

# COIF Charities Fixed Interest Fund

Scheme Particulars

## Scheme Particulars

### COIF Charities Fixed Interest Fund

Effective from 6 April 2021

Issued by CCLA Fund Managers Limited (the “Manager”)

A copy of this document, which constitutes Scheme Particulars for the COIF Charities Fixed Interest Fund (the “**Fund**”), established and regulated by a Scheme dated 29 November 2000 and made under section 24 of the Charities Act 1993, now section 96 of the Charities Act 2011, as amended by resolutions of the charity trustees of the Fund dated 13 May 2009, 21 July 2014, 22 July 2014 and 17 November 2015 (the “**Scheme**”), and adopted by the Manager on 22 July 2014 has been filed with the Charity Commission. The Fund is registered with the Charity Commission under Charity Registration Number 803610.

Should the provisions of the Scheme and the Scheme Particulars be in conflict, the provisions of the Scheme shall prevail.

Any person relying on the information contained in this document, which was current at the date shown above, should check with the Manager that the document is the most current version and that no revisions or corrections have been made to the information contained herein. The latest version of this document is available on [www.ccla.co.uk](http://www.ccla.co.uk).

While the Manager has taken all reasonable care to ensure that the facts stated in these Scheme Particulars are true, clear and not misleading, Unitholders and/or potential Unitholders should not treat these Scheme Particulars as advice relating to their own legal, tax or investment position. If a Unitholder or potential Unitholder is in any doubt as to the meaning of any information contained in these Scheme Particulars, they should consult their independent financial or other professional adviser.

## Contents

<b>1. Definitions</b>	<b>5</b>	<b>6. Investment Powers, Controls and Restrictions</b>	<b>14</b>
1.1 Definitions	5	6.1 Investment and Borrowing Powers	14
<b>2. The Structure of the Fund</b>	<b>7</b>	6.2 Breach of Investment Limits	14
2.1 Common Investment Fund	7	6.3 Investment in In-House Collective Investment Schemes	14
2.2 The Board	7	6.4 Eligible Securities and Investment Markets	14
2.3 The Trustee and Depositary	7	6.5 Leverage	14
2.4 The Manager	8	<b>7. Pricing of Units and Valuation of the Fund</b>	<b>15</b>
2.5 The Investment Manager	9	7.1 Valuation Point	15
2.6 The Registrar	9	7.2 Valuation of the Fund	15
2.7 The Administrator	9	7.3 Buying and Selling Prices	16
2.8 The Auditor	9	7.4 Publication of Prices	16
2.9 Unitholders' Rights Against Service Providers	9	<b>8. Dealing in Units</b>	<b>16</b>
<b>3. Investment Objective and Policy of the Fund</b>	<b>9</b>	8.1 Application for Units	16
3.1 Investment Objective	9	8.2 The Dealing Day	16
3.2 Investment Policy	9	8.3 Minimum Initial and Subsequent Investments	16
3.3 Target Benchmark	9	8.4 Buying Units	16
3.4 Changes to the Investment Objective and Policy	10	8.5 Additional Investments	17
<b>4. Participation in the Fund</b>	<b>10</b>	8.6 Selling Units	17
4.1 Target Investors	10	8.7 Switches	17
4.2 Eligible Contributors to the Fund	10	8.8 Securities Exchange	18
4.3 Compulsory Sale of Units where a Unitholder Ceases to be an Eligible Contributor	10	8.9 Large Deals	18
4.4 Income and Accumulation Units	11	8.10 Trustee's Refusal to Issue or Cancel Units	18
4.5 Registration of Units	11	8.11 Suspension of Dealing	18
4.6 Anti-Money Laundering Requirements	12	8.12 Execution Services	18
4.7 Fair Treatment of Unitholders	12	<b>9. Distributions to Unitholders</b>	<b>18</b>
4.8 Meetings of Unitholders	12	9.1 Quarterly Distribution	18
4.9 Changes to Authorised Signatories and Correspondents	12	9.2 Income Reserve Account	19
<b>5. Risks</b>	<b>12</b>	9.3 Equalisation	19
5.1 General Investment Risks	12	<b>10. Reporting</b>	<b>19</b>
5.2 Market Risk	12	10.1 Regular Statements	19
5.3 Risk Associated with Investment in Other Collective Investment Schemes	13	10.2 Report and Accounts of the Fund	19
5.4 Political Risk	13	<b>11. Complaints and Compensation</b>	<b>19</b>
5.5 Currency Risk	13	11.1 Complaints	19
5.6 Credit, Counterparty and Settlement Risks	13	11.2 Compensation	19
5.7 Interest Rate Risk	13	<b>12. Charges and Expenses</b>	<b>19</b>
5.8 Concentration Risk	13	12.1 Remuneration and Expenses of the Trustee	19
5.9 Emerging Market Risk	13	12.2 Remuneration and Expenses of the Manager	20
5.10 Operational Risks (including Cyber Security and Identity Theft)	13	12.3 Preliminary Charge	20
5.11 Liquidity Risk	13	12.4 Redemption Charge	20
5.12 Risk Management Process and Liquidity Management	14	12.5 Inducements	20
		12.6 Research	21

<b>13. Conflicts of Interest</b>	<b>21</b>	<b>Appendix 1 - Directory</b>	<b>25</b>
13.1 Conflicts of Interest Policy	21		
13.2 Trustee and Depositary Conflicts of Interest	21	<b>Appendix 2 - Investment Restrictions</b>	<b>26</b>
13.3 Material Interests and Conflicts	22		
<b>14. Taxation</b>	<b>22</b>	<b>Appendix 3 - Past Performance</b>	<b>27</b>
14.1 General	22		
<b>15. Termination</b>	<b>23</b>	<b>Appendix 4 - Investment Policy Statement</b>	<b>28</b>
15.1 Winding Up	23		
<b>16. General Information</b>	<b>23</b>		
16.1 Data Protection	23		
16.2 Telephone and Electronic Communications	23		
16.3 Corporate Actions	23		
16.4 Amending these Scheme Particulars	23		
16.5 Professional Liability	24		
16.6 Acceptance of Terms and Conditions	24		
16.7 Applicable Law and Jurisdiction	24		
16.8 Additional Information	24		

# 1. Definitions

## 1.1 Definitions

---

**Accumulation Unit(s)** means those Units where distributions are reinvested and reflected in the Unit price.

**Administrator** means HSBC Bank plc, or such successor entity appointed as administrator by the Manager from time to time.

**AIFM** refers to the alternative investment fund manager and has the same meaning as listed in the glossary to the FCA Regulations.

**AIFMD Legislation** refers to the Alternative Investment Fund Managers Regulations 2013, the Alternative Investment Fund Managers Directive 2011/61/EU and the Commission Delegated Regulation (EU) 231/2013 as applied in England and Wales from time to time including as retained, amended, extended, re-enacted or otherwise given effect on or after 11pm on 31 January 2020.

**Annual Management Charge** means the periodic charge applied to the Fund by the Manager in payment for carrying out its duties and responsibilities.

**Applicant(s)** means a Charity (or nominee company acting on its behalf) which is applying for Units.

**Application Form** means the application form for Units available from the Manager's website.

**Auditor** means PricewaterhouseCoopers LLP, or such successor entity appointed as auditor by the Board from time to time.

**Base Currency** means pounds sterling, the currency of the Fund and in which the Report and Accounts of the Fund are prepared.

**Bid price(s)** means the price at which Units may be sold by investors.

**Board** means the persons appointed pursuant to the Scheme and as further described in these Scheme Particulars.

**Business Day** means any day on which the London Stock Exchange is normally open for business, being a day other than a Saturday, Sunday, public or bank holiday in England.

**Charitable Purposes** bears the meaning as set out in section 2 of the Charities Act 2011.

**Charity** means either a charity in England and Wales within the meaning of section 1(1) of the Charities Act 2011 or an "appropriate body" in Scotland and Northern Ireland within the meaning of section 97(3) of the Charities Act 2011.

**Charity Commission** means the Charity Commission for England and Wales of 102 Petty France, London SW1H 9AJ.

**Collective Investment Scheme(s)** means a collective investment scheme as defined by section 235(1) of the Financial Services and Markets Act 2000.

**Common Deposit Fund(s)** means a common deposit fund established under section 100 of the Charities Act 2011.

**Common Investment Fund(s)** means a common investment fund established under section 96 of the Charities Act 2011.

**Data Protection Legislation** means the UK General Data Protection Regulation and the Data Protection Act 2018 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(s)** means the day on which the Manager issues and/or redeems Units as set out in these Scheme Particulars.

Depository Services Agreement means the agreement dated 21 July 2014 entered into by the Trustee, the Board and the Manager in relation to the depository services the Trustee provides to the Fund (as amended, supplemented or replaced from time to time).

**Distribution Account** means an account as provided in the Scheme for the purpose of holding income to be distributed to Unitholders.

**Eligible Contributor(s)** means a Charity (or nominee company acting on its behalf) which is and continues to be eligible to hold Units.

**Eligible Securities and Investment Markets** means the investment markets on which the Fund may invest.

**Equalisation** means an adjustment to the price of the Units to reflect the fact that investors buying Units part way through the Fund's accounting period are not entitled to all the income earned in respect of those Units over that period.

**FCA** means the Financial Conduct Authority of 12 Endeavour Square, London E20 1JN or such regulatory authority which may replace or succeed it from time to time.

**FCA Regulations** means the Handbook of Rules and Guidance issued by the FCA, as amended or replaced from time to time.

**Forward Foreign Exchange Contract(s)** means a binding contract in the foreign exchange market that locks in the exchange rate for the purchase or sale of a currency on a future date.

**Fund** means the COIF Charities Fixed Interest Fund.

**Group** has the same meaning as listed in the glossary to the FCA Regulations.

**Income Reserve Account** means an account in respect of the Fund for the purpose of evening out the amount of income distributed.

**Income Unit(s)** means those Units which pay distributions to Unitholders.

**Investment Committee** means the body responsible for the oversight of the Investment Manager's investment processes and activities.

**Investment Management Agreement** means the agreement dated 22 July 2014 between the Manager and the Investment Manager delegating the portfolio management of the Scheme Property to the Investment Manager (as amended, supplemented or replaced from time to time).

**Investment Manager** means CCLA Investment Management Limited.

**Investment Policy** means the investment policy as decided in the Investment Policy Statement from time to time.

**Investment Policy Statement** means the investment policy statement set out in these Scheme Particulars as amended from time to time.

**Manager** means CCLA Fund Managers Limited or such successor body corporate appointed as manager pursuant to the Scheme.

**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 less all the liabilities of the Fund determined in accordance with the Scheme.

**Offer price(s)** means the price at which Units may be bought by investors.

**Register** means the register of Unitholders maintained by the Registrar on behalf of the Trustee.

**Registrar means** a corporate body appointed by the Trustee as registrar from time to time for the purpose of maintaining the Register.

**Report and Accounts** means the annual (audited) and interim (unaudited) report and financial statements for the Fund prepared by the Manager to the periods ending 31 December and 30 June respectively.

**Scheme** means the Scheme sealed by the Charity Commission on 29 November 2000 as amended by resolutions of the charity trustees of the Fund dated 13 May 2009, 21 July 2014, 22 July 2014 and 17 November 2015.

**Scheme Particulars** means these rules and particulars of the Fund made under the Scheme, as amended or replaced from time to time.

**Scheme Property** means the investments, assets and property of the Fund.

**Trustee** means HSBC Bank plc, or any successor body corporate appointed as trustee pursuant to the Scheme.

**UK AIF(s)** refers to an alternative investment fund in the United Kingdom and has the same meaning as listed in the glossary to the FCA Regulations.

**Unitholder(s)** means an Eligible Contributor who is registered as a holder of Units.

**Unit(s)** means units in the Fund which may be Income Units or Accumulation Units.

**Valuation Point** means the valuation point as at 11.59pm on the Business Day prior to each Dealing Day.

**References to any statutory provision or FCA Regulations in these Scheme Particulars shall include any statutory provision or FCA Regulations which amends or replaces it and any subordinate legislation made under it.**

## 2. The Structure of the Fund

### 2.1 Common Investment Fund

---

The Fund is a Common Investment Fund established and regulated by the Scheme dated 29 November 2000 and made under section 24 of the Charities Act 1993, now section 96 of the Charities Act 2011 and amended by resolutions of the charity trustees of the Fund dated 13 May 2009, 21 July 2014, 22 July 2014 and 17 November 2015 (as amended from time to time). The Fund is managed by the Manager as an unregulated Collective Investment Scheme and as a UK AIF in accordance with the FCA Regulations and the AIFMD Legislation.

### 2.2 The Board

---

The Fund is subject to oversight by the Board, which has been assigned certain duties, details of which are set out in the Scheme. It meets regularly to receive reports and monitor the progress of the Fund.

The duties of the Board include (but are not limited to):

- making an annual report regarding the discharge of its responsibilities;
- a duty to inform the Charity Commission promptly and in writing if the Board is not satisfied as to the compliance of the Trustee or the Manager with the Scheme or these Scheme Particulars; and
- a duty to inform the FCA promptly and in writing if the Board is not satisfied as to the compliance of the Trustee or the Manager with the applicable provisions of the AIFMD Legislation.

The Board is made up of individuals who together have wide experience of finance, investments, charities and the law. A non-executive director of the Investment Manager (or an associate) is entitled to be a member of the Board. No Board member is required to be approved by the FCA, in relation to their capacity as a member of the Board, because no Board member offers investment advice or conducts investment business in relation to the Fund.

In safeguarding the interests of Unitholders, the Board has a number of responsibilities which include setting and subsequently advising on the investment objective and Investment Policy of the Fund, monitoring performance, the appointment and discharge of the Manager and the Trustee, appointing the Auditor to the Fund, and agreeing the fees charged by the Trustee, the Manager and the Auditor. Prior to the Trustee making any written declaration that the Fund is to be wound up, the Trustee must serve on the Board a notice of the Trustee's intention to wind up the Fund and consider the Board's representations (if any).

To the extent of those duties and powers specified in the Scheme, the Board members are charity trustees within the meaning of the Charities Act 2011.

The Board members are entitled to be paid out of the Scheme Property any reasonable costs and expenses incurred by them in carrying out their duties as a member of the Board. Such reasonable costs and expenses may be drawn from the Fund. The Manager currently pays the reasonable costs and expenses of the Board members and intends to continue to do so for the foreseeable future.

### 2.3 The Trustee and Depositary

---

The Trustee acts as a trustee of the Fund for the purposes of and pursuant to the Scheme. Pursuant to the Depositary Services Agreement and for the purposes of and in compliance with the AIFMD Legislation and the relevant FCA Regulations, the Trustee has been appointed as depositary to the Fund.

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

The depositary provides services to the Fund as set out in the Depositary Services Agreement and, in doing so, shall comply with the AIFMD Legislation, the relevant FCA Regulations and the terms of the Scheme.

The depositary's duties include the following: -

- Ensuring that the Fund's cash flows are properly monitored and that all payments made by or on behalf of Applicants upon the subscription to Units have been received.
- Safekeeping the assets of the Fund, which includes (i) holding in custody all financial instruments that can be physically delivered to the depositary; and (ii) verifying the ownership of other assets and maintaining records accordingly.
- Ensuring that issues, redemptions and cancellations of Units are carried out in accordance with applicable law and the Scheme.
- Ensuring that the value of Units is calculated in accordance with applicable law and the Scheme.
- Carrying out the instructions of the Manager, unless they conflict with applicable law or the Scheme.
- Ensuring that in transactions involving the Fund's assets, any consideration is remitted to the Fund within the usual time limits.
- Ensuring that the Fund's income is applied in accordance with applicable law and the Scheme.

The appointment of the depositary under the Depositary Services Agreement may be terminated without cause by not less than 90 days' written notice provided that the Depositary Services Agreement does not terminate until a replacement depositary has been appointed.

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

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

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

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

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

In the event there are any changes to the depositary's liability under the AIFMD Legislation and the relevant FCA Regulations, the Manager will inform Unitholders of such changes without delay.

## 2.4 The Manager

---

CCLA Fund Managers Limited is the appointed AIFM and Manager of the Fund. The Manager is a limited liability company incorporated in England and Wales with company registration number 8735639, whose registered address and details are shown in Appendix 1.

The Manager is authorised and regulated by the Financial Conduct Authority in the conduct of investment business in the United Kingdom and is entered on the FCA's register under reference number 611707. The Manager has permission from the FCA to act as a full scope AIFM. The only business activity of the Manager is the management

of UK AIFs as an AIFM. The ultimate holding company of the Manager is CCLA Investment Management Limited.

Subject to the FCA Regulations and the AIFMD Legislation the Manager may delegate (and authorise its delegate to sub-delegate) its duties as Manager.

The Manager has delegated the provision of certain services including investment management, administration and the preparation of various reports for Unitholders to the Investment Manager and Administrator as detailed below.

The Manager's appointment may be terminated by the Board acquiring approval by the Trustee and serving written notice on the Manager.

The Manager is entitled to its pro rata fees and expenses (as provided for in the Scheme and detailed in these Scheme Particulars) to the date of termination of its appointment as Manager of the Fund and any additional expenses necessarily incurred in settling or realising any outstanding obligations.

The Manager is responsible for all the investment management and administration services in relation to the Fund set out under paragraph 17 of the Scheme. These include:

- the day to day management of the Fund including the power to buy and sell investments and to operate bank accounts and to borrow;
- the preparation of any valuations or other calculations to be made under these Scheme Particulars;
- the receipt of contributions and the satisfaction of withdrawals;
- the decision as to whether any particular asset is to be accepted as a contribution;
- the keeping of such accounts as the Trustee or the Board may require; and
- any matters incidental to the above matters.

The Manager is also responsible for the risk management of the Fund.

The Manager may not have a lien over, or security interest in, the Scheme Property, act as principal in any transaction with the Fund, or undertake stock lending on behalf of the Fund. The Manager accepts responsibility for loss of the investments of the Fund to the extent that such loss is due to the negligence, wilful default or fraud of itself or any delegates. The Manager will not otherwise be liable for any loss to the investments of the Fund. No warranty is given by the Manager as to the performance or profitability of the Fund (or any part of it) or that the investment objective of the Fund will be successfully accomplished.



## 2.5 The Investment Manager

---

CCLA Investment Management Limited is the appointed Investment Manager of the Fund. The Investment Manager is a limited liability company incorporated in England and Wales with company registration number 2183088, whose address and details are shown in Appendix 1.

The Investment Manager is authorised and regulated by the Financial Conduct Authority in the conduct of investment business in the United Kingdom and is entered on the FCA's register under reference number 119281.

The Investment Manager has been appointed by the Manager pursuant to the Investment Management Agreement to provide portfolio management and administrative services to the Fund under the Investment Management Agreement. The Investment Manager also provides secretarial services to the Board.

Under the terms of the Investment Management Agreement, the Investment Manager's appointment may be terminated on three months' written notice by the Investment Manager or by the Manager, or in certain limited circumstances immediately by the Manager. The Investment Manager may not have a lien over, or security interest in, the Scheme Property, act as principal in any transaction with the Fund, or undertake stock lending on behalf of the Fund. The Investment Manager accepts responsibility for loss of the investments of the Fund to the extent that such loss is due to the negligence, wilful default or fraud of itself or any delegates. The Investment Manager will not otherwise be liable for any loss to the investments of the Fund. No warranty is given by the Investment Manager as to the performance or profitability of the Fund (or any part of it) or that the investment objective of the Fund will be successfully accomplished.

The Manager is responsible for any fees payable to the Investment Manager and meets the fees of the Investment Manager from the Annual Management Charge the Manager receives for its services to the Fund.

## 2.6 The Registrar

---

The Trustee has appointed CCLA Investment Management Limited to act as the Registrar of the Fund. The agreement provides for the appointment to be terminated by either party giving one year's written notice to the other. Earlier termination can only occur in specific circumstances, including a material and irremediable breach by either party.

## 2.7 The Administrator

---

HSBC Bank plc, 8 Canada Square, London E14 5HQ is the appointed Administrator of the Fund and undertakes the Fund pricing and Fund accounting

and carries out certain administrative tasks including the preparation of valuations and other activities on behalf of the Fund. The Administrator has been appointed under an agreement with the Investment Manager and the Manager meets the fees of the Administrator from the Annual Management Charge it receives for its services to the Fund.

## 2.8 The Auditor

---

The Auditor of the Fund is PricewaterhouseCoopers LLP whose registered address is shown in Appendix 1.

## 2.9 Unitholders' Rights Against Service Providers

---

A number of third-party service providers provide services to the Fund, including the Investment Manager, the Auditor and the Administrator, whose details are set out in these Scheme Particulars (the "**Service Providers**"). No Unitholder will have any direct contractual claim against any Service Provider with respect to such Service Provider's default. This is without prejudice to any right a Unitholder may have to bring a claim against an FCA authorised Service Provider, the Manager or the Trustee under Section 138D of the Financial Services and Markets Act 2000 (as a result of a breach of the FCA Regulations by such Service Provider, the Manager or the Trustee), or any tortious or contractual cause of action.

## 3. Investment Objective and Policy of the Fund

### 3.1 Investment Objective

---

The Fund aims to provide an income yield and a total return in excess of the target benchmark.

### 3.2 Investment Policy

---

The Fund is an actively managed, diversified portfolio invested predominantly in sterling denominated fixed interest securities but may also include other asset classes, which may be either liquid or illiquid in nature.

The Fund follows a client-driven ethical investment policy.

### 3.3 Target Benchmark

---

The target benchmark for the Fund is the Markit iBoxx™ £ Gilts Index, 50%; Markit iBoxx™ £ Non-Gilts Index, 50%.

The target benchmark sets a standard against which the performance of the Fund can be assessed.

### 3.4 Changes to the Investment Objective and Policy

---

The Board may only alter the Fund's investment objective and, subject to approval by the Board, the Manager may only alter the Investment Policy in accordance with these provisions.

Where it is proposed that the investment objective or Investment Policy of the Fund be altered and the Board or the Manager (as appropriate) reasonably considers that such an alteration would be considered a "**fundamental change**" within the meaning in the FCA Regulations such an alteration may only be made following prior approval from the Unitholders by way of an extraordinary resolution (having the same meaning as when used in the FCA Regulations and following the same notice procedures for meetings of Unitholders as used in the FCA Regulations).

Where it is proposed that the investment objective or Investment Policy of the Fund be altered and the Board or the Manager (as appropriate) reasonably considers that such an alteration would be considered a "**significant change**" within the meaning in the FCA Regulations such an alteration may only be made following the provision of 60 days' prior written notice to the Unitholders.

By way of guidance, the Board and/or the Manager (as appropriate) may consider the change to be significant rather than fundamental where:

- the proposed alterations do not alter the risk profile of the Fund;
- there is no change to the nature or purpose of the Fund; and
- the Unitholders are not materially prejudiced by the proposed change.

In certain limited circumstances the Board and/or the Manager (as appropriate) may decide that very minor changes to the Investment Policy and/or investment objective of the Fund (for example, those aimed at clarification of the investment objective and/or Investment Policy) would be considered a "**notifiable change**" within the meaning in the FCA Regulations. Such alterations may be made by providing Unitholders with access to an updated copy of these Scheme Particulars. All current scheme particulars for the COIF Charities Funds are available on [www.ccla.co.uk](http://www.ccla.co.uk) or by request please contact Client Services on 0800 022 3505.

## 4. Participation in the Fund

### 4.1 Target Investors

---

The Fund is intended for eligible charity investors, with at least a basic knowledge of relevant financial instruments, which are seeking to invest in an actively managed fund that reflects the investment

objective and Investment Policy of the Fund. Investors should be looking to invest for at least three to five years and understand that their capital may be at risk, have the ability to bear losses and appreciate that the value of their investment and any derived income may fall as well as rise.

Please note that the Manager is not required to assess the suitability or appropriateness of the Fund against each investor.

Investors may be either retail or professional clients (both per se and elective).

### 4.2 Eligible Contributors to the Fund

---

Any Charity in England and Wales and any appropriate body in Scotland and Northern Ireland within the meaning of the Charities Act 2011 may normally invest in the Fund, unless precluded by a specific provision in the Charity's governing instrument, provided always that such a Charity is recognised by HM Revenue & Customs as a Charity for tax purposes. The Manager is required under the Money Laundering Regulations to satisfy itself as to the identity of Eligible Contributors (please see section headed Anti-Money Laundering Requirements below).

Any Charity (or a nominee company acting on its behalf) applying to participate must give a declaration of eligibility of the Charity to invest in the Fund. Where a Unitholder (potential or otherwise) is found not to be eligible or becomes ineligible at a later date, it, or its nominee, must inform the Manager and disinvest. The Manager reserves the right to decline any application without giving any reason and to sell Units on behalf of a Unitholder if it reasonably believes that the Unitholder is no longer eligible to invest in the Fund.

### 4.3 Compulsory Sale of Units where a Unitholder Ceases to be an Eligible Contributor

---

Where a Unitholder:

- is found not to be eligible or becomes ineligible at a later date; or
- suffers a change in circumstances or is in breach of any applicable law or government rule or regulation which may affect its ability to be an Eligible Contributor,

it, or its nominee, must inform the Manager immediately and at the Manager's request must sell their Units.

As soon as the Manager becomes aware or has reasonable grounds to believe that a Unitholder no longer satisfies the requirements to be an Eligible Contributor, the Unitholder will be deemed to have submitted a sell Units form to sell all the Units held by them in the Fund. Where a Unitholder delays in informing the Manager that it has ceased to be, or may no longer be an Eligible Contributor, the

Manager then has the right to treat the request to redeem Units as being made on the date on which the Unitholder's circumstances changed.

The Unitholder agrees that any proceeds of sale in relation to the Units sold as a result of the Unitholder ceasing to be an Eligible Contributor may be retained by the Manager in order to satisfy any losses suffered by the Fund as a result of the Unitholder ceasing to be an Eligible Contributor.

Such losses may include, but shall not be limited to:

- any assessment for income or capital gains tax or any other tax to which the Fund would not have been assessed had the Unitholder remained as an Eligible Contributor;
- any distributions paid out to or settled in respect of the Unitholder's Units after the date on which the Unitholder ceased to be an Eligible Contributor; and
- all costs and expenses including professional fees incurred in connection with such assessment.

On the written request of the Manager any Unitholder who is required to sell their Units must:

- irrevocably appoint one or more of the directors of the Manager as its attorney to execute all instruments and other documentation required to effect a sale of its Units and the Unitholder agrees to ratify all and any acts of the attorney; and
- indemnify the Fund against all losses suffered by the Fund as a consequence of the Unitholder no longer remaining an Eligible Contributor.

If at the time a sell Units form is submitted (or is deemed to have been submitted) to the Manager, the Manager has received instructions to sell Units from one or more other Eligible Contributors, the sale of the Units held by a Unitholder who has ceased to be eligible to remain invested in the Fund will be sold in priority to all other sale requests in the queue.

In the event that dealings in the Fund are suspended any deemed or actual instructions for the compulsory sale of Units will not be frozen. In such circumstances the relevant Units will be cancelled and the Manager will make an appropriate provision for the sale proceeds due to the affected Unitholder.

Where an event occurs during a period of suspension that results in a Unitholder ceasing to be an Eligible Contributor, the Unitholder's rights to accrued income will be apportioned according to the date on which the event occurred that triggered the ineligibility.

The sale proceeds will be calculated at the Valuation Point for the first Dealing Day after the lifting of the suspension and will be paid to the Unitholder within four Business Days of the Dealing Day.

#### 4.4 Income and Accumulation Units

---

Eligible Contributors to the Fund may purchase either Income or Accumulation Units or both. Income Units provide regular income distributions and each Unit represents one undivided share in the Scheme Property. Holders of Income Units receive income distributions quarterly.

Holders of Accumulation Units do not receive distributions. The distributions allocated to the Accumulation Units accumulate within the Fund and are reflected in the price of the Units. The effect of this accumulation of distributions is an increase in the price of an Accumulation Unit relative to the price of an Income Unit. An Accumulation Unit represents an increasing undivided share in the Scheme Property. The right represented by the holding of a Unit is that of a beneficial interest under a trust.

A Unitholder may, subject to the terms of its governing instrument, convert Accumulation Units into Income Units of the corresponding value or vice versa on any Dealing Day free of charge.

#### 4.5 Registration of Units

---

The Register is maintained on behalf of the Trustee by the Registrar. Holdings are usually registered in the name of Unitholders (or where applicable, holdings may be registered in the name of a nominee company acting on behalf of a Unitholder). Holdings cannot be registered in the names of the individual trustees. No certificates are issued and the Register is the definitive evidence of title. The Units have no par value and entitle the holder to a proportionate interest in the Fund. Units cannot be assigned or transferred except from one Charity to another. The number of Units held will be certified on written request for audit or other purposes.

The Register may be inspected by or on behalf of Unitholders during normal business hours at the office of the Registrar. Entry in the Register is conclusive evidence of title to the Units. The Register contains the name of each Unitholder, the number of Units held, the type of Units and the name and address of the correspondent for each account. In addition, the Register may contain the following particulars:

- details of the nominee company acting on behalf of a Unitholder;
- client designation;
- bank account details for the remittance of distributions and withdrawals; and
- authorised signatory(ies) and the number of signatures required.

No notice of any trust, express, implied or constructive, shall be entered in the Register in respect of any Unit, and the Manager and the Trustee shall not be bound by any such notice.

The expenses of maintaining the Register are currently borne by the Manager and covered by the Annual Management Charge paid out of the Scheme Property to the Manager.

#### 4.6 Anti-Money Laundering Requirements

---

The Manager is required by law to maintain procedures to combat money laundering. In order to implement these procedures, electronic or manual identity checks will be undertaken by the Manager on certain persons named within the Application Form to satisfy itself as to the identity of Eligible Contributors. Proof of identity may sometimes be required either when buying or selling Units from time to time, even of existing Unitholders. The Manager may freeze or return investments and/or subscription amounts until the necessary evidence of identity can be obtained. In the case where Units are being sold, the remittance of proceeds may be delayed until proof of identity has been obtained.

#### 4.7 Fair Treatment of Unitholders

---

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 the Fund that would result in a disadvantage to any other Unitholder. All rights and obligations to Unitholders, including those related to subscription and redemption requests, are set out in the Scheme and these Scheme Particulars.

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

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.

#### 4.8 Meetings of Unitholders

---

Any meeting of Unitholders shall be held in accordance with the FCA Regulations, and all the provisions of the FCA Regulations shall apply to such meetings. A meeting of Unitholders duly convened and held by the Trustee may vote on a resolution:

- to approve a proposed scheme of amalgamation put forward by the Manager and the Trustee (or either of them); or

- to approve a proposed scheme of reconstruction put forward by the Manager and the Trustee (or either of them); or
- to approve fundamental changes of investment objective and Investment Policy.

A meeting of Unitholders has no other powers.

#### 4.9 Changes to Authorised Signatories and Correspondents

---

A Unitholder must immediately notify the Manager of any change in its authorised signatories or correspondent. Changes to the authorised signatories or correspondent for a Charity's holding of Units must be made on a change of signatory/correspondent form or (where considered appropriate by the Manager to do so), mandate form duly completed by the Charity (or the nominee company acting on behalf of the Charity) and be authorised by the trustees/executive directors who have the authority to act on behalf of that Charity. Where an existing authorised signatory is removed by way of such instruction, the correspondent shall receive notification of the removal from the Manager. Where a correspondent is changed, the Manager will inform the outgoing correspondent.

## 5. Risks

Investors should consider the following risk factors before investing in the Fund.

#### 5.1 General Investment Risks

---

Past performance is not a reliable indicator of future results. The price of Units and any income distributions from them may fall as well as rise. There can be no guarantee that any fund will achieve its investment objective or that a unitholder will recover the full amount invested in a fund. The capital return and income distributions of each fund are based on the capital appreciation of, and the income received from, the securities it holds, after deduction of expenses incurred. Therefore, each fund's return may be expected to fluctuate in response to changes in such capital appreciation or income.

The Fund's Units are intended only for medium to long-term investment and are not suitable for money liable to be spent in the near future. Units are realisable on each weekly Dealing Day only.

#### 5.2 Market Risk

---

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

### **5.3 Risk Associated with Investment in Other Collective Investment Schemes**

---

The 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 Fund may invest in Collective Investment Schemes and other assets which may, on occasions, be illiquid.

### **5.4 Political Risk**

---

The value of the Fund's assets 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 the Fund may invest.

### **5.5 Currency Risk**

---

Some of the investments the Fund makes may be acquired in a wide range of currencies and changes in exchange rates between currencies may cause the value of an investment in the Fund to fluctuate. The Fund may use currency hedging techniques within the limits set by the Board.

### **5.6 Credit, Counterparty and Settlement Risks**

---

The Fund will be exposed to credit risk in relation to the counterparties with whom it trades and may also bear the risk of settlement default.

### **5.7 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.

In a negative interest rate environment, there is a risk that income derived from these types of securities will cease and could result in a reduction in their capital value.

### **5.8 Concentration Risk**

---

To the extent the Fund invests in a greater amount in any one financial instrument, sector, asset class or geographical location, the performance of the Fund will depend to a greater extent on the overall condition of the financial instrument, sector, asset class or geographical location and there is increased risk to the Fund if conditions adversely affect that financial instrument, sector, asset class or geographical location.

### **5.9 Emerging Market Risk**

---

Risks associated with investing in these markets are likely to exceed the risk of investing in more mature markets. Such risks 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 also be foreign ownership restrictions which limit the Fund's ability to participate in certain corporate actions. The Fund may generally face significant registration, settlement and custody risks in purchasing and selling securities in emerging markets.

### **5.10 Operational Risks (including Cyber Security and Identity Theft)**

---

An investment in the 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 the Manager, the Trustee or Service Providers such as the Investment Manager or the Administrator. While the Fund seeks to minimise such events through controls and oversight, there may still be failures that could cause losses to the 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 the Fund.

### **5.11 Liquidity Risk**

---

Liquidity risk exists when a particular security or instrument is difficult to purchase or sell. If the size of a transaction would represent a relatively large proportion of the average trading volume of that

security or if the relevant market is illiquid it may not be possible to initiate a transaction or liquidate a position at an advantageous time or price.

## 5.12 Risk Management Process and Liquidity Management

---

The Manager employs a risk management process, including the use of appropriate stress-testing procedures, which enables it to identify, measure, manage and monitor at any time the relevant risks of the positions to which the Fund is or may be exposed and their contribution to the overall risk profile of the Fund.

The Manager maintains a liquidity management process to monitor the liquidity risk of the Fund, which includes, among other tools and methods of measurement, the use of stress tests under both normal and exceptional liquidity conditions.

The liquidity management systems and procedures allow the Manager to apply various tools and arrangements necessary to ensure that the Fund is sufficiently liquid to respond appropriately to redemption requests. In normal circumstances, redemption requests will be processed as set out in these Scheme Particulars.

Other arrangements may also be used in response to redemption requests, including, in extreme cases, temporary suspension which, if activated, will restrict the redemption rights investors benefit from in normal circumstances as set out in these Scheme Particulars.

## 6. Investment Powers, Controls and Restrictions

### 6.1 Investment and Borrowing Powers

---

Subject to the restrictions set out here and in the Scheme the Manager may invest the Scheme Property at its discretion in any kind of investment which it could make if it were absolutely entitled to the Scheme Property. The Manager must have regard to the need for diversification and suitability of investments and is subject to the restrictions in Appendix 2.

The Fund may, subject to certain restrictions and as a protective measure, undertake forward currency transactions.

The Fund's policy is to invest predominantly in sterling denominated bonds, debentures or loan stocks issued by governments, local authorities, companies or other undertakings, in sterling denominated convertible bonds, debentures or loan stocks and in preference or convertible preference units, provided they are quoted on a recognised stock exchange. There is no limit to the amount of

the Scheme Property that can be invested in British government securities (Gilts).

The Fund may borrow up to 10% of the Net Asset Value of the Scheme Property temporarily for the purpose of meeting any payment properly to be made out of the Fund. The Fund may also borrow up to 25% of the Net Asset Value of the Scheme Property in connection with the acquisition or management of any land. As at the date of these Scheme Particulars, the Fund has not directly acquired any rights or interests in freehold or leasehold land.

These borrowings can only be exceeded with the prior written consent of the Board. For further information on the Fund's borrowings please see the Leverage section below. Cash awaiting investment may be deposited with a bank or in a Common Deposit Fund.

### 6.2 Breach of Investment Limits

---

A breach of any of these limits does not prevent the exercise of rights conferred by investments held by the Fund if the consent of the Trustee is obtained but, in the event of a breach, the Manager must then take such steps as are necessary to restore compliance with the investment limits.

### 6.3 Investment in In-House Collective Investment Schemes

---

The Fund may invest in other Collective Investment Schemes, Common Investment Funds and Common Deposit Funds which may be operated or managed by the Manager or an associate of the Manager.

### 6.4 Eligible Securities and Investment Markets

---

The Manager may trade on Eligible Securities and Investment Markets on recognised and designated investment exchanges as approved by the Investment Committee from time to time.

### 6.5 Leverage

---

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

Leverage means any method by which the Fund increases its exposure whether through borrowing cash or securities or leverage embedded in derivative positions or any other means. The sources of Leverage which can be used when managing the Fund include:

- cash borrowing; and
- financial derivative instruments.

Leverage may be used to facilitate the purchase of Scheme Property, but the Investment Manager does

not intend to use its borrowing powers to meet redemption requests. The Investment Manager may also use Forward Foreign Exchange Contracts to hedge any currency exposure in the Fund.

The Manager is required to calculate and monitor the level of leverage of the Fund. Leverage is expressed as a ratio between the exposure of the Fund and its Net Asset Value (Exposure/NAV). The exposure of the Fund shall be calculated in accordance with the commitment method (“**Commitment Method**”) and the gross method (“**Gross Method**”).

Under the Gross Method, the exposure of the Fund is calculated as follows:

- a) include the sum of all assets purchased, plus the absolute value of all liabilities;
- b) exclude the value of cash and cash equivalents which are highly liquid investments held in the Base Currency of the Fund, that are:
  - readily convertible to a known amount of cash; and
  - are subject to an insignificant risk of change in value;
- c) derivative instruments are converted into the equivalent position in their underlying assets;
- d) exclude cash borrowings that remain in cash or cash equivalents and where the amounts payable are known;
- e) 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; and
- f) include positions within repurchase or reverse repurchase agreements and securities lending or borrowing or other similar arrangements.

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

Further information regarding these different Leverage calculation methods can be found in the AIFMD Legislation and the Investment Risk Policy, which is available upon request from the Manager.

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

The total amount of Leverage employed by the Fund will be disclosed in the Fund’s Report and Accounts.

The maximum levels of Leverage are as follows;

Gross Method: 210%

Commitment Method: 110%

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

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

## 7. Pricing of Units and Valuation of the Fund

### 7.1 Valuation Point

---

The Manager values the Scheme Property after the last closing price on the relevant exchange on the Business Day prior to each Dealing Day for the purpose of determining the prices at which Units may be issued or redeemed. In addition, for valuation and reporting purposes, the Fund is also valued on the last day of each calendar month. The Manager may, subject to the agreement of the Trustee, introduce additional or alternative Valuation Points.

The Manager may, at any time during a Business Day, carry out an additional valuation of the Scheme Property for the determination of Unit prices if, after consultation with the Trustee, it is considered desirable to do so.

### 7.2 Valuation of the Fund

---

The Scheme Property is valued in accordance with the FCA Regulations and the value of the Fund shall be the value of its assets less the value of its liabilities. The valuation of exchange traded securities is carried out at mid-market prices at the Valuation Point. The valuation of non-exchange traded securities is determined as follows;

- units in a Collective Investment Scheme – if the scheme is single priced then that price will be used. If the scheme is dual priced the mid-market price will be used;
- private equity holdings – the Manager will calculate the price based on valuation information provided by the private equity company;
- other assets – the Manager will value all other assets at a value which, in the opinion of the Manager, represents a fair and reasonable value based on independent inputs.

The Unit price includes the value of the income of the Fund which has not been declared as a distribution or accumulated by the Fund on the Dealing Day.

The amount of income to be included is the amount of income received by the Fund up to and including the day before the Dealing Day, together with the amount of income accrued and including any UK tax credits to which the Fund is entitled. Any overseas income is treated on the same basis except that overseas tax deducted at source is only credited to the income of the Fund on receipt of claims made under double taxation treaties. All expenses paid or accrued on the same basis as the income will be deducted from the income.

### 7.3 Buying and Selling Prices

---

The buying and selling prices of the Units are based upon the mid-market valuation of the Fund, as described above. To this valuation is added or deducted a fixed percentage of the valuation, representing the estimated transaction costs incurred in purchasing or disposing of assets. These costs are principally the difference between the bid (sell) and offer (buy) prices on the sale and purchase of assets and any associated costs.

The Manager may vary the amount of these provisions to reflect their estimate of the costs associated with any transaction. The most recent estimate of the costs and the latest Bid and Offer prices are shown on the Manager's website [www.ccla.co.uk](http://www.ccla.co.uk).

The Offer and Bid prices represent the buying and selling prices for Unitholders and also the creation and cancellation prices for the Trustee. No Units are held by the Manager or any other party involved in the management of the Fund other than in the capacity as a custodian or trustee for an Eligible Contributor.

### 7.4 Publication of Prices

---

Month end prices for valuation purposes and weekly Bid and Offer prices are displayed on the Manager's website [www.ccla.co.uk](http://www.ccla.co.uk).

The Fund's past performance is set out at Appendix 3 and is also available on the Manager's website [www.ccla.co.uk](http://www.ccla.co.uk).

## 8. Dealing in Units

### 8.1 Application for Units

---

To apply for Units, the Applicant must have an active open account. An application to open (or reactivate) an account will normally take two Business Days provided all documents required are provided along with the Application Form. Instructions cannot be accepted until the account is active.

Dealing in Units takes place on a forward price basis. All instructions to buy and sell Units must be

received by 5.00pm on the Business Day prior to the Dealing Day if they are to be processed at the prices to be calculated on that day. Instructions received after this time will be held over to the next Dealing Day.

The Manager will execute purchases or redemptions on the instructions of the investor at the published Offer/Bid price at the relevant Valuation Point. Units can only be created or cancelled through the Trustee on behalf of the Fund.

### 8.2 The Dealing Day

---

There is currently one Dealing Day per week, normally Thursday, except when this is not a Business Day; then the preceding Business Day becomes the Dealing Day, unless otherwise specified on the Announcements page of the Manager's website. The Manager may, subject to the agreement of the Trustee, introduce additional or alternative Dealing Days.

### 8.3 Minimum Initial and Subsequent Investments

---

The normal minimum initial investment in the Units is £1,000. Any additional amount may be invested thereafter. The Manager reserves the right to waive the minimum initial investment amount.

### 8.4 Buying Units

---

Applications for the initial purchase of Units must be made using a completed Application Form and appropriate payment must be made at the same time as the submission of the Application Form. Cheques, if used, must be drawn on an account in the name of the Applicant.

Except as specified below and in section 8.5 (Additional Investments), applications to purchase Units can only be actioned on a particular Dealing Day if, by 5.00pm on the Business Day prior to that Dealing Day:

- a correctly completed Application Form has been received by the Manager; and
- the Manager is in receipt of a cheque or, if paying electronically, cleared funds. In the event of cleared funds being received after 5.00pm, the Manager reserves the right to use its discretion as to whether to process an instruction. Generally, an instruction will be processed provided it has been received as stipulated above and cleared funds have been received no later than 11.59pm.

### Applications from nominees

Where a nominee company acts on behalf of an Applicant and has submitted a signed nominee Application Form to the Manager, the Manager may, in its discretion, process an application to buy Units which has been received by 5.00pm on the Business



Day prior to that Dealing Day even where it is not in receipt of cleared funds.

Where the Manager has acted upon such an instruction, cleared funds must be received by the end of two Business Days following that Dealing Day. Should cleared funds not be received by this time, the Manager reserves the right to immediately redeem any Units created as a result of that instruction.

The nominee company will be responsible for any losses (including costs, expenses or other liabilities) incurred by the Manager as a result of that nominee company failing to provide cleared funds by the end of two Business Days following the relevant Dealing Day. Such losses may include (without limitation) any loss sustained by the Manager or the Fund as a consequence of a fall in the price of Units and any costs sustained by the Manager or the Fund when redeeming such Units.

### **Provisions applicable to all applications**

Bank accounts of Applicants should be held with a banking institution in the United Kingdom or European Economic Area (EEA) and payments made payable in the Base Currency of the Fund.

Applications to purchase, once made, are irrevocable. However, subject to its obligations under applicable law and regulation, the Manager has the right to reject, on reasonable grounds relating to the circumstances of the Applicant (or nominee company, where applicable), 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.

The Manager may also, at its discretion, suspend the issue of new Units if any such new issue would prevent the orderly investment of monies by the Fund.

When monies are received early, they will be banked in a "fund intake in advance account" in the name of the Fund for investment on the next Dealing Day. Interest will not be payable on these monies.

On acceptance of an application, Units will be issued at the relevant Offer price. A contract note will normally be dispatched by the end of the next Business Day following the Dealing Day. The contract note inter alia, will show certain information, such as the number of Units and the issue price. Units are issued to two decimal places.

The Manager reserves the right not to execute a transaction until the charitable status and eligibility of the Applicant has been demonstrated.

### **Conditional Orders**

The Manager cannot accept conditional purchase or sale instructions from investors. A conditional order is one where the instruction specifically states that a purchase or sale may only proceed at a specified

price, e.g. purchase £50,000 worth of the Fund Units if the Offer price is less than £5.

## **8.5 Additional Investments**

---

Funds for additional investments may be sent via the Clearing House Automated Payment System (CHAPS), Bankers' Automated Clearing Services (Bacs) or Faster Payments Service (FPS). It should be noted that the payment must be remitted from the Unitholder's nominated bank account. Additional investments for which funds are sent electronically do not require a buy Units form to be completed provided the funds are made payable to the Fund and the CCLA account designation of the Unitholder is included on the reference of the payment. Failure to provide the account number as a reference may result in the transaction being delayed or payment returned.

For the avoidance of doubt, following completion of an Application Form, subsequent purchases of Units for settlement via cheque or a COIF Charities Deposit Fund account will require a buy Units form to be submitted. For further details please contact Client Services on 0800 022 3505.

## **8.6 Selling Units**

---

All instructions to sell Units must be made using a completed sell Units form and be received by the Manager by 5.00pm on the Business Day prior to the Dealing Day to obtain that day's price. On acceptance of a redemption, Units will be redeemed at the relevant Bid price. A contract note detailing the transaction will normally be sent out by the close of business on the next Business Day.

Proceeds of sales will be remitted to the nominated bank account of the Unitholder or be paid direct to a COIF Charities Deposit Fund account held in the name of the Unitholder. Proceeds relating to settlement of sales are remitted within four Business Days of the Dealing Day.

In the event funds are returned, the Manager will take steps to contact the Unitholder to re-confirm payment instructions or arrange for them to be updated as necessary. Neither the Trustee or the Manager accepts any responsibility for any delay in the repayment of funds that may arise as a result of a Unitholder's payment instructions being incorrect or not being kept up to date.

Proceeds that are transferred to a COIF Charities Deposit Fund account are credited with effect from the settlement date.

## **8.7 Switches**

---

Switches between the COIF Charities Funds are permitted although switches involving the COIF Charities Property Fund can only be undertaken on the last Thursday of each month, the COIF Charities

Property Fund dealing day. Further details are available in the relevant scheme particulars for this fund on the Manager's website.

## 8.8 Securities Exchange

---

Quoted securities in which the Fund has power to invest may be offered to the Fund in exchange for the issue of Units on a Dealing Day. If accepted, securities are taken in at mid-market valuation. The Manager has absolute discretion as to the securities that will be accepted. The procedure for exchange is complex and may require some time for completion; further details are available upon request. Neither the Trustee nor the Manager accepts any responsibility for any fluctuation in asset values during the transition into Units. It is the investor's responsibility to arrange for the transfer of acceptable securities to the Fund. Neither the Trustee nor the Manager accepts any responsibility or liability for any loss that may arise as a result of any failure or delay in the transfer of securities by an investor or an investor's investment manager.

## 8.9 Large Deals

---

Deals of any size can normally be completed without delay, and there is normally no restriction on the carrying out of transactions. For the purpose of these Scheme Particulars, a large deal is one of £1,000,000. The Manager may, at its discretion, elect to settle such deals by way of a transfer of securities from the assets of the Fund to the seller (in specie transfer) and may be applied at the discretion of the Manager and subject to the agreement of the Trustee.

## 8.10 Trustee's Refusal to Issue or Cancel Units

---

The Trustee has the power to refuse to issue or cancel Units where:

- a) the Trustee is of the opinion that it is appropriate to do so; or
- b) the Trustee considers that there may be an issue with the Manager's ability or competence to continue as the Manager of the Fund; or
- c) on receipt of instructions from the Manager to issue or cancel Units, the Trustee is of the opinion that such action would result in a breach of law or regulation; or
- d) the Applicant may be ineligible for the Fund; or
- e) there may be potential detriment to the Fund; or
- f) it is not in the interests of Unitholders that:
  - Units should be issued; or
  - Units should be cancelled; or
  - Units should be issued or cancelled in the number requested by the Manager.

In all the cases where the Trustee refuses to issue or cancel Units the Trustee must give notice to the Manager that the Trustee refuses to issue or, as the

case may be, cancel, all, or a specified number of, the Units.

On giving such a notice the Trustee is relieved of the obligation to issue or cancel the number of Units to which the notice relates.

## 8.11 Suspension of Dealing

---

In exceptional circumstances, the Manager may, if the Trustee agrees, or shall, if the Trustee requires, suspend at any time for a period of up to 28 days the issue, cancellation, buying and selling of Units. The Manager or the Trustee must be of the opinion that there is good and sufficient reason to do so, having regard to the best interests of the Unitholders. No Units can be bought or sold during this period. The Manager will notify Unitholders as soon as reasonably practicable if it is decided to suspend dealing in the Fund.

## 8.12 Execution Services

---

In accordance with the FCA Regulations, the Investment Manager must act in the best interests of the Fund when executing decisions to deal on behalf of the Fund and must establish and implement an Order Execution Policy to allow it to obtain the best possible result and to ensure that all sufficient steps are taken to act in the Unitholders' best interests in line with its Treating Customers Fairly Policy.

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

# 9. Distributions to Unitholders

## 9.1 Quarterly Distribution

---

Distributions are calculated and declared quarterly at the end of March, June, September and December.

The distribution is based upon undistributed income received and receivable to each quarterly date less any costs and expenses for the period and subject to flows to or from the Income Reserve Account (see below).

Distributions in respect of the preceding quarter are usually paid at the end of February, May, August and November (or if this should not be a Business Day, the prior Business Day).

Monies will be paid directly to a bank account held in the name of the Unitholder (or a nominee company acting on behalf of that Unitholder) or paid into a

COIF Charities Deposit Fund account in the name of the Unitholder.

Holders of Accumulation Units do not receive distributions of income as explained under the section headed Income and Accumulation Units above.

Changes in tax law and regulations may affect the basis of calculation and payment of distributions.

## 9.2 Income Reserve Account

---

Each quarter income may be transferred to an Income Reserve Account which reduces the amount available for distribution in respect of that quarter, or income can be transferred from the Income Reserve Account to the Distribution Account, which increases the amount available for distribution. The Income Reserve Account is used to even out fluctuations in income available for distribution which may arise from time to time. The amount held in the Income Reserve Account forms part of the capital of the Fund and is included in the price of Income Units until it is used in the payment of a distribution. The Income Reserve Account is used in respect of Income Units only. Additionally, where there is a balance brought forward on the Income Reserve Account new holders of Income Units are acquiring a right to a proportion of the income reserve, and those selling are giving up the right to the income reserve of the Fund.

## 9.3 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.

## 10. Reporting

### 10.1 Regular Statements

---

Unitholders will receive a valuation statement every six months, normally to the end of June and December unless instructed to the contrary. Unitholders may request a quarterly valuation statement. In addition, certificates of balance at any month end will be provided upon a Unitholder's request to the Manager.

### 10.2 Report and Accounts of the Fund

---

The Report and Accounts of the Fund are normally prepared for the half year to 30 June (unaudited) and the year to 31 December (audited).

The Manager will make available on its website, [www.ccla.co.uk](http://www.ccla.co.uk), the annual Report and Accounts for the period to 31 December (the accounting reference date) and the half-yearly Report and Accounts for the period to 30 June (the interim accounting date) within six months of the end of the relevant period.

The Report and Accounts include, amongst other things, information on the Fund's risk profile and details of any changes to the Fund's liquidity management. The Report and Accounts will also include details of any change to the Fund's use of Leverage and further disclosures required by the AIFMD Legislation.

If a hard copy or an email of the Report and Accounts is required, please contact Client Services on 0800 022 3505.

## 11. Complaints and Compensation

### 11.1 Complaints

---

The Manager has established a complaints handling procedure to investigate complaints received.

Any complaints regarding the operation of the Fund should be addressed in writing to the addresses shown in Appendix 1.

Unitholders who are eligible complainants (as defined in the FCA Regulations) may have the right to complain directly to the Financial Ombudsman Service (FOS) if a complaint is not dealt with to the satisfaction of the Unitholder. The address, telephone number and website of the FOS is shown in Appendix 1.

A copy of the Manager's complaints policy is available on [www.ccla.co.uk](http://www.ccla.co.uk).

### 11.2 Compensation

---

The Manager will pay fair compensation on eligible claims arising from its negligence or error in the management and administration of the Fund. The Manager will not be liable for any loss arising where it has acted on the instructions of the Unitholder in accordance with the mandate.

Further information on any compensation scheme or any other investor compensation scheme of which the Manager is a member is available from the Manager on request or via [www.fscs.org.uk](http://www.fscs.org.uk).

## 12. Charges and Expenses

### 12.1 Remuneration and Expenses of the Trustee

---

The Scheme provides for the remuneration of the Trustee out of the Scheme Property by way of a periodic charge (plus VAT, if applicable and if any),

and the reimbursement of expenses (including VAT, if applicable and if any) properly incurred by the Trustee. The rate of the Trustee's periodic charge is to be agreed in writing with the Board from time to time.

The expenses will include charges of the Trustee's nominees and agents. The duties of the Trustee for which reimbursement may be made, involve and include (without limitation):

- delivery of securities to the Trustee;
- custody of assets;
- collection of income;
- submission of tax returns;
- handling of tax claims;
- preparation of the Trustee's annual report; and
- such other duties as the Trustee is required or empowered by law to perform.

The maximum periodic charge that may be made by the Trustee, subject to the prior written approval of the Charity Commission, is 0.03% per annum, (plus VAT, if applicable and if any), of the value of the Scheme Property.

The actual periodic charge agreed with the Board is calculated on a sliding scale:

- 0.0075% per annum on assets up to £100m;
- 0.0056% per annum on assets from £100m to £500m;
- 0.0038% per annum on assets over £500m.

The periodic charge (plus VAT, if applicable and if any), accrues daily to the Scheme Property and is payable monthly in arrears.

Any increase in the actual or maximum amount of the periodic charge made by the Trustee shall be subject to:

- notice of at least 90 days being given to Unitholders;
- the prior written agreement of the Board; and
- the prior written approval of the Charity Commission.

In addition to the annual charge the Trustee is entitled to be paid custody charges as follows:

- Transaction – £3 to £67.50 per transaction;
- Safekeeping – 0.003% to 0.1875%.

## 12.2 Remuneration and Expenses of the Manager

---

The Annual Management Charge has been agreed by the Board and approved by the Charity Commission. Currently the charge is 0.22% (plus VAT, if applicable) per annum of the Net Asset Value of the Scheme Property. The Annual Management Charge accrues daily and is calculated by reference to the most recent Net Asset Value of the Scheme Property. The accrued Annual Management Charge is paid from the Fund monthly in arrears.

The Annual Management Charge will be paid 100% from income.

Where applicable, to avoid double charging, rebates of charges on holdings in the other funds managed or operated by the Manager or an associate are calculated and applied to the Fund.

Any increase in the actual or maximum amount of the Annual Management Charge shall be subject to:

- notice of at least 90 days being given to Unitholders;
- the prior written agreement of the Board; and
- the prior written approval of the Charity Commission.

Further information on costs and charges can be found on the Manager's website [www.ccla.co.uk](http://www.ccla.co.uk).

## 12.3 Preliminary Charge

---

The Scheme provides for a preliminary charge to be included in the price at which Units may be purchased, out of which the expenses and remuneration of the Manager may be paid. No preliminary charge is currently levied.

The introduction of a preliminary charge and any increase in the actual or maximum amount of a preliminary charge made by the Manager shall be subject to:

- notice of at least 90 days being given to Unitholders;
- the prior written agreement of the Board; and
- the prior written approval of the Charity Commission.

## 12.4 Redemption Charge

---

The Scheme provides for a redemption charge to be included in the price at which Units may be sold, out of which the expenses and remuneration of the Manager may be paid. No redemption charge is currently levied.

The introduction of a redemption charge and any increase in the actual or maximum amount of a redemption charge made by the Manager shall be subject to:

- notice of at least 90 days being given to Unitholders;
- the prior written agreement of the Board; and
- the prior written approval of the Charity Commission.

## 12.5 Inducements

---

In accordance with the FCA Regulations, the Manager when executing orders or placing orders with other entities in relation to financial instruments for execution on behalf of the Fund must not accept and retain any fees, commission or monetary benefits from a third party.

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 Fund, except those which are capable of enhancing the quality of the service provided to the Fund, and which are of a scale and nature such that they could not be judged to impair the Manager's compliance with its duty to act honestly, fairly and professionally in the best interests of the Fund.

## 12.6 Research

---

Certain brokers may from time to time provide research services to the Investment Manager which are used by the Investment Manager in its management of the Fund. The costs and expenses for such research services will be borne by the Investment Manager.

### Other Expenses

Payments that may additionally be made out of the Scheme Property include all costs and expenses reasonably incurred in the management of the Fund including:

- a) brokers' commission (where such payment may be made in accordance with the FCA Regulations), fiscal charges and other disbursements which are:
  - necessary or properly to be incurred in effecting transactions for the Fund;
  - normally shown in contract notes, confirmation notes, and margin accounts as appropriate;
- b) interest on borrowing permitted by the Fund and charges incurred in effecting or terminating such borrowing or in negotiating or varying the terms of such borrowing;
- c) taxation and duties payable in respect of the Scheme Property, the Scheme or the issue of Units, if applicable;
- d) any costs incurred in modifying the Scheme where modification is:
  - necessary to implement, or necessary as a direct consequence of, any changes in the law; or
  - expedient having regard to any change in the law made by or under any fiscal enactment; or
  - to remove obsolete provisions from the Scheme; or
  - agreed by the Manager and Trustee to be in the interests of Unitholders.
- e) liabilities on a unitisation, amalgamation or reconstruction arising in certain circumstances;
- f) the audit fee properly payable to the Auditor and VAT which may be chargeable thereon and any proper expenses of the Auditor;
- g) the proper expenses of the Board;
- h) the fees of any relevant regulatory authority in which Units are or may be marketed;

- i) any costs incurred through purchasing and holding third-party funds; and
- j) such other fees and expenses as may from time to time be agreed with the Trustee and depositary.

## 13. Conflicts of Interest

### 13.1 Conflicts of Interest Policy

---

The Manager and Investment Manager operate a Conflicts of Interest Policy to ensure that their clients are treated fairly. The policy seeks to avoid circumstances which they consider may give rise to potential conflicts of interest and materially disadvantage their clients. It describes the controls and arrangements for preventing the Manager, the Investment Manager and their staff from:

- favouring one client over another;
- making a financial gain, or avoiding a financial loss, at the expense of the client;
- favouring a member of staff over a client;
- providing to (or receiving from) a person other than the client, an inducement in relation to a service provided to the client, in the form of a financial interest;
- market abuse and disclosing confidential information;
- giving or receiving gifts and entertainment, monetary or otherwise that would be in breach of the Conflicts of Interest Policy;
- favouring one of the Investment Manager's owners, The CBF Church of England Investment Fund (53.69%), COIF Charities Investment Fund (22.37%), the Local Authorities' Mutual Investment Trust (13.42%), the Executive Directors of the Investment Manager (8.19%), the CCLA Employee Share Trust (2.09%) and the CCLA Share Incentive Plan (0.24%) at the disadvantage of its clients;
- not disclosing the Investment Manager's close association with The CBF Church of England Funds, COIF Charities Funds and the Local Authorities' Property Fund or its ownership (above); and
- not disclosing any remaining conflicts of interest to clients before advising or transacting on their behalf.

Full details of the Conflicts of Interest Policy are available on request and on the Manager's website [www.ccla.co.uk](http://www.ccla.co.uk).

### 13.2 Trustee and Depositary Conflicts of Interest

---

From time to time actual or potential conflicts of interest may arise between the depositary 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 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 Fund. The depositary maintains a conflict of interest policy to address this.

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

In particular, HSBC Bank plc may provide foreign exchange services to the Fund for which they are remunerated out of the Scheme Property. HSBC Bank plc or any of its affiliates or connected persons may also act as market maker in the investments of the Fund; provide broking services to the 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 the Fund; act in the same transaction as agent for more than one client; have a material interest in the issue of the investments of the Fund; or earn profits from or have a financial or business interest in any of these activities.

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

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

### 13.3 Material Interests and Conflicts

---

The Manager, the Investment Manager, the Trustee, and/or the Administrator are or may be involved in other financial, investment and professional activities

which may, on occasion, cause conflicts of interest in the management of the Fund. In addition, the Fund may enter into transactions at arm's length with companies in the same Group as the Manager.

The Trustee may, from time to time, act as trustee of other funds.

Each of the parties will, to the extent of their ability and in compliance with the FCA Regulations and the AIFMD Legislation, ensure that the performance of their respective duties will not be impaired by any such involvement.

The Fund has the power to invest in other funds operated or managed by the Manager or an associate of the Manager, and a rebate of charges is made to ensure no double charging of the management fee. The Manager operates a client relationship management service to offer suitable support to Charities. It should be noted that this service is associated with the COIF Charities Funds and that the COIF Charities Investment Fund owns 22.37% of the share capital of the Investment Manager as at 31 December 2020.

## 14. Taxation

### 14.1 General

---

The Fund has charitable status and is recognised as a Charity for UK tax purposes. As a Charity, the Fund should not be subject to UK tax on gains (provided such gains are applied for Charitable Purposes) or income from investments (provided such income is applied for Charitable Purposes). Tax suffered on investment income from UK equity dividends is not recoverable. To the extent that the Fund invests overseas, it may not be possible for the Manager to recover withholding tax suffered. As a Charity, the Fund is exempt from UK Stamp Duty.

Distributions by the 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 such income is applied for Charitable Purposes.

Distributions are paid and reinvested income credited gross to Unitholders on the basis that all UK taxation has been both reclaimed and recovered. Overseas income is credited net and any overseas withholding tax is credited to income when it is recovered. No deductions in respect of tax are made with regard to income distributions or income passed to capital.

For the purposes of the US Foreign Account Tax Compliance Act (FATCA), the Fund is deemed compliant.

This is the Manager's understanding of the tax position as of the date of these Scheme Particulars.

The tax position may change in the future. Unitholders should obtain their own tax advice in respect of their own position. Unitholders will be notified in writing with regards to any material changes in the tax position of the Fund.

## 15. Termination

### 15.1 Winding Up

---

If, upon consideration of the Board's representations (if any), the Trustee remains of the opinion that a winding up of the Fund is expedient in the interests of the Unitholders, the Trustee may execute a written declaration that the Fund is to be wound up, and if it does so, the Trustee shall send copies of the declaration to the Charity Commission, the Manager and the Board and publish it as the Charity Commission may direct.

Once the Trustee has executed the declaration to wind up the Fund dealings in the Fund will be suspended and all Unitholders will be deemed to have submitted a sell Units form to sell their Units to the Manager.

As soon as practicable after the Fund falls to be wound up, the Trustee shall realise the Scheme Property and after paying or providing for the liabilities of the Fund and the costs of the winding up, distribute the proceeds to the Unitholders pro rata to their holdings.

Any sell Units forms already received by the Manager to sell Units in advance of the declaration to wind up the Fund but not yet processed will be prioritised ahead of the deemed sales that have been triggered as a result of the decision to wind up the Fund. After the priority instructions to sell have been processed the Scheme Property will be distributed to the remaining Unitholders on a pro-rata basis according to the number of Units held by them in the Fund. The Manager has discretion to make in-specie redemptions in place of payments in cash.

In the event of winding up, any amount in the Income Reserve Account is distributed at the discretion of the Trustee.

## 16. General Information

### 16.1 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 the Manager's Privacy Notice. Each Unitholder agrees to ensure

that the contact details 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 Fund may invest in investment schemes operated and managed by the Manager and/or by third parties (referred to below as "**investment schemes**") and that the Manager may need to pass data, including personal data regarding the representatives, to those investment schemes. 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 the investment scheme) sub-contracts part of the services or any support services; (ii) as agreed by the Unitholder; or (iii) where required to do so for legal or regulatory purposes as set out in the Manager's Privacy Notice.

The Manager (and the investment schemes) may keep records of all business transactions for at least seven years. Unitholders have a right to inspect copies of contract notes and entries in the Manager's books or computerised records relating to their transactions. Their representatives also have certain rights under applicable Data Protection Legislation, including the right to access copies of their personal data and change the permissions 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 applicable 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.

### 16.2 Telephone and Electronic Communications

---

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

### 16.3 Corporate Actions

---

The Fund will take an active policy with regard to corporate actions and voting.

### 16.4 Amending these Scheme Particulars

---

These Scheme Particulars may be updated or amended by the Manager from time to time, subject where applicable to the approval of the Board or the Charity Commission where necessary as set out in the Scheme and these Scheme Particulars, and in relation to any changes to the investment objective and Investment Policy only in accordance with the

provisions dealing with such changes as set out above in these Scheme Particulars.

The approval of the Board is necessary where the Manager seeks to amend the investment objective or Investment Policy, or where the Manager wishes to enter into a course of borrowing in excess of 10% of the Net Asset Value of the Scheme Property.

The approval of the Charity Commission is required in the following circumstances:

- if it is proposed that the fees of the Manager or the Trustee be increased; or
- if any amendment is proposed that modifies or relaxes any duty to account to the Fund which may result from a conflict of interest or duty on the part of the Trustee, Manager or other person.

The Manager will endeavour to give Unitholders 30 days' notice of changes to the Scheme Particulars save in respect of any proposed increase in the fees of the Manager and/or Trustee when a minimum of 90 days' prior notice is required to be given under the Scheme. For changes other than changes to the fees of the Manager and/or Trustee, in some circumstances it may not be possible to give 30 days' notice when changes are required for regulatory or other reasons.

### **16.5 Professional Liability**

---

The Manager holds professional indemnity insurance to cover professional liability risk.

### **16.6 Acceptance of Terms and Conditions**

---

By completing the Application Form the Unitholder acknowledges and accepts the terms and conditions set out in these Scheme Particulars and the Scheme and agrees to be bound by them.

### **16.7 Applicable Law and Jurisdiction**

---

Any agreement to invest in the Fund is governed by English law and subject to all applicable laws, regulations and rules. In the event of a conflict between such agreement and any such laws, regulations and rules the latter shall prevail.

These Scheme Particulars summarise the terms on which the Fund operates. For further information as to the terms on which Units are issued, reference should be made to the Scheme which is available upon request from the Manager.

By applying for Units, a Unitholder acknowledges that it 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 such a Unitholder's investment in the Fund or any related material.

### **16.8 Additional Information**

---

A Unitholder is entitled to request an unaudited periodic report to be provided after the end of the period to which it relates.

The Manager will make available copies of the Scheme Particulars, Key Information Document, factsheet and annual and half yearly Report and Accounts on its website [www.ccla.co.uk](http://www.ccla.co.uk).

If a hard copy or an email copy of any of these documents or the Scheme is required, please contact Client Services on 0800 022 3505.



## Appendix 1 – Directory

### Trustee and Depositary

The Trustee and depositary of the Fund is HSBC Bank plc which is a public limited company, incorporated in England and Wales. It is a 100% subsidiary of HSBC Holdings plc, incorporated in England with limited liability. Its principal business is banking. The Head Office, which is also the Registered Office, is at 8 Canada Square, London E14 5HQ.

### Manager

The Manager of the Fund is CCLA Fund Managers Limited which is a limited liability company incorporated in England and Wales and is authorised and regulated by the Financial Conduct Authority in the conduct of investment business. The Manager is authorised by the FCA as a full scope AIFM and is entered on the FCA's register under reference number 611707.

The main business activity of the Manager is the management of unregulated Collective Investment Schemes in the form of UK AIFs.

CCLA Fund Managers Limited is a wholly owned subsidiary of CCLA Investment Management Limited. Registered Office at Senator House, 85 Queen Victoria Street, London EC4V 4ET.

Incorporated on 16 October 2013.

Directors of CCLA Fund Managers Limited are:

R. Horlick (Chairman)\*  
J. Bevan  
C. Johnson\*  
G. Newson\*  
P. Hugh Smith  
A. Robinson  
E. Sheldon  
J. Jesty\*  
A. Roughead\*  
C. West\*

(\* indicates a Non-Executive Director)

The Manager also manages the COIF Charities Investment Fund, the COIF Charities Ethical Investment Fund, the COIF Charities Global Equity Income Fund, the COIF Charities Property Fund and the COIF Charities Deposit Fund.

CCLA Fund Managers Limited Client Services telephone helpline number is 0800 022 3505. Please note telephone calls may be recorded.

### Investment Manager

The Investment Manager of the Fund is CCLA Investment Management Limited which is a limited liability company incorporated in England and Wales and is authorised and regulated by the Financial Conduct Authority in the conduct of investment business. Registered Office at Senator House, 85 Queen Victoria Street, London EC4V 4ET.

### The Board of the Fund

The members of the Board are:

K. Corrigan  
J. Hobart  
N. Morecroft (Chairman)  
G. Newson (Non-Executive Director of the Investment Manager)  
A. Watson  
C. Ong  
S. Niven

### Administrator

The Administrator of the Fund is HSBC Bank plc, 8 Canada Square, London E14 5HQ.

### Registrar

The Registrar of the Fund is CCLA Investment Management Limited. The Register may be inspected at the Registered Office of CCLA Investment Management Limited.

### Auditor

The Auditor of the Fund is PricewaterhouseCoopers LLP, 7 More London Riverside, London SE1 2RT.

### Address for Complaints

Complaints regarding the operation of the Fund should be addressed to: The Head of Client Services, CCLA Investment Management Limited, Senator House, 85 Queen Victoria Street, London EC4V 4ET or The Compliance Officer, HSBC Bank plc, Trustee of the COIF Charities Funds, 8 Canada Square, London E14 5HQ.

Unitholders who are eligible complainants may have the right to complain directly to the Financial Ombudsman Service, Exchange Tower, London E14 9SR (telephone number 0845 080 1800 or by visiting [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk)).

## Appendix 2 – Investment Restrictions

### Securities

Save as provided below, the Investment Manager shall not invest the Scheme Property in transferable securities which are not approved securities (an approved security being a transferable security that is admitted to official listing in the United Kingdom or a European Economic Area State or is traded on or under the rules of an eligible securities market (otherwise than by the specific permission of the market authority)).

The Fund will not invest in securities underwritten by the Manager or the Investment Manager.

The Investment Manager shall not invest more than 10% of the Net Asset Value of the Scheme Property as at the date of the investment in transferable securities issued by any single body, other than government and public securities.

### In-House Funds

The Investment Manager may invest in other Collective Investment Schemes and Common Deposit Funds operated by the Manager or an associate (In-House Funds) provided that not more than a total of 20% of the Net Asset Value of the Scheme Property as at the date of the investment shall be invested in In-House Funds.

### Non In-House Funds

The following restrictions apply to investment in Collective Investment Schemes other than investment in In-House Funds.

The Investment Manager shall not invest in a Collective Investment Scheme (second scheme) unless the second scheme meets each of the requirements set out in 1.1 to 1.3:

- 1.1 the second scheme complies with the conditions necessary for it to enjoy the rights conferred by the UCITS Directive; or
  - a) is a non-UCITS retail scheme; or
  - b) is a recognised scheme; or
  - c) is 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
  - d) is a Common Investment Fund.

- 1.2 the second scheme operates on the principle of the prudent spread of risk; and
- 1.3 the participants in the second scheme shall be entitled to have their units redeemed in accordance with that scheme at a price;
  - a) related to the net asset value of the property to which the units relate; and
  - b) determined in accordance with that scheme.

Notwithstanding the above, the Investment Manager may invest not more than a total of 20% of the Net Asset Value of the Scheme Property as at the date of the investment;

- 2.1 in units in a second scheme or schemes not falling within 1.1 to 1.3; and
- 2.1 in any transferable securities which are not approved securities.

The Investment Manager shall not invest more than 35% of the Net Asset Value of the Scheme Property as at the date of the investment in any one Collective Investment Scheme.

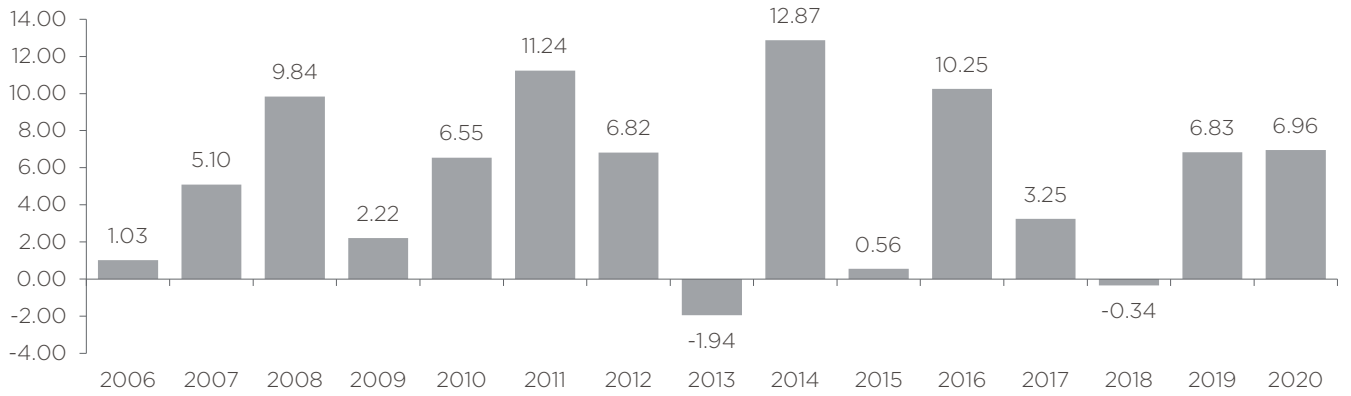
### Cash

To the extent that it is not otherwise permitted under the provisions of the Scheme, the Scheme Property may include cash and near cash where this may reasonably be regarded as necessary in order to facilitate the cancellation of Units, or to further the efficient management of the Fund, or otherwise to enable the Manager to discharge its functions under the Scheme.

## Appendix 3 – Past Performance

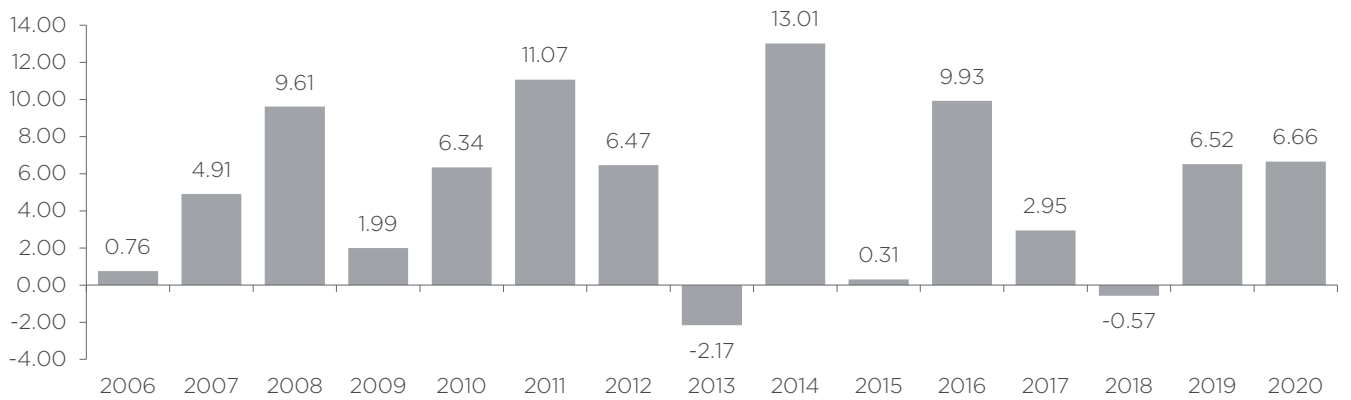
The performance below is shown both gross and net of all Fund charges and expenses. It has been calculated in the Base Currency of the Fund.

### Gross



■ COIF Charities Fixed Interest Fund

### Net



■ COIF Charities Fixed Interest Fund

The Fund launched in April 1990. Past performance is not a reliable indicator of future results.

## Appendix 4 – Investment Policy Statement

This Investment Policy Statement is provided in accordance with clause 51.4 of the Scheme. It should be read in conjunction with these Scheme Particulars. The Investment Policy of the Fund is designed to meet the investment objective of the Fund and is made and reviewed by the Manager.

### **Investment Objective**

The Fund aims to provide an income yield and a total return in excess of the target benchmark.

### **Investment Policy**

The Fund is an actively managed, diversified portfolio invested predominantly in sterling denominated fixed interest securities but may also include other asset classes, which may be either liquid or illiquid in nature.

The Fund follows a client-driven ethical investment policy.

### **Target Benchmark**

The target benchmark for the Fund is the Markit iBoxx™ £ Gilts Index, 50%; Markit iBoxx™ £ Non-Gilts Index, 50%.

The target benchmark sets a standard against which the performance of the Fund can be assessed.

### **Target Investors**

The Fund is intended for eligible Charity investors, with at least a basic knowledge of relevant financial instruments, which are seeking to invest in an actively managed fund that reflects the investment objective and Investment Policy of the Fund. Investors should be looking to invest for at least three to five years and understand that their capital may be at risk, have the ability to bear losses and appreciate that the value of their investment and any derived income may fall as well as rise.

### **Balance between different kinds of Investment**

The balance between the different kinds of investment will be established by reference to the asset allocation of the target benchmark and the Manager's judgment of the future returns likely to be obtained on each asset class. To mitigate risk, the differences will be regularly monitored and reviewed by both the Manager and the Board.

### **Risk**

The nature of the Fund is to be exposed to a number of risks as detailed in the Risks section of these Scheme Particulars. This means that the Unit price may fluctuate. Risk will be managed to the extent possible by diversification across a number of asset classes, by diversification, where possible, within each asset class, and by following controlled administrative procedures.

### **Projected Return**

It is not possible to accurately project a total return for a fund of this kind since markets are volatile and the value of investments can go down as well as up. Past performance is not a reliable indicator of future results. Policy will be to expect the Investment Manager to outperform the target benchmark over a medium to long-term time frame, and to deliver a distribution commensurate with the Fund's target benchmark.

### **The Realisation of Investments**

The Fund will be actively managed, which means that investments will be realised by the Investment Manager for both stock specific and asset allocation reasons in furtherance of the Investment Policy.



**CCLA Investment Management Limited**

Senator House  
85 Queen Victoria Street  
London EC4V 4ET

Freephone 0800 022 3505  
clientservices@ccla.co.uk

**[www.ccla.co.uk](http://www.ccla.co.uk)**

CCLA Investment Management Limited  
(Registered in England & Wales No. 2183088)  
and CCLA Fund Managers Limited (Registered  
in England & Wales No. 8735639) are authorised  
and regulated by the Financial Conduct Authority.  
Registered address: Senator House, 85 Queen  
Victoria Street, London EC4V 4ET.

**CCLA**

BECAUSE GOOD IS BETTER