

CCLA Authorised Contractual Scheme

Prospectus

Prospectus of CCLA Authorised Contractual Scheme

(An authorised contractual scheme formed as a co-ownership scheme under section 235A of the Financial Services and Markets Act 2000) (A Non-UCITS Retail Scheme)

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 Authorised Contractual Scheme which has been prepared in accordance with the Collective Investment Schemes and Investment Funds Sourcebooks.

This Prospectus is dated and is valid as at 25 January 2022.

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

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Directory

ACS Manager:

CCLA Fund Managers Limited
Senator House, 85 Queen Victoria Street,
London EC4V 4ET

Depository and Custodian:

HSBC Bank plc
8 Canada Square,
London E14 5HQ

Administrator:

HSBC Bank plc
8 Canada Square,
London E14 5HQ

Investment Manager:

CCLA Investment Management Limited
Senator House, 85 Queen Victoria Street,
London EC4V 4ET

Registrar and Transfer Agent:

CCLA Investment Management Limited
Senator House, 85 Queen Victoria Street,
London EC4V 4ET

Legal Advisers:

Farrer & Co LLP
66 Lincoln's Inn Fields,
London WC2A 3LH

Auditors:

Deloitte LLP
110 Queen Street,
Glasgow G1 3BX

Summary

- The Fund is an umbrella-type authorised contractual scheme and is a NURS scheme. For the purposes of the UK AIFMD Measures, the Fund qualifies as a UK AIF. It was authorised by the FCA on 24 October 2016 and is registered with the FCA under product reference number (PRN) 757825. It is established by way of a Co-ownership Deed which is binding on each Unitholder, who is deemed to have notice of it.
- The Fund currently has one Sub-Fund, the Diversified Income Fund (**DIF**) which is registered with the FCA under product reference number (PRN) 757826.
- The Sub-Funds of the Fund are segregated portfolios of assets and, accordingly, the assets of a Sub-Fund belong exclusively to that Sub-Fund and shall not be used to discharge directly or indirectly the liabilities of, or claims against, any other person or body, including the Fund, or any other Sub-Fund and shall not be available for any such purpose.
- Other Sub-Funds may be established by the ACS Manager from time to time. 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 base currency of the Fund and all Sub-Funds is pounds sterling (**GBP**) unless otherwise specified. The accounts of the Fund are prepared in GBP or its successor as the currency of the UK.
- CCLA Fund Managers Limited is the Authorised Contractual Scheme Manager (**ACS Manager**) of the Fund and has delegated the investment management function to CCLA Investment Management Limited. CCLA Investment Management Limited also acts as Registrar and Transfer Agent for the DIF.
- HSBC Bank plc is the Depositary of the Fund. HSBC Bank plc also acts as Administrator for the DIF.
- Unitholders are not liable for the debts of the Fund (or Sub-Fund as the case may be) nor are they liable to make any further payment after they have paid the price of their Units.
- Units are only currently available in respect of the DIF. There are currently three classes of Unit available in respect of the DIF numbered Unit Class 1 to 3, which are all Income Units.

- The DIF is principally targeted at local authorities, public sector investors and charities. Units are only available to Eligible Investors.
- The minimum initial investment and balance for the different Unit Classes in respect of the DIF is as follows:

Unit Class	Minimum investment and balance
Class 1 Units – Income	£1,000,000
Class 2 Units – Income	£1,000,000
Class 3 Units – Income	£1,000,000

- The minimum additional investment for each Unit Class is £25,000. The ACS Manager has discretion to waive or vary this limit.
- The Unit price for the DIF will be published daily on the ACS Manager's website (www.ccla.co.uk) and is also available by calling 0800 022 3505. The Units are not listed on any investment exchange.
- The ACS Manager intends to declare all net income of the DIF on a quarterly basis and income will be paid quarterly to Unitholders as set out in Annexure 1.
- 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 and Transfer Agent. Unit confirmations will be issued on request. A statement of holdings is issued at least annually to then current Unitholders.
- A Dealing Day is every day which is a Business Day.
- The Dealing Deadline is normally 12.00pm London time on a Dealing Day.
- The Valuation Point is normally 3.00pm on a Dealing Day.
- This Prospectus, the Co-ownership Deed and related documents can be inspected during normal office hours at the offices of the ACS Manager.

1. Definitions

1.1

The following defined terms are used in this Prospectus:

ACS	means the CCLA Authorised Contractual Scheme constituted as a co-ownership scheme and authorised by the FCA on 24 October 2016.
ACS Manager	means CCLA Fund Managers Limited, the authorised contractual scheme manager and its successors as ACS manager of the Fund.
ACS Manager's Group	means the group of companies consisting of the ultimate holding company of the ACS Manager and each of the subsidiaries of that holding company.
Administrator	means HBSC Bank plc, or such other person as is appointed to act as administrator to the Fund from time to time.
AIFM Regulations	means the Alternative Investment Fund Managers Regulations 2013, as amended from time to time.
AIFMD	means the Alternative Investment Fund Managers Directive (2011/61/EU).
AIFMD Level 2 Regulation	has the same meaning as set out in the Glossary.
Annual Management Charge	means the periodic fee payable to the ACS Manager as set out in detail in paragraph 20.2.
Application Form	means the application form as prescribed by the ACS Manager which must be completed in order to subscribe for Units.
Approved Bank	means (in relation to a bank account opened on behalf of the Fund or a Sub-Fund): a) if the account is opened at a branch in the United Kingdom: i) the Bank of England; or ii) the central bank of a member state of the Organisation for Economic Co-operation and Development; or iii) a bank; or iv) a building society; or v) a bank which is supervised by the central bank or other banking regulator of a member state of the OECD; or b) if the account is opened elsewhere: i) a bank in (a); or ii) a bank which is regulated in the Isle of Man or the Channel Islands; or c) a bank supervised by the South African Reserve Bank; and a credit institution established in an EEA State and duly authorised by the relevant home state regulator. as such definition may be updated in the Glossary from time to time.
Associate	means any member of the ACS Manager's Group or any other person whose business or domestic relationship with the Fund or the Fund'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.
Auditor	means Deloitte LLP, or such other entity as is appointed to act as auditor to the Fund from time to time.
Authorised Contract	means a contract which the ACS Manager is authorised to enter into on behalf of the Unitholders for the purposes of, and in connection with, the acquisition, management and/or disposal of any Scheme Property (but does not include a contract by which a person becomes a Unitholder).
Base Currency	means, depending on the context, the currency in which the accounts of the Fund, Sub-Fund or Class are to be prepared, or payments in relation to any of them.

Business Day	means any weekday when the banks in England and Wales are open for business (excluding any bank or public holiday in England and Wales).
CASS	means the Client Assets Sourcebook of the FCA Rules.
Certificate of Eligibility	means the certificate in the form set out in Annexure 5, or as may be amended by the ACS Manager from time to time, to be provided by each new prospective Unitholder confirming that they are an Eligible Investor.
CHAPS	means Clearing House Automated Payment System.
Charity	means a charity as defined in the Charities Act 2011.
Co-ownership Deed	means the deed constituting the Fund as amended from time to time in accordance with the COLL Sourcebook.
COBS	means the Conduct of Business Sourcebook of the FCA Rules.
COLL	refers to the appropriate chapter or rule in the COLL Sourcebook.
COLL Sourcebook	means the Collective Investment Schemes Sourcebook issued by the FCA as amended or replaced from time to time.
Contractual Scheme Rules	means the rules in the COLL Sourcebook made by the FCA under section 261I of FSMA (Contractual Scheme Rules) in relation to: <ul style="list-style-type: none"> a) the constitution, management and operation of authorised contractual schemes; b) the powers, duties, rights, and liabilities of the ACS Manager and depositary of any such scheme; c) the rights and duties of the unitholders in any such scheme; and d) the winding up of any such scheme.
Conversion	means the conversion of Units in one Class in a Sub-Fund to Units of another Class in the same Sub-Fund and Convert shall be construed accordingly.
Custodian	means HSBC Bank plc and/or such person appointed by the Depositary from time to time to provide custody services in relation to the Scheme Property.
Data Protection Legislation	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.
Dealing Costs	bears the meaning set out in paragraph 17.2.14.
Dealing Day	means each Business Day.
Dealing Deadline	means 12.00pm London time on a Dealing Day, or as otherwise determined by the ACS Manager.
Depositary	means HSBC Bank plc, or such other person as is appointed to act as Depositary of the Fund from time to time.
Depositary Agreement	means the agreement between the Depositary and the ACS Manager which sets out the terms on which the Depositary agrees to act as depositary of the Fund and which complies with the UK AIFMD Measures.
EEA State	means a member state of the European Union and any other state which is within the European Economic Area.

Efficient Portfolio Management	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"> a) they are economically appropriate in that they are realised in a cost-effective way; b) they are entered into for one or more of the following specific aims: <ul style="list-style-type: none"> i) reduction of risk; ii) reduction of cost; iii) generation of additional capital or income for the scheme with a risk level which is consistent with the risk profile of the scheme and the risk diversification rules laid down in COLL.
Eligibility Certificate	means a certificate broadly in the form set out in Annexure 5.
Eligible Institution	means one of certain eligible institutions as defined in the Glossary.
Eligible Investor	means a UK Tax Resident which is also one of the following: <ul style="list-style-type: none"> a) a professional ACS investor (being a person who is a professional client for the purpose of MiFID (as set out in Annexure 4)); b) a large ACS investor (being a person who in exchange for Units makes a payment of not less than £1 million or contributes property with a value of not less than £1 million); c) a person who already properly holds Units in the Fund,
(and Eligible Investors shall be construed accordingly).	
EMIR	has the meaning set out in the Glossary.
Euro or EUR or €	means monetary unit of the official currency of the Eurozone countries.
EUWA	means the European Union (Withdrawal) Act 2018.
FATCA	means the Foreign Account Tax Compliance Act provisions of the United States Hiring Incentives to Restore Employment Act.
FCA	means the Financial Conduct Authority or any other regulatory body which may assume its regulatory responsibilities from time to time.
FCA Rules	means the FCA Handbook of Rules and Guidance, as amended from time to time.
FSCS	means the Financial Services Compensation Scheme.
FSMA	means the Financial Services and Markets Act 2000, as amended or replaced from time to time.
Fund	means CCLA Authorised Contractual Scheme, constituted as a co-ownership scheme.
FUND Sourcebook	means the Investment Funds Sourcebook issued by the FCA as amended or re-issued from time to time.
Glossary	means the glossary to the FCA Rules.
HMRC	means Her Majesty's Revenue & Customs.
Investment Manager	means CCLA Investment Management Limited, the investment manager appointed by the ACS Manager in respect of the Fund, or such other entity as may from time to time be appointed as investment manager.

Master Scheme	means any of the following: a) a master UCITS (in the case of a feeder UCITS); b) a qualifying master scheme (in the case of a feeder NURS); c) a property authorised investment fund (in the case of a scheme dedicated to units in a single property authorised investment fund); or d) 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).
Master Services Agreement	means the agreement between HSBC Bank plc and CCLA Investment Management Limited which sets out the terms on which HSBC Bank plc provides certain fund administration, transfer agency and middle office services to CCLA Investment Management Limited (other than the Depositary services which are set out in a separate Depositary Agreement).
MiFID	has the meaning set out in the Glossary.
Money Laundering Regulations	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.
Net Asset Value or NAV	means the value of the Scheme Property of a Sub-Fund (or, as the context requires, of all existing Sub-Funds of the Fund) less all the liabilities of that Sub-Fund (or of all existing Sub-Funds of the Fund) determined in accordance with the Co-ownership Deed.
NURS	means in accordance with the FCA Rules an authorised fund which is neither a UCITS Scheme nor a qualified investor scheme.
OECD	means the Organisation for Economic Co-operation and Development.
OTC	means over-the-counter.
Privacy Notice	the privacy notice for clients available on the ACS Manager’s website as may be amended from time to time.
Register	means the register of Unitholders.
Registrar and Transfer Agent	means CCLA Investment Management Limited, or such other entity as is appointed to act as registrar and transfer agent to the Fund from time to time.
Regulations	means the AIFMD Level 2 Regulation, the AIFM Regulations, the Collective Investment in Transferable Securities (Contractual Scheme) Regulations 2013 (SI 2013/1388) 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.
Scheme Property	means the scheme property of a Sub-Fund or of all existing Sub-Funds (as appropriate).
Service Providers	means the ACS Manager, the Depositary, the Investment Manager, the Administrator, the Registrar and Transfer Agent and the Auditor, whose details are set out in this Prospectus.
SDRT	means Stamp Duty Reserve Tax.
Sub-Fund or Sub-Funds	means a sub-fund of the Fund (being part of the Scheme Property of the Fund which is pooled separately) to which specific assets and liabilities of the Fund may be allocated and which is invested in accordance with the investment objective applicable to such sub-fund.
Switch	means the exchange, where permissible, of Units of one Sub-Fund for Units of another Sub-Fund and Switching shall be construed accordingly.

Taxation or Tax	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.
UCITS	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.
UCITS Scheme	means a UK UCITS.
UK AIF	has the meaning set out in the Glossary.
UK AIFM	means an alternative investment fund manager and has the same meaning as set out in the Glossary.
UK AIFMD Measures	means: <ul style="list-style-type: none"> a) the Alternative Investment Fund Managers Regulations 2013 (SI 2013/1773); b) the AIFMD Level 2 Regulation; and c) all other UK law and regulation implemented for the purposes of onshoring the EU's AIFMD regime in the UK.
UK CRR	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 European Union (Withdrawal) Act 2018.
UK UCITS	has the meaning set out in the Glossary.
UK Tax Resident	means any person or entity resident in the UK for tax purposes.
Unit or Units	means a unit or units in a Sub-Fund of the Fund (including fractions of Units, with one fraction being equivalent to one-thousandth of a Unit).
Unit Class or Unit Classes	means in relation to Units, (according to the context) all of the Units related to a single Sub-Fund or a particular Class or Classes of Unit related to a single Sub-Fund.
Unitholder	means a holder of registered Units.
US or United States	means the United States of America and any of its territories, possessions and other areas subject to its jurisdiction.
US Persons	means a person who falls within the definition of "US Person" as defined in rule 902 of regulation S of the United States Securities Act 1933 and shall include additionally any person that is not a "Non-United States Person" within the meaning of United States Commodity Futures Trading Commission Regulation 4.7.
Valuation Point	means the valuation point on each Dealing Day fixed by the ACS Manager for the purpose of valuing the property of a Sub-Fund being normally at 3pm London time or as otherwise determined by the ACS Manager. Special valuations may also take place if at any time the ACS Manager considers there is good and sufficient reason to do so, having regard to the interests of Unitholders or potential Unitholders.
VAT	means value added tax.
Volatility	means the degree to which the returns from one investment or portfolio of investments or market vary from time to time.

1.2 Interpretation

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

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

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

References to the plural shall include the singular and vice versa.

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.

2. Details of the Fund and its Structure

2.1 Constitution

The Fund is an umbrella-type authorised contractual scheme and is a UK AIF and a NURS scheme for the purpose of the Regulations. It is established by way of a Co-ownership Deed which is binding on each Unitholder, who is deemed to have notice of it.

Being an umbrella scheme, the Fund is capable of comprising various Sub-Funds and such Sub-Funds may be established from time to time by the ACS Manager with the approval of the FCA. Each Sub-Fund is a UK AIF and a NURS scheme for the purpose of the Regulations. 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. The assets of a Sub-Fund are beneficially owned by the Unitholders as tenants in common and must not be used to discharge the liabilities of, or meet any claims against, any person or body other than the Unitholders in that Sub-Fund (including the umbrella and other Sub-Funds) and shall not be available for any such purpose.

Subject to the above, each Sub-Fund will be charged with the liabilities, expenses, costs and charges of the Fund attributable to that Sub-Fund, and within each Sub-Fund charges will be allocated between Unit Classes in accordance with the terms of issue of Units of those Classes. Any assets, liabilities, expenses, costs or charges not attributable to a particular Sub-Fund may be allocated by the ACS Manager in a manner which it believes is fair to the Unitholders generally. This will normally be pro rata to the Net Asset Value of the relevant Sub-Funds.

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

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.

The concept of segregated liability is relatively new and has not been tested in many jurisdictions. Where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known how those foreign courts will react to the concept.

Currently the Fund has one Sub-Fund, the Diversified Income Fund (DIF). The FCA product reference number (PRN) of the Sub-Fund is 757826.

2.2 Prospectus

CCLA Fund Managers Limited as the ACS Manager of the Fund is the person responsible for the information contained in this Prospectus. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained 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.

This Prospectus is based on information, law and practice at the date of the Prospectus specified on the front cover. The ACS Manager is not bound by an out of date Prospectus when it has issued an amended or updated one. Investors should check with the ACS 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.

2.3 The Structure of the Fund

The Fund is a contractual scheme in co-ownership form authorised by the FCA with effect from 24 October 2016. The FCA product reference number (PRN) of the Fund is 757825.

2.3.1

The Fund has an unlimited duration.

2.3.2

The Fund does not constitute a body corporate, a partnership or a limited partnership and as a consequence of being constituted as a co-ownership authorised contractual scheme, the Sub-Funds of the Fund may be treated as tax transparent for the purposes of income and/or gains by relevant taxing jurisdictions where Unitholders are subject to taxation and therefore, in most cases, also treated as

tax transparent by the jurisdictions from which any underlying income or gains arising to the Sub-Fund are derived. Such tax transparency cannot, however, be guaranteed.

2.3.3

Where a Sub-Fund is regarded as tax transparent in relevant taxing jurisdictions, each Unitholder should be entitled to claim the benefits of any applicable double taxation treaty between that Unitholder's jurisdiction of residence and the jurisdiction in which any underlying income or gains arise. Each Unitholder should take appropriate advice as to the tax treatment of their investment in the Sub-Fund.

2.3.4

In order for such treaty benefits to be available in relation to any underlying income and gains, it will generally be necessary that both the Unitholder's jurisdiction of tax residence and the jurisdiction having primary taxing rights over such income and gains recognise the tax transparency of the relevant Sub-Fund. In cases where one or other competent authority does not recognise the tax transparency of a Sub-Fund, withholding or other taxes may arise which would not have arisen had the Unitholder directly owned the underlying investments. In other words, that Unitholder would not obtain the benefits of tax transparency in relation to such income or gains.

2.3.5

It will be the responsibility of the Depositary, where appropriate, to make the necessary filings for reclaims of any tax withheld or any SDRT overpaid in cases where such reclaims are available, or, where appropriate, to protect against amounts being withheld in the first place.

2.3.6

Any economic benefit from such claims will be attributed to the appropriate Unit Class in the relevant Sub-Fund, in order that only the Unitholders entitled to relevant treaty benefits should benefit from the amounts reclaimed. To this end, Unitholders will be required to provide the ACS Manager with evidence of their tax residence and of their particular tax status for treaty benefit purposes within that jurisdiction. It will be the responsibility of the Unitholder to notify the ACS Manager promptly should there be a change in such status and, in any event, within 10 Business Days of such change.

2.3.7

Unitholders are not liable for the debts of the Sub-Fund or Sub-Funds in which they are invested. Unitholders are not liable to make any further payment to a Sub-Fund after they have paid the purchase price of their Units. They are, however, liable for any tax arising in respect of their

proportionate share of the income and gains in the Sub-Fund or Sub-Funds in which they have invested.

2.4 Eligible Investors

2.4.1

Units may not be issued to a person other than an Eligible Investor.

2.4.2

Each investor will be allocated Units of a particular Class appropriate to its particular tax status. Each Unit Class will, where appropriate, have a corresponding withholding tax rate or reclaim rate attributed to it for the purposes of making appropriate treaty or other tax reclaims.

2.4.3

In addition to the Certificate of Eligibility in the form set out in Annexure 5, investors will be required to provide the ACS Manager with such information and documents as it may require regarding the investor and its tax status to enable appropriate tax treatment and benefits to be available. The cost of providing such documents will be borne by the investor.

2.4.4

In the event that a Unitholder becomes aware that it is not an Eligible Investor or that it beneficially owns Units which are inappropriate for its tax status, or for which it does not meet the other investment criteria as set out in this Prospectus and the Annexures, then it must inform the ACS Manager immediately and the ACS Manager will take action in accordance with the provisions below.

2.4.5

In the event that the ACS Manager becomes aware that the Units are vested in a person other than an Eligible Investor (or reasonably believes this to be the case) the ACS 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 ACS Manager and the ACS Manager will redeem the entire holding. This will normally be at the next Valuation Point, but the ACS Manager may create a special Valuation Point for this purpose upon giving the Depositary reasonable prior notice of the creation of such special Valuation Point.

2.4.6

Where it comes to the attention of the ACS Manager either through the Unitholder informing the ACS Manager or otherwise that an Eligible Investor holds a Unit Class which is inappropriate to its tax status (for example this may include, but is not limited to, where its withholding tax rate or tax reclaim rate differs from the rate initially attributed to that Unit Class or where there is a change to its liability to

SDRT due to changes in its own tax status, taxation treaties or domestic exemptions affecting that Unitholder), or where the Unitholder has failed to provide within 10 Business Days of a request from the ACS Manager such documentation as the ACS Manager may require in order to establish the Unitholder's tax status, or does not meet any of the other investment criteria for the Sub-Fund or Unit Class in which the investor intends to invest or is invested, the ACS Manager reserves the right to redeem or Convert to a different Unit Class (at the ACS Manager's discretion and if an appropriate Unit Class is available) such Units, as appropriate. This will normally be at the next Valuation Point but the ACS Manager may create a special Valuation Point, for this purpose, upon giving the Depositary reasonable prior notice. In the event that no suitable alternative Unit Class exists, the Unitholder will immediately be deemed to have renounced title to the entire holding to the ACS Manager. In such scenarios, the ACS Manager is not obliged to give the Unitholders prior notice of its actions and the Unitholder bears any consequent risks, including that of market movement.

2.4.7

The ACS Manager may periodically request any Unitholders to provide revised tax documentation confirming their status. The cost of providing this documentation will be borne by the Unitholders.

2.5 General

2.5.1 Contact address

The contact address for the Fund is care of CCLA Fund Managers Limited at Senator House, 85 Queen Victoria Street, London EC4V 4ET.

2.5.2 Base Currency

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

2.5.3 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 ACS 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 Fund, including copies of the Co-ownership Deed, the current

Prospectus, the most recent annual and half-yearly long reports of the Fund, the key information document and other material contracts may be inspected at and copies obtained from, the head office of the ACS Manager upon request. The ACS Manager may make a charge at its discretion for copies of documents (apart from the most recent annual and half-yearly Fund Reports and the Prospectus which are available free of charge).

4. Conflicts of Interest

The ACS Manager and other companies within its corporate group may, from time to time, act as authorised contractual scheme 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 Fund or its Sub-Funds. The Sub-Funds may also invest in other funds managed by the ACS Manager or its Associates or a second Sub-Fund of the Fund. It is therefore possible that the ACS Manager may in the course of its business have actual or potential conflicts of interest with the Fund or a particular Sub-Fund. The ACS Manager will, however, have regard in such event to its obligations in relation to the Fund under the Co-ownership Deed and, in particular, to its obligation to act in the best interests of the Fund so far as practicable, having regard to its obligations to other clients when undertaking any activity where potential conflicts of interest may arise. Where a conflict of interest cannot be avoided, the ACS Manager will endeavour to ensure that the Fund and other funds it manages are treated fairly.

The ACS 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 Fund or its Unitholders will be prevented. Should any such situations arise the ACS Manager will disclose these to Unitholders in an appropriate format.

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

Actual or potential conflicts of interest may arise from time to time from the provision by the Depositary of the Services and/or its affiliates of

other services to the ACS Manager and/or other parties as set out further in paragraph 8.

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

5. Exercise of Voting Rights

The ACS 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. Details of action taken in respect of the exercise of voting rights are available from the ACS Manager upon request.

6. Best Execution

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

The ACS Manager's order execution policy sets out the basis upon which the ACS Manager will effect transactions and place orders in relation to the Fund 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. A copy will also be made available on request.

7. Management and Administration

7.1 The ACS Manager

7.1.1

CCLA Fund Managers Limited, whose registered and head office is at Senator House, 85 Queen Victoria Street, London EC4V 4ET, is the ACS Manager of the Fund. 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

For the purposes of the UK AIFMD Measures, CCLA Fund Managers Limited has also been appointed as the UK AIFM of the Fund.

7.1.3

The ACS Manager has been authorised by the FCA to act as a UK AIFM pursuant to the UK AIFMD Measures with the ability to delegate certain functions to third parties and in compliance with the FCA Rules the ACS Manager is responsible for the investment management function in respect of the Fund which includes portfolio management and risk management.

7.1.4

In carrying out its investment management duties, the ACS Manager acts as agent and in the name of the Fund.

7.1.5

The ACS 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 Fund and to enable the Fund to comply with the requirements of this Prospectus, the Co-ownership Deed and any other applicable legislation and regulations.

7.1.6

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

7.1.7

The ACS Manager has authority to enter into Authorised Contracts on behalf of the Fund for the acquisition, management and/or disposal of the Fund's (or Sub-Fund's) property. Further, the ACS Manager may exercise certain rights on behalf of Unitholders under such Authorised Contracts including bringing and/or defending proceedings for the resolution of any dispute in relation to the Authorised Contract.

7.1.8

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

7.1.9

The ultimate holding company of the ACS Manager is CCLA Investment Management Limited, a company incorporated in England and Wales.

The directors of the ACS Manager are:

R. Horlick (Chairman)*
D. Sloper
E. Sheldon
J. Jesty*
A. Roughead*

(* indicates a non-executive director)

7.1.10

The directors of the ACS Manager also act as the directors of companies other than the ACS Manager (including companies that are within the same group of companies as the ACS Manager). None of the main business activities of the directors (other than those connected with the business of the Fund) are of significance to the Fund's business.

7.1.11

The ACS Manager may provide investment services to other clients and funds and to companies in which the Fund 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 ACS Manager are set out in this Prospectus.

7.1.12

The ACS Manager is appointed under the Co-ownership Deed. Subject to the FCA Rules, under the Co-ownership Deed the ACS Manager is indemnified out of Scheme Property against losses, liabilities, costs, claims, actions, damages, expenses or demands incurred by the ACS Manager acting as authorised contractual scheme manager of the Fund except where caused by the fraud, negligence, or wilful default of the ACS Manager. Copies of the Co-ownership Deed are available to Unitholders on request.

7.1.13

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

7.1.14

The ACS 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 ACS Manager has appointed CCLA Investment Management Limited as Investment Manager to the Fund and the Sub-Funds. 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 Senator House, 85 Queen Victoria Street, London EC4V 4ET. The principal business activity of the Investment Manager is the provision of investment management services. CCLA Investment

Management Limited is an Associate of the ACS Manager.

7.2.2

The Investment Manager was appointed by an agreement dated 9 November 2016 between the ACS Manager and the Investment Manager, as amended from time to time (**Investment Management Agreement**).

7.2.3

In the exercise of the ACS Manager's investment functions, the Investment Manager shall (subject to the overall policy and supervision of the ACS Manager) have full power, authority and right to exercise the functions, duties, powers and discretions exercisable by the ACS Manager under the Co-ownership Deed and the Regulations to manage the investment of the Scheme Property of the Fund and/or Sub-Fund(s). 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 ACS 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 ACS 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. It will also terminate automatically if the agreement appointing the ACS Manager is terminated or if the ACS Manager or the Investment Manager cease to be authorised to act as such.

7.2.5

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

7.3 Registrar and Transfer Agent

7.3.1

As at the date of this Prospectus, the ACS Manager has appointed CCLA Investment Management Limited as Registrar and Transfer Agent of the Fund.

7.3.2

The Register of Unitholders is kept at and can be inspected by Unitholders at the registered office of the Registrar.

7.4 The Administrator

As at the date of this Prospectus, HSBC Bank plc acts as Administrator of the Fund. The Administrator will provide a range of services to the Fund including fund administration, transfer agency, property accounting and middle office services.

8. The Depositary

8.1

Pursuant to the agreement dated 24th October 2016 between the ACS Manager and the Depositary (the **Depositary Services Agreement**) and for the purposes of and in compliance with the UK AIFMD Measures and the relevant FCA Rules, the Depositary has been appointed as depositary to the Fund.

8.2

The Depositary 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 Depositary's registered and head office is located at 8 Canada Square, London E14 5HQ and the principal business activity of the Depositary 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 Prudential Regulation Authority and the Financial Conduct Authority.

8.3

The Depositary provides services to the Fund 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 Co-ownership Deed.

8.4

The Depositary's duties include the following:

8.4.1

Ensuring that the Fund's cash flows are properly monitored and that all payments made by or on behalf of applicants upon the subscription to Units of the Fund have been received.

8.4.2

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

8.4.3

Ensuring that issues, redemptions and cancellations of the Units of each Fund are carried out in accordance with applicable law and the relevant FCA Rules and Co-ownership Deed.

8.4.4

Ensuring that the value of the Fund is calculated in accordance with applicable law and the relevant FCA Rules and the Co-ownership Deed.

8.4.5

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

8.4.6

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

8.4.7

Ensuring that the Fund's income is applied in accordance with applicable law and the relevant FCA Rules and the Co-ownership Deed.

8.4.8

Ensuring that the income of each Fund is received in line with the tax status of each Unitholder and tax vouchers are distributed in the name of each Unitholder in accordance with applicable law and the Co-ownership Deed.

8.5

The appointment of the 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 Depositary has been appointed.

8.6

The Depositary may delegate its safekeeping functions subject to the terms of the Depositary Services Agreement and agreement of the ACS Manager.

8.7

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

8.8

In general, the Depositary is liable for losses suffered by the 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 Depositary will be liable to the Fund for the loss of financial instruments of the Fund which are held in its custody. The Depositary will not be indemnified out of the ACS Property for the loss of financial instruments where it is so liable.

8.9

The liability of the Depositary 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 ACS Manager to such delegation and discharge. At the date of this Prospectus, the

Depositary has not discharged its liability for the safekeeping of assets in its safekeeping.

8.10

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

8.11

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

8.12

From time to time actual or potential conflicts of interest may arise between the Depositary and its delegates. For example, such conflicts may arise; (i) where an appointed delegate is an affiliated group company and is providing a product or service to the Fund and has a financial or business interest in such product or service; or, (ii) where an appointed delegate is an affiliated group company which receives remuneration for other related products or services it provides to the Fund. The Depositary maintains a conflict of interest policy to address this.

8.12.1

In addition, actual or potential conflicts of interest may also arise between the Fund, the Unitholders or the ACS Manager on the one hand and the Depositary on the other hand.

For example, such actual or potential conflict may arise because the Depositary is part of a legal entity or is related to a legal entity which provides other products or services to the Fund or the ACS Manager and from which fees and profits in relation to the provision of those products or services may arise and from which the Depositary may benefit directly or indirectly. In addition, the Depositary 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 Fund, or may have other clients whose interests may conflict with those of the Fund, the Unitholders or the ACS Manager.

8.12.2

In particular, HSBC Bank plc may provide foreign exchange services to the Fund for which they receive a fee out of the property of the Fund. HSBC Bank plc or any of its affiliates or connected persons may also act as market maker in the investments of the Fund; provides broking services to the Fund and/or to other funds or companies; acts as financial adviser, banker, derivatives counterparty or otherwise provides services to the issuer of the

investments of the Fund; acts in the same transaction as agent for more than one client; has a material interest in the issue of the investments of the Fund; or earns profits from or has a financial or business interest in any of these activities.

8.13

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

8.14

The Depositary 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 Depositary has functionally and hierarchically separated the performance of its depositary tasks from its other potentially conflicting tasks. The system of internal controls, the different reporting lines, the allocation of tasks and the management reporting allow potential conflicts of interest and the Depositary issues to be properly identified, managed and monitored.

8.15

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

9. The Auditors

9.1

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

9.2

The Auditors shall, with respect to the assets of the Fund, 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 Fund.

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 Fund or 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 ACS Manager, the Investment Manager or the Depositary 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 ACS Manager or another FCA authorised Service Provider who is in default. As set out in paragraph 27.8 there are limits on the compensation available. Further information about the FSCS is available at www.fscs.org.uk.

See paragraph 8 for further information on the Depositary'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 Co-ownership Deed and this Prospectus (as may be amended from time to time). The Fund, the Co-ownership Deed and this Prospectus are governed by the laws of England and Wales. The Fund, the ACS 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) is shown in Annexure 6.

13. The Fund's Investment Objective

13.1

The Fund is structured as an umbrella-type authorised contractual scheme and different Sub-Funds may be established from time to time by the ACS Manager with the agreement of the Depositary and the approval of the FCA. The investment objective and policy of each Sub-Fund will be formulated by the ACS 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 Fund is to invest the property of the Fund 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 Fund 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

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

13.3

As at the date of this Prospectus there is only one Sub-Fund, the DIF. The investment objective and policy of the DIF is set out in Annexure 1.

13.4

It is not intended that the DIF will have any interests in any immovable property or movable property for the direct pursuit of the DIF's investment objectives.

13.5

In relation to the DIF derivatives and forward transactions will be used for Efficient Portfolio Management only.

14. Characteristics of Units in the Fund

14.1

Unitholders are not liable for the debts of the Fund, nor are they liable to make any further payment after they have paid the price of their Units.

14.2

The Fund issues 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.

14.3

Units have no par value and, within each Unit 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 Fund. Units do not carry preferential or pre-emptive rights to acquire further Units.

14.4

All Units are in registered form. Certificates are not issued in respect of the Units. Ownership will be evidenced by entry on the Fund's Register of Unitholders. At least once a year the ACS Manager will send to each current Unitholder a statement setting out their current holding of Units. A statement of holdings is also available on request.

14.5

The table below shows which Unit Classes are available as at the date of this Prospectus together with details of the minimum investment amount and minimum balance amount. The ACS Manager has discretion to waive or vary the minimum balance requirement. This information together with additional information in respect of the DIF is set out in Annexure 1.

Sub-Fund	Unit Class		
	Class 1	Class 2	Class 3
Diversified Income Fund			
Minimum initial investment	£1,000,000	£1,000,000	£1,000,000
Minimum balance	£1,000,000	£1,000,000	£1,000,000
Available for investment	Yes	Yes	Yes

14.6

The minimum additional investment in respect of each Unit Class is £25,000 (the ACS Manager has discretion to waive or vary this amount).

14.7

The Units may only be held by Eligible Investors as described in paragraph 2.4. If the ACS Manager reasonably believes that the Units are held otherwise than by Eligible Investors, the ACS Manager may take action as set out in paragraph 2.4 and/or paragraph 15.13 to ensure that the Units are held only by Eligible Investors in accordance with the Regulations.

14.8

The Fund may:

14.8.1

issue a number of Unit Classes in respect of a Sub-Fund;

14.8.2

apply differing charging structures, minimum investment levels and eligibility provisions in respect of different Unit Classes;

14.8.3

offer different types of Unit Class to different types of investor including, without limitation, Unit Classes that distribute income without deduction of tax to appropriately qualified investors and Unit Classes that distribute income net of tax; and

14.8.4

resolve to create further Unit Classes in respect of existing and future Sub-Funds amending this Prospectus accordingly.

In each case Annexure 1 contains specific details of the characteristics of Unit Classes comprised within each Sub-Fund.

14.9

Where a Sub-Fund has different Unit Classes, each Unit Class, where relevant, may attract different rates of non-United Kingdom withholding or other taxes or charges, and so monies may be received or deducted from the Scheme Property attributable to such Unit Classes in unequal proportions. In these circumstances, the proportionate interests of the Unit Classes within a Sub-Fund will be adjusted accordingly.

14.10

If a Unitholder's tax status changes (for example this may include, but is not limited to, where its withholding tax rate or tax reclaim rate differs from the rate initially attributed to that Unit Class or its liability to SDRT changes due to changes in taxation treaties or domestic exemptions affecting the Unitholder), or where the Unitholder has failed to provide within 10 Business Days of a request from the ACS Manager such documentation as the ACS Manager may require in order to establish the Unitholder's tax status, or where the Unitholder fails to meet any other investment criteria for that Sub-Fund or Unit Class the ACS Manager may in its sole discretion redeem that Unitholder's Units or may Convert their Units into an appropriate Unit Class as referred to in paragraph 2.4 "Eligible Investors" above, if an appropriate Unit Class is available.

14.11

In such scenarios and subject to the provisions of paragraph 2.4, the ACS Manager is not obliged to give the Unitholder prior notice of its actions and the Unitholder bears any consequent risks, including that of market movement.

14.12

The net proceeds from subscriptions to a Sub-Fund will be invested in the specific pool of assets constituting that Sub-Fund. The Fund 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.

14.13

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 ACS 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 Fund.

14.14

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

14.15

Units may be 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 on each interim and/or annual accounting date. This income is reflected in the price of an accumulation Unit. It should be noted that accumulation Units are not currently open for the DIF.

14.16

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 Unit Class within the same Sub-Fund, where available, or to Switch them for Units of any Class within a different Sub-Fund of the Fund. 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.

14.17

The ACS 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 ACS Manager 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. The

Dealing Deadline is normally 12.00pm London time on a Dealing Day.

15.1.2

Applications to purchase Units for the first time should be made by completion of the Application Form (which is available from the ACS Manager's website as specified in Annexure 1), together with the Eligibility Certificate and such other documents and information that the ACS Manager may require regarding the investor and its tax status and submitted to the Registrar by post to CCLA Investment Management Limited, Senator House, 85 Queen Victoria Street, London EC4V 4ET.

15.1.3

Applications to purchase additional Units should be made by completion of the relevant form (which is available on the ACS Manager's website) which should again be submitted to the Registrar by post or, provided an email and facsimile indemnity form has been completed, by email to correspondence@ccla.co.uk or such other means as the ACS 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 on any Dealing Day will be dealt with at the price calculated at the Valuation Point on that Dealing Day.

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 ACS Manager) be deemed to have been received by the following relevant Dealing Deadline. Applications to purchase additional units sent to the Registrar by email or by facsimile will be treated as definite orders and the Registrar may act on such orders. There is no right of withdrawal after acceptance by the Registrar. However, the Registrar (at its discretion and in consultation with the ACS 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 Registrar 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 CHAPS or Faster Payments to the account details of which are notified by the ACS Manager.

15.1.7

The number of Units issued will be the greatest number of larger denomination Units with the balance of the subscription money being used to purchase smaller denomination Units. Purchase contract notes will usually be issued by the end of the Business Day following the allocation of Units to the Unitholder (or to the first named Unitholder in the case of joint Unitholders) 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 ACS Manager upon receipt of any required registration details. These details may be supplied in writing to the Registrar or by returning to the Registrar the properly completed registration form and copy of the confirmation.

15.1.8

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.

15.1.9

Details of the initial charge payable on purchase of Units (if any) are set out in Annexure 1. There is currently no initial charge.

15.1.10

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

15.1.11

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

15.1.12

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 ACS Manager has the right to reject, on reasonable grounds, any application for Units in whole or part, and in this event the ACS Manager 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 ACS Manager may, at its discretion (with the prior permission of the Depositary), arrange for the ACS to issue Units in exchange for assets other than

cash, but will only do so where the Depositary has taken reasonable care to determine that the ACS'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. Where the ACS Manager considers the deal to be substantial in relation to the total size of the Sub-Fund it may require the investor to contribute in specie.

15.2.2

The ACS 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 ACS 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 to redeem or sell Units should be made by completion of the relevant form (which is available on the ACS Manager's website as specified in Annexure 1) and submitted to the Registrar by post to CCLA Investment Management Limited, Senator House, 85 Queen Victoria Street, London EC4V 4ET, or provided an email and facsimile indemnity has been completed, by e-mail to the Registrar at correspondence@ccla.co.uk or such other means as the ACS Manager may from time to time permit.

15.3.2

Requests to sell Units received by the Registrar up to the Dealing Deadline on any Dealing Day will be dealt with at the price calculated at the Valuation Point on that Dealing Day. Requests to sell Units received after the Dealing Deadline on a Dealing Day will be dealt with at the price calculated at the Valuation Point on the following Dealing Day. The Registrar on behalf of the ACS Manager can require that requests to sell Units are confirmed in writing, together with any such other information as the ACS Manager may reasonably require. Once made there is no right to withdraw from any request for the sale of Units. However, the ACS 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. There is currently no redemption charge.

15.3.4

The ACS 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 ACS Manager in its discretion may permit a Unitholder to hold less than the specified minimum of a Unit Class.

15.3.5

The Sub-Fund may on occasion issue or cancel Units directly through the ACS 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 (or the first named Unitholder in the case of joint Unitholders).

15.4 In specie redemption

Where a Unitholder requests the redemption of Units, the ACS Manager may at its discretion (with the prior permission of the Depositary) arrange for the Sub-Fund to cancel the Units and transfer certain identified Scheme Property to the Unitholder, instead of paying the price of the Units in cash. The ACS 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 ACS Manager in consultation with the Depositary 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 ACS Manager.

15.5.2

In the case of redemptions, proceeds will be paid by CHAPS 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. There is a minimum redemption request amount of £25,000.

15.5.3

The ACS Manager is under no obligation to account to the Sub-Fund, the Depositary or Unitholders for any profit made by the ACS Manager on the issue of Units or on the re-issue or cancellation of Units previously redeemed by the ACS Manager.

15.6 Deferred Redemptions

If requested redemptions across all Unit Classes of a Sub-Fund on a particular Dealing Day exceed 5% 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 ACS 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 Unit Class, a Unitholder may at any time Switch all or some of his Units of one Sub-Fund (**Original Units**) for Units of another Sub-Fund (**New Units**) in the Fund, subject to the transferee Sub-Fund having an appropriate Unit 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

Unitholders wishing to Switch will be required to provide to the ACS Manager a Certificate of Eligibility for the Unit Class to be switched into together with such other documents and information as the ACS Manager may require regarding the investor including the investor's ability to meet the investment criteria and in particular in relation to such investor's tax status and to enable appropriate tax treaty benefits to be available.

15.7.3

The ACS 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 ACS 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 Unit Class concerned, the ACS 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

Written instructions must be received by the ACS Manager before a Dealing Deadline in the Sub-Fund or Sub-Funds concerned to be dealt with at the prices at the next Valuation Point or at such other Valuation Point as the ACS Manager at the request of the Unitholder giving the relevant instruction may agree. Switching requests received after a Dealing Deadline will be held over until the next Dealing Day in each of the relevant Sub-Fund or Sub-Funds.

15.7.6

The ACS 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.

15.7.7

Please note that under UK tax law a Switch of Units in one Sub-Fund for Units in any other Sub-Fund is treated as a redemption of the Original Units and a purchase of New Units and will, for persons subject to UK taxation, be a realisation of the Original Units for the purposes of UK capital gains tax, which may give rise to a liability to tax, depending upon the Unitholder's circumstances. Unitholders should seek their own professional tax advice in this regard.

15.7.8

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. Currently there is only one Sub-Fund, the DIF, so switching between Sub-Funds does not currently arise.

15.8 Conversion of Units

15.8.1

Subject to any eligibility criteria in relation to a Unit 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 ACS Manager recording a change of Unit Class on the Register.

15.8.3

Investors should note that whilst Conversions are permitted, as Unit Classes are designed for specific tax purposes related to the investors in those Unit Classes, opportunities for Conversions may be limited.

15.8.4

If a Unitholder should wish to Convert Units it should apply to the ACS Manager in the same manner as for a sale as set out above including the same requirements as to Certificates of Eligibility and such other documents as the ACS Manager may require regarding the investor and in particular its tax status and to enable appropriate tax treaty benefits to be available. Unitholders should note that because of these requirements, Conversions may not be possible.

15.8.5

Where Conversions are possible, the ACS Manager 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 ACS Manager for further information on when a Conversion may be effected.

15.8.6

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

15.8.7

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 set out in the Prospectus from time to time, then the ACS 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.

15.8.8

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

15.8.9

The ACS 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".

15.8.10

Conversions will not generally be treated as a disposal for capital gains tax purposes.

15.9 Transfers

15.9.1

The Co-ownership Deed allows Unitholders to transfer their full holding to another person or body but only if that other person or body is an Eligible Investor and is eligible to invest in the same Unit Class as the transferring Unitholder. Any transfer of Units must be in accordance with the conditions set out in the FCA Rules. Unitholders should note that it is not possible to transfer only part of their holding. All transfers must be in writing in the form of an instrument of transfer approved by the ACS Manager for this purpose. Completed instruments of transfer must be returned to the Registrar in order for the transfer to be registered by the Registrar on behalf of the ACS Manager.

15.9.2

The instrument of transfer requires the transferee to provide a certificate in the form attached at Annexure 5 to the effect that it is an Eligible Investor and such other information as the ACS Manager may require to ensure that the proposed Unitholder is eligible to invest in the same Unit Class as the transferring Unitholder and to enable the correct tax treatment to be obtained. The ACS Manager therefore needs to be informed as soon as practicable about any potential transfer, when it will let both the transferee and transferor Unitholder know what is required. The Registrar on behalf of the ACS Manager may refuse to register a transfer unless the certificate in the form attached at Annexure 5 and such other information as it requires is provided to it.

15.9.3

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

15.10 Minimum Subscriptions, Redemptions and Holdings

15.10.1

The minimum initial subscriptions, subsequent subscription, redemption and holdings levels for each Unit Class in a Sub-Fund are set out in Annexure 1.

15.10.2

If following a redemption, Switch or Conversion a holding in any Unit Class should fall below the minimum holding for that Unit Class, the ACS Manager has discretion to effect a redemption of

that Unitholder's entire holding in that Unit Class. The ACS Manager may use this discretion at any time. Failure not to do so immediately after such redemption, Switch or Conversion does not remove this right.

15.11 Dealing Charges

15.11.1

The ACS 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 ACS Manager. The current initial charge (if any) is specified in Annexure 1.

15.11.2

The ACS 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 ACS Manager. The current redemption charge (if any) is specified in Annexure 1.

15.11.3

The ACS Manager may levy a charge for switching between Units in one Sub-Fund for Units in another Sub-Fund.

15.12 Dilution Levy

15.12.1

Where the Sub-Fund buys or sells underlying investments in response to a request for the issue or redemption of Units, it will generally incur a cost, made up of dealing costs and any spread between the bid and offer prices of the investments concerned, which is not reflected in the price paid by or to the Unitholder. This effect is known as "dilution" and may affect the future growth of the relevant Sub-Fund. To alleviate dilution, the ACS Manager is entitled to impose a dilution levy, which will be added to the purchase price or deducted from the redemption price of Units as appropriate. This levy is paid directly into the relevant Sub-Fund.

15.12.2

The ACS Manager has the power to make a dilution levy if, in its opinion, the existing Unitholders (for issues) or remaining Unitholders (for redemptions) might otherwise be adversely affected and if making a dilution adjustment is, so far as practicable, fair to all Unitholders and potential Unitholders.

15.12.3

The ACS Manager's policy is to calculate and, if applicable, apply a dilution levy daily, on the basis of the net inflows and outflows of the relevant Sub-Fund on the relevant day, to protect existing and/or remaining Unitholders from any adverse effects on their interests in the relevant Sub-Fund. As the dilution levy will be calculated on the basis of the net inflows and outflows of the relevant Sub-Fund on the

relevant day, there will be no separate or additional application of the dilution levy in respect of "large deals" as defined in the FCA Rules.

15.12.4

The ACS Manager will review its policy on at least an annual basis or as needed depending on prevailing market conditions. The ACS Manager has the right to use discretion to reduce or waive the dilution levy.

15.12.5

The rate or amount of the dilution levy will depend on the mix of assets in the relevant Sub-Fund and the transaction costs applying to them. In respect of the DIF, the estimated dilution levy charged daily by the ACS Manager based on future projections will be between 0% and 1.5% of the price of a Unit. It is therefore not possible to predict the dilution levy accurately. In such circumstances if a dilution levy is not made then this may restrict the future growth of the Sub-Fund(s).

15.12.6

The ACS Manager may alter its dilution policy in accordance with the FCA Regulations 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 Unitholders notice and amending the Prospectus 60 days before the change to the dilution policy is to take effect.

15.13 Restrictions and Compulsory Redemption

15.13.1

In addition to the eligibility criteria referred to in paragraph 2.4, the ACS 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 person in breach of the law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory or which would result in the Fund incurring any liability to taxation which the Fund is not able to recoup itself or suffering any other adverse consequence. In this connection, the ACS Manager may, inter alia, reject in its discretion any application for the purchase, redemption, Conversion or Switch of Units.

15.13.2

If it comes to the notice of the ACS 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 Fund incurring any liability to taxation which the Fund 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) (in addition to the Certificate of Eligibility or any other necessary documentation referred to in paragraph 2.4 and any other Unit Class specific criteria) are held in any manner by virtue of which the Unitholder or Unitholders in question is/are not qualified to hold such Units or if it reasonably believes this to be the case; or
- d) are owned by a Unitholder who is registered in a jurisdiction (where the Sub-Fund is not registered or recognised by the relevant competent authority) whereby communication with that Unitholder by the ACS Manager, on behalf of the Sub-Fund, might constitute a breach of the regulations in that jurisdiction (unless specific action is taken by the ACS Manager to prevent such a communication constituting a breach); or
- e) are held in a manner which constitutes a breach of the Co-ownership Deed or this Prospectus as to eligibility or entitlement to hold any Units,
- f) the ACS Manager may give notice to the Unitholder(s) of the affected Units requiring that a request in writing be given for the redemption of such Units in accordance with the COLL Sourcebook. If any Unitholder upon whom such a notice is served does not within 10 Business Days after the date of such notice submit a written request for their redemption to the ACS Manager or establish to the satisfaction of the ACS Manager (whose judgement is final and binding) that he or the beneficial owner is qualified and entitled to own the affected Units, he 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 ACS Manager) of all the affected Units.

15.13.3

A Unitholder who becomes aware that he is holding or owns affected Units shall immediately, unless he has already received a notice as set out above, submit a request in writing to the ACS Manager for the redemption of all his affected Units.

15.13.4

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.

15.14 Suspension of dealings in the Fund or a Sub-Fund

15.14.1

The ACS Manager may, with the prior agreement of the Depositary, and must without delay if the Depositary 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 ACS Manager and the Depositary 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 ACS Manager or the Depositary (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 ACS Manager and the Depositary 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 ACS 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 ACS 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 ACS 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 ACS 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.

15.15 Money Laundering

15.15.1

The ACS Manager has to comply with and operate in accordance with the Money Laundering Regulations as applicable from time to time. The ACS Manager may in its absolute discretion require verification of identity of any investor buying, selling, switching or

transferring Units or the identity of the person on whose behalf the investment is being made. If satisfactory verification is not forthcoming, the ACS Manager 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

Please note that electronic identity checks may be undertaken on the persons 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 ACS 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 ACS Manager has a policy to prevent market timing and late trading. As part of its policy, the ACS Manager may refuse to accept an application for Units from persons 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 ACS Manager makes use of the delivery versus payment exemption (**DVP exemption**) available to it under CASS when handling money for Unitholders in connection with buying or selling of Units in any Sub-Fund. Broadly speaking, the DVP exemption permits the ACS Manager, to hold investors' purchase or redemption monies in its corporate account (i.e. not as client money) for a limited period as specified under the CASS Rules.

16.2

While the ACS Manager is operating under the DVP exemption, Unitholder and or applicant money will not be subject to the protections conferred by the CASS rules and, if the ACS Manager were to fail, the FCA's client money distribution rules as set out in CASS would not apply to these sums and

Unitholders and/or applicants would not be entitled to share in any distribution under the CASS rules in respect of these sums.

16.3

By applying for Units in any Sub-Fund, each applicant and Unitholder agrees to the use of the DVP exemption by the ACS Manager as set out above.

16.4

Where the ACS 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 ACS Manager in its own right. Interest will not be paid on cash balances held in the client money account. The ACS Manager will not be responsible for any acts or omissions of the bank. If the bank becomes insolvent, the ACS Manager will have a claim on behalf of its clients. If, however, the bank cannot repay all of its creditors, any shortfall may have to be shared pro rata between such creditors. In the event of such a shortfall, applicants and Unitholders may be able to seek recovery from the FSCS. Details of the FSCS can be found at www.fscs.org.uk.

17. Valuation of the Fund

17.1 General

17.1.1

The Fund and each Sub-Fund will be single-priced. 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 ACS 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 prices obtained at such additional valuation as the prices for the day. The ACS Manager shall inform the Depositary 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 ACS Manager may, in certain circumstances (for example where a significant event has occurred since the closure of a market) substitute a price with more appropriate prices which in its opinion reflects fair and reasonable prices for that investment.

17.1.3

The ACS Manager will at each Valuation Point, notify the Depositary of the prices of each Unit Class of each Sub-Fund.

17.2 Calculation of the Net Asset Value

The value of the Scheme Property of each Sub-Fund 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 (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 17.2.2(f) 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:
 - 1) if a single price for buying and redeeming units or shares is quoted, at that price plus any Dealing Costs (as defined below), any preliminary charge payable by the Sub-Fund on the purchase of the units or shares, and any dilution levy or SDRT provision which would be added in the event of a purchase by the Scheme of the units or shares in question (except that, where the ACS Manager, or an associate of the ACS Manager, is also the manager or authorised corporate director of the collective investment scheme whose units or shares are held by the Sub-Fund, the valuation must not include any preliminary charge payable in the event of a purchase by the Sub-Fund of those units or shares); or
 - 2) if separate buying (**offer**) and selling (**bid**) prices are quoted, at the buying price, less any expected discount plus any Dealing Costs (as defined below), but where the ACS Manager, or an Associate, is also the manager or authorised corporate director of the collective investment scheme whose units or shares are held by the Sub-Fund, the issue price shall be taken instead as the buying price; or
 - 3) if, in the opinion of the ACS Manager, the price obtained is unreliable or no recent traded price is available or if no recent price exists or if the most recent price available does not reflect the ACS Manager's best estimate of the value of the units or shares, the ACS Manager may have to determine the valuation at a value which, in the opinion of the ACS Manager, is fair and reasonable;

- b) exchange-traded derivative contracts:
 - 1) if a single price for buying and selling the exchange-traded derivative contract is quoted, at that price; or
 - 2) if separate buying and selling prices are quoted, at the average of the two prices;
 - 3) over-the-counter derivative contracts shall be valued in accordance with the method of valuation as shall have been agreed between the ACS Manager and the Depositary;
- c) any other investment:
 - 1) if a single price for buying and redeeming the security is quoted, at that price (plus any Dealing Costs as defined below); or
 - 2) if separate buying and redemption prices are quoted, at the average of the two prices (plus any Dealing Costs as defined below); or
 - 3) if, in the opinion of the ACS Manager, the price obtained is unreliable or no recent traded price is available or if no recent price exists or if the most recent price available does not reflect the ACS Manager's best estimate of the value of the security, at a value which in the opinion of the ACS Manager, is fair and reasonable;
- d) Scheme Property other than that described in paragraphs 17.2.2, 17.2.2(b), 17.2.2(b)(iii) and 17.2.2(c) above, at a value which, in the opinion of the ACS Manager, is fair and reasonable (plus any Dealing Costs as defined below);
- e) immovable property shall be calculated in accordance with COLL 5.6.20 (Standing independent valuer and valuation) and any valuation under COLL 5.6.20 (Standing independent valuer and valuation) shall have effect until the next valuation under that rule. Where the ACS Manager, the Depositary and the Scheme's standing independent valuer have reasonable grounds to believe that the most recent valuation of an immovable does not reflect the current value of that immovable, the ACS Manager shall consult with the standing independent valuer to determine a fair and reasonable value of that immovable; and
- f) cash and amounts held in current and deposit accounts and in other time related deposits shall be valued at their nominal values.

17.2.3

In determining the value of the Scheme Property, all instructions given to issue or cancel Units shall be assumed (unless the contrary is shown) to have been carried out and any cash payment made or received and all consequential action required by the Regulations or the Co-ownership Deed shall be assumed (unless the contrary has been shown) to have been taken.

17.2.4

Subject to paragraphs 17.2.5 and 17.2.6 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 if, in the opinion of the ACS Manager, their omission will not materially affect the final net asset amount.

17.2.5

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 17.2.4.

17.2.6

All agreements are to be included under paragraph 17.2.4 which are, or ought reasonably to have been, known to the person valuing the Scheme Property assuming that all other persons in the ACS Manager's employment or to whom the ACS Manager has delegated such responsibility take all reasonable steps to inform it immediately of the making of any agreement.

17.2.7

There shall be deducted an estimated amount for any anticipated tax liabilities at that time including (as applicable and without limitation) any UK or foreign stamp, transfer or transaction taxes (including SDRT), any VAT and any tax on income or gains.

17.2.8

There shall be deducted an estimated amount for any liabilities payable out of the property of the Sub-Fund and any tax thereon treating periodic items as accruing from day to day.

17.2.9

There shall be deducted the principal amount of any outstanding borrowings whenever repayable and any accrued but unpaid interest on borrowings.

17.2.10

There shall be added an estimated amount for accrued claims for tax of whatever nature which may be recoverable.

17.2.11

There shall be added any other credits or amounts due to be paid into the Scheme Property.

17.2.12

There shall be added a sum representing any interest or any income accrued due or deemed to have accrued but not received.

17.2.13

Currencies or values in currencies other than the Base Currency shall be converted at the relevant Valuation Point at a rate of exchange that is not likely to result in any material prejudice to the interests of Unitholders or potential Unitholders.

17.2.14

For the purpose of this section of the Prospectus “Dealing Costs” means any fiscal levies, commission (such as may be permitted by the Regulations) or other charges payable in the event of the Sub-Fund carrying out the transaction in question (but excluding any preliminary charge payable by the Sub-Fund on the purchase of units or shares), assuming that the commission and charges (other than fiscal levies) which would be payable by the Sub-Fund are the least that could reasonably be expected to be paid in order to carry out the transaction.

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 Unit 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 property of the Sub-Fund in question calculated in accordance with the Co-ownership Deed.

17.4 Pricing Basis

The ACS 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 ACS 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 rate, 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 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 his Units may not realise the amount originally invested, depending on change in investment value and the amount of the charge.

18.6 Tax

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 ACS Manager, the Fund and Sub-Fund(s), 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 Fund and the Sub-Fund(s) 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 particular circumstances of individual Unitholders. The information in the "Taxation" section (see paragraph 22) 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-Fund(s).

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

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 Fund and the Sub-Funds

18.11.1

As explained in paragraph 2.1, under section 261P of FSMA, each Sub-Fund is a segregated portfolio of assets and those assets can only be used to meet the liabilities of, or claims against, that Sub-Fund. Whilst the provisions of section 261P of FSMA provide for segregated liability between the Sub-Funds, the concept of segregated liability is relatively new. Accordingly, where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known whether a foreign court would give effect to the segregated liability and cross-investment provisions contained in section 261P of FSMA. Therefore, it is not possible to be certain that the assets of a Sub-Fund will always be completely insulated from the liabilities of another Sub-Fund of the Fund in every circumstance.

18.11.2

Notwithstanding the above, however, Unitholders are not liable for the debts of the Fund or any Sub-Fund. A Unitholder is not liable to make any further payment to the Fund or any Sub-Fund after he has paid the price on purchase of the Units (please also refer to paragraph 18.12 below).

18.12 Unitholder Indemnity

18.12.1

Each Unitholder will be required to provide an indemnity in the form set out in the Certificate of Eligibility as set out at Annexure 5, which will be triggered in the event that the Depositary, the Custodian, the ACS Manager, the Investment Manager, the Administrator, any other provider of services to or in relation to the Fund, any Sub-Fund, any underlying investment, any Unitholder or former Unitholder and any of their respective delegates or agents is liable to pay any Taxation because of the indemnifying Unitholder's ownership (including its previous ownership) in the relevant Sub-Fund unless the payment arises because of the negligence, fraud or wilful default of the party being indemnified. Unitholders may therefore be liable to pay the amount of any such Taxation to the relevant Sub-Fund or as the ACS Manager may direct.

18.12.2

The indemnity is also intended to provide protection where the amount paid out on the redemption of Units takes into account reclaimed amounts of Tax which are in the event received by the former Unitholder and not paid to the relevant Sub-Fund and any Tax which was taken into account in the amount paid out on the redemption of Units, on the basis that it was reclaimable from a tax authority, but which is not in fact received by the relevant Sub-Fund.

18.13 Tax status of the Fund

The Fund is a UK fund structure developed to be tax transparent in the UK and in other jurisdictions. Although it is expected that tax authorities outside the UK will recognise the Fund as being tax transparent, the ACS Manager cannot guarantee that this will always be the case. Depending on the particular circumstances of the Unitholder and/or the investments, should a non-UK tax authority conclude that the Fund is not in fact tax transparent, there could be adverse tax consequences for the Unitholder which could include a liability to Taxation exceeding the value of the Unitholder's holding. Unitholders should take professional advice in relation to such matters and the ACS Manager shall not be liable for any such unexpected Taxation.

18.14 Clearing of over-the-counter derivatives

18.14.1

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.

18.14.2

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.

18.14.3

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.

18.15 Counterparty Risk

Sub-Fund(s) 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-Fund(s) 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-Fund(s) 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-Fund(s) might not be able to recover cash or assets of equivalent value in full.

18.16 Depositary 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 not therefore be protected under the FCA's Client Money Rules. If the Depositary fails, the 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 Rules in respect of these sums.

The Fund 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 Fund and the Sub-Fund(s).

18.17 Suspension of Dealings in Units

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

18.18 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.

18.19 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 ACS Manager's best estimate of the value of the investments, the ACS Manager may have to determine valuations in respect of such investments at a value which, in the opinion of the ACS 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.

18.20 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.

18.21 Derivatives for investment purposes

While the DIF will not use derivatives for investment purposes, it may invest in other collective investment schemes that do use derivatives for investment purposes.

Further in the future the Fund 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.

18.22 Derivatives and other techniques for Efficient Portfolio Management

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

18.22.1

Certain derivatives including forward foreign exchange contracts and other techniques may be used in connection with the current and any future Sub-Funds 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.

18.22.2

The use of derivatives and other techniques for Efficient Portfolio Management by the current and

any future Sub-Funds 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 18.14 in relation to the clearing of over-the-counter derivatives and paragraph 18.15 in relation to counterparty exposure are also relevant to derivatives and other transactions entered into for Efficient Portfolio Management.

18.23 Concentration of Investments

While it is the intention of the ACS 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.

18.24 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.

18.25 Risk of Investment in Other Collective Investment Schemes

A Sub-Fund may invest in one or more collective investment schemes including schemes that are

managed by the ACS Manager or affiliated companies. 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 to those mentioned below.

18.26 Operational Risk

The Fund, the ACS Manager, the Depositary 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 ACS Manager, Depositary 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 ACS Manager's, Depositary's and other Service Providers' systems and operations significantly, which may result in financial loss, regulatory censure and/or reputational damage.

18.27 Cyber Event Risk

Like other business enterprises, the use of the internet and other electronic media and technology exposes the Fund, the ACS Manager, Depositary 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 Fund and its Unitholders. A cyber-event may cause the Fund, or the ACS Manager, Depositary 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 Fund and the ACS Manager, Depositary 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.

18.28 Other Risks, including Terrorism and Pandemic Risk

The Fund and counterparties with which the ACS Manager on behalf of the Fund 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 Fund 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 Fund 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 Fund and materially and adversely affect its operation.

18.29 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.

18.30 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. AAA rated government and corporate bonds have a relatively low risk of default compared to non-investment grade bonds. However, the ratings are subject to change and they may be downgraded. The lower the rating the higher the risk of default.

18.31 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 Fund 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 Fund

19.1

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

19.2

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

19.3

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

19.3.1

the charges and expenses payable to the ACS Manager, including the ACS Manager's Annual Management Charge (from which the ACS Manager may pay the fees and expenses payable to the Investment Manager or other Service Providers);

19.3.2

fees and expenses of the Depository and Custodian;

19.3.3

fees and expenses of the Administrator of the Fund, which includes, but is not limited to, the provision of fund management accounting services and the valuation and calculation of the Net Asset Value of each Sub-Fund;

19.3.4

fees of the Registrar and Transfer Agent, which includes, but is not limited to, the issue and redemption of Units of each Sub-Fund;

19.3.5

fees of any paying, representative or other agents of the Fund or the ACS Manager;

19.3.6

fees and expenses of the Auditors and any tax, legal and other professional advisers of the Fund;

19.3.7

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;

19.3.8

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

19.3.9

expenses incurred in company secretarial duties, including the cost of minute books and other documentation required to be maintained by the Fund;

19.3.10

fees and expenses in respect of establishing and maintaining the Register of Unitholders (and any sub-register) and related functions;

19.3.11

the costs of convening and holding Unitholder meetings (including meetings of Unitholders in any particular Sub-Fund, or any particular Unit Class within a Sub-Fund);

19.3.12

expenses incurred in producing, distributing and dispatching income and other payments to Unitholders;

19.3.13

fees in respect of the publication and circulation of details of the Net Asset Value and prices;

19.3.14

costs in respect of communications with actual or potential investors, including the costs and expenses of any key information document;

19.3.15

any costs in modifying the agreement with the ACS Manager and any other relevant document required under the Regulations;

19.3.16

the costs of preparing, updating, printing or translating this Prospectus, any key information document, the Co-ownership Deed and contract notes and the costs of distributing this Prospectus and the Co-ownership Deed and the costs of printing and distributing reports and accounts and any other administrative expenses related to this paragraph, subsequent to the initial establishment of the Fund;

19.3.17

Tax and duties payable by the Fund;

19.3.18

interest on and charges incurred in borrowings;

19.3.19

any amount payable by the Fund under any indemnity provisions contained in the Co-ownership Deed or any agreement with any functionary of the Fund;

19.3.20

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

19.3.21

the costs related to the listing of Units on any stock exchange;

19.3.22

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

VAT may be payable on these charges.

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 ACS Manager is entitled to take an Annual Management Charge out 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 ACS 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 ACS 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 ACS Manager will be carried out in accordance with the FCA Rules.

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 Depositary. 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 Unit Class's expenses in any period exceed its income the ACS Manager may take that excess from the capital property attributable to that Unit Class.

20.5 Inducements

20.5.1

In accordance with the Regulations, the ACS Manager when executing orders or placing orders with other entities in relation to financial instruments for execution on behalf of the Fund must not accept and retain any fees, commission or monetary benefits from a third party (Third Party Payments). If the ACS Manager receives any Third Party Payments, the ACS Manager will return the Third Party Payments to the Fund 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 ACS 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 Fund, except those which are capable of enhancing the quality of the service provided to the Fund, and which are of a scale and nature such that they could not be judged to impair the ACS Manager's compliance with its duty to act honestly, fairly and professionally in the best interests of the Fund.

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 Depositary's Fees and Expenses

20.7.1

The Depositary, 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 will be payable monthly in arrears.

20.7.2

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

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

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

20.7.3

The Depositary's tiering fee will be calculated on the aggregate value of the Scheme Property of the Fund, 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

This rate may be amended from time to time in accordance with the FCA Rules.

20.7.5

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

20.7.6

These fees vary from country to country (custody fees usually between 0.004% and 0.25% per annum and transaction charges usually between £4 to £90

per transaction) depending on the markets and the value of the stock involved.

20.7.7

Any increase to the custody fee and transaction charges as set out above will be subject to the agreement of the Depositary and ACS Manager.

20.7.8

The Depositary will be paid out of the 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 Agreement, the FCA Rules or by the general law.

20.7.9

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

20.7.10

VAT at the prevailing rate may be payable in addition to the Depositary'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 ACS Manager) will be charged to the Sub-Fund 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 ACS 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 ACS Manager may call a general meeting at any time.

21.1.2

Unitholders may also call a general meeting of the 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 ACS Manager. The ACS 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 an individual) is present in person or (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 Chairman of the meeting, the ACS Manager, the Depositary 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 his Unitholding bears in relation to the value of the Sub-Fund or Fund as relevant.

21.3.3

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

21.3.4

In the case of joint Unitholders, the vote of the senior who votes, whether in person or by proxy, must be accepted to the exclusion of the votes of the other joint Unitholders. For this purpose, seniority must be determined by the order in which the names stand in the Register.

21.3.5

Except where the COLL Sourcebook or the Co-ownership 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.

21.3.6

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

21.3.7

Where all the Units in a Sub-Fund are registered to, or held by, the ACS 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 Depositary, 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.

21.3.8

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

21.3.9

Unitholders in this context means Unitholders entered on the Register at a time to be determined by the ACS 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, exchanging 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 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 The Sub-Funds

Each Sub-Fund is treated as a separate collective investment scheme for UK tax purposes. The Fund itself is not regarded as a collective investment scheme.

Each Sub-Fund is transparent for UK tax purposes and is therefore not subject to tax in the UK on its income or gains.

It is not intended that the Sub-Funds will have access in their own right to the double taxation agreements that the UK has concluded with other jurisdictions. In some markets, domestic withholding tax exemptions may apply to the Fund and its Sub-Funds.

Distributions by a Sub-Fund to Unitholders will not be subject to UK withholding tax.

22.3 UK Tax Resident Unitholders

The following applies to Unitholders which are resident in the UK. It does not apply to Unitholders holding Units as trading assets or to Unitholders that are tax exempt or subject to particular tax regimes.

22.3.1 Income

The contractual relationships resulting from the Fund's establishment as a co-ownership scheme give each Unitholder an interest in the underlying assets of the relevant Sub-Fund, with the interest in the Sub-Fund not prima facie constituting an asset in its own right (however see paragraph 22.3.2 on "Chargeable Gains").

For both UK corporation tax and income tax purposes, the Fund and its Sub-Funds will be treated as transparent with regard to income. Consequently, the income and expenses (i.e. net income) of a Sub-Fund are treated for UK tax purposes as arising or, as the case may be, accruing to each Unitholder in that Sub-Fund in proportion to the value of the Units beneficially owned by that Unitholder as if the net income had arisen or, as the case may be, accrued to that Unitholder directly. As such, Unitholders will be liable to tax on their proportionate share of the net income of each Sub-Fund in which they invest, regardless of whether the net income is distributed to them. Such income will retain its original character in the hands of the Unitholder, the nature of which will determine whether foreign tax credits are available to Unitholders generally and whether any

dividend exemptions apply for Unitholders that are subject to corporation tax.

Unitholders should be able to benefit from their proportionate share of the attached tax credits for any foreign tax withheld at source or paid by or on behalf of the relevant Sub-Fund and this may be reflected in the price of Units. They will require detailed information about the income they receive from each Sub-Fund in which they invest, and the ACS Manager intends to supply the necessary information to them in an appropriate form and a timely manner. A further consequence of this transparency is that where tax reclaims have been priced into a redemption payment and, following the redemption, it transpires that any such amount is paid to the former Unitholder rather than the relevant Sub-Fund, or the former Unitholder was not entitled to the tax reclaim or the tax reclaim fails in whole or in part (otherwise than through the negligence, fraud or wilful default of the ACS Manager, the Depositary or any other Service Provider), then the former Unitholder must pay all such amounts to the relevant Sub-Fund or Sub-Funds.

22.3.2 Chargeable Gains

For the purposes of UK tax on chargeable gains only, the Units in each Sub-Fund will be deemed to be shares in a company with the result that Unitholders will not be liable to tax on chargeable gains realised by each Sub-Fund. Unitholders may instead be liable to tax on chargeable gains arising from the redemption of Units depending on their own UK tax status.

An exchange of Units in one Sub-Fund of the Fund for Units in another Sub-Fund (i.e. Switching) will generally be treated as a disposal for this purpose, but exchanges of Units between Unit Classes within a Sub-Fund (i.e. Conversions) will not.

In the case of Unitholders within the charge to UK corporation tax, where a Sub-Fund invests in debt securities, due to the transparency of the Sub-Fund, those Unitholders may stand in the position of creditor in respect of those underlying investments and so may be within the scope of the loan relationships regime with regard to those particular underlying investments.

22.4 Double Taxation Treaties

Income from a Sub-Fund's investments may be subject to withholding taxes when paid or credited to the Sub-Fund from the jurisdiction in which it arises. The Fund and its Sub-Funds are considered to be tax transparent by HMRC. The Fund and its Sub-Funds have generally been constituted by the ACS Manager with the objective that they would be viewed as tax transparent in most other jurisdictions. Providing such tax transparency is respected where double taxation treaties apply, those treaties between the countries where the Unitholders and the

investments are located will be applicable. However, this may not be the case for all Unitholders in every country of investment and the ACS Manager makes no representations or warranties as to the tax transparency of the Fund or its Sub-Funds in any jurisdiction.

The ACS Manager reserves the right not to apply relevant double taxation treaties in practice, for example in a scenario where the cost of filing treaty claims would outweigh the tax benefit for Unitholders.

It will be the responsibility of the Depositary to make the necessary filings for reclaims of any tax withheld in cases where such reclaims are available, or, where appropriate, to protect against amounts being withheld in those jurisdictions where relief at source is available in the first place, as the case may be. It is intended that, where practical and appropriate, reduced rates of withholding tax on foreign source income will be claimed at source. Any economic benefit from such claims will be attributed to the appropriate Unit Class in the relevant Sub-Fund, in order that only the Unitholders entitled to relevant treaty benefits should benefit from the amounts reclaimed. To this end, Unitholders will be required to provide the ACS Manager with evidence of their tax residence and of their particular tax status for treaty benefit purposes. It will be the responsibility of the Unitholder to notify the ACS Manager promptly should there be a change in such status.

It is the intention of the ACS Manager that all Unitholders in a given Unit Class will possess the same tax attributes for the purposes of making appropriate treaty claims. If a Unitholder's tax status changes (for example, where its withholding tax rate or tax reclaim rate diverges from that of the other Unitholders in a Unit Class due to changes in taxation treaties or domestic exemptions affecting the Unitholder), or where the Unitholder has failed to provide in a timely fashion such documentation as the ACS Manager may require in order to establish such Unitholder's tax status, the ACS Manager may in its sole discretion exchange that Unitholder's Units for Units of a separate Unit Class in the same Sub-Fund, or compulsorily redeem such Unitholder's Units.

Unitholders may not be able to benefit from a reduction in the rate of withholding taxes and may not therefore be able to prevent withholding taxes being deducted or be able to reclaim withholding taxes suffered in particular countries. If this position changes in the future and the application for a higher or lower rate results in an additional payment of tax or a repayment to the relevant Sub-Fund respectively, the NAV of the relevant Sub-Fund will not be restated and the benefit or the cost will be allocated to the existing Unitholders of the relevant Sub-Fund rateably at the time of the adjustment.

22.5 Stamp Duty and SDRT

No UK stamp duty or SDRT will be due on initial subscriptions for Units in a Sub-Fund. Surrenders (i.e. the redemption or Switching) of Units in a Sub-Fund are not subject to UK stamp duty or SDRT provided the surrender does not form part of arrangements of which the main purpose, or one of the main purposes, is the avoidance of stamp duty or SDRT.

Stamp duty and SDRT are chargeable in respect of investments made by a Sub-Fund, however some duty may be reclaimed in respect of charity investors' interests in the Sub-Fund (see below).

It is anticipated that a proportion of Unitholders will be recognised by HM Revenue & Customs as charities for UK tax purposes ("Charitable Unitholders"). Where stamp duty or SDRT has been paid by a Sub-Fund in respect of investments, it is expected that such Sub-Fund will be able to reclaim an appropriate part of that stamp duty or SDRT based on the proportionate interests of Charitable Unitholders in that Sub-Fund.

22.6 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 ACS Manager, acting with due diligence, reserves the right to disclose the names of the Unitholders in that Sub-Fund identified on the register of Unitholders of the relevant Sub-Fund and 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 ACS Manager, the consequences of non-compliance with which would place in jeopardy the Fund or the relevant Sub-Fund as a going-concern, give rise to tax liability or otherwise cause prejudice, the ACS Manager retains the right to disclose such information in respect of each relevant investor as the ACS Manager deems necessary. Accordingly, each Unitholder will be required to provide, as is necessary, such information to the ACS Manager for the purpose of establishing to what extent any jurisdiction's taxation laws, rules and regulations apply to him, her or it.

22.7 Taxation Liability and Indemnity

The Co-ownership Deed provides that to the extent the ACS Manager, the Investment Manager, the Administrator, any other of the Service Providers to the Fund, 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, and such Taxation is not paid by the relevant Unitholder on its own account, the Unitholder will pay the amount of the Taxation to the relevant Sub-Fund or as the ACS Manager may direct before the time it becomes payable by the relevant affected

person. To the extent not so paid, the Unitholder will indemnify the ACS 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 ACS 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 ACS Manager may also, pursuant to the Co-ownership 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.

The indemnity covers any amounts as described in paragraph 22.3.1 in relation to tax reclaims and other payments following the redemption of Units.

In the event that a Unitholder's tax status is unclear or not known and the ACS Manager applies the applicable statutory withholding tax rate which is subsequently found to be incorrect, the Unitholder may suffer incorrect Taxation which may not be recoverable. It is at the ACS Manager's discretion as to whether attempts would be made to recover such tax.

22.8 International Tax Compliance

FATCA was implemented to enable the Internal Revenue Service to combat US tax evasion. It requires "foreign financial institutions" (such as the Fund or Sub-Funds) to report on US investors. Failure to comply (or be deemed compliant) with these requirements may mean that foreign financial institutions are subject to US withholding taxes on certain US-sourced income and gains. Under an intergovernmental agreement between the US and the United Kingdom, the Fund or Sub-Fund may be deemed compliant if it identifies and reports US taxpayer information directly to HMRC.

Similar reporting requirements may also apply to the Fund or Sub-Fund in respect of any Unitholders who are not solely UK tax resident following laws enacted to implement the OECD Common Reporting Standard for Automatic Exchange of Financial Account Information (CRS).

Accordingly, Unitholders should note that:

they may be asked to provide additional information (including information regarding their tax residence) to the ACS Manager to enable the Fund or Sub-Fund to satisfy these obligations;

the ACS Manager may be required to report these details to HMRC; and

HMRC may subsequently exchange this information with other governments or tax authorities in other jurisdictions.

Institutional Unitholders may be required to provide a Global Intermediary Identification Number (GIIN). Failure to provide requested information may subject a Unitholder to liability for any resulting US withholding taxes, US tax information reporting and/or mandatory redemption, transfer or other termination of the Unitholder's interest in its Units.

By signing the application form to subscribe for Units, each Unitholder agrees and acknowledges that, in certain circumstances, the ACS Manager will be obliged to share this information with UK tax authorities, who may pass it on to other tax authorities. Unitholders are encouraged to consult with their own tax advisors regarding the possible implications of FATCA or CRS on their interest in the Fund.

23. Winding Up of the Fund or Termination of a Sub-Fund

23.1 General

The Fund may be wound up, or a Sub-Fund terminated, under the rules in the COLL Sourcebook only when the Fund or the relevant Sub-Fund is solvent. If the Fund 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 Fund

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

23.2.1

if the FCA authorisation order of the Fund is revoked;

23.2.2

if the ACS Manager or the Depositary requests the FCA to revoke the Fund'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 the Depositary requests the ACS Manager to apply for a proposal to winding-up order in accordance with clause 27 of the Depositary Agreement;

23.2.4

if an extraordinary resolution of Unitholders to that effect is passed;

23.2.5

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

23.2.6

on the effective date of a duly approved scheme of reconstruction which results in all the property of the reconstructed scheme becoming the property of two or more authorised or recognised schemes;

23.2.7

if a court scheme is initiated under Part V of the Insolvency Act 1986 for an unregistered company;

23.2.8

the date on which all or the last Sub-Funds fall within paragraph 23.2.5 above or have otherwise ceased to hold any Scheme Property, notwithstanding that the Fund may have assets and liabilities that are not attributable exclusively to any particular Sub-Fund;

23.2.9

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

23.3 Termination of a Sub-Fund

23.3.1

A Sub-Fund may be terminated with the approval of the FCA, if a solvency statement is lodged with the FCA in respect of the liabilities or relating to that Sub-Fund and either an extraordinary resolution to that effect has been passed by Class meeting(s) of the Unit Class(es) linked to the Sub-Fund; or the FCA has agreed to a request by the ACS Manager for the termination of the Sub-Fund.

23.3.2

The ACS Manager may make such a request, among other circumstances, if at any time after the first anniversary of the issue of the first Units linked to a Sub-Fund the NAV of the Fund attributable to the Sub-Fund is less than £25,000,000. Termination of a Sub-Fund will be carried out by the ACS Manager in accordance with the COLL Sourcebook in a similar way to the winding-up of the Fund as described below.

23.4 Procedure for winding-up

23.4.1

The procedure for winding up of the Fund (or Sub-Fund as the case may be) will be as follows: in the case of an amalgamation or reconstruction, the ACS Manager shall wind up the Fund in accordance with the approved scheme of amalgamation or reconstruction; in any other case, the ACS Manager shall as soon as practicable after the Fund falls to be wound up realise the scheme property and, after paying out all liabilities of the Fund properly so payable and retaining provision for the costs of the winding up, distribute the proceeds to the Unitholders and to itself (upon production by them

of evidence as to their entitlement) proportionately to their respective interests in the Fund.

23.4.2

On completion of a winding up of the Fund or the termination of a Sub-Fund, any unclaimed net proceeds or other cash (including unclaimed distributions) held by the Depositary after one year from the date on which they become payable must be paid by the Depositary into court.

23.4.3

Following the completion of a winding up of either the Fund or a Sub-Fund, the ACS Manager must prepare a final account showing how the winding up took place and how the Scheme Property was distributed. The Auditors of the Fund 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 Fund ends each year on 31 December (the **accounting reference date**) with an interim accounting period ending on 30 June. The first annual accounting period of the Fund ended on 31 December 2017 and the first interim accounting period ended on 30 June 2017.

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 Unit Class pro rata in accordance with the number of Units held by them at the date prior to the Ex-dividend date;

24.2.4

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

24.2.5

for certain Unit Classes of Unitholder and in accordance with United Kingdom tax law the income allocated to such Unitholders may be distributed without deduction of income tax;

24.2.6

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 ACS Manager;

24.2.7

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

24.2.8

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

24.3 The DIF

In relation to Unit Class 1, Unit Class 2 and Unit Class 3 Units, the ACS Manager intends to declare all net income of the DIF on a quarterly basis and will distribute such income to Unitholders in accordance with the provisions of Annexure 1.

24.4 Income Equalisation

Part of the purchase price of a Unit reflects the relevant share of the accrued income of the relevant Sub-Fund. Any allocation of income in respect of a Unit issued during an accounting period includes a capital sum by way of income equalisation. The amount of income equalisation is calculated accurately for each issue of Units.

24.5 Annual Reports

24.5.1

The Fund'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 long-form reports (annual and half-yearly) will be available online at www.ccla.co.uk and shall be supplied to Unitholders free upon request.

24.5.2

In addition to the accounting information contained in the annual report, pursuant to UK AIFMD Measures

the ACS 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 ACS 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 the Fund and Sub-Fund;
- d) any material changes to the following information:
 - 1) the arrangements for managing the liquidity of a Sub-Fund;
 - 2) the risk management systems employed by the ACS Manager to manage the risks to which the Fund or Sub-Fund is or may be exposed;
 - 3) the current risk profile of a Sub-Fund and the maximum level of Leverage that may be employed by a Sub-Fund; and
 - 4) 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 ACS 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 Fund or Sub-Fund is or may be exposed and its contribution to the overall risk profile of the Fund or Sub-Fund and which includes the use of appropriate stress testing procedures.

25.2

The ACS 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 ACS 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 ACS 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 ACS 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 ACS 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 ACS Manager and will be notified immediately if redemptions are suspended. 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 ACS Manager including, but not limited to, policies regarding conflicts of interest and order execution.

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

26.1

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

26.2

Leverage means any method by which the Fund 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 ACS Manager will use when managing the Fund is forward foreign exchange transactions. The DIF will only use these financial derivative instruments for Efficient Portfolio Management.

26.3

The ACS 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 Fund 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 Fund, 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 largely in the same way as under the Gross Method; however, whilst certain cash instruments and cash borrowings are included, the exposure of derivative or security positions employed in 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 ACS Manager. The only type of derivative the Investment Manager currently uses when managing the DIF is forward foreign exchange transactions. The DIF will only use these financial derivative instruments for the reduction of risk.

26.7

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

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 Fund or Sub-Fund.

26.9

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

27. Miscellaneous

27.1 Telephone Recordings

The ACS 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 ACS Manager 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 Fund may be referred to the Compliance Officer of the ACS Manager at Senator House, 85 Queen Victoria Street, London EC4V 4ET 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 ACS 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 ACS 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 the 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 ACS Manager has established fair and transparent pricing models and valuation systems and procedures for the assets of the Fund and endeavours to ensure that there are no undue costs being charged to the Fund and the Unitholders.

27.4.3

The ACS 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 ACS Manager has established a process for recognising and dealing with complaints fairly.

27.5 Rebate on the Annual Management Charge for certain initial investors

The ACS Manager has agreed to rebate part of the Annual Management Charge to investors who invest in the Fund during an initial period following launch of the relevant Unit Class (as applicable) as set out in Annexure 1. It is anticipated that the rebate will be equivalent to 15 basis points and that the relevant investor will be entitled to this rebate for a specified period as set out in Annexure 1, from the date of its investment (provided the investment was made prior to the end of the relevant initial period as set out in Annexure 1).

27.6 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 pursuant to the Act and confirmation from the FCA that these changes will not affect the ongoing authorisation of the Fund or that particular Sub-Fund.

27.7 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 ACS 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.

27.8 Financial Services Compensation Scheme

The ACS Manager participates in the FSCS. Unitholders may be entitled to compensation from the FSCS if the ACS Manager cannot meet its obligations. This depends on the eligibility of the claimant, the type of business and the circumstances of the claim. Most types of investment business are covered for 100 per cent. of the first £85,000, so the maximum compensation is £85,000. Further information about the FSCS is available on request, or by contacting the FSCS Limited at 10th Floor, Beaufort House, 15 St. Botolph Street, London EC3A 7QU Tel: 0800 678 1100, or at www.fscs.org.uk.

27.9 Amending the Prospectus

In accordance with the Co-ownership Deed and the FCA Rules, the Prospectus may be revised from time to time by the ACS Manager.

27.10 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 ACS Manager.

27.11 Data Protection

The ACS Manager is a data controller in accordance with the Data Protection Legislation and will hold personal data about each Unitholder's

representatives (referred to below as "representatives") that has been supplied to the ACS Manager (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 and other personal data provided for it and its representatives to the ACS Manager remains up to date at all times.

The Unitholder acknowledges that the Fund may invest in investment schemes operated and managed by the ACS Manager or its related parties and/or by third parties (referred to below as "investment schemes"); that the ACS Manager may need to pass data, including personal data regarding the representatives, to those investment schemes; and that it is in the ACS Manager's legitimate interests to do so. The ACS 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 ACS 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 ACS Manager may keep records of all business transactions for at least five years. Each Unitholder has a right to inspect entries in the ACS 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 ACS 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 ACS Manager's office, Senator House, 85 Queen Victoria Street, London, EC4V 4ET.

Annexure 1

Sub-Fund Information Diversified Income Fund (DIF)

1. Launch date:

2 December 2016

2. First Dealing Day:

2 December 2016

3. Initial Offer Period:

None

4. Valuation Point:

3pm on each Dealing Day.

5. Investment Objective

The investment objective of the Diversified Income Fund is to provide income and the potential for capital growth over the long-term from an actively managed diversified portfolio.

6. Investment Policy and Strategy

The DIF will be actively managed and will use a broad range of assets to achieve the investment objective. Control of risk as measured by Volatility will be a high priority and the ACS Manager will aim to constrain annual Volatility to no more than half that of the UK equity market (as measured by the MSCI United Kingdom Investable Market Index). Assets available for investment will include: equities in the UK and overseas; fixed interest securities, including those issued by governments and their agencies and by corporations and other issuing bodies; permitted money-market instruments, cash and near cash investments; and infrastructure related investments, including, but not exclusively, those which derive their returns from energy, leasing and accommodation assets. Exposure to these assets may be via direct holdings or through open-ended or closed-ended investment funds. Investments will be made directly and indirectly through collective investment schemes, including those managed by the ACS Manager's Group and by third parties. Collective investment schemes may include exchange traded funds, closed-ended investment companies and open-ended funds. It is not intended that the DIF will have any interests in any immovable property or movable property for the direct pursuit of its business.

Forward foreign exchange transactions may be used only for the purposes of Efficient Portfolio Management. The DIF will not use Leverage other than for this purpose.

In order to achieve the investment objective, the proportion of the DIF 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 DIF employs ethical and responsible investment policies as determined by the ACS Manager, and informed by consultation with Unitholders from time to time and which are reviewed by the ACS Manager at least annually. The ACS Manager does not believe that the policies will have a lasting or substantial adverse impact on the performance of the DIF.

The DIF is promoted as an ethical fund and will avoid investment in companies that the ACS Manager has concluded as deriving more than 10% of their revenue from the extraction of oil and gas (this is defined as revenue derived from oil and gas extraction and production and oil and gas refining) after analysing data from the ACS Manager's third party data provider. Further information about the ethical and responsible policies to be followed by the DIF is available from the ACS Manager's website www.ccla.co.uk.

7. Risk Profile and Management

The DIF intends to maintain a low level of overall risk. As part of the risk management strategy, this will be achieved by actively managing the DIF, investing with high quality issuers of debt (although the DIF may also hold lower quality debt instruments), equity and by maintaining a high level of diversification. The value of the DIF may be affected by the creditworthiness of issuers in which it invests and, may also be affected by substantial adverse movements in interest rates.

The DIF may not be appropriate for investors with an investment horizon of less than three to five years.

The DIF will not enter into any stock lending arrangements.

8. Comparator Benchmark

For comparative purposes and to reflect the Investment Objective the Sub-Fund will use as its comparator benchmark the weighted average of a number of different indices. The current indices and their weightings are set out below:

Indices	Weighting
MSCI United Kingdom Investable Market index™	20.00%
MSCI North America™	6.67%
MSCI Europe ex UK™	6.67%
MSCI Pacific™	6.67%
Sub-total equity indices	40%
Markit iBoxx £ Gilts Index™	30%
Markit iBoxx £ Non-Gilts Index™	30%
Sub-total fixed interest indices	60%
Total	100%

The weighted average of the component indices used by the DIF within the comparator benchmark will be referred to as the "DIF Benchmark".

The indices used within the DIF Benchmark are provided by MSCI and Markit iBoxx who are both widely recognised as leading providers of market proxy indices.

9. Unit Classes for Investment in the Diversified Income Fund

The following Unit Classes in the Diversified Income Fund are:

Unit Class	Availability	Minimum Investment	Minimum Balance	Characteristics
Class 1 Units* – income	Restricted for use by COIF Charities Investment Fund	£1,000,000	£1,000,000	Income units
Class 2 Units** – income	Restricted to local authority, public sector and other tax exempt investors who meet the minimum investment criteria	£1,000,000	£1,000,000	Income units
Class 3 Units*** – income	Restricted to Charity investors who meet the minimum investment criteria	£1,000,000	£1,000,000	Income units

The minimum additional investment is £25,000 which may be waived at the discretion of the ACS Manager.

*Launched on 2 December 2016

**Launched on 24 March 2017

***Launched on 1 December 2017

10. Transfer of Units

Unitholders in the DIF may transfer their full holding to another person or body but only if that other person or body is an Eligible Investor and is eligible to invest in the same Unit Class as the transferring Unitholder. Any transfer of Units must be in accordance with the conditions set out in the FCA Rules. Unitholders should note that it is not possible to transfer only part of their holding. All transfers must be in writing in the form of an instrument of transfer approved by the ACS Manager for this purpose. Completed instruments of transfer must be returned to the Registrar in order for the transfer to be registered by the Registrar on behalf of the ACS Manager.

The instrument of transfer requires the transferee to provide a certificate in the form attached at Annexure 5 to the effect that it is an Eligible Investor and such other information as the ACS Manager may require to ensure that the proposed Unitholder is an Eligible Investor in the same Unit Class as the transferring Unitholder and to enable the correct tax treatment to be obtained. The ACS Manager therefore needs to be informed as soon as practicable about any potential transfer, when it will let both the transferee and transferring Unitholder know what is required. The Registrar on behalf of the ACS Manager may refuse to register a transfer unless the certificate in the form attached at Annexure 5 and such other information as it requires is provided to it.

Currently, transfers of Units may not be effected by the transferring Unitholder on the authority of an electronic communication.

11. Ongoing Charges Figure (OCF)

The OCF represents the total of the Fund Management Fee (**FMF**) and the pro-rata cost of the underlying investments when investing in other funds. The table below shows the calculation of the OCF based on the actual charges in the 12 month period ending 31 December 2020 and separately details any initial or redemption charges that may be applicable. The charges are shown for each Unit Class as follows:

The Diversified Income Fund fees:

Class Unit	Initial Charge	FMF	Cost of Underlying Investments	Redemption Charge	Switching Charge	OCF
Class 1 Units (0.60% AMC)	0.00%	0.65%	0.59%	0.00%	0.00%	1.24%
Class 2 Units (0.60% AMC)	0.00%	0.64%	0.59%	0.00%	0.00%	1.23%
Class 3 Units (0.60% AMC)	0.00%	0.65%	0.59%	0.00%	0.00%	1.24%

The Annual Management Charge (**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 Unit 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 DIF.

The AMC will be charged to capital in accordance with the provisions of the COLL Sourcebook. This will constrain capital growth.

The ACS Manager may rebate all or part of the AMC to recognised intermediaries.

The FMF is inclusive of the AMC (and VAT thereon if applicable and if any) and also includes the additional operating costs of managing the DIF such as depositary, audit, custody, legal and professional and other relevant fees e.g. provision of fund ratings.

The OCF (and its components) specifically excludes portfolio transaction costs and may vary from year to year. In some years, it may be higher.

12. Operating Characteristics common to all Unit Classes

The following operating characteristics are common to Unit Classes 1 to 3:

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.

13. Profile of a Typical Investor

The DIF is marketable to all Eligible Investors, but is principally targeted at local authorities, public sector organisations and Charity investors who meet the eligibility criteria as Eligible Investors.

The DIF may not be appropriate for investors with an investment horizon of less than three to five years.

14. Website and Publication of Unit Prices

The website for the DIF is www.ccla.co.uk, from which forms for the purchase or sale of Units can be downloaded.

Unless for reasons beyond the control of the ACS Manager Unit prices will be available daily on the DIF's website www.ccla.co.uk and by calling 0800 022 3505.

15. Pricing Basis

The DIF shall be single priced on a forward pricing basis.

Annexure 2

Eligible Securities Markets and Eligible Derivatives Markets

A market is an “eligible market” if it is:

- a) a regulated market (as defined in the Glossary);
- b) a market in the United Kingdom or an EEA State which is regulated, operates regularly and is open to the public; or
- c) a market which the Investment Manager, after consultation with, and notification to, the Depositary, determines is appropriate for the purpose of investment of, or dealing in, the property of a Sub-Fund. In accordance with the relevant criteria in the COLL Sourcebook, such a market must be regulated; operate regularly; recognised as a market or exchange or as a self-regulating organisation by an overseas regulator; open to the public; be adequately liquid; and have adequate arrangements for unimpeded transmission of income and capital to, or to the order of, investors.

Detailed below are the additional eligible markets on which a Sub-Fund is permitted to deal.

	Country	Primary Exchange
1	Australia	ASX National
2	Austria	Vienna Stock Exchange
3	Belgium	Euronext Brussels
4	Brazil	BM&F Bovespa
5	Bulgaria	Bulgarian Stock Exchange
6	Canada	Toronto & Montreal
7	Cyprus	Cyprus Stock Exchange
8	Czech Republic	Prague Stock Exchange
9	Denmark	Copenhagen Stock Exchange
10	Estonia	Tallinn Stock Exchange
11	Finland	Helsinki Stock Exchange
12	France	Euronext Paris
13	Germany	Frankfurt Stock Exchange
14	Greece	Athens Stock Exchange
15	Hong Kong	Hong Kong Stock Exchange
16	Hungary	Budapest Stock Exchange
17	Iceland	Iceland Stock Exchange
18	Indonesia	Indonesia Stock Exchange
19	Ireland	Irish Stock Exchange & Enterprise Exchange
20	Israel	Tel Aviv Stock Exchange
21	Italy	Borsa Italiana
22	Japan	Tokyo & Osaka Stock Exchange
23	Latvia	Riga Stock Exchange
24	Lithuania	Vilinius Stock Exchange
25	Luxembourg	Luxemburg Stock Exchange
26	Mexico	Mexican Stock Exchange
27	Malaysia	Bursa Malaysia
28	Netherlands	Euronext Amsterdam
29	New Zealand	The New Zealand Exchange
30	Norway	Oslo Bor

31	Philippines	Philippine Stock Exchange
32	Poland	Warsaw Stock Exchange
33	Portugal	Euronext Lisbon
34	Qatar	The Qatar Exchange
35	Singapore	Singapore Stock Exchange
36	Slovakia	Bratislava Stock Exchange
37	Slovenia	Ljubljana Stock Exchange
38	South Africa	Johannesburg Stock Exchange
39	South Korea	Korea Stock Exchange
40	Spain	Bolsa De Madrid
41	Sweden	Stockholm Stock Exchange
42	Switzerland	Swiss Six Exchange
43	Taiwan	Taiwan Stock Exchange
44	Thailand	Stock Exchange Of Thailand (SET)
45	Turkey	Borsa Istanbul
46	United Kingdom	London Stock Exchange
47	United States	NYSE & Nasdaq Stock Market

Annexure 3

Investment and Borrowing Powers of the Fund and the Sub-Funds

1. General Investment Powers

1.1

The property of the Fund 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-Fund(s) will invest in the 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 the United Kingdom or 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 ACS 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 ACS 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

It is not intended that the DIF will have an interest in gold, any immovable property or tangible movable property.

3.3

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 ACS Manager to comply with its obligation to redeem shares 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 ACS 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 ACS Manager.

5.2

Unless there is information available to the ACS 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 ACS 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

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:

6.1

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

6.1.1

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

6.1.2

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

6.2

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

6.2.1

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

6.2.2

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 ACS 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 ACS 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 ACS 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 ACS Manager, after consultation with and notification to the Depositary, 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 Depositary 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 ACS 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 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 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 ACS 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 ACS Manager has before any such investment is made consulted with the Depositary 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 Sub-Funds may invest more than 35% of Scheme Property in government and public securities issued by a relevant issuer however the DIF 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 15% 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 18.2.

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 ACS 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 or all 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 Co-ownership 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 ACS 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 the 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 the 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 the Fund may be entered into only if that property can be held for the account of the Fund, and the ACS 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 the 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 the Fund by delivery of property or the assignment (or, in Scotland, assignation) of rights, and the property and rights above are owned by the 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 an Eligible Institution or an Approved Bank; or 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; or a CCP that is authorised in that capacity for the purposes of EMIR; or a CCP that is recognised in that capacity in accordance with the process set out in article 25 of EMIR; or to the extent not already covered above, a CCP supervised in a jurisdiction that has implemented the relevant G20 reforms on over-the-counter derivatives to at least the same extent as the United Kingdom and 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; and

25.1.2

on approved terms; the terms of the transaction in derivatives are approved only if the ACS 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 ACS 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 ACS Manager and the Depositary have agreed is reliable; or, if that value is not available, on the basis of a pricing model which the ACS Manager and the Depositary 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 ACS Manager is able to check it; or a department within the ACS 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 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 ACS 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 ACS 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 ACS 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

Any investment in land or a building held within the Scheme Property of a Sub-Fund must be an immovable within paragraphs 28.2 to 28.5.

28.2

An immovable must:

28.2.1

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

28.2.2

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

28.2.3

if not situated in the jurisdictions referred to in paragraph 28.2.2(a) or 28.2.2(b), be equivalent to any of the interests in paragraph 28.2.2(a) or 28.2.2(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 28.2.2(a) or 28.2.2(b).

28.3

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

28.4

The ACS Manager must:

28.4.1

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 the Sub-Fund, be capable of being disposed of reasonably quickly at that valuation; or

28.4.2

have received a report from an appropriate valuer as required by paragraph 28.4.1 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 28.2.2 or 28.2.3 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.

28.5

An immovable must:

28.5.1

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 28.4;

28.5.2

not be bought, if it is apparent to the ACS Manager that the report in paragraph 28.5.1 could no longer reasonably be relied upon; and

28.5.3

not be bought at more than 105% of the valuation for the relevant immovable in the report in paragraph 28.4.

28.6

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

28.7

An appropriate valuer must be a person who:

28.7.1

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

28.7.2

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;

28.7.3

is independent of the ACS Manager and depositary of the ACS; and

28.7.4

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 the Sub-Fund or another intermediate holding vehicle or series of intermediate holding vehicles wholly owned by the 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 28.4.2 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 28.4 (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 ACS Manager must ensure that any immovables in the Scheme Property are valued by an appropriate valuer (standing independent valuer) appointed by the ACS Manager; and

31.1.2

the appointment must be made with the approval of the Depositary at the outset and upon any vacancy.

31.2

The standing independent valuer in paragraph 31.1 must be independent of the ACS Manager and Depositary.

31.3

The following requirements apply in relation to the functions of the standing independent valuer:

31.3.1

the ACS 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 ACS 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 ACS Manager or the Depositary 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 ACS 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 ACS Manager to be legally enforceable.

32. Stock Lending

A non-UCITS retail scheme may undertake stock lending in accordance with COLL 5.4.

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 that scheme as stated in its 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 ACS 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 ACS 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 ACS 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 the 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 the Sub-Fund; or

38.1.4

the pursuit of the 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

The 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

The Sub-Fund may, subject to the Regulations and the Co-ownership 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 Depositary, which may be given only on such conditions as appear appropriate to the Depositary to ensure that the borrowing does not cease to be on a temporary basis.

40.3

The ACS Manager must ensure that borrowing does not, on any Business Day, exceed 10% of the value of the Scheme Property of the Sub-Fund.

40.4

The Sub-Fund may borrow foreign currency for the purpose of hedging against fluctuations in the price of investments comprising the property of the Sub-Fund, or in interest or currency exchange rates, **Provided That** a sum in GBP at least equivalent to the amount of currency borrowed is placed and kept on deposit by the Sub-Fund with the lender or its agents, or any other person designated by the lender for that purpose.

40.5

Borrowings may be made from, and deposits made with, the Depositary 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 ACS Manager or to Unitholders for any profit they may derive therefrom.

40.6

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 the Sub-Fund may be lent and, for the purposes of this prohibition, money is lent by the 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 the 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 Co-ownership 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 the 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 the 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 Fund or the Depositary on behalf of the Fund 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

Categories of Professional Clients as set out in MiFID

1.

Entities which are required to be authorised or regulated to operate in the financial markets. The list below should be understood as including all authorised entities carrying out the characteristic activities of the entities mentioned: entities authorised by a member state under a Directive, entities authorised or regulated by a member state without reference to a Directive, and entities authorised or regulated by a third country:

1.1

Credit institutions;

1.2

Investment firms;

1.3

Other authorised or regulated financial institutions;

1.4

Insurance companies;

1.5

Collective investment schemes and management companies of such schemes;

1.6

Pension funds and management companies of such funds;

1.7

Commodity and commodity derivatives dealers;

1.8

Locals; and

1.9

Other institutional investors.

2.

Large undertakings meeting two of the following size requirements on a company basis:

2.1

balance sheet total: EUR 20,000,000;

2.2

net turnover: EUR 40,000,000; and

2.3

own funds: EUR 2,000,000.

3.

National and regional governments, including public bodies that manage public debt at national or regional level, Central Banks, international and supranational institutions such as the World Bank, the IMF, the ECB, the EIB and other similar international organisations.

4.

Other institutional investors whose main activity is to invest in financial instruments, including entities dedicated to the securitisation of assets or other financing transactions.

Annexure 5 Certificate of Eligibility

Dated:

We hereby certify that:

- a) we are a person who falls within one of the categories (1) to (4) of Section 1 of Annexure II to MiFID,* or
- b) we are applying to invest a payment of, or contribute property with a value of, not less than £1,000,000 (or such other minimum amount as required by FSMA or regulations made under it at the time of signing the declaration), or
- c) we already hold Units in the Fund, or
- d) we are a nominee for a person falling within (a), (b) or (c) and that person

is

[please give the name]

Signed.....

Unitholder

If (d) applies:

We certify that the applicant is our nominee and that we fall within (a) to (c) above.

Signed.....

Principal

*See Annexure 4 for categories of professional clients as set out in MiFID.

Undertaking and Indemnity

To be used where the beneficial owner is subscribing for Units directly with the ACS Manager (i.e. no nominee holdings) and the certificate is being signed by the beneficial owner

To the extent the Service Providers or, any other provider of services to or in relation to the Fund, any Sub-Fund, any underlying investment, any Unitholder or former Unitholder and any of their respective delegates or agents is liable to pay any Taxation** because of the ownership (whether current or previous) by us of Units in the relevant Sub-Fund and such Taxation is not paid by us on our own account, we shall pay the amount of the Taxation to the relevant Sub-Fund or as the ACS Manager may direct before the time it becomes payable by the affected person unless the payment arises because of the negligence, fraud or wilful default of the party being indemnified.

To the extent the amount of the Taxation referred to in the previous paragraph is not so paid, we hereby indemnify the Service Providers, the relevant Sub-Fund, the Unitholders and former Unitholders and any of the other persons affected by such Taxation in relation to all such amounts of Taxation.

Further, if we redeem Units and the redemption payment is computed on the basis that the Sub-Fund in question will benefit from a tax reclaim in relation to its accrued income and any amount or amounts in relation to it are paid to us as the former Unitholder rather than to the Sub-Fund, or are not received by the Sub-Fund from the appropriate tax authority

(otherwise than through the negligence, fraud or wilful default of the ACS Manager, the Depositary or any other Service Provider), we will pay a matching or equivalent amount or amounts to the relevant Sub-Fund. In addition, where we receive such a tax reclaim, we will promptly notify and supply relevant details of the reclaim to the ACS Manager and the Depositary, or any other Service Provider.

Finally, we acknowledge that the ACS Manager or the Depositary at the request of the ACS Manager in relation to the Sub-Fund in which we hold Units shall have the right to deduct and set off the amount of such Taxation from any income distributed to us or reflected in the price of any Units owned by us. 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 ACS Manager or the Depositary may also, pursuant to the provisions of the Co-ownership Deed and the Prospectus, compulsorily redeem any of our Units and may use the proceeds of such redemption to pay any relevant Taxation.

**** Taxation** 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.

Signed.....
Beneficial Owner

Undertaking and Indemnity

To be used where the beneficial owner is subscribing for Units through a nominee which, in respect of the subscription and holding of Units only, is not acting as a qualified intermediary for US tax purposes, but the certificate is being signed by the beneficial owner

To the extent the Service Providers or, any other provider of services to or in relation to the Fund, any Sub-Fund, any underlying investment, any Unitholder or former Unitholder and any of their respective delegates or agents is liable to pay any Taxation** because of the beneficial ownership (whether current or previous) by us of Units in the relevant Sub-Fund held through a nominee which is not, in respect of that holding of Units in the relevant Sub-Fund only, a qualified intermediary for US tax purposes and such Taxation is not paid by us on our own account or by our nominee, we shall pay the amount of the Taxation to the relevant Sub-Fund or as the ACS Manager or the relevant Service Provider may direct before the time it becomes payable by the affected person unless the payment arises because of the negligence, fraud, or wilful default of the party being indemnified.

To the extent the amount of the Taxation referred to in the previous paragraph is not so paid, we hereby indemnify the Service Providers, the relevant Sub-Fund, the Unitholders and former Unitholders and any of the other persons affected by such Taxation in relation to all such amounts of Taxation.

Further, if we redeem Units and the redemption payment is computed on the basis that the Sub-Fund in question will benefit from a tax reclaim in relation to its accrued income and any amount or amounts in relation to it are paid to us as the former

Unitholder rather than to the Sub-Fund, or are not received by the Sub-Fund from the appropriate tax authority (otherwise than through the negligence, fraud or wilful default of the ACS Manager, the Depositary or any other Service Provider), we will pay a matching or equivalent amount or amounts to the relevant Sub-Fund. In addition, where we receive such a tax reclaim, we will promptly notify and supply relevant details of the reclaim to the ACS Manager and the Depositary, or any other Service Provider.

Finally, we acknowledge that the ACS Manager or the Depositary at the request of the ACS Manager in relation to the Sub-Fund in which we hold Units through our nominee shall have the right to deduct and set off the amount of such Taxation from any income distributed to us through our nominee or reflected in the price of any Units owned by us through our nominee. 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 ACS Manager or the Depositary may also, pursuant to the provisions of the Co-ownership Deed and the Prospectus, compulsorily redeem any of our Units owned through a nominee and may use the proceeds of such redemption to pay any relevant Taxation.

**** Taxation** 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.

Signed.....
Beneficial Owner

Undertaking and Indemnity

To be used where the beneficial owner is subscribing for Units through a nominee which, in respect of the subscription and holding of Units only, is not acting as a qualified intermediary for US tax purposes and the certificate is being signed by the nominee (with the nominee obtaining a back to back indemnity with the beneficial owner)

To the extent the Service Providers or, any other provider of services to or in relation to the Fund, any Sub-Fund, any underlying investment, any Unitholder or former Unitholder and any of their respective delegates or agents is liable to pay any Taxation** because of the legal ownership (whether current or previous) by us (that is, for US tax purposes, acting as a nonqualified intermediary in respect of the holding of Units only) on behalf of the current or previous beneficial owner respectively of Units in the relevant Sub-Fund and such Taxation is not paid by us on behalf of the beneficial owner, or by the beneficial owner on our account or their account, as applicable, we shall pay the amount of the Taxation to the relevant Sub-Fund or as the relevant Service Providers may direct before the time it becomes payable by the affected person unless the payment arises because of the negligence, fraud, or wilful default of the party being indemnified.

To the extent the amount of the Taxation referred to in the previous paragraph is not so paid, we hereby indemnify the Service Providers, the relevant Sub-Fund, the Unitholders and former Unitholders and any of the other persons affected by such Taxation in relation to all such amounts of Taxation.

Further, if we redeem Units and the redemption payment is computed on the basis that the Sub-Fund in question will benefit from a tax reclaim in relation to its accrued income and any amount or amounts in relation to it are paid to the former

beneficial owner or to us as the former Unitholder rather than to the Sub-Fund, or are not received by the Sub-Fund from the appropriate tax authority (otherwise than through the negligence, fraud or wilful default of the ACS Manager, the Depositary or any other Service Provider), we will pay a matching or equivalent amount or amounts to the relevant Sub-Fund. In addition, where we receive such a tax reclaim, we will promptly notify and supply relevant details of the reclaim to the ACS Manager and the Depositary, or any other Service Provider.

Finally, we acknowledge that the ACS Manager or the Depositary at the request of the ACS Manager in relation to the Sub-Fund in which we hold Units on behalf of the beneficial owner shall have the right to deduct and set off the amount of such Taxation from any income distributed to us on behalf of the beneficial owner or reflected in the price of any Units owned by us on behalf of the beneficial owner. 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 ACS Manager or the Depositary may also, pursuant to the provisions of the Co-ownership Deed and the Prospectus, compulsorily redeem any of our Units owned on behalf of the beneficial owner and may use the proceeds of such redemption to pay any relevant Taxation.

**** Taxation** 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.

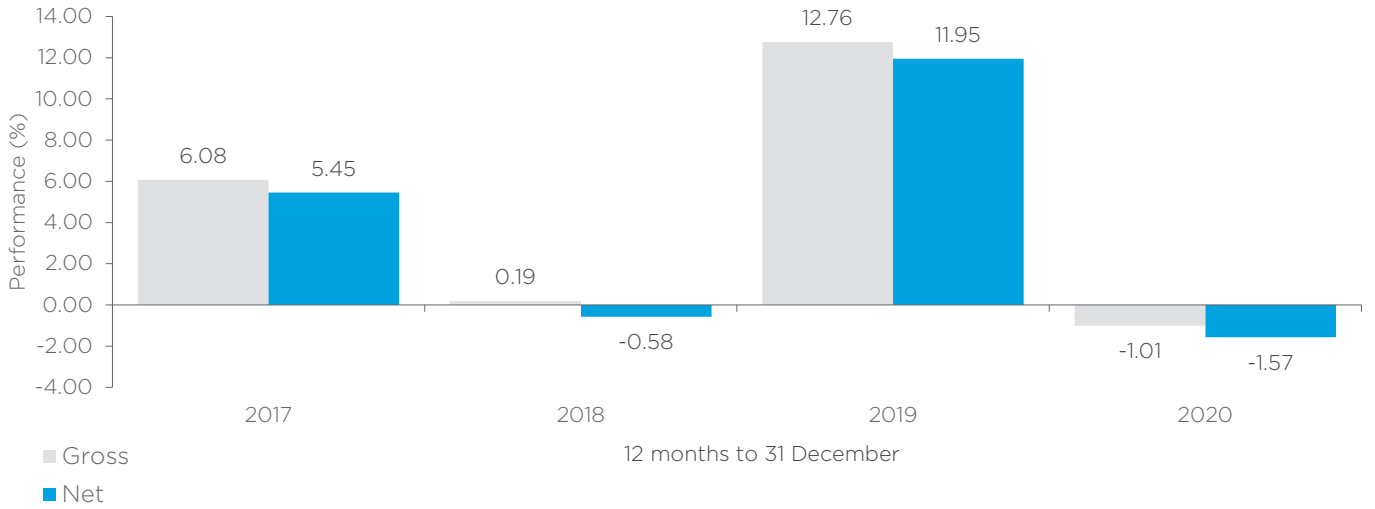
Signed.....
Nominee

Annexure 6
Past Performance Tables and Investor Profile

Past Performance Tables

The past performance below is shown both gross and net of all DIF charges. The performance for five years is not available. Past performance is not a reliable indicator of future results.

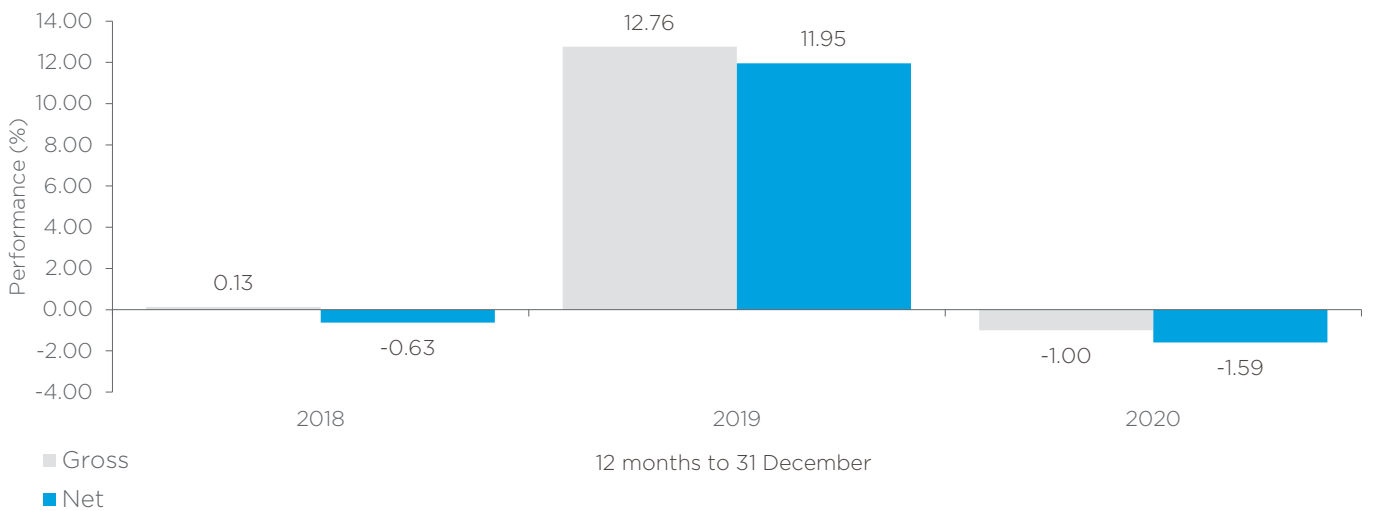
1. Unit Class 1*



Source: CCLA

*Launched on 2 December 2016

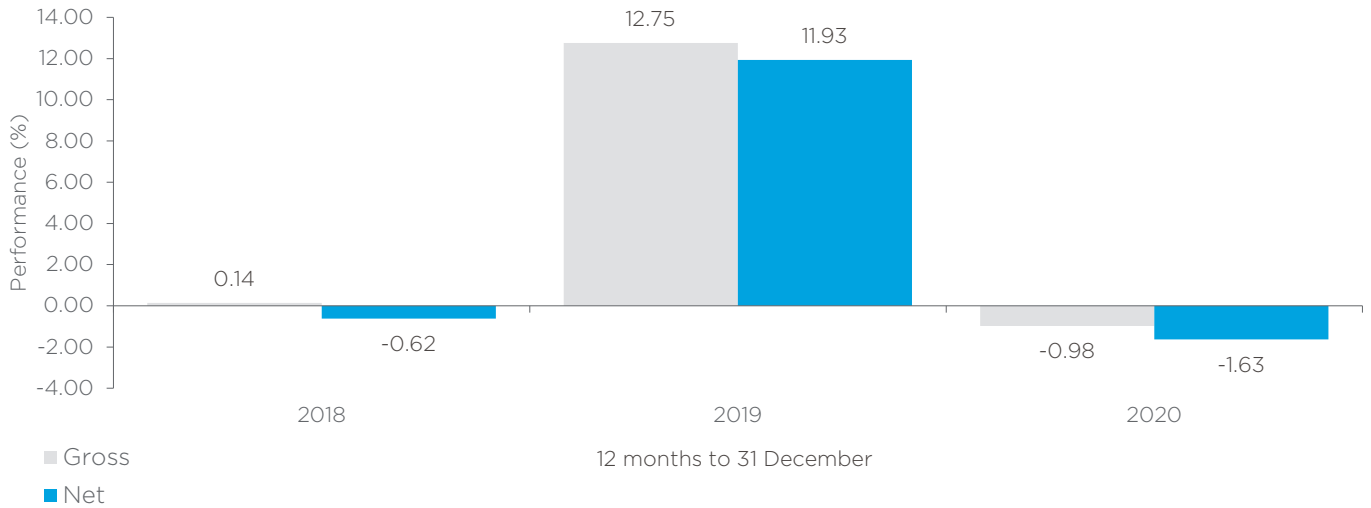
2. Unit Class 2*



Source: CCLA

*Launched on 24 March 2017

3. Unit Class 3*



Source: CCLA

*Launched on 1 December 2017

Investor Profile

A direct investor in the Fund must either:

- invest a payment of, or contribute property with a value of, not less than £1,000,000; or
- be a professional or institutional investor as detailed in Annexure 4; or
- a person who already holds Units in the Fund.

Notwithstanding the above, an investor may be a nominee for a person who is himself eligible as an investor pursuant to (a) to (c) above.

Annexure 7 Sustainable Finance Disclosure Regulation: Pre-Contractual Disclosure

This annexure provides information about the Diversified Income Fund (hereinafter referred to as “**Sub-Fund**”) that specifically relates to information required under the Sustainable Finance Disclosure Regulation (EU) 2019/2088 (“**SFDR**”).

This information is intended to provide clear and understandable information with regard to the sustainability characteristics, considerations, objectives and/or risks of the Sub-Fund.

SFDR Relevant Article: The Sub-Fund can be considered to promote environmental or social characteristics, meeting the description of a product that is within scope of Article 8 of the SFDR.

About CCLA’s Approach to Active Ownership and Sustainability

We believe that unsustainable businesses will be negatively impacted by prospective legislation, regulation and changing consumer preferences. For this reason, we seek to avoid companies with high unmitigated sustainability risks. However, purchasing assets that already exist on the secondary market has little positive real-world impact. Strong management of sustainability risk must be focused on driving action above simply transacting in the secondary markets. By being an active owner of our shareholdings and leading effective engagements, we are able to make a bigger impact on the sustainability performance of the companies in which we invest.

The key role that investors can play is to encourage businesses to reduce their negative impacts on the environment and society. For this reason, we place a large emphasis on using our ownership rights to drive change.

1. How are sustainability risks integrated into the Sub-Fund’s decision-making process, and what are the likely impacts of these sustainability risks on the returns of the Sub-Fund?

In addition to the Investment Manager’s (hereinafter referred to in this section as “**we**”, “**us**” or “**our**” as the context requires) policies on the integration of sustainability risks that are listed at the end of this annexure, our approach to integrating sustainability risks into our investment decision-making process is as follows.

Our experience suggests that conventional financial modelling only gives part of the answer as to what makes a good investment.

As a result, we carefully assess the environmental, social and governance (ESG) standards of all companies and assets that we consider investing in and have integrated the considerations of these

sustainability risks into our investment decision making processes.

We identify and then remove companies and assets with high unmitigated ESG risks or the poorest standards of corporate governance from our investment universe and as part of this process, we identify material weaknesses in any holdings in the Sub-Fund and develop an action plan to improve them through engagement with the companies and other relevant parties. With corporate entities, we assess companies’ exposure and methods of managing sustainability risks prior to making any investment in them (equity or debt purchases).

Our assessment is based on two factors:

- We rate companies’ corporate governance standards and their wider behaviour. This includes indicators such as the quality of accounting structures, board composition or whether internationally agreed behavioural norms have been violated, such as the United Nations Global Compact (www.unglobalcompact.org). Over the short term this analysis indicates to us which companies could destroy shareholder value through, for example, poor management oversight, which is particularly important for key decisions like acquisitions, or an increased risk of litigation.
- We look at companies’ approach to sustainability and extra-financial risk and how they integrate these factors into their governance. We have created a proprietary sustainability factor matrix, where the most material sustainability risks are identified using the Global Industry Classification Standard (www.msci.com/gics) at sub-industry level and each investee company is assessed on the sustainability factors most relevant to their operations.

By focusing on issues such as climate change, public health, or water use, we are able to identify business models and industries whose value is, in our opinion, at risk over the medium to long term by changing consumer preferences or regulation and use this information in our investment decision-making process or to inform our engagement priorities.

Companies that display the highest levels of sustainability risks are not investable without the explicit permission of our investment committee, who are responsible for the oversight of our processes and activities. The data for this assessment comes from our independent third-party data provider and our in-house assessments.

The majority of our assets are managed directly as this allows us to implement our clients’ ethical investment policies in full. We do use a small number of investment funds managed by third parties to access specialist asset classes such as private equity and infrastructure.

Where we invest Sub-Fund capital as a limited partner, we seek to specify secure agreements to

ensure that our clients' ethical investment rules are considered in the management of the mandate.

Where this is not possible and there is no alternative route to the investment, we assess the investment fund's exposure and potential future exposure as a percentage of its net asset value, and if more than 10% of the fund is or is likely to be exposed to activities that are not in accordance with our clients' ethical investment exclusionary criteria, we will not proceed to investment.

Following an investment, we continue to monitor the investment fund's manager's approach and exposure to restricted activity. If we have concerns, we engage with the manager and, if possible, consider divesting from any fund if the 10% threshold is breached.

Our statement on the consideration of the Principal Adverse Impacts of Sustainability risks is available on our website (www.ccla.co.uk – SFDR Disclosure Report).

We do not believe that the policies of the Sub-Fund will have a lasting or substantial adverse impact on the performance of the Sub-Fund. The Sub-Fund has limited ethical exclusions and has therefore been determined as and promoted as a responsible fund.

2. What are the main types of sustainability risks that are relevant to issuers invested in by the Sub-Fund?

1. Environmental Risk

Climate related risks and other environmental risks can be split into those related to the transition to a low carbon economy and to the risks posed by the physical impact of climate change.

Transition risk can arise from the impact of prospective regulation, legislation and litigation; in particular, the risk of 'stranded assets' (which can be defined as investments or assets that lose value due to market changes. This devaluation of assets is mainly related to significant and sudden changes in legislation, environmental constraints or technological innovations, which then render assets obsolete before their full depreciation.) This may directly or indirectly influence the value of investments held by the Sub-Fund.

Physical risk can be manifested as the physical effects of climate change (such as an increased regularity of extreme weather events and impacts on the availability of water) upon companies' ability to deliver strong and sustainable returns to investors. These risks can either be 'acute' when it arises from extreme weather events, or 'chronic' when it arises from progressive changes in the climate such as sea-level rise, water stress or biodiversity loss.

2. Social Risk

Investments are subject to risks that arise from an issuer of a holding in the Sub-Fund experiencing a situation or event around health and safety conditions, human rights, selling practices and

product labelling, customer welfare, public governance failure or infectious diseases.

3. Governance Risk

Governance practices of issuers can present a risk to the value of an investment held by the Sub-Fund, as a consequence of poor ethics, the behaviour of competition, the regulatory environment, or the management of the issuer's critical risks.

These are only examples of sustainability risk factors and sustainability risk factors do not solely determine the risk profile of an investment.

Sustainability risk can manifest itself through different existing risk types (including, but not limited to, market, liquidity, concentration, credit, asset-liability mismatches etc).

The impacts of sustainability risk are likely to develop over time and new sustainability risks may be identified as further data and information regarding sustainability factors and impacts becomes available and the regulatory environment regarding sustainable finance evolves.

3. What are the Environmental and Social characteristics of the Sub-Fund and how are these characteristics met? Is the Sub-Fund's comparator benchmark consistent with these sustainability risks?

The Sub-Fund has the following environmental and social characteristics:

- The Sub-Fund applies the Investment Manager's engagement and voting policy to contribute to driving positive change in investee companies.
- The Sub-Fund implements the Investment Manager's climate change and investment policy and follows the ESG integration approach detailed in section 1 above.
- The Sub-Fund applies investment exclusions that reduce the size of the investable universe of the Sub-Fund. These exclusions are outlined in section 4 below and exclude issuers based on controversial behaviour and products.
- The Sub-Fund takes a pro-active approach to proxy voting and votes routinely on all holdings in line with its sustainability policy and voting guidelines.

The comparator benchmark of the Sub-Fund is a composite benchmark comprised of a number of difference indices as follows; MSCI United Kingdom Investable Market Index (20%), MSCI North America (6.67%), MSCI Europe ex UK (6.67%), MSCI Pacific (6.67%), Markit iBoxx £ Gilts Index (30%) and Markit iBoxx £ Non-Gilts Index (30%).

The comparator benchmark used by the Sub-Fund is not consistent with the sustainability characteristics of the Sub-Fund, as it is composed of general market indices. The methodology of each index within the

comparator benchmark can be found at www.msci.com and at www.markit.com.

4. Which data sources are used and what screening criteria are applied? What are the relevant sustainability indicators used to measure the sustainability characteristics of the Sub-Fund?

When integrating sustainability considerations in this investment approach, the Investment Manager uses multiple data sources. The Investment Manager additionally utilises proprietary analyses of sustainability factors, undertaken by their Ethical and Responsible Investment Team. The quality, quantity and availability of data relating to sustainability factors have a number of challenges that vary by asset class and geographical region. As a result, some datasets include both modelled and reported data. Any indicators that utilise modelled data include some level of inherent model risk and could fail to capture potential changes in the sustainability performance of some issuers.

The Sub-Fund will avoid investment in companies that the Investment Manager have been advised by their data providers through the data points selected by the Investment Manager as 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 energy coal or tar sands;
- 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).

Additionally, the Sub-Fund avoids companies that are not meeting acceptable minimum environmental, social and governance standards (as defined by the Investment Manager).

Remaining companies who after persistent engagement, fail the Investment Manager's controversy process on non-conformance with the UN Global Compact are also excluded. In order to provide the opportunity for companies to provide a 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 may be deemed to have failed the process.

The Sub-Fund will not purchase any sovereign debt from countries agreed by the Investment Manager as being amongst the world's most oppressive.

The Investment Manager will, on a best endeavours basis, seek to verify whether the investments of another investment fund are in compliance with the Sub-Fund's ethical investment policy prior to placing an investment

This policy also applies to bonds issued by these companies.

5. Report and Policies

The Investment Manager's SFDR entity level disclosure report and policies on the integration of sustainability risks into its investment decision-making process are as follows and can be viewed at www.ccla.co.uk or supplied upon request:

SDFR Disclosure Report
Climate Change and Investment Policy
Engagement Policy
CCLA Voting Guidelines
Environmental Policy
Cluster Munitions and Landmines Policy

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is authorised and regulated by the Financial
Conduct Authority.

CCLA

BECAUSE GOOD IS BETTER