9. Classes for investment in the Catholic Investment Fund.

The following Classes in the Catholic Investment Fund are:

<b>Class</b>	<b>Minimum Initial Investment</b>	<b>Minimum Holding</b>	<b>Characteristics</b>	<b>Availability</b>
Class 1 Units – Income	£1,000	£1,000	Income Units	Yes
Class 2 Units – Accumulation	£1,000	£1,000	Accumulation Units	Yes

There is currently no minimum additional investment in respect of each Class. The Manager has discretion to waive or vary this limit

## 10. Annual Management Charge (AMC)

The table below shows the AMC and separately details any initial or redemption charges that may be applicable. The charges are shown for each Class as follows:

Class Units	Initial Charge	AMC	Redemption Charge	Switching Charge
Class 1 Units – Income	0.00%	0.60%	0.00%	0.00%
Class 2 Units – Accumulation	0.00%	0.60%	0.00%	0.00%

The **AMC** is exclusive of VAT (which if payable will apply in addition) and is calculated by reference to the Net Asset Value of the relevant Class on the previous Dealing Day. The AMC will be payable monthly in arrears and be calculated with reference to the daily Net Asset Value of the Catholic Investment Fund.

The AMC may be charged to capital in accordance with the provisions of the COLL Sourcebook. This may constrain capital growth or result in capital erosion.

## 11. Operating Characteristics common to all Classes

The following operating characteristics are common to Classes 1 and 2:

Annual accounting reference date:	31 December
Half-yearly accounting date:	30 June
Ex-dividend date:	The last Business Day of each calendar quarter, being: March; June; September; December.
Income distribution:	The last Business Day of the second calendar month following the Ex-dividend date, being: February; May; August; November.
Total return approach (Class 1 Income Units only):	<p>In relation to Income Units, the Sub-Fund's income is distributed on a total return basis.</p> <p>The Manager has set a minimum, annual target distribution amount of 4.5 pence per Income Unit, and this may be funded from interest and/or dividend income and capital.</p> <p>The Manager will periodically review the target distribution amount and reserves the right to declare a distribution that is higher or lower than the target distribution amount. The target distribution amount is not guaranteed.</p> <p>In relation to Accumulation Units, income is not distributed but is automatically reinvested in the Sub-Fund and is reflected in the value of these Units.</p>

In relation to Class 1 Units and Class 2 Units, the Manager intends to declare net income of the Catholic Investment Fund on a quarterly basis and the Registrar will distribute such income to Unitholders in accordance with the above provisions of Annexure 1.

## 12. Profile of a Typical Investor

The Catholic Investment Fund is available only to Eligible Investors and is intended for charities wishing to achieve capital growth and a growth in income through exposure to a diversified portfolio and whose investment objectives also align with the traditions and teachings of the Catholic Church, who have an understanding or previous experience of investing in similar types of funds, and who are

seeking a good level of distributions and long-term protection from inflation.

Investors should be looking to invest for five years or more and appreciate that the value of their investment and any derived income may fall as well as rise.

Investors should also note that their capital will be at risk and therefore must have the ability to bear losses.

## 13. Website and publication of Unit Prices

Forms for the purchase or sale of Units for the Catholic Investment Fund can be downloaded from the Manager's website [www.ccla.co.uk](http://www.ccla.co.uk).

Unless for reasons beyond the control of the Manager, Unit prices will be available daily on the Manager's website [www.ccla.co.uk](http://www.ccla.co.uk) and by calling 0800 022 3505.

14. Pricing Basis

The Catholic Investment Fund shall be single priced on a forward pricing basis.

15. Leverage

The maximum level of Leverage permitted in respect of the Catholic Investment Fund is 210% using the Gross Method of that Sub-Fund's NAV and 110% using the Commitment Method of that Sub-Fund's NAV.

16. Dilution Adjustment

16.1

Typical dilution adjustments for the Sub-Fund are expected to be:

Sub-Fund	For purchases	For redemptions
Catholic Investment Fund	0.200%	0.200%

16.2

For purchases the dilution adjustment figure indicates a typical increase from mid-price. For redemptions the dilution adjustment figure indicates a typical decrease from mid-price.

16.3

Figures are based on the historic costs of dealing in the underlying investments of the Sub-Fund, including any spreads, commissions and transfer taxes. In more volatile or less liquid market conditions the dilution adjustment could be materially wider.

17. Total return approach

17.1

The Manager and Trustee may operate the Sub-Fund on the basis of a total return approach to the distribution of income in order to meet the target distribution amount specified above. In applying the total return approach, capital as well as dividends and interest income may be paid as distributions.

The Manager considers the target distribution amount to be consistent with the Sub-Fund's investment objective because the Sub-Fund aims to generate a total return from income and an increase in capital value over time.

## Annexure 2

### Eligible Securities Markets

Each Sub-Fund may deal through the securities markets indicated below:

Country	Exchange
Australia	ASX National
Austria	Vienna Stock Exchange
Belgium	Euronext Brussels
Brazil	B3 S.A. – Brasil, Bolca, Balcao
Bulgaria	Bulgarian Stock Exchange
Canada	Toronto Stock Exchange
Colombia	Bolsa de Valores de Colombia
Cyprus	Cyprus Stock Exchange
Czech Republic	Prague Stock Exchange
Denmark	NASDAQ Copenhagen
Estonia	NASDAQ Tallinn
Finland	NASDAQ Helsinki
France	Euronext Paris
Germany	Frankfurt Stock Exchange
Greece	Athens Stock Exchange
Hong Kong	Hong Kong Stock Exchange
Hungary	Budapest Stock Exchange
Iceland	NASDAQ Iceland
Indonesia	Indonesia Stock Exchange
Ireland	Euronext Dublin
Israel	Tel Aviv Stock Exchange (TASE)
Italy	Borsa Italiana
Japan	Japan Exchange Group (JPX)
Latvia	NASDAQ Riga
Lithuania	NASDAQ Vilnius
Luxembourg	Luxembourg Stock Exchange
Mexico	Mexican Stock Exchange (BMV)
Malaysia	Bursa Malaysia
Netherlands	Euronext Amsterdam
New Zealand	New Zealand Exchange (NSX)
Norway	Oslo Bors (Euronext)
Philippines	Philippine Stock Exchange
Poland	Warsaw Stock Exchange
Portugal	Euronext Lisbon
Qatar	Qatar Stock Exchange (QSX)
Singapore	Singapore Stock Exchange
Slovakia	Bratislava Stock Exchange

Slovenia	Ljubljana Stock Exchange
South Africa	Johannesburg Stock Exchange
South Korea	Korea Exchange (KRX)
Spain	Bolsa De Madrid
Sweden	NASDAQ Stockholm
Switzerland	Swiss Six Exchange Group
Taiwan	Taiwan Stock Exchange
Thailand	Stock Exchange Of Thailand (SET)
Turkey	Borsa Istanbul
United Kingdom	London Stock Exchange
United States	NYSE & Nasdaq Stock Market



## Annexure 3

### Investment and Borrowing Powers of the Trust and the Sub-Funds

#### 1. General Investment Powers

##### 1.1

The property of the Trust will be invested with the aim of achieving the investment objective of each Sub-Fund but will be subject to the limits on investment set out in Chapter 5 of the COLL Sourcebook that are applicable to non-UCITS retail schemes and each Sub-Fund's investment policy.

These limits apply to each of the Sub-Funds as summarised below.

##### 1.2

Generally the Sub-Funds will invest in investments in accordance with the investment objectives of the Sub-Fund as detailed in its investment policy and strategy including approved securities which are transferable securities admitted to or dealt on a regulated market or in a market in an EEA State which is regulated, operates regularly and is open to the public, units in collective investment schemes, warrants, derivatives and forward transactions, money market instruments and deposits.

##### 1.3

The Manager's investment policy may mean that at times, where it is considered appropriate, the property of the Sub-Fund will not be fully invested and that prudent levels of liquidity will be maintained.

##### 1.4

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

#### 2. Prudent Spread of Risk

The Manager must ensure that, taking account of the investment objectives and policy of the Sub-Fund, the property of the Sub-Fund aims to provide a prudent spread of risk.

#### 3. Non UCITS Retail Schemes Permitted Types of Scheme Property

##### 3.1

The Scheme Property of any Sub-Fund must, except where otherwise provided in the FCA Rules, only consist of any or all of:

##### 3.1.1

transferable securities;

##### 3.1.2

money-market instruments;

##### 3.1.3

units or shares in collective investment schemes;

##### 3.1.4

derivatives and forward transactions;

##### 3.1.5

permitted deposits;

##### 3.1.6

permitted immovables; and

##### 3.1.7

gold up to a limit of 10% in value of the Scheme Property.

##### 3.2

In addition to the general restrictions set out above, the following limits apply to each of the Sub-Funds.

#### 4. Transferable Securities

##### 4.1

A transferable security is an investment which is any of the following:

##### 4.1.1

a share;

##### 4.1.2

a debenture;

##### 4.1.3

an alternative debenture;

##### 4.1.4

a government and public security;

##### 4.1.5

a warrant; or

#### 4.1.6

a certificate representing certain securities.

#### 4.2

An investment is not a transferable security if the title to it cannot be transferred, or can be transferred only with the consent of a third party.

#### 4.3

In applying paragraph 4.2 to an investment which is issued by a body corporate, and which is a share or a debenture the need for any consent on the part of the body corporate or any members or debenture holders of it may be ignored.

#### 4.4

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

## 5. Investment in Transferable Securities

### 5.1

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

#### 5.1.1

the potential loss which the Sub-Fund may incur with respect to holding the transferable security is limited to the amount paid for it;

#### 5.1.2

its liquidity does not compromise the ability of the Manager to comply with its obligation to redeem Units at the request of any qualifying Unitholder under the COLL Sourcebook;

#### 5.1.3

a reliable valuation is available for it as follows:

- a) 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;
- b) 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;

#### 5.1.4

appropriate information is available for it as follows:

- a) 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;

- b) 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 Manager on the transferable security or, where relevant, on the portfolio of the transferable security;

### 5.1.5

it is negotiable; and

### 5.1.6

its risks are adequately captured by the risk management process of the Manager.

### 5.2

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

#### 5.2.1

not to compromise the ability of the Manager to comply with its obligation to redeem Units at the request of any qualifying Unitholder; and

#### 5.2.2

to be negotiable.

## 6. Closed End Funds Constituting Transferable Securities

### 6.1

A unit in a closed end fund shall be taken to be a transferable security for the purposes of investment by the Sub-Fund, provided it fulfils the criteria for transferable securities set out in paragraph 5, and either:

### 6.2

where the closed end fund is constituted as an investment company or a unit trust:

#### 6.2.1

it is subject to corporate governance mechanisms applied to companies; and

#### 6.2.2

where another person carries out asset management activity on its behalf, that person is subject to national regulation for the purpose of investor protection; or

### 6.3

where the closed end fund is constituted under the law of contract:

### **6.3.1**

it is subject to corporate governance mechanisms equivalent to those applied to companies; and

### **6.3.2**

it is managed by a person who is subject to national regulation for the purpose of investor protection.

## **7. Transferable Securities Linked to Other Assets**

### **7.1**

A Sub-Fund may invest in any other investment which shall be taken to be a transferable security for the purposes of investment by the Sub-Fund provided the investment:

#### **7.1.1**

fulfils the criteria for transferable securities set out in paragraph 5; and

#### **7.1.2**

is backed by or linked to the performance of other assets, which may differ from those in which the Sub-Fund can invest.

### **7.2**

Where an investment in paragraph 7.1 contains an embedded derivative component, the requirements of this Annexure with respect to derivatives and forwards will apply to that component.

## **8. Approved Money Market Instruments**

### **8.1**

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

### **8.2**

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

#### **8.2.1**

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

#### **8.2.2**

has a residual maturity of up to and including 397 days;

#### **8.2.3**

undergoes regular yield adjustments in line with money market conditions at least every 397 days; or

#### **8.2.4**

has a risk profile, including credit and interest rate risks, corresponding to that of an instrument which

has a maturity as set out in paragraphs 8.2.1 or 8.2.2 or is subject to yield adjustments as set out in paragraph 8.2.3.

### **8.3**

A money-market instrument shall be regarded as liquid if it can be sold at limited cost in an adequately short time frame, taking into account the obligation of the Manager to redeem Units at the request of any qualifying Unitholder.

### **8.4**

A money-market instrument shall be regarded as having a value which can be accurately determined at any time if accurate and reliable valuations systems, which fulfil the following criteria, are available:

#### **8.4.1**

enabling the Manager to calculate a net asset value in accordance with the value at which the instrument held in the portfolio could be exchanged between knowledgeable willing parties in an arm's length transaction; and

#### **8.4.2**

based either on market data or on valuation models including systems based on amortised costs.

### **8.5**

A money-market instrument that is normally dealt in on the money market and is admitted to or dealt in on an eligible market shall be presumed to be liquid and have a value which can be accurately determined at any time unless there is information available to the Manager that would lead to a different determination.

## **9. Transferable Securities and Approved Money Market Instruments generally to be Admitted to or Dealt in on an Eligible Market**

### **9.1**

Transferable securities and approved money-market instruments held within the Sub-Fund must be:

#### **9.1.1**

admitted to or dealt in on an eligible market within paragraph 10; or

#### **9.1.2**

be approved money-market instruments not admitted to or dealt in on an eligible market, within paragraphs 11 to 13; or

#### **9.1.3**

recently issued transferable securities (provided that the terms of issue include an undertaking that

application will be made to be admitted to an eligible market; and such admission is secured within a year of issue).

## 9.2

Not more than 20% in value of the Scheme Property of the Sub-Fund is to consist of transferable securities which are not within paragraph 9.1 or money-market instruments which are liquid and have a value which can be determined accurately at any time.

## 10. Eligible Markets Requirements

### 10.1

A market is eligible for the purposes of the rules if it is:

#### 10.1.1

a regulated market (as defined in the Glossary); or

#### 10.1.2

a market in the United Kingdom or an EEA State which is regulated, operates regularly and is open to the public; or

#### 10.1.3

any market within paragraph 10.2.

### 10.2

A market not falling within paragraph 10.1.1 or 10.1.2 is eligible for the purposes of COLL if:

#### 10.2.1

the Manager, after consultation with and notification to the Trustee, decides that market is appropriate for investment of, or dealing in, the Scheme Property;

#### 10.2.2

the market is included in a list in the Prospectus; and

#### 10.2.3

the Trustee has taken reasonable care to determine that:

- a) adequate custody arrangements can be provided for the investment dealt in on that market; and
- b) all reasonable steps have been taken by the Manager in deciding whether that market is eligible.

### 10.3

In paragraph 10.2.1, the market must not be considered appropriate unless it is regulated, operates regularly, is recognised as a market or exchange or as a self-regulating organisation by an overseas regulator, is open to the public, is adequately liquid and has adequate arrangements for unimpeded transmission of income and capital to or for the order of investors.

## 10.4

The eligible markets in which the Sub-Funds may invest are set out in Annexure 2.

## 11. Money market Instruments with a Regulated Issuer

### 11.1

In addition to instruments admitted to or dealt in on an eligible market the Sub-Fund may invest in an approved money-market instrument provided it fulfils the following requirements:

#### 11.1.1

the issue or the issuer is regulated for the purpose of protecting investors and savings; and

#### 11.1.2

the instrument is issued or guaranteed in accordance with paragraph 12.

### 11.2

The issue or the issuer of a money-market instrument, other than one dealt in on an eligible market, shall be regarded as regulated for the purpose of protecting investors and savings if:

#### 11.2.1

the instrument is an approved money-market instrument;

#### 11.2.2

appropriate information is available for the instrument (including information which allows an appropriate assessment of the credit risks related to investment in it), in accordance with paragraph 13; and

#### 11.2.3

the instrument is freely transferable.

## 12. Issuers and Guarantors of Money Market Instruments

### 12.1

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

#### 12.1.1

issued or guaranteed by any one of the following:

- a) a central authority of the United Kingdom or an EEA State or, if the EEA State is a federal state, one of the members making up the federation;
- b) a regional or local authority of the United Kingdom or an EEA State;
- c) the Bank of England, the European Central Bank or a central bank of an EEA State;

- d) the European Union or the European Investment Bank;
- e) a non-EEA State or, in the case of a federal state, one of the members making up the federation;
- f) a public international body to which the United Kingdom or one or more EEA States belong; or

#### **12.1.2**

issued by a body, any securities of which are dealt in on an eligible market; or

#### **12.1.3**

issued or guaranteed by an establishment which is:

- a) subject to prudential supervision in accordance with criteria defined by the laws of the United Kingdom or the European Union; or
- b) subject to and complies with prudential rules considered by the FCA to be at least as stringent as those laid down by the laws of the United Kingdom or the European Union.

### **12.2**

An establishment shall be considered to satisfy the requirement in paragraph 12.1.3(b) if it is subject to and complies with prudential rules, and fulfils one or more of the following criteria:

#### **12.2.1**

it is located in the European Economic Area;

#### **12.2.2**

it is located in an Organisation for Economic Co-operation and Development country belonging to the Group of Ten;

#### **12.2.3**

it has at least investment grade rating;

#### **12.2.4**

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

## **13. Appropriate Information for Money Market Instruments**

### **13.1**

In the case of an approved money-market instrument within paragraph 12.1.2 or which is issued by an authority within paragraph 12.1.1(b) or a public international body within paragraph 12.1.1(f) but is not guaranteed by a central authority within paragraph 12.1.1(a), the following information must be available:

#### **13.1.1**

information on both the issue or the issuance programme, and the legal and financial situation of the issuer prior to the issue of the instrument,

verified by appropriately qualified third parties not subject to instructions from the issuer;

#### **13.1.2**

updates of that information on a regular basis and whenever a significant event occurs; and

#### **13.1.3**

available and reliable statistics on the issue or the issuance programme.

### **13.2**

In the case of an approved money-market instrument issued or guaranteed by an establishment within paragraph 12.1.3, the following information must be available:

#### **13.2.1**

information on the issue or the issuance programme or on the legal and financial situation of the issuer prior to the issue of the instrument;

#### **13.2.2**

updates of that information on a regular basis and whenever a significant event occurs; and

#### **13.2.3**

available and reliable statistics on the issue or the issuance programme, or other data enabling an appropriate assessment of the credit risks related to investment in those instruments.

### **13.3**

In the case of an approved money-market instrument:

#### **13.3.1**

within paragraphs 12.1.1(a), 12.1.1(d) or 12.1.1(e); or

#### **13.3.2**

which is issued by an authority within paragraph 12.1.1(b) or a public international body within paragraph 12.1.1(f) and is guaranteed by a central authority within paragraph 12.1.1(a);

#### **13.3.3**

information must be available on the issue or the issuance programme, or on the legal and financial situation of the issuer prior to the issue of the instrument.

## **14. Valuation**

### **14.1**

The value of the Scheme Property of a Sub-Fund means the net value determined in accordance with the provisions of COLL 6.3, after deducting any outstanding borrowings, whether immediately due to be repaid or not.

## **14.2**

When valuing the Scheme Property:

### **14.2.1**

the time as at which the valuation is being carried out is treated as if it were a valuation point, but the valuation and the relevant time do not count as a valuation or a valuation point for the purposes of COLL 6.3;

### **14.2.2**

initial outlay is to be regarded as remaining part of the Scheme Property; and

### **14.2.3**

if the Manager, having taken reasonable care, determines that the Sub-Fund will become entitled to any unrealised profit which has been made on account of a transaction in derivatives, that prospective entitlement is to be regarded as part of the Scheme Property.

## **15. Spread: General**

### **15.1**

This paragraph 15 does not apply to government and public securities.

### **15.2**

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

### **15.3**

Not more than 10% in value of the Scheme Property is to consist of transferable securities or money-market instruments issued by any single body subject to paragraph 33 of this Annexure 3.

### **15.4**

The limit of 10% in paragraph 15.3 is raised to 25% in value of the Scheme Property in respect of covered bonds.

### **15.5**

In applying paragraph 15.3 certificates representing certain securities are treated as equivalent to the underlying security.

### **15.6**

The exposure to any one counterparty in an OTC derivative transaction must not exceed 10% in value of the Sub-Fund.

### **15.7**

Not more than 35% in value of the Scheme Property is to consist of the units of any one collective investment scheme.

## **15.8**

For the purpose of calculating the limit in paragraph 15.6, the exposure in respect of an OTC derivative may be reduced to the extent that collateral is held in respect of it if the collateral meets each of the conditions specified in paragraph 15.9.

### **15.9**

The conditions referred to in paragraph 15.8 are that the collateral:

#### **15.9.1**

is marked-to-market on a daily basis and exceeds the value of the amount at risk;

#### **15.9.2**

is exposed only to negligible risks (e.g. government bonds of first credit rating or cash) and is liquid;

#### **15.9.3**

is 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

#### **15.9.4**

can be fully enforced by the Sub-Fund at any time.

### **15.10**

For the purposes of calculating the limit in paragraph 15.6, OTC derivative positions with the same counterparty may be netted provided that the netting procedures:

#### **15.10.1**

comply with the conditions set out in Part Three, Title II, Chapter 6, Section 7 (Contractual netting (Contracts for novation and other netting agreements)) of the UK CRR; and

#### **15.10.2**

are based on legally binding agreements.

### **15.11**

For the purposes of this paragraph 15, all derivatives transactions are deemed to be free of counterparty risk if they are performed on an exchange where the clearing house meets each of the following conditions:

#### **15.11.1**

it is backed by an appropriate performance guarantee; and

#### **15.11.2**

it is characterised by a daily mark-to-market valuation of the derivative positions and an at least daily margining.

### **15.12**

For the purposes of this paragraph 15 a single body is:



#### **15.12.1**

in relation to transferable securities and money market instruments, the person by whom they are issued; and

#### **15.12.2**

in relation to deposits, the person with whom they are placed.

#### **15.13**

The rules in this Annexure 3 relating to spread of investments, do not apply until 12 months after the later of:

##### **15.13.1**

the date when the authorisation order in respect of the Sub-Fund takes effect; and

##### **15.13.2**

the date the initial offer commenced;

provided that paragraph 2 is complied with during such period.

## **16. Spread: Government and Public Securities**

#### **16.1**

The restrictions in paragraph 15 do not apply to government and public securities (such securities). The restrictions in relation to such securities are set out below.

#### **16.2**

Where no more than 35% in value of the Scheme Property is invested in transferable securities or approved money-market instruments that are issued or guaranteed by:

##### **16.2.1**

the UK or an EEA State;

##### **16.2.2**

a local authority of the UK or an EEA State;

##### **16.2.3**

a non-EEA State; or

##### **16.2.4**

a public international body to which the UK or one or more EEA States belong

issued by any one body, there is no limit on the amount which may be invested in such securities or in any one issue.

#### **16.3**

A Sub-Fund may invest more than 35% in value of the Scheme Property in such securities issued by any single body provided that:

#### **16.3.1**

the Manager has before any such investment is made consulted with the Trustee and as a result considers that the issuer of such securities is one which is appropriate in accordance with the investment objectives of the Sub-Fund;

#### **16.3.2**

no more than 30% in value of the Scheme Property consists of such securities of any one issue;

#### **16.3.3**

the Scheme Property includes such securities issued by that or another issuer, of at least six different issues;

#### **16.3.4**

the disclosures in the Prospectus required by the FCA have been made.

#### **16.4**

In accordance with paragraph 16.3, the a Sub-Fund may invest more than 35% of Scheme Property in government and public securities issued by a relevant issuer however the Sub-Fund shall not invest more than 35% of Scheme Property in government and public securities issued by any single body.

#### **16.5**

Notwithstanding the provisions of paragraph 15.1 and subject to paragraphs 16.2 and 16.3, in applying the 20% limit in COLL 5.2.11R(10) with respect to a single body, government and public securities issued by that body shall be taken into account.

## **17. Investment in Collective Investment Schemes**

#### **17.1**

Up to 100% of the Scheme Property of a Sub-Fund may be invested in units or shares in other collective investment schemes (**Second Scheme**), provided that the Second Scheme meets each of the requirements in paragraphs 17.2 to 17.6.

#### **17.2**

The Second Scheme must:

##### **17.2.1**

be a UCITS Scheme or satisfy the conditions necessary for it to enjoy the rights conferred by the UCITS Directive as implemented in the EEA; or

##### **17.2.2**

be a non-UCITS retail scheme; or

##### **17.2.3**

be a recognised scheme; or

#### 17.2.4

be constituted outside the United Kingdom and the investment and borrowing powers of which are the same or more restrictive than those of a non-UCITS retail scheme; or

#### 17.2.5

be a scheme not falling within paragraphs 17.2.1 to 17.2.4 and in respect of which no more than 20% in value of the Scheme Property (including any transferable securities which are not approved securities) is invested.

#### 17.3

The Second Scheme operates on the principle of the prudent spread of risk.

#### 17.4

The Second Scheme is prohibited from having more than 15% in value of the property of that Second Scheme consisting of units in collective investment schemes.

#### 17.5

The participants in the Second Scheme must be entitled to have their units redeemed in accordance with that Second Scheme at a price:

##### 17.5.1

related to the net value of the property to which the units relate; and

##### 17.5.2

determined in accordance with that Second Scheme.

#### 17.6

Where the Second Scheme is an umbrella, the provisions in paragraphs 17.3 to 17.5 and paragraph 15 apply to each Sub-Fund as if it were a separate scheme.

## 18. Investment in associated collective investment schemes

#### 18.1

Units in a scheme do not fall within paragraph 17 if that scheme is managed or operated by (or, if it is an ICVC, has as its ACD) the authorised fund manager of the investing non-UCITS retail scheme or by an associate of that authorised fund manager, unless:

##### 18.1.1

the prospectus of the investing authorised fund clearly states that the property of that investing fund may include such units; and

##### 18.1.2

the conditions in COLL 5.2.16R (Investment in other group schemes) are complied with.

#### 18.2

Where a Sub-Fund of a non-UCITS retail scheme which is an umbrella invests in or disposes of units in another Sub-Fund of the same umbrella (the Second Sub-Fund), the requirement in:

##### 18.2.1

paragraph 18.1.1 is modified as follows – the prospectus of the umbrella must clearly state that the scheme property attributable to the investing or disposing Sub-Fund may include units in another Sub-Fund of the same umbrella; and

##### 18.2.2

paragraph 18.1.2 is modified as follows – COLL 5.2.16R (Investment in other group schemes) must be complied with, modified such that references to the “**UCITS scheme**” are taken to be references to the investing or disposing Sub-Fund and references to the “**Second Scheme**” are taken to be references to the Second Sub-Fund.

## 19. Investment in Nil and Partly Paid Securities

#### 19.1

A Sub-Fund must not invest in nil and partly paid securities unless the investment complies with the conditions in paragraph 19.2.

#### 19.2

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

## 20. Derivatives: General

#### 20.1

A transaction in derivatives or a forward transaction must not be effected for a Sub-Fund unless the transaction is of a kind specified in paragraph 21 below; and the transaction is covered, as required by paragraph 36.

#### 20.2

Where a Sub-Fund invests in derivatives, the exposure to the underlying assets must not exceed the limits set out in paragraphs 15 to 16 except for index based derivatives where paragraph 20.4 applies.

#### 20.3

Where a transferable security or money-market instrument embeds a derivative, this must be taken

into account for the purposes of complying with this Annexure 3.

#### **20.4**

Where a Sub-Fund invests in an index-based derivative, provided the relevant index falls within paragraph 33, the underlying constituents of the index do not have to be taken into account for the purposes of paragraphs 15 to 16. The relaxation is subject to the Manager continuing to ensure that the Scheme Property provides a prudent spread of risk, as in paragraph 2.

## **21. Permitted Transactions (Derivatives and Forwards)**

#### **21.1**

A transaction in a derivative must be in an approved derivative; or be one which complies with paragraph 25.

#### **21.2**

A transaction in a derivative must have the underlying consisting of any one or more of the following to which the scheme is dedicated:

##### **21.2.1**

transferable securities,

##### **21.2.2**

money-market instruments,

##### **21.2.3**

deposits permitted under paragraph 39,

##### **21.2.4**

derivatives and forward transactions permitted under this paragraph 21,

##### **21.2.5**

Units in collective investment scheme units permitted under paragraph 17,

##### **21.2.6**

gold up to a limit of 10% in value of the Scheme Property,

##### **21.2.7**

financial indices which satisfy the criteria set out in paragraph 22,

##### **21.2.8**

interest rates,

##### **21.2.9**

foreign exchange rates; and

##### **21.2.10**

currencies.

#### **21.3**

The exposure to the underlying must not exceed the limits in paragraphs 15, 16 and 9.2.

#### **21.4**

A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market.

#### **21.5**

A transaction in a derivative must not cause a Sub-Fund to diverge from its investment objectives as stated in the Trust Deed constituting the scheme and the most recently published version of this Prospectus.

#### **21.6**

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, money-market instruments, units in collective investment schemes, or derivatives.

#### **21.7**

Any forward transaction must be with an Eligible Institution or an Approved Bank.

#### **21.8**

The Manager must ensure compliance with paragraphs 36 and 37.

## **22. Financial Indices Underlying Derivatives**

#### **22.1**

The financial indices referred to in paragraph 21.2.7 are those which satisfy the following criteria:

##### **22.1.1**

the index is sufficiently diversified;

##### **22.1.2**

the index represents an adequate benchmark for the market to which it refers;

##### **22.1.3**

the index is published in an appropriate manner.

#### **22.2**

A financial index is sufficiently diversified if:

##### **22.2.1**

it is composed in such a way that price movements or trading activities regarding one component do not unduly influence the performance of the whole index;

##### **22.2.2**

where it is composed of assets in which a Sub-Fund is permitted to invest, its composition is at least diversified in accordance with the requirements with

respect to spread and concentration set out in this Annexure; and

### **22.2.3**

where it is composed of assets in which a Sub-Fund cannot invest, it is diversified in a way which is equivalent to the diversification achieved by the requirements with respect to spread and concentration set out in this Annexure.

### **22.3**

A financial index represents an adequate benchmark for the market to which it refers if:

#### **22.3.1**

it measures the performance of a representative group of underlyings in a relevant and appropriate way;

#### **22.3.2**

it is revised or rebalanced periodically to ensure that it continues to reflect the markets to which it refers, following criteria which are publicly available; and

#### **22.3.3**

the underlyings are sufficiently liquid, allowing users to replicate it if necessary.

### **22.4**

A financial index is published in an appropriate manner if:

#### **22.4.1**

its publication process relies on sound procedures to collect prices, and calculate and subsequently publish the index value, including pricing procedures for components where a market price is not available; and

#### **22.4.2**

material information on matters such as index calculation, rebalancing methodologies, index changes or any operational difficulties in providing timely or accurate information is provided on a wide and timely basis.

### **22.5**

Where the composition of underlyings of a transaction in a derivative does not satisfy the requirements for a financial index, the underlyings for that transaction shall where they satisfy the requirements with respect to other underlyings pursuant to paragraph 21.2 be regarded as a combination of those underlyings.

## **23. Transactions for the Purchase of Property**

A derivative or forward transaction which will or could lead to the delivery of property for the

account of a Sub-Fund may be entered into only if that property can be held for the account of a Sub-Fund, and the Manager having taken reasonable care determines that delivery of the property under the transaction will not occur or will not lead to a breach of the rules in the COLL Sourcebook.

## **24. Requirement to Cover Sales**

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

## **25. OTC Transactions in Derivatives**

### **25.1**

Any transaction in an OTC derivative under paragraph 21.1 must be:

#### **25.1.1**

with an approved counterparty; a counterparty to a transaction in derivatives is approved only if the counterparty is:

- a) an Eligible Institution or an Approved Bank; or
- b) a person whose permission (including any requirements or limitations), as published in the Financial Services Register or whose Home State authorisation, permits it to enter into the transaction as principal off-exchange; and
- c) a CCP that is authorised in that capacity for the purposes of EMIR;
- d) a CCP that is recognised in that capacity in accordance with the process set out in article 25 of EMIR; or
- e) to the extent not already covered above, a CCP supervised in a jurisdiction that:
  - i) has implemented the relevant G20 reforms on over-the-counter derivatives to at least the same extent as the United Kingdom; and
  - ii) is identified as having done so by the Financial Stability Board in its summary report on progress in implementation of G20 financial regulatory reforms dated 25 June 2019.

#### **25.1.2**

on approved terms; the terms of the transaction in derivatives are approved only if the Manager carries out, at least daily, a reliable and verifiable valuation in respect of that transaction corresponding to its fair value and which does not rely only on market quotations by the counterparty; and can enter into a

further transaction to sell, liquidate or close out that transaction at any time, at its fair value; and

### **25.1.3**

capable of reliable valuation; a transaction in derivatives is capable of reliable valuation only if the Manager having taken reasonable care determines that, throughout the life of the derivative (if the transaction is entered into), it will be able to value the investment concerned with reasonable accuracy: on the basis of an up-to-date market value which the Manager and the Trustee have agreed is reliable; or, if that value is not available, on the basis of a pricing model which the Manager and the Trustee have agreed uses an adequate recognised methodology; and

### **25.1.4**

subject to verifiable valuation; a transaction in derivatives is subject to verifiable valuation only if, throughout the life of the derivative (if the transaction is entered into) verification of the valuation is carried out by an appropriate third party which is independent from the counterparty of the derivative, at an adequate frequency and in such a way that the Manager is able to check it; or a department within the Manager which is independent from the department in charge of managing the Scheme Property and which is adequately equipped for such a purpose.

## **25.2**

The jurisdictions that fall within 25.1.1(e) are Australia, France, Germany, Hong Kong, Italy, Japan, the Netherlands, Singapore, Spain, Switzerland, and the United States of America.

## **25.3**

For the purposes of paragraph 25.1.2, fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

## **26. Valuation of OTC Derivatives**

### **26.1**

For the purposes of paragraph 25.1.2, the Manager must:

#### **26.1.1**

establish, implement and maintain arrangements and procedures which ensure appropriate, transparent and fair valuation of the exposures of a Sub-Fund to OTC derivatives; and

#### **26.1.2**

ensure that the fair value of OTC derivatives is subject to adequate, accurate and independent assessment.

## **26.2**

Where the arrangements and procedures referred to in paragraph 26.1 involve the performance of certain activities by third parties, the Manager must comply with the requirements in the FCA Handbook (being SYSC 8.1.13 R (Additional requirements for a management company) and COLL 6.6A.4 R (4) to (6) (Due diligence requirements of AFMs of UCITS Schemes)).

## **26.3**

The arrangements and procedures referred to in this rule must be:

### **26.3.1**

adequate and proportionate to the nature and complexity of the OTC derivative concerned; and

### **26.3.2**

adequately documented.

## **27. Risk Management**

The Manager uses a risk management process, enabling it to monitor and measure as frequently as appropriate the risk of a Sub-Fund's positions and their contribution to the overall risk profile of a Sub-Fund.

## **28. Investment in property**

### **28.1**

Currently there is no intention to invest directly in immovables.

### **28.2**

Any investment in land or a building held within the Scheme Property of a Sub-Fund must be an immovable within paragraphs 28.3 to 28.6.

### **28.3**

An immovable must:

#### **28.3.1**

be situated in a country or territory identified in the Prospectus for the purpose of this rule; and

#### **28.3.2**

if situated in:

- a) England and Wales or Northern Ireland, be a freehold or leasehold interest; or
- b) Scotland, be any interest or estate in or over land or heritable right including a long lease; or

#### **28.3.3**

if not situated in the jurisdictions referred to in paragraph 28.3.2(a) or 28.3.2(b), be equivalent to any of the interests in paragraph 28.3.2(a) or

28.3.2(b) or, if no such equivalent interest is available in the jurisdiction, be an interest that grants beneficial ownership of the immovable to the Sub-Fund and provides as good a title as any of the interests in paragraph 28.3.2(a) or 28.3.2(b).

#### **28.4**

The Manager must have taken reasonable care to determine that the title to the immovable is good marketable title.

#### **28.5**

The Manager must:

##### **28.5.1**

have received a report from an appropriate valuer which:

- a) contains a valuation of the immovable (with and without any relevant subsisting mortgage); and
- b) states that in the appropriate valuer's opinion the immovable would, if acquired by a Sub-Fund, be capable of being disposed of reasonably quickly at that valuation; or

##### **28.5.2**

have received a report from an appropriate valuer as required by paragraph 28.5.1 and stating that:

- a) the immovable is adjacent to or in the vicinity of another immovable included in the Scheme Property or is another legal interest as defined in paragraph 28.3.2 or 28.3.3 in an immovable which is already included in the Scheme Property; and
- b) in the opinion of the appropriate valuer, the total value of both immovables would at least equal the sum of the price payable for the immovable and the existing value of the other immovable.

#### **28.6**

An immovable must:

##### **28.6.1**

be bought or be agreed by enforceable contract to be bought within six months after receipt of the report of the appropriate valuer under paragraph 28.5;

##### **28.6.2**

not be bought, if it is apparent to the Manager that the report in paragraph 28.6.1 could no longer reasonably be relied upon; and

##### **28.6.3**

not be bought at more than 105% of the valuation for the relevant immovable in the report in paragraph 28.5.

#### **28.7**

Any furniture, fittings or other contents of any building may be regarded as part of the relevant immovable.

#### **28.8**

An appropriate valuer must be a person who:

##### **28.8.1**

has knowledge of and experience in the valuation of immovables of the relevant kind in the relevant area;

##### **28.8.2**

is qualified to be a standing independent valuer of a non-UCITS retail scheme or is considered by the scheme's standing independent valuer to hold an equivalent qualification;

##### **28.8.3**

is independent of the Manager and Trustee of the Trust; and

##### **28.8.4**

has not engaged himself or any of his associates in relation to the finding of the immovable for the scheme or the finding of the scheme for the immovable.

## **29. Investment in overseas property through an intermediate holding vehicle**

#### **29.1**

An overseas immovable may be held by a Sub-Fund through an intermediate holding vehicle whose purpose is to enable the holding of immovables by the Sub-Fund or a series of such intermediate holding vehicles, provided that the interests of Unitholders are adequately protected. Any investment in an intermediate holding vehicle for the purpose of holding an overseas immovable shall be treated for the purposes of this Annexure 3 as if it were a direct investment in that immovable.

#### **29.2**

An intermediate holding vehicle must be wholly-owned by a Sub-Fund or another intermediate holding vehicle or series of intermediate holding vehicles wholly-owned by a Sub-Fund, unless and to the extent that local legislation or regulation relating to the intermediate holding vehicle holding the immovable requires a proportion of local ownership.

## **30. Investment limits for immovables**

The following limits apply in respect of immovables held as part of Scheme Property of a Sub-Fund:

#### **30.1**

not more than 15% in value of the Scheme Property is to consist of any one immovable;

#### **30.2**

in paragraph 30.1, immovables within paragraph 28.5.2 must be regarded as one immovable;



**30.3**

the figure of 15% in paragraph 30.1 may be increased to 25% once the immovable has been included in the Scheme Property in compliance with paragraph 30.1;

**30.4**

the income receivable from any one group in any accounting period must not be attributable to immovables comprising:

**30.4.1**

more than 25%; or

**30.4.2**

in the case of a government or public body more than 35%; of the value of the Scheme Property.

**30.5**

not more than 20% in value of the Scheme Property is to consist of immovables that are subject to a mortgage and any mortgage must not secure more than 100% of the value in paragraph 28.5 (on the assumption that the immovable is not mortgaged).

**30.6**

the aggregate value of:

**30.6.1**

mortgages secured on immovables under paragraph 30.5;

**30.6.2**

borrowing of the Sub-Fund under paragraph 40; and

**30.6.3**

any transferable securities that are not approved securities;

must not at any time exceed 20% of the value of the Scheme Property.

**30.7**

not more than 50% in value of the Scheme Property is to consist of immovables which are unoccupied and non-income producing or in the course of substantial development, redevelopment or refurbishment; and

**30.8**

no option may be granted to a third party to buy any immovable comprised in the Scheme Property unless the value of the relevant immovable does not exceed 20% of the value of the Scheme Property together with, where appropriate, the value of investments in:

**30.8.1**

unregulated collective investment schemes; and

**30.8.2**

any transferable securities which are not approved securities.

**30.9**

subject to paragraph 30.10, the limits in this paragraph 30 do not apply until 24 months after the later of:

**30.9.1**

the date when the authorisation order in respect of the Sub-Fund takes effect; and

**30.9.2**

the date the initial offer commenced;

provided that paragraph 2 is complied with during such period.

**30.10**

the limit in paragraph 30.7 relating to immovables which are unoccupied and non-income producing or are in the course of substantial development, redevelopment or refurbishment applies from the later of the date when the authorisation order in respect of the Sub-Fund takes effect and the date the initial offer period commenced.

## 31. Standing independent valuer and valuation

**31.1**

The following requirements apply in relation to the appointment of a valuer:

**31.1.1**

the Manager must ensure that any immovables in the Scheme Property are valued by an appropriate valuer (standing independent valuer) appointed by the Manager; and

**31.1.2**

the appointment must be made with the approval of the Trustee at the outset and upon any vacancy.

**31.2**

The standing independent valuer in paragraph 31.1 must be independent of the Manager and Trustee.

**31.3**

The following requirements apply in relation to the functions of the standing independent valuer:

**31.3.1**

the Manager must ensure that the standing independent valuer values all the immovables held within the Scheme Property, on the basis of a full valuation with physical inspection (including, where the immovable is or includes a building, internal inspection), at least once a year;

**31.3.2**

for the purposes of paragraph 31.3.1 any inspection in relation to adjacent properties of a similar nature

may be limited to that of only one such representative property;

### **31.3.3**

the Manager must ensure that the standing independent valuer values the immovables, on the basis of a review of the last full valuation, at least once a month;

### **31.3.4**

if either the Manager or the Trustee becomes aware of any matters that appear likely to:

- a) affect the outcome of a valuation of an immovable; or
- b) cause the valuer to decide to value under paragraph 31.3.1 instead of under paragraph 31.3.3;
- c) it must immediately inform the standing independent valuer of that matter;

### **31.3.5**

the Manager must use its best endeavours to ensure that any other affected person reports to the standing independent valuer immediately upon that person becoming aware of any matter within paragraph 31.3.4; and

### **31.3.6**

any valuation by the standing independent valuer must be undertaken in accordance with UKVPS 3 and 2.3 of UKVPGA of the RICS Valuation – Global Standards 2017, UK national supplement 2018 (the RICS Red Book), or in the case of overseas immovables on an appropriate basis, but subject to COLL 6.3 (Valuation and pricing).

## **31.4**

In relation to an immovable:

### **31.4.1**

any valuation under COLL 6.3 (Valuation and pricing) has effect, until the next valuation under that rule, for the purposes of the value of immovables; and

### **31.4.2**

an agreement to transfer an immovable or an interest in an immovable is to be disregarded for the purpose of the valuation of the Scheme Property unless it reasonably appears to the Manager to be legally enforceable.

## **32. Stock lending**

A non-UCITS retail scheme may undertake stock lending in accordance with COLL 5.4. While the Sub-Funds can enter into stock lending agreements, the Sub-Funds currently do not do so.

## **33. Schemes Replicating an Index**

### **33.1**

Notwithstanding paragraph 15, a Sub-Fund may invest up to 20% in value of the Scheme Property in shares and debentures which are issued by the same body where the aim of the investment policy of the Sub-Fund as stated in the most recently published Prospectus is to replicate the performance or composition of an index within paragraph 33.2.

### **33.2**

The index must:

#### **33.2.1**

have a sufficiently diversified composition;

#### **33.2.2**

be a representative benchmark for the market to which it refers; and

#### **33.2.3**

be published in an appropriate manner.

### **33.3**

The limit in paragraph 33.1 may be raised for a particular scheme up to 35% in value of the Scheme Property, but only in respect of one body and where justified by exceptional market conditions.

## **34. Feeder schemes**

### **34.1**

Except where the investment policy of a Sub-Fund is inconsistent with this, up to 100% in value of Scheme Property may be invested in units or shares in other collective investment schemes which are feeder schemes (feeder second schemes).

### **34.2**

Any feeder second scheme must be:

#### **34.2.1**

a feeder UCITS;

#### **34.2.2**

a feeder NURS;

#### **34.2.3**

a scheme dedicated to units in a single property authorised investment fund;

#### **34.2.4**

a scheme dedicated to units in a recognised scheme (as defined in the Glossary).

### **34.3**

The relevant Master Scheme of the feeder second scheme must comply with the relevant COLL requirements to be a second scheme for the

purposes of COLL 5.2.13R and COLL 5.6.10R (as applicable).

#### 34.4

Not more than 35% in value of the Scheme Property of a Sub-Fund may consist of units of one or more schemes permitted under paragraph 34.2.

#### 34.5

The Sub-Fund must not invest directly in units of the relevant Master Scheme.

#### 34.6

The Manager will only invest in a feeder second scheme where it can show on reasonable grounds that such investment is in the interests of investors and no less advantageous than if the non-UCITS retail scheme had held units directly in the relevant Master Scheme.

### 35. Non UCITS retail schemes that are umbrellas

#### 35.1

In relation to a scheme which is an umbrella, the provisions in this section apply to each Sub-Fund as if they were each a non-UCITS retail scheme.

#### 35.2

A Sub-Fund may invest in or dispose of units of another Sub-Fund of the same umbrella (the **Second Sub-Fund**) only if the following conditions are satisfied:

##### 35.2.1

the Second Sub-Fund does not hold units in any other Sub-Fund of the same umbrella; and

##### 35.2.2

the conditions in COLL 5.2.16R and COLL 5.6.11R are complied with (for the purposes of this rule, COLL 5.2.16R and COLL 5.6.11R are to be read as modified by COLL 5.6.11R(2)).

#### 35.3

Not more than 35% in value of the investing or disposing Sub-Fund is to consist of units of the Second Sub-Fund.

#### 35.4

The investing or disposing Sub-Fund must not be a feeder NURS to the Second Sub-Fund.

### 36. Cover for Investment in Derivatives

A Sub-Fund may invest in derivatives and forward transactions as part of its investment policy provided the Manager ensures that its global exposure relating to derivatives and forward transactions held in the

Sub-Fund does not exceed the Net Asset Value of the Scheme Property.

### 37. Daily Calculation of Global Exposure

#### 37.1

The Manager must calculate the global exposure of a Sub-Fund on at least a daily basis.

#### 37.2

For the purposes of this section, exposure must be calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions.

#### 37.3

The commitment method is used to calculate global exposure arising from the use of derivatives by a Sub-Fund. When using the commitment method, the Manager may take account of netting and hedging arrangements when calculating global exposure of the Sub-Fund, where those arrangements do not disregard obvious and material risks and result in a clear reduction in risk exposure.

### 38. Cash and Near Cash

#### 38.1

Cash and near cash must not be retained in the Scheme Property except to the extent that, where this may reasonably be regarded as necessary in order to enable:

##### 38.1.1

redemption of units; or

##### 38.1.2

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

##### 38.1.3

other purposes which may reasonably be regarded as ancillary to the investment objectives of a Sub-Fund; or

##### 38.1.4

the pursuit of a Sub-Fund's investment objectives.

#### 38.2

During the period of the initial offer the Scheme Property may consist of cash and near cash without limitation.

### 39. Investment in Deposits

A Sub-Fund may invest in deposits only if it is with an Approved Bank, or is repayable on demand, or

has the right to be withdrawn, and matures in no more than 12 months.

## 40. Borrowing Powers

### 40.1

A Sub-Fund may, subject to the Regulations and the Trust Deed, borrow money from an eligible institution or an Approved Bank for the use of the Sub-Fund on the terms that the borrowing is to be repayable out of the Scheme Property.

### 40.2

Borrowing must be on a temporary basis and must not be persistent and must have particular regard to the duration of any period of borrowing and the number of occasions on which resort is had to borrowing in any period. In any event must not exceed three months without the prior consent of the Trustee, which may be given only on such conditions as appear appropriate to the Trustee to ensure that the borrowing does not cease to be on a temporary basis.

### 40.3

The Manager must ensure that borrowing does not, on any Business Day, exceed 10% of the value of the Scheme Property of a Sub-Fund.

### 40.4

Borrowings may be made from, and deposits made with, the Trustee or any of its associates, provided they are bankers and any such borrowings and deposits are on normal commercial terms. There is no liability on such bankers to account to the Manager or to Unitholders for any profit they may derive therefrom.

### 40.5

These borrowing restrictions do not apply to “back-to-back” borrowing to be cover for transactions in derivatives and forward transactions.

## 41. Restrictions on Lending of Money

### 41.1

None of the money in the Scheme Property of a Sub-Fund may be lent and, for the purposes of this prohibition, money is lent by a Sub-Fund if it is paid to a person (**payee**) on the basis that it should be repaid, whether or not by the payee.

### 41.2

Acquiring a debenture is not lending for the purposes of paragraph 41.1; nor is the placing of money on deposit or in a current account.

## 42. Restrictions on Lending of Property other than Money

### 42.1

The Scheme Property of a Sub-Fund other than money must not be lent by way of deposit or otherwise.

### 42.2

Transactions permitted by COLL 5.4 (**Stock Lending**) are not lending for the purposes of paragraph 42.1.

## 43. General Power to Accept or Underwrite Placings

### 43.1

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

### 43.2

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

#### 43.2.1

which is an underwriting or sub-underwriting agreement; or

#### 43.2.2

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

### 43.3

Paragraph 43.2 does not apply to:

#### 43.3.1

an option; or

#### 43.3.2

a purchase of a transferable security which confers a right:

- a) to subscribe for or acquire a transferable security; or
- b) to convert one transferable security into another.

### 43.4

The exposure of a Sub-Fund to agreements and understandings within paragraph 43.2 must, on any Business Day:

#### 43.4.1

be covered in accordance with the requirements of Rule 5.3.3R of the COLL Sourcebook; and

#### **43.4.2**

be such that, if all possible obligations arising under them had immediately to be met in full, there would be no breach of any limit in Chapter 5 of the COLL Sourcebook.

### **44. Guarantees and indemnities**

#### **44.1**

The Trust or the Trustee on behalf of the Trust must not provide any guarantee or indemnity in respect of the obligation of any person and none of the Scheme Property of a Sub-Fund may be used to discharge any obligation arising under a guarantee or indirectly with respect to the obligation of any person.

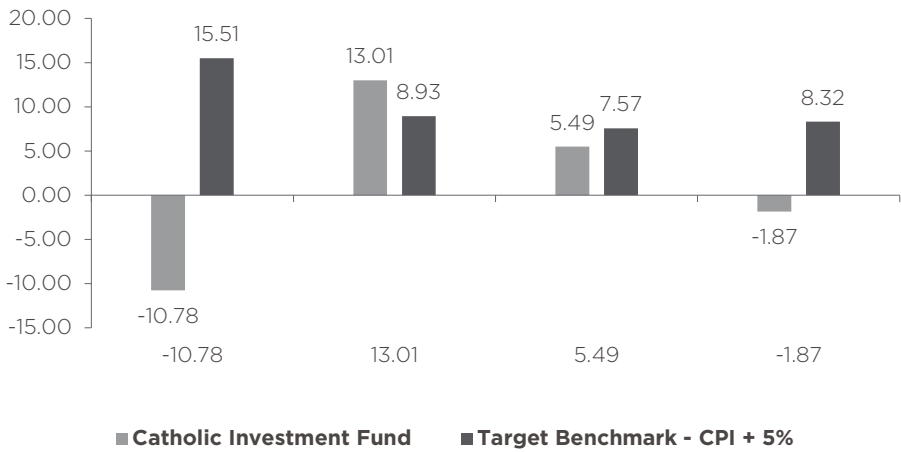
#### **44.2**

Paragraph 44.1 does not apply to guarantees or indemnities specified in COLL 5.5.9 R(3).

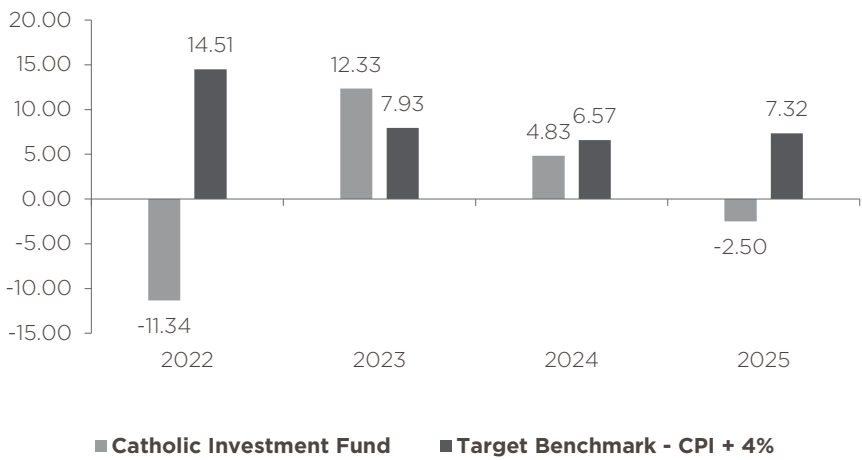
Annexure 4  
Past performance

The calendar year past performance below is shown both gross and net of all Catholic Investment Fund charges and expenses, with income reinvested.

Gross



Net



Note: CPI+4% has been used for the net performance chart to give a comparable net figure by assuming 1% costs.

Source: CCLA. **Past performance is not a reliable indicator of future results.**

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