

# CCLA Charity Authorised Investment Fund

Prospectus

## Prospectus of CCLA Charity Authorised Investment Fund

A charity authorised investment fund structured as an umbrella-type NURS authorised unit trust 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 Charity Authorised Investment Fund which has been prepared in accordance with the Collective Investment Schemes Sourcebook and the Investment Funds Sourcebook.

This Prospectus is dated and is valid as at 1 April 2021.

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

## Contents

Directory	4	20. Fees and Expenses	31
Summary	5	21. Unitholder Meetings and Voting Rights	333
1. Definitions and Interpretation	6	22. Taxation	344
2. Details of the Trust and its Structure	10	23. Winding up of the Trust or Termination of a Sub-Fund	35
3. Inspection and Copies of Documents	122	24. Accounting Periods and Income Allocation	36
4. Conflicts of Interest	12	25. Risk Management Process and Liquidity Management	37
5. Exercise of Voting Rights	133	26. Leverage (as defined by UK AIFMD Measures)	38
6. Best execution	133	27. Miscellaneous	399
7. Management and Administration	13	Annexure 1	
8. The Trustee	14	Sub-Fund Information Catholic Investment Fund	41
9. The Auditors	16	Annexure 2	
10. Unitholders Rights Against Service Providers	16	Eligible Securities Markets and Eligible Derivatives Markets	48
11. Governing Law	16	Annexure 3	
12. Past Performance	177	Investment and Borrowing Powers of the Trust and the Sub-Funds	50
13. The Trust's Investment Objective	177	Annexure 4	
14. Characteristics of Units in the Trust	17	Past performance	67
15. Buying, Redeeming and Switching Units	18	Annexure 5	
16. Client Money	24	Securities Financing Transactions and Total Return Swaps	68
17. Valuation of the Trust	25		
18. Risk Factors	277		
19. Payments out of the Scheme Property of the Trust	30		

## Directory

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

Trustee and Custodian:  
HSBC Bank plc  
8 Canada Square,  
London E14 5HQ

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

Auditors:  
PricewaterhouseCoopers LLP  
7 More London Riverside,  
London SE1 2RT

Registrar and Transfer Agent:  
CCLA Investment Management Limited  
Senator House, 85 Queen Victoria Street,  
London EC4V 4ET

Administrator:  
HSBC Bank plc  
8 Canada Square,  
London E14 5HQ

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

## Summary

- The Trust is a Charity Authorised Investment Fund structured as an umbrella-type authorised unit trust and is a NURS.
- The Charity Commission has issued an order under section 96 of the Charities Act 2011 in relation to the Trust dated 11 December 2020 and with effect from the date of that order the Trust was established as a common investment fund for the purposes of the Charities Act 2011 and is registered with the Charity Commission with registered charity number 1192761.
- For the purposes of the UK AIFMD Measures, the Trust qualifies as a UK AIF. It was authorised by the FCA on 11 December 2020 and is registered with the FCA under product reference number (PRN) 940774. It is established by way of a Trust Deed dated 11 December 2020.
- Details of the Sub-Funds including their investment objectives and policies, annual and interim accounting reference dates and distribution dates for each Sub-Fund are set out in Annexure 1. Each Sub-Fund is a UK AIF and a NURS for the purposes of the Regulations.
- The Sub-Funds of the Trust are segregated portfolios of assets and, accordingly, the assets of a Sub-Fund belong exclusively to that Sub-Fund and shall not be used to discharge directly or indirectly the liabilities of, or claims against, any other person or body, including the Trust, or any other Sub-Fund and shall not be available for any such purpose.
- Other Sub-Funds may be established by the Manager from time to time.
- The base currency of the Trust and all Sub-Funds is pounds sterling (GBP) unless otherwise specified. The accounts of the Trust are prepared in GBP or its successor as the currency of the UK.
- CCLA Fund Managers Limited is the Manager of the Trust and has delegated the investment management function to CCLA Investment Management Limited. CCLA Investment Management Limited also acts as Registrar and Transfer Agent for the Sub-Funds.
- HSBC Bank plc is the Trustee of the Trust. HSBC Bank plc also acts as Administrator for the Sub-Funds.
- The Manager may instruct the Trustee to operate an income reserve account in order to avoid fluctuations in the income available for allocation or distribution for the annual accounting period.
- The Trust and its Sub-Funds are marketed, and Units are only available, to Eligible Investors. An Eligible Investor is defined in the Trust Deed and in this Prospectus. Full details of the eligibility requirements are set out in the Trust Deed and this Prospectus. For the avoidance of doubt Nominees acting on behalf of Eligible Investors may hold Units.
- The Unit prices for the Sub-Funds will be published daily on the Manager's website ([www.ccla.co.uk](http://www.ccla.co.uk)) and are also available by calling 0800 022 3505. The Units are not listed on any investment exchange.
- Costs and expenses are accrued at Sub-Fund level with allocations for any fund costs made on a pro rata basis in accordance with the value of the Sub-Funds at the time of allocation, in accordance with Regulations.
- There are two denominations of Unit, larger and smaller in a ratio of 1:1000. Title to Units will be evidenced by entry on the Register and certificates will not be issued by the Registrar and Transfer Agent. Unit confirmations will be issued on request. A statement of holdings is issued at least annually to Unitholders.
- A Dealing Day is every day which is a Business Day and such other day as the Manager may, with the consent of the Trustee, decide from time to time.
- The Dealing Deadline is normally 5.00pm London time on the Business Day prior to a Dealing Day.
- The Valuation Point is normally 11.59pm on the Business Day prior to each Dealing Day.
- This Prospectus, the Trust Deed and related documents can be inspected during normal office hours at the offices of the Manager.

## 1. Definitions and Interpretation

### 1.1

The following defined terms are used in this Prospectus:

Administrator	means HBSC Bank plc, or such other person as is appointed to act as administrator, registrar and transfer agent to the Trust from time to time.
AIF	means an alternative investment fund and has the same meaning as set out in the Glossary.
AIFM	means an alternative investment fund manager and has the same meaning as set out in the Glossary.
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 Manager as set out in detail in paragraph 20.2.
Application Form	means the application form as prescribed by the 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 Trust 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 Manager's Group or any other person whose business or domestic relationship with the Trust or the Trust'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 PricewaterhouseCoopers LLP, or such other entity as is appointed to act as auditor to the Trust from time to time.
Base Currency	means, depending on the context, the currency in which the accounts of the Trust, Sub-Fund or Class are to be prepared, or payments in relation to any of them.
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.
Charities Act	means the Charities Act 2011.
Charity Authorised Investment Fund or CAIF	has the meaning set out in the Glossary of definitions to the FCA Rules, being an authorised fund that has been registered with the Charity Commission as a charity.

Charity Commission	means the Charity Commission for England and Wales.
Class	means a class of Units created by the Manager in respect of a Sub-Fund.
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 re-issued from time to time.
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 and Converted shall be construed accordingly.
Custodian	means HSBC Bank plc and/or such person appointed by the Trustee from time to time to provide custody services in relation to the Scheme Property.
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 Day	means a Business Day and such other day as the Manager may, with the consent of the Trustee, decide from time to time.
Dealing Deadline	means 5.00pm London time on the Business Day prior to a Dealing Day, or as otherwise determined by the Manager.
Depository Services Agreement	means the written agreement between the Trustee and the Manager which evidences the appointment of the Trustee as depository of the Trust in accordance with the Regulations.
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"> <li>a) they are economically appropriate in that they are realised in a cost-effective way;</li> <li>b) they are entered into for one or more of the following specific aims: <ul style="list-style-type: none"> <li>i) reduction of risk;</li> <li>ii) reduction of cost;</li> <li>iii) generation of additional capital or income for the scheme with a risk level which is consistent with the risk profile of the scheme and the risk diversification rules laid down in COLL.</li> </ul> </li> </ul>
Eligible Institution	means one of certain eligible institutions as defined in the Glossary of definitions to the FCA Rules.
Eligible Investor	means investors permitted to subscribe for Units as described in paragraph 2.5.1.
EMIR	has the meaning set out in the Glossary.
<b>Euro or EUR or €</b>	means monetary unit of the official currency of the Eurozone countries.
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 of 12 Endeavour Square, London E20 1JN 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, made under FSMA as amended or updated 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 Sourcebook	means the Investment Funds Sourcebook issued by the FCA as amended or re-issued from time to time.
HMRC	means Her Majesty's Revenue & Customs.
Glossary	means the glossary to the FCA Rules.
Investment Manager	means CCLA Investment Management Limited, the investment manager appointed by the Manager in respect of the Trust, or such other entity as may from time to time be appointed as investment manager.
Manager	means CCLA Fund Managers Limited and its successor as manager of the Trust.
<b>Manager's Group</b>	means the group of companies consisting of the ultimate holding company of the Manager and each of the subsidiaries of that holding company.
Master Scheme	means any of the following: a master UCITS (in the case of a feeder UCITS); a qualifying master scheme (in the case of a feeder NURS); a property authorised investment fund (in the case of a scheme dedicated to units in a single property authorised investment fund); or 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).
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 Trust) less all the liabilities of that Sub-Fund (or of all existing Sub-Funds of the Trust) determined in accordance with the Trust Deed.
Nominee	means a person who holds Units for an Eligible Investor.
NURS	means in accordance with the FCA Rules an authorised fund which is neither a UCITS Scheme nor a qualified investor scheme (a non-UCITS retail scheme).
OECD	means the Organisation for Economic Co-operation and Development.
OTC	means over-the-counter.
Privacy Notice	means the privacy notice for clients available on the 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 person as is appointed to act as registrar and transfer agent to the Trust from time to time.
Regulations	means the AIFMD Level 2 Regulation, the AIFM Regulations, as may be applicable and the FCA Handbook (including the COLL and FUND Sourcebooks) made under FSMA, and any other applicable rules made under FSMA from time to time in force. This does not include guidance or evidential requirements contained in the COLL Sourcebook.
Scheme Property	means the scheme property of a Sub-Fund or of all existing Sub-Funds (as appropriate).

Securities Financing Transactions or SFTs	means securities financing transactions including repurchase transactions, securities lending and securities borrowing, buy-sell back transactions, sell-buy back transactions and margin lending transactions as defined by the UK Securities Financing Transactions Regulation but does not include commodities lending and commodities borrowing;
Service Providers	means the Manager, the Trustee, 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 Trust (being part of the Scheme Property of the Trust which is pooled separately) to which specific assets and liabilities of the Trust may be allocated and which is invested in accordance with the investment objective applicable to such Sub-Fund.
Switch	means the exchange, where permissible, of Units of one Sub-Fund for Units of another Sub-Fund and Switching and Switched 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.
Trust	means CCLA Charity Authorised Investment Fund.
Trust Deed	means the deed constituting the Trust and Sub-Funds as amended from time to time in accordance with the COLL Sourcebook.
Trustee	means HSBC Bank plc, or such other person as is appointed to act as trustee of the Trust from time to time.
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 AIFMD Measures	means <ul style="list-style-type: none"> <li>i) the Alternative Investment Fund Managers Regulations 2013 (SI 2013/1773);</li> <li>ii) the AIFMD Level 2 Regulation; and</li> <li>iii) all other UK law and regulation implemented for the purposes of onshoring the EU's AIFMD regime in the UK.</li> </ul>
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 Securities Financing Transactions Regulation	means Regulation (EU) of the European Parliament and the Council of 25 November 2015 on transparency of securities transactions and of reuse and amending Regulation (EU) No 648/2012, as amended for the purposes of bringing the regulation into domestic law.
UK UCITS	has the meaning set out in the Glossary.
UK Tax Resident	means any entity resident in the UK for tax purposes.
Unit or Units	means a unit or units in a Sub-Fund (including fractions of Units, with one fraction being equivalent to one-thousandth of a Unit).
Unitholder	means a holder of registered Units.

Valuation Point	means the valuation point on each Dealing Day fixed by the Manager for the purpose of valuing the property of a Sub-Fund being normally at 11.59pm London time or as otherwise determined by the Manager. Special valuations may also take place if at any time the Manager considers there is good and sufficient reason to do so, having regard to the interests of Unitholders or potential Unitholders.
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

### 1.2.1

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

### 1.2.2

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

### 1.2.3

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

### 1.2.4

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

### 1.2.5

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

### 1.2.6

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

## 2. Details of the Trust and its Structure

### 2.1 Constitution

The Trust is an authorised unit trust which is authorised by the FCA and registered with the Charity Commission. The Trust is established by way

of the Trust Deed entered into by the Manager and the Trustee.

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

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

For the purposes of the Regulations the Trust is a:

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

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

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

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

The Trust has an unlimited duration.

### 2.2 Prospectus

#### 2.2.1

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

#### 2.2.2

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

consult their own advisers in relation to acting in response to the information contained in this document.

### 2.2.3

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

## 2.3 The Charities Act

### 2.3.1

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

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

## 2.4 Sub-Funds

### 2.4.1

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

### 2.4.2

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

### 2.4.3

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

### 2.4.4

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

### 2.4.5

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

### 2.4.6

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

## 2.5 Eligible Investors

### 2.5.1

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

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

### 2.5.2

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

### 2.5.3

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

### 2.5.4

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

### 2.5.5

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

## 2.6 General

### 2.6.1

Contact address

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

## 2.6.2

### Base Currency

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

## 2.6.3

### Cancellation Rights

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

## 3. Inspection and Copies of Documents

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

## 4. Conflicts of Interest

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

Details of this policy are available at [www.ccla.co.uk](http://www.ccla.co.uk). Where a conflict of interest cannot be avoided, the

Manager will endeavour to ensure that the Trust and other funds it manages are treated fairly.

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

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

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

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

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

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

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

## 5. Exercise of Voting Rights

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

## 6. Best execution

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

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

## 7. Management and Administration

### 7.1 The Manager

7.1.1 CCLA Fund Managers Limited, whose registered and head office is at Senator House, 85 Queen Victoria Street, London EC4V 4ET, is the Manager of the Trust. It is authorised and regulated by the Financial Conduct Authority in the conduct of investment business in the United Kingdom and is entered on the Financial Services Register under number 611707.

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

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

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

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

7.1.6 The Manager has authority to enter into contracts on behalf of the Trust and/or Unitholders for the acquisition, management and/or disposal of the Trust's (or a Sub-Fund's) property.

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

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

The directors of the Manager are:

J. Bevan;  
R. Horlick (Chairman)\*;  
P. Hugh Smith;  
C. Johnson\*;  
G. Newson\*;  
A. Robinson;  
E. Sheldon;  
J. Jesty.\*  
(\* indicates a non-executive director)

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

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

7.1.11 The Manager is appointed under the Trust Deed.

#### 7.1.12

The Manager is also the 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 AIFs) and the CCLA Authorised Contractual Scheme Diversified Income Fund (a NURS).

#### 7.1.13

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

### 7.2 Investment Management

#### 7.2.1

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

#### 7.2.2

The Investment Manager is authorised and regulated by the Financial Conduct Authority in the conduct of investment business in the UK and is entered on the Financial Services Register under number 119281. The Investment Manager's registered office is at 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 Manager.

#### 7.2.3

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

#### 7.2.4

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

#### 7.2.5

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

### 7.3 The Administrator, Registrar and Transfer Agent

#### 7.3.1

As at the date of this Prospectus, HSBC Bank plc acts as Administrator of the Trust and Sub-Funds.

#### 7.3.2

The Administrator will carry out certain administrative tasks including the preparation of statements and other reports on behalf of the Trust and Sub-Funds. The Manager meets the fees of the Administrator from the Annual Management Charge the Manager receives for its services to the Sub-Funds.

#### 7.3.3

CCLA Investment Management Limited acts as Registrar and Transfer Agent of the Trust and Sub-Funds.

#### 7.3.4

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

## 8. The Trustee

#### 8.1

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

#### 8.2

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

#### 8.3

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

- 8.4  
The Trustee provides services to the Trust as set out in the Depositary Services Agreement and, in doing so, shall comply with the UK AIFMD Measures, the relevant FCA Rules and the terms of the Trust Deed.
- 8.5  
The Trustee's duties include the following in respect of the Trust and each Sub-Fund as applicable:
- 8.5.1  
Ensuring that the Sub-Funds' cash flows are properly monitored and that all payments made by or on behalf of applicants upon the subscription to Units of the Sub-Fund
- 8.5.2  
Safekeeping the assets of the Sub-Funds, which includes (i) holding in custody all financial instruments that can be physically delivered to the Trustee; and (ii) verifying the ownership of other assets and maintaining records accordingly.
- 8.5.3  
Ensuring that issues, redemptions and cancellations of the Units of the Sub-Funds are carried out in accordance with applicable law and the relevant FCA Rules and Trust Deed.
- 8.5.4  
Ensuring that the value of the Units of the Sub-Funds are calculated in accordance with applicable law and the relevant FCA Rules and the Trust Deed.
- 8.5.5  
Carrying out the instructions of the Manager, unless they conflict with applicable law and the relevant FCA Rules or the Trust Deed.
- 8.5.6  
Ensuring that in transactions involving the Sub-Funds' assets any consideration is remitted to the relevant Sub-Fund within the usual time limits.
- 8.5.7  
Ensuring that the Sub-Funds' income is applied in accordance with applicable law and the relevant FCA Rules and the Trust Deed.
- 8.6  
The appointment of the Trustee as depositary under the Depositary Services Agreement may be terminated without cause by not less than 90 days' written notice provided that the Depositary Services Agreement does not terminate until a replacement trustee has been appointed. In addition, the Trustee must not retire voluntarily except upon the appointment of a new trustee. Where the Trustee wishes to retire or ceases to be an authorised person the Manager may, subject to FCA and Charity Commission approval, appoint another person eligible to be the trustee in its place.
- 8.7  
The Trustee may delegate its safekeeping functions subject to the terms of the Depositary Services Agreement.
- 8.8  
Unitholders have no personal right to directly enforce any rights or obligations under the Depositary Services Agreement.
- 8.9  
In general, the Trustee is liable for losses suffered by the Trust or a Sub-Fund as a result of its negligence or wilful default to properly fulfil its obligations. Subject to the paragraph below, and pursuant to the Depositary Services Agreement, the Trustee will be liable to the Trust or Sub-Fund as applicable for the loss of financial instruments of the Trust or Sub-Fund which are held in its custody. The Trustee will not be indemnified out of the Scheme Property for the loss of financial instruments where it is so liable.
- 8.10  
The liability of the Trustee will not be affected by the fact that it has delegated safekeeping to a third party save where this liability has been lawfully discharged to a delegate any such discharge will be notified to the Unitholders and consent will be obtained from the Manager to such delegation and discharge. At the date of this Prospectus, the Trustee has not discharged its liability for the safekeeping of assets in its safekeeping.
- 8.11  
The Trustee will not be liable where the loss of financial instruments arises as a result of an external event beyond the reasonable control of the Trustee, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary. The Trustee shall not be liable for any indirect, special or consequential loss.
- 8.12  
In the event there are any changes to the Trustee's liability under the UK AIFMD Measures and the relevant FCA Rules, the Manager will inform Unitholders of such changes without delay.
- 8.13  
From time to time actual or potential conflicts of interest may arise between the Trustee and its delegates, for example, and without prejudice to the generality of the foregoing, where an appointed delegate is an affiliated group company and is providing a product or service to the Trust or a Sub-Fund and has a financial or business interest in such product or service or where an appointed delegate is an affiliated group company which receives

remuneration for other related products or services it provides to the Trust or a Sub-Fund. The Trustee maintains a conflict of interest policy to address this.

8.14

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

8.15

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

8.16

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

8.17

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

8.18

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

## 9. The Auditors

9.1

The auditors of the Trust are PricewaterhouseCoopers LLP of 7 More London Riverside, London SE1 2RT.

9.2

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

## 10. Unitholders Rights Against Service Providers

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

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

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

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

## 11. Governing Law

11.1

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

11.2

By applying for Units in a Sub-Fund, the Unitholder agrees to be bound by the Trust Deed and this Prospectus (as may be amended from time to time). The Trust, the Trust Deed and this Prospectus are governed by the laws of England and Wales. The Trust, the Manager and Unitholders will be subject to the exclusive jurisdiction of the courts of England

and Wales to settle any dispute or claim arising out of or in connection with a Unitholder's investment in a Sub-Fund or any related matter. The laws of England and Wales provide a number of legal mechanisms for the recognition and enforcement of judgments.

## 12. Past Performance

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

## 13. The Trust's Investment Objective

### 13.1

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

### 13.2

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

#### 13.2.1

transferable securities;

#### 13.2.2

money market instruments;

#### 13.2.3

units in collective investment schemes;

#### 13.2.4

deposits;

#### 13.2.5

derivatives and forward transactions;

#### 13.2.6

immovable property;

#### 13.2.7

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

## 14. Characteristics of Units in the Trust

### 14.1

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

### 14.2

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

### 14.3

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

### 14.4

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

### 14.5

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

### 14.6

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

### 14.7

All Units are in registered form. Certificates are not issued in respect of the Units. Ownership will be evidenced by entry on the Register of Unitholders. At least once a year the 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.

### 14.8

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

### 14.9

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

#### 14.9.1

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

#### 14.9.2

be offered to different investors.

On the introduction of any new Class, a revised Prospectus will be prepared setting out the details of each new Class. Annexure 1 contains specific details of the characteristics of Classes comprised within each Sub-Fund.

#### 14.10

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

#### 14.11

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

#### 14.12

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

#### 14.13

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

#### 14.14

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

#### 14.15

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

#### 14.16

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

#### 14.17

Unitholders are entitled (subject to certain restrictions, in particular as regards meeting the eligibility criteria) to Convert all or part of their Units in a Class in a Sub-Fund for Units of another Class within the same Sub-Fund, where available, or to Switch them for Units of any Class within a different Sub-Fund of the Trust. Details of these Conversion and Switching facilities and the restrictions are set out in paragraph 15.7 for Switching and paragraph 15.8 in the case of Conversions.

#### 14.18

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

## 15. Buying, Redeeming and Switching Units

### 15.1 How to purchase Units

#### 15.1.1

Except during periods of temporary suspension, the 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.

#### 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 Manager's website as specified in Annexure 1), together with such other documents and information that the Manager may require regarding the investor including the investor being an Eligible Investor and submitted to the Registrar by post to CCLA Investment Management Limited, Senator House, 85 Queen Victoria Street, London EC4V 4ET, United Kingdom.

#### 15.1.3

Applications to purchase additional Units should be made by completion of the relevant form (which is available on the Manager's website) which should again be submitted to the Registrar by post or, provided an email indemnity form has been completed, by email to [correspondence@ccla.co.uk](mailto:correspondence@ccla.co.uk) or such other means as the Manager may from time to time permit. All applications to purchase Units should be received by the Registrar on or prior to the relevant Dealing Deadline. Subject to the receipt of complete and valid applications and the remaining provisions of this paragraph 15, applications to buy Units received by the Registrar prior to the Dealing Deadline for any Dealing Day will be dealt with at the price calculated at the Valuation Point on that Dealing Day.

#### 15.1.4

If an application is received after the relevant Dealing Deadline for the relevant Dealing Day, the application shall (unless otherwise determined by the Manager) be deemed to have been received by the following relevant Dealing Deadline. Applications to purchase additional Units sent to the Registrar by email or 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 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 Manager.

#### 15.1.7

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

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

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

#### 15.2.2

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

#### 15.2.3

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

### 15.3 Redeeming Units

#### 15.3.1

Requests to redeem or sell Units should be made by completion of the relevant form (which is available on the 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, United Kingdom, or, provided an email and facsimile indemnity has been completed, by e-mail to the Registrar at [correspondence@ccla.co.uk](mailto:correspondence@ccla.co.uk) or by facsimile or such other means as the Manager may from time to time permit.

### 15.3.2

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

### 15.3.3

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

### 15.3.4

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

### 15.3.5

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

### 15.3.6

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

### 15.4 In specie redemption

Where a Unitholder requests the redemption of Units, the Manager may at its discretion (with the prior permission of the Trustee) arrange to cancel the Units and transfer certain identified Scheme Property to the Unitholder, instead of paying the price of the Units in cash provided this is unlikely to materially prejudice the interests of Unitholders. The Manager will serve a written notice on the Unitholder that it proposes to make the in specie redemption. The selection of the Scheme Property will be made by the Manager in consultation with the Trustee with a view to ensuring that the redeeming Unitholder is not advantaged or disadvantaged vis-à-vis the continuing Unitholders.

## 15.5 Settlement

### 15.5.1

In the case of subscriptions, cleared funds must be received before the Dealing Deadline unless otherwise permitted by the Manager.

### 15.5.2

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

### 15.6 Deferred Redemptions

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

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

### 15.7 Switching of Units

#### 15.7.1

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

#### 15.7.2

Switching may be effected by contacting the Registrar acting on behalf of the Manager in the same way as redemptions and the Unitholder may be required to complete a Switching form.

#### 15.7.3

The Manager may, at its discretion, make a charge on the Switching of Units between Sub-Funds. Any such charge on Switching does not constitute a separate charge payable by a Unitholder but is rather the application of any redemption charge on the Original

Units and any initial charge on the New Units, subject to certain waivers. For details of the charges on Switching currently payable, please see paragraph 15.11. The Manager may adjust the number of New Units to be issued to reflect the application of any charge on Switching together with any other charges or levies in respect of the application for the New Units or redemption of the Original Units as may be permitted pursuant to the COLL Sourcebook.

#### 15.7.4

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

#### 15.7.5

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

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

#### 15.7.6

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

#### 15.7.7

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

### 15.8 Conversion of Units

#### 15.8.1

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

#### 15.8.2

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

#### 15.8.3

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

#### 15.8.4

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

#### 15.8.5

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

#### 15.8.6

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

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

#### 15.8.7

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

#### 15.8.8

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

### 15.9 Transfers

#### 15.9.1

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

#### 15.9.2

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

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

## 15.10 Minimum Subscriptions

### 15.10.1

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

### 15.10.2

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

## 15.11 Dealing Charges

### 15.11.1

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

### 15.11.2

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

### 15.11.3

The Manager may levy a charge for Switching.

## 15.12 Dilution Adjustment

### 15.12.1

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

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

### 15.12.2

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

### 15.12.3

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

### 15.12.4

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

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

### 15.12.5

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

### 15.12.6

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

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

#### 15.12.7

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

#### 15.12.8

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

#### 15.12.9

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

### 15.13 Restrictions, Compulsory Redemption and Compulsory Transfer

#### 15.13.1

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

#### 15.13.2

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

#### 15.13.3

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

#### 15.13.4

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

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

- b) would result in the Trust incurring any liability to taxation which the Trust would not be able to recoup itself or suffering any other adverse consequence (including a requirement to register under any securities or investment or similar laws or governmental regulation of any country or territory); or
- c) are held in any manner by virtue of which the Unitholder or Unitholders in question is/are not qualified to hold such Units (this being in addition to the Eligible Investor criteria referred to in paragraph 2.5.1) or if it reasonably believes this to be the case; or
- d) are held in a manner which constitutes a breach of the Trust Deed or this Prospectus as to eligibility or entitlement to hold any Units,

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

#### 15.13.5

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

#### 15.13.6

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

#### 15.13.7

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

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

### 15.14.1

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

### 15.14.2

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

### 15.14.3

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

### 15.14.4

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

### 15.14.5

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

## 15.15 Money Laundering

### 15.15.1

The Manager must comply with and operate in accordance with the Money Laundering Regulations as applicable from time to time. The Manager may in its absolute discretion require verification of identity

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

### 15.15.2

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

### 15.15.3

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

## 15.16 Market Timing and Late Trading

### 15.16.1

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

### 15.16.2

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

## 16. Client Money

### 16.1

The Manager 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 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 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 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 Manager as set out above.

In certain circumstances, if the Manager has lost touch with a Unitholder and there has been no movement on a Unitholder's client money cash balance for a period of at least six years (notwithstanding any payments or receipts of charges, interest or similar items), the Manager will be permitted to pay the Unitholder's client money balance to another charity. At this point, the Manager shall cease to treat such money as client money. The Manager will not do so until it has taken reasonable steps to trace the Unitholder concerned and to return the balance in accordance with CASS. The Unitholder will still be entitled to recover this money from the Manager at a later date irrespective of whether the Manager has paid the money to charity.

## 17. Valuation of the Trust

### 17.1 General

#### 17.1.1

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

#### 17.1.2

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

#### 17.1.3

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

### 17.2 Calculation of the Net Asset Value

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

#### 17.2.1

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

#### 17.2.2

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

- a) units or shares in a collective investment scheme:
  - i) if a single price for buying and selling units or shares is quoted, at that price; or
  - ii) if separate buying and selling prices are quoted, at the average of the two prices providing the buying price has been reduced by any initial charge included therein and the selling price has been increased by any exit or redemption charge attributable thereto; or
  - iii) if, in the opinion of the Manager, the price obtained is unreliable or no recent traded price is available or if no recent price exists, at a value which, in the opinion of the Manager, is fair and reasonable;
- b) immovable property:
  - i) by a standing independent valuer (as defined in the Glossary of definitions to the FCA Rules) appointed by the Manager with the approval of the Trustee, on the basis of an 'open market value' as defined in Practice Statement 3 in the Royal Institute of Chartered Surveyors' Appraisal and Valuation Manual (first edition published September 1995) as updated and amended from time to time;
  - ii) on the basis of a full valuation with physical inspection (including, where the immovable is or includes a building, internal inspection), at least once a year; and
  - iii) on the basis of the last full valuation, at least once a month;
- c) exchange-traded derivative contracts:
  - i) if a single price for buying and selling the exchange-traded derivative contract is quoted, at that price; or
  - ii) if separate buying and selling prices are quoted, at the average of the two prices;
- d) over-the-counter derivative contracts shall be valued in accordance with the method of

- valuation as shall have been agreed between the Manager and the Trustee;
- e) any other investment:
- i) if a single price for buying and selling the security is quoted, at that price; or
  - ii) if separate buying and selling prices are quoted, at the average of the two prices; or
  - iii) if, in the opinion of the Manager, the price obtained is unreliable or no recent traded price is available or if the most recent price available does not reflect the Manager's best estimate of the value, at a value which, in the opinion of the Manager, is fair and reasonable; and
- f) property other than that described in paragraphs 17.2.2 - 17.2.2(e) above: at a value which, in the opinion of the Manager, represents fair and reasonable mid-market price.

#### 17.2.3

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

#### 17.2.4

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

#### 17.2.5

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

#### 17.2.6

Futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under paragraph 17.2.5 above.

#### 17.2.7

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

#### 17.2.8

Deduct an estimated amount for anticipated tax liabilities.

#### 17.2.9

Deduct an estimated amount for any liabilities payable out of the Scheme Property and any tax thereon treating periodic items as accruing from day-to-day.

#### 17.2.10

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

#### 17.2.11

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

#### 17.2.12

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

#### 17.2.13

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

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

#### 17.3.1

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

#### 17.3.2

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

### 17.4 Pricing Basis

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

## 18. Risk Factors

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

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

### 18.1 Market Fluctuations

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

### 18.2 Political Risk

The value of investments may be affected by uncertainties such as political developments, changes in government policies, taxation and currency repatriation restrictions on foreign investment in some of the countries that a Sub-Fund may invest in.

### 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 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 value of the securities held. When interest rates decline, the value of fixed income securities generally can be expected to rise. Conversely, when interest rates rise, the value of fixed income securities generally can be expected to decline.

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

### 18.4 Liquidity Risk

Transactions may be undertaken in some securities that are not readily realisable either because they are not traded on a recognised stock exchange or because transactions in them are too infrequent for a reliable price to be obtained or due to overall

position, size and price volatility. There can be no guarantee that such securities can be sold or that a reasonable price can be obtained.

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

Where such a charge is imposed, an investor 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 Manager, the Trust the Sub-Funds, the taxation of Unitholders and the availability of any tax reliefs may change from time to time. Any change in the taxation legislation or practice in the UK or in any jurisdiction in which a Sub-Fund is registered, marketed or invested could affect the tax status of the Trust and the Sub-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 tax status of the Trust and Sub-Funds. 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.

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

### 18.11.1

Unitholders are not liable for the debts of the Trust or any Sub-Fund. A Unitholder is not liable to make any further payment to the Trust or any Sub-Fund after paying the price on purchase of the Units (please also refer to paragraph 18.12 below).

### 18.12 Foreign Tax status of the Trust

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

## 18.13 Clearing of over the counter derivatives

### 18.13.1

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

### 18.13.2

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

### 18.13.3

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

## 18.14 Counterparty Risk

Sub-Funds will be subject to the risk of the inability of any counterparty to perform with respect to

transactions, whether due to insolvency, bankruptcy or other causes. The Sub-Funds may pass cash or other assets to its counterparties as margin or collateral to an unlimited extent. Subject to the Regulations, at any one time, the Sub-Funds may be exposed to the creditworthiness of its counterparties in respect of all or part of such margin or collateral. In the event of the insolvency of any counterparty, the Sub-Funds might not be able to recover cash or assets of equivalent value in full.

## 18.15 Trustee Insolvency

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

The 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.

## 18.16 Suspension of Dealings in Units

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

## 18.17 Settlement Risk

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

## 18.18 Redemption Risk

Large redemptions of Units in a Sub-Fund might result in a Sub-Fund being forced to sell assets at a time and price at which it would normally prefer not to dispose of such assets.

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

In the absence of current redemption prices or Net Asset Values for investments held by a Sub-Fund or if no recent redemption prices exists, or if the most recent redemption prices available do not reflect the Manager's best estimate of the value of the investments, the Manager may have to determine valuations in respect of such investments at a value which, in the opinion of the Manager, is fair and reasonable, which may in turn impact on the price of units in the Sub-Funds as determined in accordance with paragraph 17.

#### 18.19 Charges to Capital

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

#### 18.20 Derivatives for investment purposes

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

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

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

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

##### 18.21.1

Certain derivatives including forward foreign exchange contracts and other techniques may be used 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.

##### 18.21.2

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

##### 18.21.3

The counterparties to derivatives and other techniques for Efficient Portfolio Management may be Associates of the Manager and this may give rise to a conflict of interests. For further details on the Manager's conflicts of interest policy. Please see paragraph 4.

#### 18.22 Concentration of Investments

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

#### 18.23 Emerging Markets

Risks associated with investing in these markets are likely to exceed the risk of investing in more mature markets. Such risks may arise from negative investor sentiments as a result of situations such as military conflict, civil unrest, or other adverse political developments. Furthermore, there may be difficulties in accurately assessing a company's prospects where accounting standards are such that those prospects are not fairly reflected by published accounts; there can be difficulties in selling, or selling at a fair price, where the market is inefficient; delays may be experienced in settlement and the local currency may not be readily realisable. In some emerging markets there may be also be foreign ownership restrictions which limit the Sub-Fund's ability to participate in certain corporate actions. The Sub-Funds may generally face registration, settlement and custody risks in purchasing and selling securities in emerging markets.

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

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

#### 18.25 Tax status of Sub-Funds

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

#### 18.26 Risk Factors Not Exhaustive

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

#### 18.27 Market Risk

Some of the recognised exchanges on which a Sub-Fund may invest may prove to be illiquid or volatile from time to time and this may affect the price at which a Sub-Fund may liquidate positions to meet redemption requests.

#### 18.28 Equity Risk

Prices of equities will fluctuate daily and are dependent on market conditions. Markets can be influenced by a series of factors such as political or economic news, corporate earnings reports, demographic trends, catastrophic events and wider market expectations. It is worth noting that the value of equities can fall as well as rise and investors into funds investing in equities may not get back the amount that was originally invested. Potentially a Sub-Fund investing in equities could incur significant losses.

#### 18.29 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 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.

#### 18.30 Operational Risk (including Cyber Security and Identity Theft)

An investment in a Sub-Fund, like any fund, can involve operational risks arising from factors such as processing errors, human errors, inadequate or failed internal or external processes, failure in systems and technology, changes in personnel, infiltration by unauthorised persons and errors caused by service providers such as the Manager or the Administrator. While a Sub-Fund seeks to minimise such events through controls and oversight, there may still be failures that could cause losses to a Sub-Fund. The Manager, Investment Manager, Administrator and Trustee each maintain appropriate information technology systems. However, like any other system,

these systems could be subject to cyber security attacks or similar threats resulting in data security breaches, theft, a disruption in the Manager's, Investment Manager's, Administrator's and/or Trustee's service or ability to close out positions and the disclosure or corruption of sensitive and confidential information. Notwithstanding the existence of policies and procedures designed to detect and prevent such breaches and ensure the security, integrity and confidentiality of such information as well as the existence of business continuity and disaster recovery measures designed to mitigate any such breach or disruption, such security breaches may potentially also result in loss of assets and could create significant financial and/or legal exposure for a Sub-Fund.

#### 18.31 Indirect Property Risk

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

#### 18.32 Total return approach risk

Where a Sub-Fund operates on the basis of a total return approach to distributions the Sub-Fund may return capital as well as dividend and interest income, when making distributions. As a result, the capital value of a Sub-Fund using a total return approach may be eroded more quickly than if the Sub-Fund did not use the total return approach.

#### 18.33 Infectious diseases

Infectious diseases that pose significant threats to human health may be highly disruptive to global economies and markets. The economic and market disruptions caused by infectious diseases could significantly impact the value of the Scheme Property of a Sub-Fund and the value of distributions paid to investors.

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

#### 19.1

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

## 19.2

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

## 19.3

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

### 19.3.1

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

### 19.3.2

fees and expenses of the Trustee and Custodian;

### 19.3.3

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

### 19.3.4

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

### 19.3.5

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

### 19.3.6

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

### 19.3.7

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

### 19.3.8

interest on and charges incurred in borrowings;

### 19.3.9

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

### 19.3.10

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

## 19.3.11

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

## 19.4

VAT may be payable on these charges.

## 19.5

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

## 20. Fees and Expenses

### 20.1 General

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

### 20.2 Annual Management Charge

#### 20.2.1

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

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

#### 20.2.2

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

#### 20.2.3

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

#### 20.2.4

VAT may be payable on these charges.

### 20.3 Increase in the Annual Management Charge

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

## 20.4 Charging of Fees to Capital or Income

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

## 20.5 Inducements

### 20.5.1

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

### 20.5.2

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

## 20.6 Research

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

## 20.7 Trustee's Fees and Expenses

### 20.7.1

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

month. The fee accrues daily and will be payable monthly in arrears.

### 20.7.2

The Trustee's fee will be calculated as follows:

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

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

### 20.7.3

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

### 20.7.4

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

### 20.7.5

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

### 20.7.6

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

### 20.7.7

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

### 20.7.8

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

#### 20.7.9

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

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

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

## 21. Unitholder Meetings and Voting Rights

### 21.1 Calling Unitholder Meetings

#### 21.1.1

The Manager may call a general meeting at any time.

#### 21.1.2

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

### 21.2 Notice and Quorum

#### 21.2.1

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

#### 21.2.2

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

#### 21.2.3

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

### 21.3 Voting Rights

#### 21.3.1

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

#### 21.3.2

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

#### 21.3.3

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

#### 21.3.4

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

#### 21.3.5

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

#### 21.3.6

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

#### 21.3.7

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

reference to the Class of Sub-Fund concerned and the Unitholders and value of such Units.

#### 21.3.8

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

## 22. Taxation

### 22.1 General

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

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

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

### 22.2 Taxation of the Trust and Sub-Funds

#### 22.2.1

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

#### 22.2.2

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

#### 22.2.3

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

#### 22.2.4

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

#### 22.2.5

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

#### 22.2.6

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

### 22.3 Taxation of distributions

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

### 22.4 Taxation of gains

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

### 22.5 Disclosure of Information

Where required by law, or where it is believed in good faith to be in the interests of a Sub-Fund as a whole, and each time in compliance with UK law, the Manager, acting with due diligence, reserves the right to disclose the names of the Unitholders in that Sub-Fund identified on the Register of the relevant Sub-Fund and where relevant, the chain of ownership of such Unitholder to any tax authority.

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

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

## 22.6 Taxation Liability and Indemnity

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

## 22.7 Automatic exchange of information for international tax compliance

Under certain international tax compliance laws, the Manager (or its delegates) is required to collect and report information about Unitholders and their investments to HMRC.

The Manager's ability to report to HMRC will depend on each affected Unitholder, providing the Manager (or its delegates) with any information, that the Manager determines is necessary to satisfy such obligations. By signing the Application Form to subscribe for Units, each Unitholder is agreeing to provide such information upon request from the Manager or its delegate. If a Unitholder does not provide the necessary information, the Manager will be required to report it to HMRC, who will in turn report it to other tax authorities.

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

### 23.1 General

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

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

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

#### 23.2.1

if the FCA authorisation order of the Trust is revoked;

#### 23.2.2

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

#### 23.2.3

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

#### 23.2.4

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

#### 23.2.5

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

#### 23.2.6

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

### 23.3 Procedure for winding up

#### 23.3.1

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

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

#### 23.3.2

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

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

#### 23.3.3

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

#### 23.3.4

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

## 24. Accounting Periods and Income Allocation

### 24.1 Accounting Periods

The annual accounting period of the Trust ends each year on 31 December (the accounting reference date) with an interim accounting period ending on 30 June. The first annual accounting period of the Trust will end on 31 December 2021.

### 24.2 Income Allocations

With respect to the allocation and payment of income:

#### 24.2.1

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

#### 24.2.2

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

#### 24.2.3

income is allocated to Unitholders of a Class pro rata in accordance with the number of Units held by them at the date of distribution;

#### 24.2.4

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

#### 24.2.5

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

#### 24.2.6

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

#### 24.2.7

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

### 24.3 Income Equalisation

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

### 24.4 Income Reserve Account

#### 24.4.1

As income may fluctuate from accounting period to accounting period, the Manager may instruct the Trustee, to transfer up to 15% of the income available for allocation or distribution in one accounting period to be held in the income Reserve Account in order to smooth out future income payments in the following period.

#### 24.4.2

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

### 24.5 Total Return Approach

#### 24.5.1

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

#### 24.5.2

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

#### 24.5.3

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

#### 24.5.4

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

### 24.6 Annual Reports

#### 24.6.1

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

#### 24.6.2

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

- a) the percentage of a Sub-Fund's assets which are subject to special arrangements arising from their illiquid nature, including an overview of any special arrangements in place, the valuation methodology applied to the assets which are subject to such arrangements and how management and performance fees, if any, apply to these assets;
- b) if risk limits set for a Sub-Fund by the Manager have been or are likely to be exceeded and, where these risk limits have been exceeded, a description of the circumstances and the remedial measures taken;
- c) the total amount of Leverage employed by a Sub-Fund;
- d) any material changes to the following information:
  - i) the arrangements for managing the liquidity of a Sub-Fund;
  - ii) the risk management systems employed by the Manager to manage the risks to which the Trust or Sub-Fund is or may be exposed;
  - iii) the current risk profile of a Sub-Fund and the maximum level of Leverage that may be employed by a Sub-Fund; and

- iv) where applicable, any right for re-use of collateral or any guarantee under a Sub-Fund's leveraging arrangements as well as the nature of such rights or guarantees; and
- e) any additional disclosures required by the UK AIFMD Measures.

## 25. Risk Management Process and Liquidity Management

#### 25.1

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

#### 25.2

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

#### 25.3

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

#### 25.4

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

## 25.5

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

## 25.6

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

## 25.7

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

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

### 26.1

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

### 26.2

Leverage means any method by which the Trust increases its exposure whether through borrowing cash or securities or leverage embedded in derivative positions or any other means. The only source of Leverage the Manager will use when managing the Trust is forward foreign exchange transactions. The Sub-Funds will only use these financial derivative instruments for Efficient Portfolio Management.

### 26.3

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

### 26.4

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

### 26.4.1

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

### 26.4.2

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

## 26.5

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

## 26.6

The exposure of each Sub-Fund will be calculated in accordance with both the Gross Method and the Commitment Method. Further information regarding these different Leverage calculation methods can be found in UK AIFMD Measures and the investment risk management policy, which is available upon request from the Manager. The only type of derivative the Investment Manager currently uses when managing the Sub-Fund is forward foreign exchange transactions. The Sub-Fund will only use these financial derivative instruments for the reduction of risk.

## 26.7

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

## 26.8

As these calculations of regulatory leverage do not fully take into account whether a particular financial derivative instrument increases or decreases investment risk, they will not necessarily be fully

representative of the actual level of investment risk within the Trust or Sub-Fund.

#### 26.9

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

## 27. Miscellaneous

### 27.1 Telephone Recordings

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

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

### 27.2 Complaints

Complaints concerning the operation or marketing of the Trust or Sub-Funds may be referred to the Compliance Officer of the Manager at 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 Manager covers its potential liability risks arising from professional liability by holding appropriate professional indemnity insurance.

### 27.4 Fair treatment of investors

#### 27.4.1

The Manager has established policies and procedures and made arrangements to ensure the fair treatment of Unitholders. Such arrangements include, but are not limited to, ensuring that no one or more Unitholders are given preferential treatment over any rights and obligations in relation to their investment in a Sub-Fund without appropriate disclosure. All rights and obligations to Unitholders, including those related to subscription and redemption requests, are set out in this Prospectus.

#### 27.4.2

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

#### 27.4.3

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

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

### 27.6 Reliance on current Prospectus

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

### 27.7 Financial Services Compensation Scheme

The Manager participates in the FSCS. Unitholders may be entitled to compensation from the FSCS if the 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% 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](http://www.fscs.org.uk).

### 27.8 Amending the Prospectus

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

### 27.9 Notices

All notices or documents required to be served on Unitholders shall be served by post to the address of the Unitholder as evidenced on the Register. All documents and remittances are sent at the risk of

the Unitholder or by email where agreed in writing with the Manager.

#### 27.10 Data Protection

The 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 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, including mailing address, and other personal data provided for it and its representatives to the Manager remains up to date at all times.

The Unitholder acknowledges that the Trust may invest in investment schemes operated and managed by the Manager or its related parties and/or by third parties (referred to below as "investment schemes"); that the Manager may need to pass data, including personal data regarding the representatives, to those investment schemes; and that it is in the Manager's legitimate interests to do so. The Manager will not pass on any personal data to any other third party or permit the investment schemes to pass the personal data to third parties except: (i) where, in relation to the performance of

its services to the Unitholder, the Manager or its related parties (or the investment scheme) sub-contracts part of the services or any support services; (ii) as agreed by the Unitholder and/or the relevant representatives; or (iii) where required to do so for legal or regulatory purposes, or if necessary for any other lawful purposes set out in CCLA's Privacy Notice.

The Manager may keep records of all business transactions for at least five years. Each Unitholder has a right to inspect entries in the Manager's books or computerised records relating to their transactions. Their representatives also have certain rights under the Data Protection Legislation, including the right to access copies of their personal data and change any preferences given in respect of the processing of it. The Manager will treat all Unitholders' records as confidential and so reserves the right to provide copies of the Unitholder/representative's particular record, rather than allow access to files which may contain information about other Unitholders. Requests to access the above records/personal data or to exercise any other rights under the Data Protection Legislation should be directed to The Data Protection Adviser at the Manager's office, Senator House, 85 Queen Victoria Street, London, EC4V 4ET.

## Annexure 1 Sub-Fund Information Catholic Investment Fund

### 1. Launch date

1 April 2021

### 2. Product reference number

940775

### 3. First Dealing Day

1 April 2021

### 4. Initial offer period

There will be an initial offer period of one day, beginning at 9:00am on 1 April 2021 and ending at 5:00pm on 1 April 2021. During this period the initial price of Units will be £1.50 (not including any initial charge or other fees taxes or charges). Units will not be sold or issued in any other currency. Any money received will be held by the Catholic Investment Fund in cash or near cash for investment upon the first Dealing Day following the end of the initial offer period. The period of the initial offer comes to an end if the Manager reasonably believes the price that would reflect the current value of the Scheme Property of the Sub-Fund would vary by more than 2% from the initial price.

### 5. Valuation Point

11.59pm on the Business Day prior to each Dealing Day.

### 6. Investment Objective

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

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

### 7. Investment Policy and Strategy

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

The Sub-Fund is managed to reflect the traditions and teachings of the Catholic Church. The Sub-Fund adopts a faith consistent investment policy that is consistent with the faith and teachings of the Catholic Church. The faith consistent investment policy will set out investment restrictions that ensure we do not invest in companies that undermine Catholic beliefs. A Catholic Faith-Consistent Investment Committee will provide guidance to ensure that the faith consistent investment policy adapts over time and remains relevant and in step with the Catholic Church's teachings. In line with the Church's teachings, the Sub-Fund will avoid investment in companies that undertake activities that threaten the sanctity of life, develop products and actions that cause significant damage to Creation, produce or sell armaments and/or conduct activities that undermine the dignity of the human person. Specific details as to how these issues are defined and the datapoints, predominantly sourced from MSCI Business Involvement Screening Research, that are used to identify companies that contradict these values is included in the Sub-Fund's faith consistent investment policy which can be found at paragraph 8 below. In addition, the Sub-Fund will not invest in companies that do not meet acceptable minimum environmental, social and governance standards (as defined by the Manager informed by data provided by FTSE ESG Ratings).

Should a portfolio company cease to comply with the Sub-Fund's faith consistent investment policy,

we will establish a 6 month divestment window for the asset to be sold. This ensures that unitholders are not financially disadvantaged by becoming an immediate forced seller.

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

## 8. Faith consistent investment policy

### 8.1

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

### 8.2

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

### 8.3

The policy is made up of a combination of ethical restrictions, that are targeted to avoid investing in companies whose activities contradict the Church's teachings, and activities conducted by the Manager (such as corporate engagement) that seek to promote the common good and steward creation.

### 8.4

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

#### 8.4.1

producing landmines, cluster bombs, chemical/biological weapons, and/or nuclear weapons;

#### 8.4.2

having significant involvement (>10% of turnover) in gambling, pornography, tobacco, high interest rate lending, non-military weapons, or strategic military sales;

#### 8.4.3

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);

- c) whose principal business is the generation of electricity, and has not demonstrated the ability to align their business with the Paris Climate Change Agreement (as determined by the Manager);
- d) that is in the extractives or utilities sectors and where the Manager believes that productive engagement is not possible;

#### 8.4.4

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

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

#### 8.4.5

who do not meet acceptable minimum environmental, social and governance standards (as defined by the Manager).

### 8.5

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

### 8.6

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

### 8.7

The 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.

### 8.8

In addition, the Sub-Fund will benefit from the Manager's wider stewardship programme. This will seek to improve companies' management of specific ESG risks and promote high standards of corporate welfare on issues that are of importance to the Manager and its clients. This work will initially focus on:

8.8.1  
addressing modern slavery in company supply chains;

8.8.2  
promoting high standards of mental health protection; and

8.8.3  
accelerating the transition to a 'net-zero' emission economy.

8.9  
The Sub-Fund's faith consistent investment policy is kept under constant review and is set by the Manager based upon the advice of a dedicated Faith-Consistent Investment Committee.

8.10  
Further details, as to how the faith consistent investment policy is implemented are available to unitholders on request.

## 9. Benchmarks

9.1  
The Sub-Fund's performance can be assessed by reference to a:

9.1.1  
Target benchmark of Consumer Price Index plus 5% for target return purposes only. This index was chosen as a target for the Catholic Investment Fund's return because the Catholic Investment Fund aims to grow investments above the rate of UK inflation.

9.1.2  
Comparator benchmark that reflects the asset allocation of the Sub-Fund:

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

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

The following Classes in the Catholic Investment Fund are:

Class	Minimum Investment	Minimum Holding	Characteristics	Availability
Class 1 Units - Income	£1,000	£1	Income Units	Yes
Class 2 Units - Accumulation	£1,000	£1	Accumulation Units	Yes
Founder Class Units - Income	£1,000*	£1	Income Units	Any investor who invests within the first month of the launch of the Sub-Fund (i.e. 1 April 2021 - 30 April 2021) will be known as a "Founder" and will be subscribed into the Founder Unit Class (Income and/or Accumulation as appropriate)
Founder Class Units - Accumulation	£1,000*	£1	Accumulation Units	Any investor who invests within the first month of the launch of the Sub-Fund (i.e. 1 April 2021 - 30 April 2021) will be known as a "Founder" and will be subscribed into the Founder Unit Class (Income and/or Accumulation as appropriate)

\* Any subsequent investment made in the first year after launch (i.e. 1 April 2021 - 31 March 2022) will also go into the Founder Class (Income and/or Accumulation as appropriate) and be subject to a management fee of 0.50% which will be effective until 31 March 2022 after which the management fee increases to 0.60%. There is currently no minimum additional investment in respect of each Class. The Manager has discretion to vary this limit.

## 11. Ongoing Charges Figure (OCF)

The OCF represents the total of all charges including the Initial Charge (IC), the Annual Management Charge (AMC), the redemption charge and any other ongoing charges (Other). The table below shows the calculation of the OCF based on the anticipated charges in a 12 month period. The charges are shown for each Class as follows:

The Catholic Investment Fund Fees (as at the date of the Prospectus).

Class Units	IC	AMC	Other	Redemption Charge	Switching Charge	OCF
Class 1 Units - Income	0.00%	0.60%	0.32%	0.00%	0.00%	0.92%
Class 2 Units - Accumulation	0.00%	0.60%	0.32%	0.00%	0.00%	0.92%
Founder Class Units - Income	0.00%	0.50% (until 31 March 2022) 0.60% (effective from 1 April 2022)	0.32%	0.00%	0.00%	0.82% (until 31 March 2022) 0.92% (effective from 1 April 2022)
Founder Class Units - Accumulation	0.00%	0.50% (until 31 March 2022) 0.60% (effective from 1 April 2022)	0.32%	0.00%	0.00%	0.82% (until 31 March 2022) 0.92% (effective from 1 April 2022)

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

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

The ongoing charges figure may vary from year to year and in some years, may be higher.

## 12. Operating Characteristics common to all Classes

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

Annual accounting reference date: 31 December

Half-yearly accounting date: 30 June

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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.

In relation to Income Units, the Sub-Fund's income is distributed on a total return basis. This is based on the initial target distribution rate of 5 pence per Unit and may be funded from interest and/or dividend income and capital. The Manager may periodically review the target distribution rate and reserves the right as appropriate to declare a distribution that is higher or lower than the target distribution rate.

In relation to Accumulation Units, income is not distributed but is automatically reinvested in the Sub-Fund and is reflected in the value of these Units.

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

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

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

## 13. Profile of a Typical Investor

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

## 14. Website and publication of Unit Prices

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

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

## 15. Securities Financing Transactions and Total Return Swaps

The disclosures in relation to the UK Securities Financing Transactions Regulation are found in Annexure 5.

## 16. Pricing Basis

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

## 17. Leverage

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

## 18. Dilution Adjustment

Based on future projections, should a dilution adjustment be applied it is anticipated that the rates

of the dilution adjustment in respect of the Catholic Investment Fund will be:

Sub-Fund	For purchases	For redemptions
Catholic Investment Fund	0%-1.5%	0%-1.5%

## 19. Total return approach

### 19.1

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

### 19.2

The target income distribution is consistent with the investment objective of the Sub-Fund to provide capital growth and growth in income by focusing on investments with sustainable free cash flow and to ensure that distributions are limited to the medium-term free cash flow of the Sub-Fund.

## 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	Channel Islands	The International Stock Exchange (TISE)
8	Cyprus	Cyprus Stock Exchange
9	Czech Republic	Prague Stock Exchange
10	Denmark	Copenhagen Stock Exchange
11	Estonia	Tallinn Stock Exchange
12	Finland	Helsinki Stock Exchange
13	France	Euronext Paris
14	Germany	Frankfurt Stock Exchange
15	Greece	Athens Stock Exchange
16	Hong Kong	Hong Kong Stock Exchange
17	Hungary	Budapest Stock Exchange
18	Iceland	Iceland Stock Exchange
19	Indonesia	Indonesia Stock Exchange
20	Ireland	Irish Stock Exchange & Enterprise Exchange
21	Israel	Tel Aviv Stock Exchange
22	Italy	Borsa Italiana
23	Japan	Tokyo & Osaka Stock Exchange

24	Latvia	Riga Stock Exchange
25	Lithuania	Vilinius Stock Exchange
26	Luxembourg	Luxemburg Stock Exchange
27	Mexico	Mexican Stock Exchange
28	Malaysia	Bursa Malaysia
29	Netherlands	Euronext Amsterdam
30	New Zealand	The New Zealand Exchange
31	Norway	Oslo Bor
32	Philippines	Philippine Stock Exchange
33	Poland	Warsaw Stock Exchange
34	Portugal	Euronext Lisbon
35	Qatar	The Qatar Exchange
36	Singapore	Singapore Stock Exchange
37	Slovakia	Bratislava Stock Exchange
38	Slovenia	Ljubljana Stock Exchange
39	South Africa	Johannesburg Stock Exchange
40	South Korea	Korea Stock Exchange
41	Spain	Bolsa De Madrid
42	Sweden	Stockholm Stock Exchange
43	Switzerland	Swiss Six Exchange
44	Taiwan	Taiwan Stock Exchange
45	Thailand	Stock Exchange Of Thailand (SET)
46	Turkey	Borsa Istanbul
47	United Kingdom	London Stock Exchange
48	United States	NYSE & Nasdaq Stock Market

## Annexure 3

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

#### 1. General Investment Powers

##### 1.1

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

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

##### 1.2

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

##### 1.3

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

##### 1.4

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

#### 2. Prudent Spread of Risk

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

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

##### 3.1

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

##### 3.1.1

transferable securities;

##### 3.1.2

money-market instruments;

##### 3.1.3

units or shares in collective investment schemes;

##### 3.1.4

derivatives and forward transactions;

##### 3.1.5

permitted deposits;

##### 3.1.6

permitted immovables; and

##### 3.1.7

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

##### 3.2

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

#### 4. Transferable Securities

##### 4.1

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

##### 4.1.1

a share;

##### 4.1.2

a debenture;

##### 4.1.3

an alternative debenture;

##### 4.1.4

a government and public security;

##### 4.1.5

a warrant; or

4.1.6  
a certificate representing certain securities.

4.2  
An investment is not a transferable security if the title to it cannot be transferred, or can be transferred only with the consent of a third party.

4.3  
In applying paragraph 4.2 to an investment which is issued by a body corporate, and which is a share or a debenture the need for any consent on the part of the body corporate or any members or debenture holders of it may be ignored.

4.4  
An investment is not a transferable security unless the liability of the holder of it to contribute to the debts of the issuer is limited to any amount for the time being unpaid by the holder of it in respect of the investment.

## 5. Investment in Transferable Securities

5.1  
A Sub-Fund may invest in a transferable security only to the extent that the transferable security fulfils the following criteria:

5.1.1  
the potential loss which the Sub-Fund may incur with respect to holding the transferable security is limited to the amount paid for it;

5.1.2  
its liquidity does not compromise the ability of the Manager to comply with its obligation to redeem Units at the request of any qualifying Unitholder under the COLL Sourcebook;

5.1.3  
a reliable valuation is available for it as follows:

- a) in the case of a transferable security admitted to or dealt in on an eligible market, where there are accurate, reliable and regular prices which are either market prices or prices made available by valuation systems independent from issuers;
- b) in the case of a transferable security not admitted to or dealt in on an eligible market, where there is a valuation on a periodic basis which is derived from information from the issuer of the transferable security or from competent investment research;

5.1.4  
appropriate information is available for it as follows:

- a) in the case of a transferable security admitted to or dealt in on an eligible market, where there is regular, accurate and comprehensive information

available to the market on the transferable security or, where relevant, on the portfolio of the transferable security;

- b) in the case of a transferable security not admitted to or dealt in on an eligible market, where there is regular and accurate information available to the Manager on the transferable security or, where relevant, on the portfolio of the transferable security;

5.1.5  
it is negotiable; and

5.1.6  
its risks are adequately captured by the risk management process of the Manager.

5.2  
Unless there is information available to the Manager that would lead to a different determination, a transferable security which is admitted to or dealt in on an eligible market shall be presumed:

5.2.1  
not to compromise the ability of the Manager to comply with its obligation to redeem Units at the request of any qualifying Unitholder; and

5.2.2  
to be negotiable.

## 6. Closed End Funds Constituting Transferable Securities

6.1  
A unit in a closed end fund shall be taken to be a transferable security for the purposes of investment by the Sub-Fund, provided it fulfils the criteria for transferable securities set out in paragraph 5, and either:

6.2  
where the closed end fund is constituted as an investment company or a unit trust:

6.2.1  
it is subject to corporate governance mechanisms applied to companies; and

6.2.2  
where another person carries out asset management activity on its behalf, that person is subject to national regulation for the purpose of investor protection; or

6.3  
where the closed end fund is constituted under the law of contract:

6.3.1  
it is subject to corporate governance mechanisms equivalent to those applied to companies; and

6.3.2  
it is managed by a person who is subject to national regulation for the purpose of investor protection.

## 7. Transferable Securities Linked to Other Assets

7.1  
A Sub-Fund may invest in any other investment which shall be taken to be a transferable security for the purposes of investment by the Sub-Fund provided the investment:

7.1.1  
fulfils the criteria for transferable securities set out in paragraph 5; and

7.1.2  
is backed by or linked to the performance of other assets, which may differ from those in which the Sub-Fund can invest.

7.2  
Where an investment in paragraph 7.1 contains an embedded derivative component, the requirements of this Annexure with respect to derivatives and forwards will apply to that component.

## 8. Approved Money Market Instruments

8.1  
An approved money-market instrument is a money-market instrument which is normally dealt in on the money market, is liquid and has a value which can be accurately determined at any time.

8.2  
A money-market instrument shall be regarded as normally dealt in on the money market if it:

8.2.1  
has a maturity at issuance of up to and including 397 days;

8.2.2  
has a residual maturity of up to and including 397 days;

8.2.3  
undergoes regular yield adjustments in line with money market conditions at least every 397 days; or

8.2.4  
has a risk profile, including credit and interest rate risks, corresponding to that of an instrument which

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

8.3  
A money-market instrument shall be regarded as liquid if it can be sold at limited cost in an adequately short time frame, taking into account the obligation of the Manager to redeem Units at the request of any qualifying Unitholder.

8.4  
A money-market instrument shall be regarded as having a value which can be accurately determined at any time if accurate and reliable valuations systems, which fulfil the following criteria, are available:

8.4.1  
enabling the Manager to calculate a net asset value in accordance with the value at which the instrument held in the portfolio could be exchanged between knowledgeable willing parties in an arm's length transaction; and

8.4.2  
based either on market data or on valuation models including systems based on amortised costs.

8.5  
A money-market instrument that is normally dealt in on the money market and is admitted to or dealt in on an eligible market shall be presumed to be liquid and have a value which can be accurately determined at any time unless there is information available to the Manager that would lead to a different determination.

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

9.1  
Transferable securities and approved money-market instruments held within the Sub-Fund must be:

9.1.1  
admitted to or dealt in on an eligible market within paragraph 10; or

9.1.2  
be approved money-market instruments not admitted to or dealt in on an eligible market, within paragraphs 11 to 13; or

9.1.3  
recently issued transferable securities (provided that the terms of issue include an undertaking that

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

## 9.2

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

## 10. Eligible Markets Requirements

### 10.1

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

#### 10.1.1

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

#### 10.1.2

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

#### 10.1.3

any market within paragraph 10.2.

### 10.2

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

#### 10.2.1

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

#### 10.2.2

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

#### 10.2.3

the Trustee has taken reasonable care to determine that:

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

### 10.3

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

## 10.4

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

## 11. Money market Instruments with a Regulated Issuer

### 11.1

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

#### 11.1.1

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

#### 11.1.2

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

### 11.2

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

#### 11.2.1

the instrument is an approved money-market instrument;

#### 11.2.2

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

#### 11.2.3

the instrument is freely transferable.

## 12. Issuers and Guarantors of Money Market Instruments

### 12.1

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

#### 12.1.1

issued or guaranteed by any one of the following:

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

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

12.1.2  
issued by a body, any securities of which are dealt in on an eligible market; or

12.1.3  
issued or guaranteed by an establishment which is:

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

12.2  
An establishment shall be considered to satisfy the requirement in paragraph 12.1.3(b) if it is subject to and complies with prudential rules, and fulfils one or more of the following criteria:

12.2.1  
it is located in the European Economic Area;

12.2.2  
it is located in an Organisation for Economic Co-operation and Development country belonging to the Group of Ten;

12.2.3  
it has at least investment grade rating;

12.2.4  
on the basis of an in-depth analysis of the issuer, it can be demonstrated that the prudential rules applicable to that issuer are at least as stringent as those laid down by United Kingdom or EU law.

### 13. Appropriate Information for Money Market Instruments

13.1  
In the case of an approved money-market instrument within paragraph 12.1.2 or which is issued by an authority within paragraph 12.1.1(b) or a public international body within paragraph 12.1.1(f) but is not guaranteed by a central authority within paragraph 12.1.1(a), the following information must be available:

13.1.1  
information on both the issue or the issuance programme, and the legal and financial situation of the issuer prior to the issue of the instrument,

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

13.1.2  
updates of that information on a regular basis and whenever a significant event occurs; and

13.1.3  
available and reliable statistics on the issue or the issuance programme.

13.2  
In the case of an approved money-market instrument issued or guaranteed by an establishment within paragraph 12.1.3, the following information must be available:

13.2.1  
information on the issue or the issuance programme or on the legal and financial situation of the issuer prior to the issue of the instrument;

13.2.2  
updates of that information on a regular basis and whenever a significant event occurs; and

13.2.3  
available and reliable statistics on the issue or the issuance programme, or other data enabling an appropriate assessment of the credit risks related to investment in those instruments.

13.3  
In the case of an approved money-market instrument:

13.3.1  
within paragraphs 12.1.1(a), 12.1.1(d) or 12.1.1(e); or

13.3.2  
which is issued by an authority within paragraph 12.1.1(b) or a public international body within paragraph 12.1.1(f) and is guaranteed by a central authority within paragraph 12.1.1(a);

13.3.3  
information must be available on the issue or the issuance programme, or on the legal and financial situation of the issuer prior to the issue of the instrument.

### 14. Valuation

14.1  
The value of the Scheme Property of a Sub-Fund means the net value determined in accordance with the provisions of COLL 6.3, after deducting any outstanding borrowings, whether immediately due to be repaid or not.

14.2

When valuing the Scheme Property:

14.2.1

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

14.2.2

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

14.2.3

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

## 15. Spread: General

15.1

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

15.2

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

15.3

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

15.4

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

15.5

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

15.6

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

15.7

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

15.8

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

15.9

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

15.9.1

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

15.9.2

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

15.9.3

is held by a third party custodian not related to the provider or is legally secured from the consequences of a failure of a related party; and

15.9.4

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

15.10

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

15.10.1

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

15.10.2

are based on legally binding agreements.

15.11

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

15.11.1

it is backed by an appropriate performance guarantee; and

15.11.2

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

15.12

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

15.12.1  
in relation to transferable securities and money market instruments, the person by whom they are issued; and

15.12.2  
in relation to deposits, the person with whom they are placed.

15.13  
The rules in this Annexure 3 relating to spread of investments, do not apply until 12 months after the later of:

15.13.1  
the date when the authorisation order in respect of the Sub-Fund takes effect; and

15.13.2  
the date the initial offer commenced;

provided that paragraph 2 is complied with during such period.

## 16. Spread: Government and Public Securities

16.1  
The restrictions in paragraph 15 do not apply to government and public securities (such securities). The restrictions in relation to such securities are set out below.

16.2  
Where no more than 35% in value of the Scheme Property is invested in transferable securities or approved money-market instruments that are issued or guaranteed by:

16.2.1  
the UK or an EEA state;

16.2.2  
a local authority of the UK or an EEA state;

16.2.3  
a non-EEA state; or

16.2.4  
a public international body to which the UK or one or more EEA states belong

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

16.3  
A Sub-Fund may invest more than 35% in value of the Scheme Property in such securities issued by any single body provided that:

16.3.1  
the Manager has before any such investment is made consulted with the Trustee and as a result considers that the issuer of such securities is one which is appropriate in accordance with the investment objectives of the Sub-Fund;

16.3.2  
no more than 30% in value of the Scheme Property consists of such securities of any one issue;

16.3.3  
the Scheme Property includes such securities issued by that or another issuer, of at least six different issues;

16.3.4  
the disclosures in the Prospectus required by the FCA have been made.

16.4  
In accordance with paragraph 16.3, the a Sub-Fund may invest more than 35% of Scheme Property in government and public securities issued by a relevant issuer however the Sub-Fund shall not invest more than 35% of Scheme Property in government and public securities issued by any single body.

16.5  
Notwithstanding the provisions of paragraph 15.1 and subject to paragraphs 16.2 and 16.3, in applying the 20% limit in COLL 5.2.11R(10) with respect to a single body, government and public securities issued by that body shall be taken into account.

## 17. Investment in Collective Investment Schemes

17.1  
Up to 100% of the Scheme Property of a Sub-Fund may be invested in units or shares in other collective investment schemes (Second Scheme), provided that the Second Scheme meets each of the requirements in paragraphs 17.2 to 17.6.

17.2  
The Second Scheme must:

17.2.1  
be a UCITS Scheme or satisfy the conditions necessary for it to enjoy the rights conferred by the UCITS Directive as implemented in the EEA; or

17.2.2  
be a non-UCITS retail scheme; or

17.2.3  
be a recognised scheme; or

#### 17.2.4

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

#### 17.2.5

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

#### 17.3

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

#### 17.4

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

#### 17.5

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

##### 17.5.1

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

##### 17.5.2

determined in accordance with that Second Scheme.

#### 17.6

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

## 18. Investment in associated collective investment schemes

#### 18.1

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

##### 18.1.1

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

##### 18.1.2

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

#### 18.2

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

##### 18.2.1

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

##### 18.2.2

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

## 19. Investment in Nil and Partly Paid Securities

#### 19.1

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

#### 19.2

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

## 20. Derivatives: General

#### 20.1

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

#### 20.2

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

#### 20.3

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

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

20.4

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

## 21. Permitted Transactions (Derivatives and Forwards)

21.1

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

21.2

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

21.2.1

transferable securities,

21.2.2

money-market instruments,

21.2.3

deposits permitted under paragraph 39,

21.2.4

derivatives and forward transactions permitted under this paragraph 21,

21.2.5

Units in collective investment scheme units permitted under paragraph 17,

21.2.6

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

21.2.7

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

21.2.8

interest rates,

21.2.9

foreign exchange rates; and

21.2.10

currencies.

21.3

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

21.4

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

21.5

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

21.6

A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more transferable securities, money-market instruments, units in collective investment schemes, or derivatives.

21.7

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

21.8

The Manager must ensure compliance with paragraphs 36 and 37.

## 22. Financial Indices Underlying Derivatives

22.1

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

22.1.1

the index is sufficiently diversified;

22.1.2

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

22.1.3

the index is published in an appropriate manner.

22.2

A financial index is sufficiently diversified if:

22.2.1

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

22.2.2

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

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

#### 22.2.3

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

#### 22.3

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

##### 22.3.1

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

##### 22.3.2

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

##### 22.3.3

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

#### 22.4

A financial index is published in an appropriate manner if:

##### 22.4.1

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

##### 22.4.2

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

#### 22.5

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

## 23. Transactions for the Purchase of Property

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

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

## 24. Requirement to Cover Sales

No agreement by or on behalf of a Sub-Fund to dispose of property or rights may be made unless the obligation to make the disposal and any other similar obligation could immediately be honoured by a Sub-Fund by delivery of property or the assignment (or, in Scotland, assignation) of rights, and the property and rights above are owned by a Sub-Fund at the time of the agreement. This requirement does not apply to a deposit.

## 25. OTC Transactions in Derivatives

#### 25.1

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

##### 25.1.1

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

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

##### 25.1.2

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

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

#### 25.1.3

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

#### 25.1.4

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

#### 25.2

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

#### 25.3

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

## 26. Valuation of OTC Derivatives

#### 26.1

For the purposes of paragraph 25.1.2, the Manager must:

##### 26.1.1

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

##### 26.1.2

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

#### 26.2

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

#### 26.3

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

##### 26.3.1

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

##### 26.3.2

adequately documented.

## 27. Risk Management

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

## 28. Investment in property

#### 28.1

Currently there is no intention to invest directly in immovables.

#### 28.2

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

#### 28.3

An immovable must:

##### 28.3.1

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

##### 28.3.2

if situated in:

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

##### 28.3.3

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

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

28.4

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

28.5

The Manager must:

28.5.1

have received a report from an appropriate valuer which:

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

28.5.2

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

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

28.6

An immovable must:

28.6.1

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

28.6.2

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

28.6.3

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

28.7

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

28.8

An appropriate valuer must be a person who:

28.8.1

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

28.8.2

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

28.8.3

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

28.8.4

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

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

29.1

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

29.2

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

## 30. Investment limits for immovables

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

30.1

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

30.2

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

30.3  
the figure of 15% in paragraph 30.1 may be increased to 25% once the immovable has been included in the Scheme Property in compliance with paragraph 30.1;

30.4  
the income receivable from any one group in any accounting period must not be attributable to immovables comprising:

30.4.1  
more than 25%; or

30.4.2  
in the case of a government or public body more than 35%; of the value of the Scheme Property.

30.5  
not more than 20% in value of the Scheme Property is to consist of immovables that are subject to a mortgage and any mortgage must not secure more than 100% of the value in paragraph 28.5 (on the assumption that the immovable is not mortgaged).

30.6  
the aggregate value of:

30.6.1  
mortgages secured on immovables under paragraph 30.5;

30.6.2  
borrowing of the Sub-Fund under paragraph 40; and

30.6.3  
any transferable securities that are not approved securities;  
must not at any time exceed 20% of the value of the Scheme Property.

30.7  
not more than 50% in value of the Scheme Property is to consist of immovables which are unoccupied and non-income producing or in the course of substantial development, redevelopment or refurbishment; and

30.8  
no option may be granted to a third party to buy any immovable comprised in the Scheme Property unless the value of the relevant immovable does not exceed 20% of the value of the Scheme Property together with, where appropriate, the value of investments in:

30.8.1  
unregulated collective investment schemes; and

30.8.2  
any transferable securities which are not approved securities.

30.9  
subject to paragraph 30.10, the limits in this paragraph 30 do not apply until 24 months after the later of:

30.9.1  
the date when the authorisation order in respect of the Sub-Fund takes effect; and

30.9.2  
the date the initial offer commenced;  
provided that paragraph 2 is complied with during such period.

30.10  
the limit in paragraph 30.7 relating to immovables which are unoccupied and non-income producing or are in the course of substantial development, redevelopment or refurbishment applies from the later of the date when the authorisation order in respect of the Sub-Fund takes effect and the date the initial offer period commenced.

## 31. Standing independent valuer and valuation

31.1  
The following requirements apply in relation to the appointment of a valuer:

31.1.1  
the Manager must ensure that any immovables in the Scheme Property are valued by an appropriate valuer (standing independent valuer) appointed by the Manager; and

31.1.2  
the appointment must be made with the approval of the Trustee at the outset and upon any vacancy.

31.2  
The standing independent valuer in paragraph 31.1 must be independent of the Manager and Trustee.

31.3  
The following requirements apply in relation to the functions of the standing independent valuer:

31.3.1  
the Manager must ensure that the standing independent valuer values all the immovables held within the Scheme Property, on the basis of a full valuation with physical inspection (including, where the immovable is or includes a building, internal inspection), at least once a year;

31.3.2  
for the purposes of paragraph 31.3.1 any inspection in relation to adjacent properties of a similar nature

may be limited to that of only one such representative property;

31.3.3  
the Manager must ensure that the standing independent valuer values the immovables, on the basis of a review of the last full valuation, at least once a month;

31.3.4  
if either the Manager or the Trustee becomes aware of any matters that appear likely to:

- a) affect the outcome of a valuation of an immovable; or
- b) cause the valuer to decide to value under paragraph 31.3.1 instead of under paragraph 31.3.3;
- c) it must immediately inform the standing independent valuer of that matter;

31.3.5  
the Manager must use its best endeavours to ensure that any other affected person reports to the standing independent valuer immediately upon that person becoming aware of any matter within paragraph 31.3.4; and

31.3.6  
any valuation by the standing independent valuer must be undertaken in accordance with UKVPS 3 and 2.3 of UKVPGA of the RICS Valuation – Global Standards 2017, UK national supplement 2018 (the RICS Red Book), or in the case of overseas immovables on an appropriate basis, but subject to COLL 6.3 (Valuation and pricing).

31.4  
In relation to an immovable:

31.4.1  
any valuation under COLL 6.3 (Valuation and pricing) has effect, until the next valuation under that rule, for the purposes of the value of immovables; and

31.4.2  
an agreement to transfer an immovable or an interest in an immovable is to be disregarded for the purpose of the valuation of the Scheme Property unless it reasonably appears to the Manager to be legally enforceable.

## 32. Stock lending

A non-UCITS retail scheme may undertake stock lending in accordance with COLL 5.4. While the Sub-Funds can enter into stock lending agreements, the Sub-Funds currently do not do so.

## 33. Schemes Replicating an Index

33.1  
Notwithstanding paragraph 15, a Sub-Fund may invest up to 20% in value of the Scheme Property in shares and debentures which are issued by the same body where the aim of the investment policy of the Sub-Fund as stated in the most recently published Prospectus is to replicate the performance or composition of an index within paragraph 33.2.

33.2  
The index must:

33.2.1  
have a sufficiently diversified composition;

33.2.2  
be a representative benchmark for the market to which it refers; and

33.2.3  
be published in an appropriate manner.

33.3  
The limit in paragraph 33.1 may be raised for a particular scheme up to 35% in value of the Scheme Property, but only in respect of one body and where justified by exceptional market conditions.

## 34. Feeder schemes

34.1  
Except where the investment policy of a Sub-Fund is inconsistent with this, up to 100% in value of Scheme Property may be invested in units or shares in other collective investment schemes which are feeder schemes (feeder second schemes).

34.2  
Any feeder second scheme must be:

34.2.1  
a feeder UCITS;

34.2.2  
a feeder NURS;

34.2.3  
a scheme dedicated to units in a single property authorised investment fund;

34.2.4  
a scheme dedicated to units in a recognised scheme (as defined in the Glossary).

34.3  
The relevant Master Scheme of the feeder second scheme must comply with the relevant COLL requirements to be a second scheme for the

purposes of COLL 5.2.13R and COLL 5.6.10R (as applicable).

34.4

Not more than 35% in value of the Scheme Property of a Sub-Fund may consist of units of one or more schemes permitted under paragraph 34.2.

34.5

The Sub-Fund must not invest directly in units of the relevant Master Scheme.

34.6

The Manager will only invest in a feeder second scheme where it can show on reasonable grounds that such investment is in the interests of investors and no less advantageous than if the non-UCITS retail scheme had held units directly in the relevant Master Scheme.

## 35. Non UCITS retail schemes that are umbrellas

35.1

In relation to a scheme which is an umbrella, the provisions in this section apply to each Sub-Fund as if they were each a non-UCITS retail scheme.

35.2

A Sub-Fund may invest in or dispose of units of another Sub-Fund of the same umbrella (the Second Sub-Fund) only if the following conditions are satisfied:

35.2.1

the Second Sub-Fund does not hold units in any other Sub-Fund of the same umbrella; and

35.2.2

the conditions in COLL 5.2.16R and COLL 5.6.11R are complied with (for the purposes of this rule, COLL 5.2.16R and COLL 5.6.11R are to be read as modified by COLL 5.6.11R(2)).

35.3

Not more than 35% in value of the investing or disposing Sub-Fund is to consist of units of the Second Sub-Fund.

35.4

The investing or disposing Sub-Fund must not be a feeder NURS to the Second Sub-Fund.

## 36. Cover for Investment in Derivatives

A Sub-Fund may invest in derivatives and forward transactions as part of its investment policy provided the Manager ensures that its global exposure relating to derivatives and forward transactions held in the

Sub-Fund does not exceed the Net Asset Value of the Scheme Property.

## 37. Daily Calculation of Global Exposure

37.1

The Manager must calculate the global exposure of a Sub-Fund on at least a daily basis.

37.2

For the purposes of this section, exposure must be calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions.

37.3

The commitment method is used to calculate global exposure arising from the use of derivatives by a Sub-Fund. When using the commitment method, the Manager may take account of netting and hedging arrangements when calculating global exposure of the Sub-Fund, where those arrangements do not disregard obvious and material risks and result in a clear reduction in risk exposure.

## 38. Cash and Near Cash

38.1

Cash and near cash must not be retained in the Scheme Property except to the extent that, where this may reasonably be regarded as necessary in order to enable:

38.1.1

redemption of units; or

38.1.2

efficient management of a Sub-Fund in accordance with its investment objectives; or

38.1.3

other purposes which may reasonably be regarded as ancillary to the investment objectives of a Sub-Fund; or

38.1.4

the pursuit of a Sub-Fund's investment objectives.

38.2

During the period of the initial offer the Scheme Property may consist of cash and near cash without limitation.

## 39. Investment in Deposits

A Sub-Fund may invest in deposits only if it is with an Approved Bank, or is repayable on demand, or

has the right to be withdrawn, and matures in no more than 12 months.

## 40. Borrowing Powers

### 40.1

A Sub-Fund may, subject to the Regulations and the Trust Deed, borrow money from an eligible institution or an Approved Bank for the use of the Sub-Fund on the terms that the borrowing is to be repayable out of the Scheme Property.

### 40.2

Borrowing must be on a temporary basis and must not be persistent and must have particular regard to the duration of any period of borrowing and the number of occasions on which resort is had to borrowing in any period. In any event must not exceed three months without the prior consent of the Trustee, which may be given only on such conditions as appear appropriate to the Trustee to ensure that the borrowing does not cease to be on a temporary basis.

### 40.3

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

### 40.4

Borrowings may be made from, and deposits made with, the Trustee or any of its associates, provided they are bankers and any such borrowings and deposits are on normal commercial terms. There is no liability on such bankers to account to the Manager or to Unitholders for any profit they may derive therefrom.

### 40.5

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

## 41. Restrictions on Lending of Money

### 41.1

None of the money in the Scheme Property of a Sub-Fund may be lent and, for the purposes of this prohibition, money is lent by a Sub-Fund if it is paid to a person (payee) on the basis that it should be repaid, whether or not by the payee.

### 41.2

Acquiring a debenture is not lending for the purposes of paragraph 41.1; nor is the placing of money on deposit or in a current account.

## 42. Restrictions on Lending of Property other than Money

### 42.1

The Scheme Property of a Sub-Fund other than money must not be lent by way of deposit or otherwise.

### 42.2

Transactions permitted by COLL 5.4 (Stock Lending) are not lending for the purposes of paragraph 42.1.

## 43. General Power to Accept or Underwrite Placings

### 43.1

Any power in Chapter 5 of the COLL Sourcebook to invest in transferable securities may be used for the purpose of entering into transactions to which this paragraph applies, subject to compliance with any restriction in the Trust Deed.

### 43.2

This section applies, subject to paragraph 43.3, to any agreement or understanding:

#### 43.2.1

which is an underwriting or sub-underwriting agreement; or

#### 43.2.2

which contemplates that securities will or may be issued or subscribed for or acquired for the account of a Sub-Fund.

### 43.3

Paragraph 43.2 does not apply to:

#### 43.3.1

an option; or

#### 43.3.2

a purchase of a transferable security which confers a right:

- a) to subscribe for or acquire a transferable security; or
- b) to convert one transferable security into another.

### 43.4

The exposure of a Sub-Fund to agreements and understandings within paragraph 43.2 must, on any Business Day:

#### 43.4.1

be covered in accordance with the requirements of Rule 5.3.3R of the COLL Sourcebook; and

43.4.2

be such that, if all possible obligations arising under them had immediately to be met in full, there would be no breach of any limit in Chapter 5 of the COLL Sourcebook.

## 44. Guarantees and indemnities

44.1

The Trust or the Trustee on behalf of the Trust must not provide any guarantee or indemnity in respect of the obligation of any person and none of the Scheme Property of a Sub-Fund may be used to discharge any obligation arising under a guarantee or indirectly with respect to the obligation of any person.

44.2

Paragraph 44.1 does not apply to guarantees or indemnities specified in COLL 5.5.9 R(3).

## Annexure 4 Past performance

As the Trust is newly launched there is not yet any historical performance data for the Sub-Funds.

## Annexure 5

### Securities Financing Transactions and Total Return Swaps

#### 1.

Sub-Funds are authorised to enter into SFTs and Total Return Swaps. The Sub-Funds do not currently enter into any SFTs or Total Return Swaps and the Manager has no intention of permitting the Sub-Funds to enter into SFTs or Total Return Swaps.

#### 2.

If the Manager intends to permit the Sub-Funds to enter into SFTs or Total Return Swaps not less than 60 days' written notice will be given to Unitholders and the prospectus will be updated in accordance with the UK Securities Financing Transactions Regulation to include the following:

##### 2.1

A general description of the SFTs and Total Return Swaps used and the rationale for their use;

##### 2.2

Overall data for each type of SFT and Total Return Swaps including:

##### 2.2.1

the types of assets that can be subject to SFTs and Total Return Swaps;

##### 2.2.2

the maximum and expected proportion of assets under management that will be subject to each type of SFT and Total Return Swaps;

##### 2.2.3

the criteria used to select counterparties;

##### 2.2.4

a description of acceptable collateral;

##### 2.2.5

a description of the risks linked to SFTs and Total Return Swaps as well as risks linked to collateral management and, where applicable, the risks arising from its reuse;

##### 2.2.6

specification of how assets subject to SFTs and Total Return Swaps and collateral received are safe-kept; and

##### 2.2.7

a description of the policy on sharing of return generated by SFTs and Total Return Swaps.



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