

**S&W KENNOX STRATEGIC VALUE FUND**

**OPEN ENDED INVESTMENT COMPANY**

**Authorised Corporate Director: Smith & Williamson Fund Administration Limited**

**Investment Manager: Kennox Asset Management Limited**

**PROSPECTUS**

**valid as at 07 March 2017**

**PROSPECTUS  
OF  
S&W KENNOX STRATEGIC VALUE FUND**

This document constitutes the Prospectus for S&W Kennox Strategic Value Fund (the “Company”) which has been prepared in accordance with the FCA Regulations published by the FCA as part of their Handbook of rules made under the Financial Services and Markets Act 2000 (the “Act”).

The Prospectus is dated and is valid as at 07 March 2017.

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

If you are in any doubt about the contents of this Prospectus you should consult your professional adviser.

The Prospectus is based on information, law and practice at the date hereof. The Company is not bound by any out of date prospectus when it has issued a new prospectus and potential investors should check that they have the most recently published prospectus.

Smith & Williamson Fund Administration Limited, the ACD of the Company, is the person responsible for the information contained in this Prospectus. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained herein does not contain any untrue or misleading statement or omit any matters required by the FCA Regulations to be included in it.

The Depositary is not a person responsible for the information contained in this Prospectus and accordingly does not accept any responsibility therefore under the FCA Regulations or otherwise.

**The information below is relevant to US Investors:**

US Persons are not precluded from purchasing Shares of the Company. To note, the Shares have not been and will not be registered under the United States Securities Act of 1933, as amended. They may not be offered in the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia or offered to US Persons. The Company has not been and will not be registered under the United States Investment Company Act of 1940, as amended. The ACD has not been registered under the United States Investment Advisers Act of 1940.

**The information below is relevant to South African Investors:**

This Prospectus is strictly private and confidential and does not constitute an offer to the public in terms of South African law. The Prospectus is being issued to a single individual investor and investments in shares by the Company are subject to a single addressee acting as principal investing no less than R 100,000.00 (one hundred thousand South African Rands).

**The information below is relevant to Canadian Investors:**

This Prospectus constitutes an offering of the shares in the Company described herein only in those jurisdictions where, and to those persons to whom, they may be lawfully offered for sale and only by persons permitted to sell such securities. Shares in the

Company are being offered hereunder on a private placement basis to eligible Canadian investors pursuant to exemptions from the prospectus and registration requirements under applicable Canadian securities legislation.

This Prospectus is not, and under no circumstances is it to be construed as, a public offering or an advertisement of these shares under applicable Canadian securities legislation. No securities regulatory authority in Canada has reviewed this Prospectus nor has such securities regulatory authority in any way passed upon the merits of the shares offered hereunder and any representation to the contrary is an offence. No prospectus has been filed with any such securities regulatory authority in Canada in connection with the shares offered hereunder.

Shares are subject to restrictions on resale under applicable Canadian securities legislation, unless a further statutory exemption may be relied upon by the investor or an appropriate discretionary order is obtained from the appropriate Canadian securities regulatory authorities pursuant to applicable Canadian securities legislation. As there is no market for these shares, it may be difficult or even impossible for an investor to sell their shares (otherwise than by a redemption of the shares).

Investors should carefully review the risk factors outlined in this Prospectus. Investors are urged to consult with an independent legal advisor prior to signing the application form for the shares. Investors relying on this Prospectus must comply with all applicable Canadian securities legislation with respect to the acquisition or disposition of the shares

## **Contents**

	<b>Page</b>
Definitions	7
The Company	10
Company Structure	10
Shares	10
Management and Administration	10
The Depositary	12
The Investment Manager	13
The Auditors	14
The Administrator and Register of Shareholders	14
Conflicts of Interest	14
Buying, Selling and Switching Shares	14
Buying Shares	15
Selling Shares	17
Switching	18
Dealing Charges	20
Other Dealing Information	20
Money Laundering	21
Restrictions and Compulsory Transfer and Redemption	21
Suspension of Dealings in the Company	21
Governing Law	22
Valuation of the Company	22
Calculation of the Net Asset Value	22
Price per Share in the Company and each Class	24

<b>Pricing Basis</b>	<b>24</b>
<b>Publication of Prices</b>	<b>24</b>
<b>Risk Factors</b>	<b>24</b>
<b>Risk Management</b>	<b>29</b>
<b>Liabilities of the Company</b>	<b>29</b>
<b>Historical Performance Data</b>	<b>29</b>
<b>Fees and Expenses</b>	<b>30</b>
<b>Charges Payable to the ACD</b>	<b>31</b>
<b>Investment Manager’s Fees</b>	<b>32</b>
<b>Depositary’s Fee</b>	<b>32</b>
<b>Shareholder Meetings and Voting Rights</b>	<b>34</b>
<b>Class Meetings</b>	<b>35</b>
<b>Taxation</b>	<b>35</b>
<b>Income Equalisation</b>	<b>41</b>
<b>Winding up the Company</b>	<b>42</b>
<b>General Information</b>	<b>43</b>
<b>Appendix 1</b>	<b>46</b>
Investment Objective and Policy	
<b>Appendix 2</b>	<b>49</b>
Investment and Borrowing Powers of the Company	
<b>Appendix 3</b>	<b>54</b>
Historical Performance Data	
<b>Appendix 4</b>	<b>56</b>
Eligible Securities Markets	
<b>Appendix 5</b>	<b>58</b>
Eligible Derivatives Markets	
<b>Appendix 6</b>	<b>59</b>
Directory	

<b>Appendix 7</b>	<b>61</b>
List of Directors of the Manager	
<b>Appendix 8</b>	<b>62</b>
List of Authorised Funds Managed by the Manager	

## DEFINITIONS

“Accumulation Share”	net paying shares, denominated in base currency, in the Company as may be in issue from time to time in respect of which income allocated thereto is added to capital periodically pursuant to the FCA Rules net of any tax deducted or accounted for by the Company
“ACD”	Smith & Williamson Fund Administration Limited, the Authorised Corporate Director of the Company from time to time;
“Act”	Financial Services and Markets Act 2000 as amended;
“Approved Derivative”	an approved derivative is one which is traded or dealt on an eligible derivatives market and any transaction in such a derivative must be effected on or under the rules of the market;
“Approved Bank”	(in relation to a bank account opened by the ACD):  (a) if the account is opened at a branch in the United Kingdom:  (i) the Bank of England; or (ii) the central bank of a member state of the OECD; or (iii) a bank; or (iv) a building society; or (v) a bank which is supervised by the central bank or other banking regulator of a member state of the OECD; or  (b) if the account is opened elsewhere:  a bank in (a); or a credit institution established in an EEA State other than in the United Kingdom and duly authorised by the relevant Home State Regulator; or a bank which is regulated in the Isle of Man or the Channel Islands; or a bank supervised by the South African Reserve Bank;

“Business Day”	a day on which the London Stock Exchange is open. If the London Stock Exchange is closed as a result of a holiday or for any other reason, or there is a holiday elsewhere or other reason which impedes the calculation of the fair market value of the Company’s portfolio of securities or a significant portion thereof, the ACD may decide that any business day shall not be construed as such;
“Company”	S&W Kennox Strategic Value Fund, a UK authorised investment company with variable capital;
“Dealing Day”	Each Business Day;
“Depositary”	National Westminster Bank plc, the Depositary of the Company;
“Efficient Portfolio Management”	an investment technique where derivatives are used for one or more of the following purposes: reduction of risk, reduction of cost or generation of additional capital or income with an acceptably low level of risk;
“FCA”	the Financial Conduct Authority or any successor body or bodies;
“FCA Regulations”	that part of the FCA Rules relating to authorised collective investment schemes;
“FCA Rules”	the FCA handbook of rules made under the Act as amended;
“Income Share”	net paying shares, denominated in base currency, in the Company as may be in issue from time to time in respect of which income allocated thereto is distributed periodically to the holders thereof pursuant to the FCA Rules net of any tax deducted or accounted for by the Company;
“Investment Manager”	Kennox Asset Management Limited;
“Net Asset Value” or “NAV”	the value of the Scheme Property of the Company less the liabilities of the Company as calculated in accordance with the Company’s Instrument of Incorporation;
“OEIC Regulations”	the Open-Ended Investment Companies Regulations 2001, as amended;
“Ongoing charges figure (OCF)”	The ongoing charges figure is based on the last year’s expenses and may vary from year to year. It excludes the costs of buying or selling assets for

the Fund (unless these assets are shares of another fund);

“Ongoing charges figure (estimated)” Where there is not enough historic data available, or when historic data will not provide a reliable indication of future costs, an estimated ongoing charges figure will be calculated based on the most reliable information available;

“Regulated Activities Order” The Financial Services and Markets Act 2000 (Regulated Activities Order) 2001 (SI 2001/544), as amended;

“Scheme Property” the property of the Company to be given to the Depositary for safe-keeping, as required by the FCA Regulations; and

“Share Class” in relation to shares, means (according to the context) a particular class of shares as described in Section 3.

“Valuation Point” the point on a Dealing Day whether on a periodic basis or for a particular valuation, at which the ACD carries out a valuation of the Scheme Property for the Company for the purpose of determining the price at which shares of a class may be issued, cancelled or redeemed. The current Valuation Point is 12 noon London time on each Dealing Day, with the exception of any bank holiday in England and Wales or the last business day prior to those days annually, where the valuation may be carried out at a time agreed in advance between the ACD and the Depositary;

## **1 The Company**

- 1.1 S&W Kennox Strategic Value Fund is an investment company with variable capital, incorporated in England and Wales, whose effective date of authorisation was 29 May 2008. Its registration number is IC0006441.1.1 The Head Office of the Company is at 25 Moorgate, London EC2R 6AY and is also the address of the place in the United Kingdom for service on the Company of notices or other documents required or authorised to be served on it.
- 1.1.2 The base currency of the Company is pounds sterling or such other currency as may be the lawful currency of the UK from time to time.
- 1.1.3 The maximum share capital of the Company is currently £500,000,000 and the minimum is £1,000,000. Shares in the Company have no par value and therefore the share capital of the Company at all times equals the Company's current Net Asset Value.
- 1.1.4 Shareholders in the Company are not liable for the debts of the Company.
- 1.1.5 The Company is a UCITS scheme. "UCITS" stands for "Undertaking for Collective Investment in Transferable Securities". This is a form of investment fund which can be established in any Member State of the EU. The UCITS regime provides a set of common standards applicable across all Member States of the EU for the operation of mutual funds which raise money from the public.

## **2 Company Structure**

Details of the Company, including its investment objective and policy are set out in Appendix 1.

## **3 Shares**

- 3.1 The Share Classes presently available are set out in the details in Appendix 1. Further Share Classes may be made available in due course, as the ACD may decide.
- 3.1.1 The minimum initial investment for each Share Class is set out in Appendix 1. These limits may be waived at the discretion of the ACD.
- 3.1.2 Shares issued by the Company may be Income Shares or Accumulation Shares. Income Shares are entitled to receive half yearly distributions of income. Such distributions will be made by BACS or telegraphic transfer unless the ACD and shareholder agree otherwise. Accumulation Shares do not make distributions. Instead income to which they are entitled is added to capital half yearly.
- 3.1.3 When available, shareholders are entitled (subject to certain restrictions) to switch all or part of their shares in one class of shares for shares of a different class. Details of this switching facility and the restrictions are set out in Sections 13, 14 and 14.3.

## **4 Management and Administration**

### **4.1 Authorised Corporate Director**

4.1.2 The Authorised Corporate Director of the Company is Smith & Williamson Fund Administration Limited which is a private company limited by shares incorporated in England and Wales under the Companies Act 1985. The ACD was incorporated on 30 July 1985 (Registered Company No 1934644).

4.1.3 Registered Office and Head Office:

25 Moorgate  
London  
EC2R 6AY

Share Capital: Issued and paid up £50,000 Ordinary shares of £1 each

4.1.4 The ACD is responsible for managing and administering the Company's affairs in compliance with the FCA Regulations.

4.1.5 As at the date of this Prospectus, the ACD acts as ACD or Authorised Fund Manager in respect of the Funds listed in Appendix 8.

## 4.2 Terms of Appointment

4.2.1 The ACD was appointed by an agreement dated 30 May 2008 between the Company and the ACD (the "ACD Agreement"). The ACD Agreement provides that the appointment of the ACD is for an initial period of 2 years and thereafter may be terminated upon 6 months' written notice by either the ACD or the Company, although in certain circumstances the ACD Agreement may be terminated forthwith by notice in writing by the ACD to the Company or the Depositary, or by the Depositary or the Company to the ACD. Termination cannot take effect until the FCA has approved the appointment of another authorised corporate director in place of the retiring ACD.

4.2.2 The ACD is entitled to its pro rata fees and expenses to the date of termination and any additional expenses necessarily realised in settling or realising any outstanding obligations. No compensation for loss of office is provided for in the ACD Agreement. To the extent allowed by the FCA Regulations the ACD Agreement provides indemnities to the ACD other than for matters arising by reason of its negligence, default, breach of duty or breach of trust in the performance of its duties and obligations.

4.2.3 The ACD is under no obligation to account to the Depositary or the Shareholders for any profit it makes on the issue or re-issue of shares or cancellation of shares which it has redeemed. The fees to which the ACD is entitled are set out in Sections 31 and 32. Copies of the ACD Agreement are available to shareholders upon request.

4.2.4 The main business activities of the ACD are (i) acting as an authorised corporate director; (ii) acting as an authorised fund manager; and (iii) fund administration.

4.2.5 The directors of the ACD are listed in Appendix 7. None of them have any significant business activities not connected with the business of the ACD.

## **5 The Depositary**

National Westminster Bank Plc is the Depositary of the Fund.

The Depositary is incorporated in England as a public limited company. Its registered and head office is at 135 Bishopsgate, London EC2M 3UR. The ultimate holding company of the Depositary is the Royal Bank of Scotland Group plc, which is incorporated in Scotland. The principal business activity of the Depositary is banking.

### **5.1 Duties of the Depositary**

The Depositary is responsible for the safekeeping of scheme property, monitoring the cash flows of the Fund, and must ensure that certain processes carried out by the ACD are performed in accordance with the applicable rules and scheme documents.

### **5.2 Conflicts of interest**

The Depositary may act as the depositary of other open-ended investment companies and as trustee or custodian of other collective investment schemes. It is possible that the Depositary and/or its delegates and sub-delegates may in the course of its or their business be involved in other financial and professional activities which may on occasion have potential conflicts of interest with the UCITS or a particular Sub-fund and/or other funds managed by the ACD or other funds for which the Depositary acts as the depositary, trustee or custodian. The Depositary will, however, have regard in such event to its obligations under the Depositary Agreement and the Regulations and, in particular, will use reasonable endeavours to ensure that the performance of its duties will not be impaired by any such involvement it may have and that any conflicts which may arise will be resolved fairly and in the best interests of Shareholders collectively so far as practicable, having regard to its obligations to other clients.

The Depositary operates independently from the Company, Shareholders, the ACD and its associated suppliers and the Custodian. As such, the Depositary does not anticipate any conflicts of interest with any of the aforementioned parties.

### **5.3 Delegation of Safekeeping Functions**

The Depositary is permitted to delegate (and authorise its delegate to sub-delegate) the safekeeping of Scheme Property.

The Depositary has delegated safekeeping of the Scheme Property to The Bank of New York Mellon SA/NV, London Branch (“the Custodian”). In turn, the Custodian has delegated the custody of assets in certain markets in which the Fund may invest to various sub-delegates (“sub-custodians”). A list of sub-custodians is available from the ACD on request.

### **5.4 Updated Information**

Up-to-date information regarding the Depositary, its duties, its conflicts of interest and the delegation of its safekeeping functions will be made available to shareholders on request.

## **5.5 Terms of Appointment**

The Depositary was appointed under a Depositary Agreement between the ACD, the Company and the Depositary (the “Depositary Agreement”). Under the Depositary Agreement, the Depositary is free to render similar services to others and the Depositary, the Company and the ACD are subject to a duty not to disclose confidential information.

The powers, duties, rights and obligations of the Depositary, the Company and the ACD under the Depositary Agreement shall, to the extent of any conflict, be overridden by the FCA Rules.

Under the Depositary Agreement the Depositary will be liable to the Company for any loss of Financial Instruments held in Custody or for any liabilities incurred by the Company as a result of the Depositary’s negligent or intentional failure to fulfil its obligations.

However, the Depositary Agreement excludes the Depositary from any liability except in the case of fraud, wilful default, negligence or failure to exercise due care and diligence in the performance or non-performance of its obligations.

It also provides that the Company will indemnify the Depositary for any loss suffered in the performance or non-performance of its obligations except in the case of fraud, wilful default, negligence or failure to exercise due care and diligence on its part.

The Depositary Agreement may be terminated on 90 days’ notice by the Company or the Depositary or earlier on certain breaches or the insolvency of a party. However, termination of the Depositary Agreement will not take effect, nor may the Depositary retire voluntarily, until the appointment of a new Depositary.

Details of the fees payable to the Depositary are given in Section 32.

## **6 The Investment Manager**

The ACD has appointed Kennox Asset Management Limited to provide investment management and related advisory services to the ACD pursuant to an agreement (the “Investment Management Agreement”). The Investment Manager has the authority to make investment decisions on behalf of the Company and the ACD.

The Investment Management Agreement may be terminated on three months’ written notice by the ACD or the Investment Manager. Notwithstanding this, the ACD may terminate the Investment Management Agreement with immediate effect if it is in the interests of the Shareholders.

- 6.1.1 Under the Investment Management Agreement, the ACD provides indemnities to the Investment Manager, (except in the case of any matter arising as a direct result of its fraud, negligence, default or bad faith). The ACD may be entitled under the indemnities in the ACD Agreement to recover from the Company amounts paid by the ACD under the indemnities in the Investment Management Agreement.
- 6.1.2 The principal activity of the Investment Manager is providing investment management services.

- 6.1.3 The fees and expenses of the Investment Manager will be paid by the Company.
- 6.1.4 Copies of the Investment Manager's execution policy and voting policy are available from the ACD on request.

## **7 The Auditors**

The Auditors of the Company are KPMG LLP, Saltire Court, 20 Castle Terrace, Edinburgh EH1 2EG.

## **8 The Administrator and Register of Shareholders**

The ACD has not delegated the role of administrator for the Company.

The Register of Shareholders is maintained by the ACD at its office at 206 St Vincent Street, Glasgow G2 5SG and may be inspected at that address during normal business hours by any Shareholder or any Shareholder's duly authorised agent.

## **9 Conflicts of Interest**

The ACD, the Depositary and the Investment Manager are or may be involved in other financial, investment and professional activities which may, on occasion, cause conflicts of interest with the management of the Company. In addition, the Company may enter into transactions at arm's length with companies in the same group as the ACD.

The Depositary may, from time to time, act as depositary of other companies or funds.

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

Transactions may be effected in which the ACD or the Investment Manager has, either directly or indirectly, an interest that may potentially involve a conflict of its obligation to the Company. Where a conflict cannot be avoided, the ACD and Investment Manager will have regard to their fiduciary responsibilities to act in the best interests of the Company and its investors. The ACD and Investment Manager will ensure that investors are treated fairly and that such transactions are effected on terms which are not less favourable to the Company than if the potential conflict had not existed.

Copies of the ACD's and the Investment Manager's conflicts of interest policies are available from the ACD on request.

## **10 Buying, Selling and Switching Shares**

The dealing office of the ACD is open from 9.00 am until 5.00 pm on each Business Day to receive requests for the purchase, redemption and switching of shares, which will be effected at prices determined at the next Valuation Point following receipt of such request. Telephone calls may be recorded for training

and monitoring purposes. The ACD may also, at its discretion, introduce further methods of dealing in Shares in the future.

## **11 Buying Shares**

### **11.1 Procedure**

- 11.1.1 Where the minimum investment levels allow, initial investments can only be made by sending a completed application form to the ACD's Transfer Agency Team either (i) accompanied by a cheque (up to a maximum value of £50,000) or (ii) having made a telegraphic transfer to the ACD's bank account. Application forms are available from the Transfer Agency Team. The ACD will accept written instructions with payment on subsequent transactions which can be carried out by writing to the Transfer Agency Team at 206 St Vincent Street, Glasgow G2 5SG (the "Correspondence Address"). The ACD will also accept telephone instructions from FCA authorised entities, which can be carried out by telephoning the Transfer Agency Team on 0141 222 1150. The ACD may accept applications to purchase shares by electronic communication. Electronic communication does not include email.
- 11.1.2 Where an instruction has been received by telephone, settlement is due within 4 Business Days of the Valuation Point. Purchases made by telephone are subject to risk limits at the ACDs discretion, and the ACD may at its discretion reject or defer an instruction to purchase Shares until it is in receipt of cleared funds for the purchase (when the purchase of Shares will be placed at the next Valuation Point following receipt of cleared funds). An order for the purchase of Shares will only be deemed to have been accepted by the ACD once it is in receipt of cleared funds for the application.
- 11.1.3 The ACD, at its discretion has the right to cancel a purchase deal if settlement is materially overdue (being more than 5 Business Days of receipt of an application form or other instruction) and any loss arising on such cancellation shall be the liability of the applicant. The ACD is not obliged to issue Shares unless it has received cleared funds from an investor.
- 11.1.4 The ACD reserves the right to charge interest at 4% per annum above the prevailing Bank of England Base rate, on the value of any settlement received later than the 4th Business Day following the Valuation Point.
- 11.1.5 The ACD has the right to reject, on reasonable grounds relating to the circumstances of the applicant, any application for shares in whole or part, and in this event the ACD will return any money sent, or the balance of such monies, at the risk of the applicant. In addition the ACD may reject any application previously accepted in circumstances where the applicant has paid by cheque and that cheque subsequently fails to be cleared.
- 11.1.6 Any subscription monies remaining after a whole number of shares has been issued will not be returned to the applicant. Instead, smaller denomination shares will be issued in such circumstances.
- 11.1.7 No interest payment will be made on client money held by the ACD, prior to investment in the Company. Client money will be held in a designated client money account with Royal Bank of Scotland plc or Smith & Williamson

Investment Services Limited. No more than 20% of client money will be held with Smith & Williamson Investment Services Limited, a company in the same group as the ACD.

11.1.8 Shareholders have a right to cancel their transactions within 14 calendar days of receipt of their contract note. If a Shareholder cancels its contract, it will receive a refund of the amount that it invested including the initial charge either in full or less a deduction to reflect any fall in Share price since the date of investment. This may result in a loss on the part of Shareholders. If Shareholders wish to exercise their right to cancel, they should write to the Transfer Agency team at 206 St Vincent Street, Glasgow G2 5SG. Shareholders will not be able to exercise their cancellation rights after 14 calendar days of receipt of their contract note. Shareholders should note that in certain circumstances, there may be a delay in returning their investment.

## **11.2 Documentation**

11.2.1 A contract note giving details of the shares purchased and the price used will be issued to the shareholder (the first named, in the case of joint shareholders) by the end of the next business day following the valuation point by reference to which the purchase price is determined, together with, where appropriate, a notice of the applicant's right to cancel.

11.2.2 Share certificates will not be issued in respect of shares. Ownership of shares will be evidenced by an entry on the Company's Register of Shareholders. Statements in respect of half yearly distributions of income will show the number of shares held by the recipient in respect of which the distribution is made. Individual statements of a shareholder's (or, when shares are jointly held, the first named holder's) shares will also be issued at any time on request by the registered holder.

## **11.3 Minimum subscriptions and holdings**

11.3.1 The minimum initial and subsequent subscription levels, and minimum holdings, are set out in Appendix 1. The ACD may at its discretion accept subscriptions lower than the minimum amount.

11.3.2 If a holding is below the minimum holding the ACD has the discretion to require redemption of the entire holding.

## **11.4 In Specie Issue**

If a shareholder requests, the ACD may, at its discretion and subject to the approval of the Investment Manager and the Depositary, arrange for the Company to accept securities in settlement of a purchase of shares in the Company as provided for in the Regulations. In particular, the ACD and Depositary will only do so where satisfied that the acceptance of the assets concerned would not likely to result in any material prejudice to the interests of the Shareholders.

## **12 Selling Shares**

### **12.1 Procedure**

12.1.1 Every shareholder has the right to require that the Company redeem his shares on any Dealing Day unless the value of shares which a shareholder wishes to redeem will mean that the shareholder will hold shares with a value less than the required minimum holding, in which case the shareholder may be required to redeem his entire holding.

12.1.2 Requests to redeem Shares may be made in writing to the ACD's Transfer Agency team at 206 St Vincent Street, Glasgow G2 5SG. The ACD may also, at its discretion and by prior agreement, accept instructions to redeem shares from FCA regulated entities by telephone on 0141 222 1150 or by fax. The ACD may accept requests to sell shares by electronic communication. Electronic communication does not include email.

### **12.2 Documents the Seller will receive:**

12.2.1 a contract note giving details of the number and price of shares sold will be sent to the selling shareholder (the first named, in the case of joint shareholders) or their duly authorised agents together (if sufficient written instructions have not already been given) with a form of renunciation for completion and execution by the shareholder (and, in the case of a joint holding, by all the joint holders) not later than the end of the next business day following the valuation point by reference to which the redemption price is determined. Payment will be issued by BACS or telegraphic transfer in satisfaction of the redemption monies within four business days of the later of:

12.2.2 receipt by the ACD of the form of renunciation (or other sufficient written instructions) duly signed by all the relevant shareholders and completed as to the appropriate number of shares, together with any other appropriate evidence of title; and

12.2.3 the valuation point following receipt by the ACD of the request to redeem.

### **12.3 Minimum redemption**

Part of a shareholder's holding may be sold but the ACD reserves the right to refuse a redemption request if the value of the shares to be redeemed is less than any minimum redemption amount set out in Appendix 1 or would result in a shareholder holding less than the minimum holding, as detailed in Appendix 1. In the latter case the shareholder may be asked to redeem their entire shareholding.

### **12.4 In Specie Redemption**

If a Shareholder requests the redemption of shares, the ACD may, if it considers the deal substantial in relation to the total size of the Company, arrange for the Company to cancel the shares and transfer Scheme Property to the Shareholder instead of paying the price of the shares in cash, or, if required by the Shareholder, pay the net proceeds of sale of the relevant Scheme Property

to the Shareholder. A deal involving shares representing 5% or more in value of the Company will normally be considered substantial, although the ACD may in its discretion agree an in specie redemption with a Shareholder whose shares represent less than 5% in value of the Company concerned.

Before the proceeds of cancellation of the shares become payable, the ACD will give written notice to the Shareholder that Scheme Property (or the proceeds of sale of that Scheme Property) will be transferred to that Shareholder.

The ACD will select the property to be transferred (or sold) in consultation with the Depositary. They must ensure that the selection is made with a view to achieving no greater advantage or disadvantage to the redeeming Shareholder than to continuing Shareholders, and any such redemption as set out above, shall be subject to a retention by the Company from that property (or proceeds) the value (or amount) of any stamp duty reserve tax to be paid on the cancellation of Shares.

#### **12.5 Direct Issue or Cancellation of units by an ICVC through the ACD**

Not applicable. Shares are issued or cancelled by the ACD making a record of the issue or cancellation and of the number of shares of each class concerned.

#### **12.6 Electronic Communication**

The ACD may accept authority to effect transfer of title to shares by means of electronic communication. Electronic communication does not include email.

### **13 Switching**

13.1.1 If applicable, a holder of shares may at any time switch all or some of his shares (“Old Shares”) for shares of another Company (“New Shares”). The number of New Shares issued will be determined by reference to the respective prices of New Shares and Old Shares at the valuation point applicable at the time the Old Shares are repurchased and the New Shares are issued.

13.1.2 Switching may be effected by writing to the Transfer Agency Team and the shareholder may be required to complete a switching form (which, in the case of joint shareholders must be signed by all the joint holders). The ACD may, at its sole discretion and by prior agreement, accept switching instructions by telephone from FCA regulated entities only. The ACD may accept instructions to switch shares via electronic communication. Electronic communication does not include email.

13.1.3 The ACD may at its discretion charge a fee on the switching of shares between companies. These fees are set out in Section 14.3.

13.1.4 If the switch would result in the Shareholder holding a number of Old Shares or New Shares of a value which is less than the minimum holding, the ACD may, if it thinks fit, convert the whole of the applicant’s holding of Old Shares to New Shares or refuse to effect any switch of the Old Shares. No switch will be made during any period when the right of shareholders to require the redemption of

their shares is suspended. The general provisions on selling shares shall apply equally to a switch.

The ACD may adjust the number of New Shares to be issued to reflect the imposition of any switching fee together with any other charges or levies in respect of the issue or sale of the New Shares or repurchase or cancellation of the Old Shares as may be permitted pursuant to the FCA Regulations.

13.1.5 A switch of shares in one company for shares in any other company is treated as a redemption and sale and will, for persons subject to United Kingdom taxation, be a realisation for the purposes of capital gains taxation.

13.1.6 A shareholder who switches shares in one company for shares in any other company will not be given a right by law to withdraw from or cancel the transaction.

## **13.2 Share Class Conversions**

13.2.1 If applicable, a holder of shares in a Share Class (“Old Class Shares”) of the Company may exchange all or some of his shares for shares of a different Share Class within the same Company (“New Share Class”). An exchange of Old Class Shares for New Class Shares will be processed as a conversion (“Share Class Conversion”). Unlike a Switch, a conversion of Old Class Shares into New Class Shares will not involve a redemption and issue of shares. For the purposes of Income Equalisation the New Class Shares will receive the same treatment as the Old Class Shares.

13.2.2 The number of New Class Shares issued will be determined by a conversion factor calculated by reference to the respective prices of New Shares and Old Shares at the valuation point applicable at the time the Old Class Shares are converted to New Class Shares.

13.3.3 Share class conversions may be effected either by telephone on 0141 222 1150 or in writing to the Transfer Agency Team (which, in the case of joint shareholders must be signed by all the joint holders). A converting shareholder must be eligible to hold the shares into which the conversion is to be made. It is the ACD’s intention that Share Class conversions will be processed at the next Valuation Point following receipt of the instruction, however the ACD reserves the right to defer a Share Class conversion until no later than after the next Annual Accounting Date if it is in the interests of other Shareholders. The ACD may accept instructions to convert shares via electronic communication. Electronic communication does not include email.

13.3.4 If the Share Class conversion would result in the Shareholder holding a number of Old Class Shares or New Class Shares of a value which is less than the minimum holding in the Share Class concerned, the ACD may, if it thinks fit, convert the whole of the applicant’s holding of Old Class Shares to New Class Shares or refuse to effect any conversion of the Old Shares.

13.3.5 Please note that, under current tax law, a Share class conversion of shares between different share classes in the same Company will not be deemed to be a realisation for the purposes of capital gains taxation.

- 13.3.6 A shareholder who converts their shares in one share class to shares in a different share class in the same Company will not be given a right by law to withdraw from or cancel the transaction.

## **14 Dealing Charges**

### **14.1 Preliminary Charge**

The ACD may impose a charge on the sale of shares to investors which is based on the amount invested by the prospective investor. The preliminary charge is payable to the ACD. Full details of the current preliminary charge for each class of share are set out in Appendix 1.

### **14.2 Redemption Charge**

- 14.2.1 The ACD may make a charge on the redemption of shares. At present no redemption charge is levied.

- 14.2.2 The ACD may not introduce a redemption charge on shares unless, not less than 60 days before the introduction, it has given notice in writing to the then current Shareholders of that introduction and has revised and made available the Prospectus to reflect the introduction and the date of its commencement. If charged, the redemption charge will be deducted from the price of the shares being redeemed and will be paid by the Company to the ACD.

- 14.2.3 In the event of a change to the rate or method of calculation of a redemption charge, details of the previous rate or method of calculation will be available from the ACD.

### **14.3 Switching Fee**

On the switching of shares of one company for shares of another company the Instrument of Incorporation authorises the Company to impose a switching fee. The fee will not exceed an amount equal to the then prevailing preliminary charge for the Class into which shares are being switched. The switching fee is payable by the Company to the ACD. Currently no switching charge will be levied.

## **15 Other Dealing Information**

### **15.1 Dilution Adjustment**

The basis on which the Company's investments are valued for the purpose of calculating the issue and redemption price of shares as stipulated in the FCA Regulations and the Company's Instrument of Incorporation is summarised in Section 21. The actual cost of purchasing or selling investments may be higher or lower than the mid-market value used in calculating the share price - for example, due to dealing charges, or through dealing at prices other than the mid-market price. Under certain circumstances (for example, large volumes of deals) this may have an adverse effect on the shareholders' interest. In order to prevent this effect, called "dilution", the ACD has the power to make a "dilution adjustment" to the price of shares. If a dilution adjustment is not made, the cost of purchasing or selling investments for the Company

subsequent to shareholder dealing will be borne by the Company with a consequent effect on future growth. A dilution adjustment will be calculated by reference to the costs of dealing in the underlying investments of the Company, including any dealing spreads, commission and transfer taxes. If made, the dilution adjustment will be for the benefit of the Company.

The need to make a dilution adjustment will depend on the volume of sales or redemptions. The ACD may make a dilution adjustment if, in its opinion, the existing shareholders (for sales) or remaining shareholders (for redemptions) might otherwise be adversely affected, and if making a dilution adjustment is, so far as practicable, fair to all shareholders and potential shareholders. In particular, the dilution adjustment may be made on days when the Company experiences transactions in shares which exceed 5% of the net Asset Value of the Company, or otherwise where the ACD considers it necessary to protect the interests of the shareholders of the Company.

It is therefore not possible to predict accurately whether dilution would occur at any point in time. If a dilution adjustment is required then, based on future projections the estimated rate or amount of such adjustment will be 0.276% on purchases and 0.17% on redemptions and will be incurred on around 10% of deals. If a dilution adjustment is not made then this may restrict the future growth of the Company.

The ACD may alter its dilution policy in accordance with the FCA Regulations either by shareholder consent pursuant to the passing of a resolution to that effect at a properly convened meeting of shareholders and by amending this Prospectus or by giving shareholders notice and amending the Prospectus 60 days before the change to the dilution policy is to take effect.

## **16 Money Laundering**

As a result of legislation in force in the United Kingdom to prevent money laundering, persons conducting investment business are responsible for compliance with money laundering regulations. In order to implement these procedures, in certain circumstances investors may be asked to provide proof of identity when buying shares. The ACD reserves the right to reverse the transaction or to refuse to sell shares if it is not satisfied as to the identity of the applicant.

## **17 Restrictions and Compulsory Transfer and Redemption**

The ACD may from time to time impose such restrictions as it may think necessary for the purpose of ensuring that no shares are acquired or held by any person in breach of the law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory. In this connection, the ACD may, inter alia, reject in its discretion any application for the purchase, sale, transfer or switching of shares.

## **18 Suspension of Dealings in the Company**

- 18.1 The ACD may, with the agreement of the Depositary, or must if the Depositary so requires, temporarily suspend the issue, cancellation, sale and redemption of

shares in the Company, if the ACD or the Depositary is of the opinion that due to exceptional circumstances it is in the interests of all the shareholders. The suspension will only be permitted to continue for as long as it is justified having regard to the interests of the shareholders. The ACD and the Depositary must formally review the suspension at least every 28 days and inform the FCA of the result of this review with a view to ending the suspension as soon as practicable after the exceptional circumstances have ceased.

- 18.2 The ACD will notify all shareholders of the suspension in writing as soon as practicable and will publish details to keep shareholders appropriately informed about the suspension, including its likely duration.
- 18.3 Re-calculation of the share price for the purpose of sales and purchases will commence on the next relevant valuation point following the ending of the suspension.

## **19 Governing Law**

All deals in shares are governed by English law.

## **20 Valuation of the Company**

- 20.1 The price of a share in the Company is calculated by reference to the Net Asset Value of the Company. There is only a single price for any share as determined from time to time by reference to a particular valuation point. The Net Asset Value per share of the Company is currently calculated on each Dealing Day at 12.00 noon.
- 20.2 The ACD may at any time during a business day carry out an additional valuation if the ACD considers it desirable to do so.

## **21 Calculation of the Net Asset Value**

- 21.1 The value of the Scheme Property of the Company shall be the value of its assets less the value of its liabilities determined in accordance with the following provisions.
- 21.2 All the Scheme Property (including receivables) of the Company is to be included, subject to the following provisions.
- 21.3 Scheme Property which is not cash (or other assets dealt with in Section 21.4) shall be valued as follows and the prices shall (subject as follows) be the most recent process which it is practicable to obtain:
  - 21.3.1 units or shares in a collective investment scheme:
    - 21.3.1.1 if a single price for buying and selling units is quoted, at the most recent such price; or
    - 21.3.1.2 if separate buying or selling prices are quoted, at the average of the two prices provided the buying price has been reduced by any preliminary charge included therein and the selling price has been increased by any exit or redemption charge attributable thereto; or

- 21.3.1.3 if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no recent price exists, at a price which in the opinion of the ACD is fair and reasonable;
- 21.3.2 exchange-traded derivative contracts:
  - 21.3.2.1 if a single price for buying and selling the exchange-traded derivative contract is quoted, at that price; or
  - 21.3.2.2 if separate buying and selling prices are quoted, at the average of the two prices;
- 21.3.3 over-the-counter derivative contracts shall be valued in accordance with the method of valuation as shall have been agreed between the ACD and the Depositary;
- 21.3.4 any other investment:
  - 21.3.4.1 the best available market dealing bid price on the most appropriate market in a standard size (less any dealing costs (as defined below)); or
  - 21.3.4.2 if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if the most recent price available does not reflect the ACD's best estimate of the value, at a value which, in the opinion of the ACD, is fair and reasonable; and
- 21.3.5 property other than that described in paragraphs 21.3.1 - 21.3.4 above: at a value which, in the opinion of the ACD, is fair and reasonable (less any dealing costs (as defined below))
- 21.4 Cash and amounts held in current and deposit accounts and in other time-related deposits shall be valued at their nominal values.
- 21.5 In determining the value of the scheme property, all instructions given to issue or cancel shares shall be assumed to have been carried out (and any cash paid or received) whether or not this is the case.
- 21.6 Subject to paragraphs 21.7 and 21.8 below, agreements for the unconditional sale or purchase of property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and, in the opinion of the ACD, their omission will not materially affect the final net asset amount.
- 21.7 Futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under paragraph 21.6.
- 21.8 All agreements are to be included under paragraph 21.6 which are, or ought reasonably to have been, known to the person valuing the property.
- 21.9 Deduct an estimated amount for anticipated tax liabilities at that point in time including (as applicable and without limitation) capital gains tax, income tax, corporation tax, value added tax, stamp duty and stamp duty reserve tax.

- 21.10 Deduct an estimated amount for any liabilities payable out of the scheme property and any tax thereon treating periodic items as accruing from day to day.
- 21.11 Deduct the principal amount of any outstanding borrowings whenever payable and any accrued but unpaid interest on borrowings.
- 21.12 Add an estimated amount for accrued claims for tax of whatever nature which may be recoverable.
- 21.13 Add any other credits or amounts due to be paid into the scheme property.
- 21.14 Add a sum representing any interest or any income accrued due or deemed to have accrued but not received.

## **22 Price per Share in the Company and each Class**

The price per Share at which shares are bought, redeemed or switched is the Net Asset Value per Share. Any initial charge or redemption charge, ( or SDRT on a specific deal, if applicable) is payable in addition to the price or deducted from the proceeds and is taken from the gross subscriptions or redemption monies.

## **23 Pricing basis**

The Company deals on a forward pricing basis. A forward price is the price calculated at the next valuation point after the sale or redemption is agreed.

## **24 Publication of Prices**

Shareholders can obtain the price of their shares by calling 0141 222 1151 (local rate) or going to [www.fundlistings.com](http://www.fundlistings.com).

## **25 Risk factors**

Potential investors should consider the following risk factors before investing in the Company.

### **25.1 General Risks**

The price of shares of the Company and any income from them may fall as well as rise and investors may not get back the full amount invested. Past performance is not a guide to future performance. There is no assurance that the investment objective of a Company will actually be achieved.

The following statements are intended to summarise some of the risks, but are not exhaustive, nor do they offer advice on the suitability of investments.

### **25.2 Equities Risk**

Where investments are in the shares of companies (equities), the value of those equities may fluctuate, sometimes dramatically, in response to the activities and results of individual companies or because of general market and economic conditions or other events. Currency exchange rate movements will also cause changes in value when the currency of the investment is other than sterling.

### 25.3 Warrants Risk

Where investments are in warrants, the price per share of the Company may fluctuate more than if the Company was invested in the underlying securities because of the greater volatility of the warrant price.

### 25.4 Bonds and Debt Instruments (Including High Yielding Securities) Risk

Where investments are in bonds or other debt instruments, the value of those investments will depend on market interest rates, the credit quality of the issuer and liquidity considerations. Investments in high yielding debt instruments where the level of income may be relatively high (compared to investment grade debt instruments); however the risk of depreciation and realisation of capital losses on such debt instruments held will be significantly higher than on lower yielding debt instruments.

### 25.5 Lower Rated/Unrated Securities Risk

The credit quality of debt instruments is often assessed by rating agencies. Medium and lower rated securities and unrated securities of comparable quality may be subject to wider fluctuations in yield, wider bid-offer spreads, greater liquidity premium and accentuated market expectations, and consequently greater fluctuations in market values, than higher rated securities. Changes in such ratings, or expectation of changes, will be likely to cause changes in yield and market values, at times significantly so.

### 25.6 Collective Investment Schemes Risk

The Company may make investments in collective investment schemes. Such investments may involve risks not present in direct investments, including, for example, the possibility that an investee collective investment scheme may at any time have economic or business interests or goals which are not fully consistent with those of the Company. Moreover, many alternative investment strategies give themselves significant discretion in valuing securities. There may be liquidity constraints and the extent to which an investee fund's securities are valued by independent sources are factors which could impact on the Company's valuation.

### 25.7 Leveraged Companies Risk

Investments may be made in companies or collective investment schemes which borrow funds. Such companies or collective investment schemes may not be subject to any limitations on the amount of their borrowings, and the amount of borrowings that they may have outstanding at any time may be large in comparison to their capital. Furthermore, given that the fund may borrow in order to make investments, the Shareholders must be aware that they may suffer a greater risk resulting from the decline of the net asset value of the

underlying investments made with this borrowing facility and therefore, the Company's risk exposure will be higher.

## **25.8 Futures and Options Risk**

The Company may use, under certain conditions, options and futures on indices and interest rates, for the purposes of efficient portfolio management. Also, the Company may hedge market and currency risks using futures, options and forward exchange contracts. Transactions in futures carry a high degree of risk. The amount of the initial margin is small relative to the value of the futures contract so that transactions are "leveraged" or "geared". A relatively small market movement will have a proportionately larger impact which may work for or against the investor. The placing of certain orders which are intended to limit losses to certain amounts may not be effective because market conditions make it impossible to execute such orders. Transactions in options also carry a high degree of risk. Selling ("writing") an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obliged either to settle the option in cash or acquire or deliver the underlying interest. If the option is "covered" by the seller holding a corresponding position in the underlying interest or a future on another option, the risk may be reduced.

There is no guarantee that the Company will achieve the objective for which it entered into a transaction in relation to Efficient Portfolio Management. This may result in losses for investors.

The Company will be subject to the risk of the inability of any counterparty to perform its obligations. If a counterparty defaults the Company may suffer losses as a result.

## **25.9 Foreign Currency Risk**

The Company may invest in securities denominated in a number of different currencies other than sterling in which the Company is denominated. Changes in foreign currency exchange rates may adversely affect the value of a Company's investments and the income thereon.

## **25.10 Pricing and Valuation Risk**

For quoted investments a valuation price can be obtained from an exchange or similarly verifiable source. However, investment in unquoted and/or illiquid investments which are difficult to value may increase the risk of mispricing. Furthermore, the Company will compute Net Asset Values when some markets are closed for holidays or other reasons. In these and similar cases a verifiable source of market prices will not be available and the Investment Manager may invoke its Fair Value process which will determine a fair value price for the relevant investments; this Fair Value process involves assumptions and subjectivity.

## **25.11 Emerging Countries and Developing Markets Risk**

The Company may invest in emerging markets which are undergoing rapid growth and regulatory change. Emerging markets present additional risks to those normally encountered in developed securities markets. These risks may be political, social and economic in nature and may be complicated by inflationary pressures and currency depreciation. The accounting and financial reporting standards, practices and disclosure requirements in some of the countries in which investments may be made may differ from those experienced in more developed markets. Similarly, reliability of the trading and settlement systems in such markets and the liquidity of these markets may not be equal to those available in more developed markets and this could lead to delays in settlement or affect the price at which investments could be realised. Government influence or control of private companies in some countries may be significant and investments may be exposed to the risks of political change, political uncertainty or governmental action. Such assets could be expropriated, nationalised, confiscated or subjected to changes in legislation relating to foreign ownership. The value of investments in emerging markets may therefore be adversely affected by political and/or economic conditions, which would, in turn, adversely impact on the performance of the Company and its share price.

#### 25.12 Smaller and Unquoted Companies Risk

Significant investments may be made in smaller companies, in which there may be no established market for the shares, or the market may be highly illiquid. Because of this potential illiquidity investment in the Company may not be appropriate for all investors, including those who are not in a position to take a long-term view of their investment. The Company may also invest, directly and indirectly, in securities that are not listed or traded on any stock exchange. In such situations, the Company may not be able to immediately sell such securities. The purchase price and subsequent valuation of these securities may reflect a discount, which could be significant, from the market price of comparable securities for which a liquid market exists.

#### 25.13 Risk to Capital

There is a potential risk of erosion resulting from withdrawals or cancellations of shares and distributions in excess of investment returns.

#### 25.14 Holdings Concentration Risk

The Company may invest in a relatively small number of investments and the Net Asset Value of the Company may be more volatile as a result of this concentration of holdings relative to a fund which diversifies across a larger number of investments.

#### 25.15 Liquidity Risk

In normal market conditions the Company's assets comprise mainly realisable investments which can be readily sold. The Company's main liability is the redemption of any shares that investors wish to sell. In general the Company manages its investments, including cash, such that it can meet its liabilities. Investments held may need to be sold if insufficient cash is available to finance such redemptions. If the size of the disposals are sufficiently large, or the market is illiquid, then there is a risk that either the investments might not be sold or

the price at which they are sold may adversely affect the Net Asset Value of the Company. If there were significant requests for redemption of shares in the Company at a time when a large proportion of the Company's assets was invested in illiquid investments, then the Company's ability to fund those redemptions would be impaired and it might be necessary to suspend dealings in shares in the Company.

#### 25.16 Real Estate Risk

Investment in real estate/property investment vehicles may result in exposure to the risks associated with property investment, including but not limited to, fluctuations in land prices, construction costs, interest rates, inflation and property yields, changes in taxation, legislation changes in landlord and tenant legislation, environmental factors, and changes in the supply and demand for property.

#### 25.17 Credit Risk

Investments may be adversely affected if any of the institutions with which money is deposited suffers insolvency or other financial difficulties (default). Credit risk also arises from the uncertainty about the ultimate repayment of principal and interest for bond or other debt instrument investments. The entire deposit or purchase price of the debt instrument is at risk of loss if there is no recovery after default. The risk of default is usually greatest with bonds and debt instruments that are classed as 'sub-investment' grade.

#### 25.18 Settlement Risk

All security investments are transacted through brokers who have been approved by the Investment Manager as an acceptable counterparty. The list of approved brokers is reviewed regularly. There is a risk of loss if a counterparty fails to perform its financial or other obligations to the Company, for example, the possibility that a counterparty may default, by failing to make payments due, or make payments in a timely manner. If settlement never occurs the loss incurred by the Company will be the difference between the price of the original contract and the price of the replacement contract, or, in the case where the contract is not replaced the absolute value of the contract at the time it is voided. Furthermore, in some markets 'Delivery versus Payment' may not be possible in which case the absolute value of the contract is at risk if the Company meets its settlement obligations but the counterparty fails before meeting its obligations.

#### 25.19 Custody Risk

Assets of the Company are kept by the custodian and investors are exposed to the risk of the custodian not being able to fully meet its obligation to reconstitute in a short time frame all of the assets of the Company in the case of bankruptcy of the custodian. Securities of the Company will normally be identified in the custodian's books as belonging to the Company and segregated from other assets of the custodian which mitigates but does not exclude the risk of non restitution in case of bankruptcy. However, no such segregation applies to cash which increases the risk of non restitution in case of bankruptcy. The custodian does not keep all the assets of the Company itself but uses a network of sub-custodians which are not part of the same group of companies as the custodian.

Investors are exposed to the risk of bankruptcy of the sub-custodians in the same manner as they are to the risk of bankruptcy of the custodian.

The Company may invest in markets where custodial and/or settlement systems are not fully developed. The assets of the Company that are traded in such markets and which have been entrusted to such sub-custodians may be exposed to risk in circumstances where the custodian will have no liability.

#### 25.20 Tax Risk

Tax laws, currently in place, may change in the future which could affect the value of the Company's and therefore the shareholders investments. Refer to the section headed 'Taxation' in the prospectus for further details about the taxation of the Company.

#### 25.21 Inflation Risk

Unless the performance of your investment keeps up with or beats inflation, the real value of your investments will fall over time.

#### 25.22 Political and/or Environmental Risk

The investee companies may operate in countries where the ownership rights may be uncertain and development of the resources themselves may be subject to disruption due to factors including civil disturbances, industrial action, interruption of power supplies, as well as adverse climatic conditions.

#### 25.23 Market Risk

25.24 The risk that the entire market of an asset class will decline thus affecting the prices and the values of the assets.

### **26 Risk Management**

Upon request to the ACD a shareholder can receive information relating to:

26.1 the quantitative limits applying in the risk management of the Company;

26.2 the methods used in relation to 26.1; and

26.3 any recent developments of the risk and yields of the main categories of investment in the Company.

### **27 Liabilities of the Company**

Shareholders are not liable for the debts of the Company. A shareholder is not liable to make any further payment to the Company after paying the purchase price of shares.

### **28 Historical Performance Data**

Historical performance data for the Company is set out in Appendix 3.

## 29 Fees and Expenses

### 29.1 General

29.1.1 The Company may pay out of the property of the Company charges and expenses incurred by the Company, which will include the following expenses:

- 29.1.1.1 the fees and expenses payable to the ACD, to the Investment Manager and to the Depositary;
- 29.1.1.2 broker's commission, fiscal charges (including stamp duty and/or stamp duty reserve tax) and other disbursements which are necessarily incurred in effecting transactions for the Company and normally shown in contract notes, confirmation notes and difference accounts as appropriate;
- 29.1.1.3 fees and expenses in respect of establishing and maintaining the register of shareholders and any sub-register of shareholders;
- 29.1.1.4 any costs incurred in or about the listing of shares in the Company on any Stock Exchange, and the creation, conversion and cancellation of shares;
- 29.1.1.5 any costs incurred in producing and dispatching any payments made by the Company, or the yearly and half-yearly reports of the Company, or the Prospectus;
- 29.1.1.6 any fees, expenses or disbursements of any legal or other professional adviser of the Company;
- 29.1.1.7 any costs incurred in taking out and maintaining any insurance policy in relation to the Company;
- 29.1.1.8 any costs incurred in respect of meetings of shareholders convened for any purpose including those convened on a requisition by shareholders not including the ACD or an associate of the ACD;
- 29.1.1.9 liabilities on unitisation, amalgamation or reconstruction including certain liabilities arising after transfer of property to the Company in consideration for the issue of shares as more fully detailed in the FCA Regulations;
- 29.1.1.10 interest on borrowings and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings;
- 29.1.1.11 taxation and duties payable in respect of the property of the Company or the issue or redemption of shares;
- 29.1.1.12 the audit fees of the Auditors (including VAT) and any expenses of the Auditors;
- 29.1.1.13 the fees of the FCA, in accordance with the Fees Manual, together with any corresponding periodic fees of any regulatory authority in a country

or territory outside the United Kingdom in which shares in the Company are or may be marketed;

- 29.1.1.14 the Depository's expenses, as detailed in Section 32 below;
- 29.1.1.15 any expense incurred in relation to company secretarial duties including the cost of maintenance of minute books and other documentation required to be maintained by the Company and any expenses incurred in distributing information regarding the prices of shares to shareholders;
- 29.1.1.16 any fees or expenses incurred in the modification of the Prospectus and/or Instrument of Incorporation and/or Key Investor Information Documents, to the extent permitted by the FCA Handbook; and
- 29.1.1.17 any expenses incurred in the printing and preparation (but not the dissemination) of the Key Investor Information Documents; and
- 29.1.1.18 any payments otherwise due by virtue of the FCA Regulations;

29.1.2 Value Added Tax is payable on these charges where appropriate.

29.1.3 Expenses are allocated between income and capital in accordance with the FCA Regulations and the OEIC regulations and as specified in Appendix 1. Where expenses are allocated to income, but at the end of the accounting period there is insufficient income, the shortfall may be allocated to capital in accordance with the FCA Regulations and the OEIC Regulations. This may constrain capital growth.

## **30 Charges payable to the ACD**

- 30.1 In payment for carrying out its duties and responsibilities the ACD is entitled to take out of the Company an annual management charge.
- 30.2 The annual management charge is calculated and accrued on a daily basis by reference to the Net Asset Value of the Fund on the previous Dealing Day up until the last Business Day of each month. The amount due for each month is required to be paid as soon as practicable after the month-end. The current management charges are set out in Appendix 1.
- 30.3 The ACD is also entitled to reimbursement of all reasonable, properly vouched, out of pocket expenses incurred in the performance of its duties, including stamp duty, stamp duty reserve tax on transactions in shares and expenses incurred in effecting regulatory changes to the Company.
- 30.4 The ACD may not introduce a new category of remuneration for its services unless the introduction has been approved by an extraordinary resolution of shareholders in the Company.
- 30.5 The ACD may not increase the current rate or amount of its remuneration payable out of the Scheme Property of the Company or the preliminary charge unless, not less than 60 days before the introduction or increase, the ACD gives

notice in writing of the introduction or increase and the date of its commencement to all shareholders and has revised and made available the Prospectus to reflect the introduction or new rate and the date of its commencement.

- 30.6 The Smith & Williamson remuneration policy is designed to be compliant with the UCITS V Remuneration Code contained in SYSC 19E of the FCA Handbook, and provides a framework to attract, retain and reward employees and partners and to maintain a sound risk management framework, with particular attention to conduct risk. The overall policy is designed to promote the long term success of the group. The policy is designed to reward partners, directors and employees for delivery of both financial and non-financial objectives which are set in line with company strategy.
- 30.7 Details of the Smith & Williamson remuneration policy are available on the website <http://www.smith.williamson.co.uk/fund-administration/remuneration-code-disclosure>. A paper copy of the remuneration policy can be obtained free of charge by telephoning 0141 222 1151.

## 31 Investment Manager’s Fees

The Investment Manager’s fees and expenses are paid by the Company and the current fees for each Share Class are as set out in Appendix 1.

## 32 Depositary’s Fee

- 32.1 The Depositary receives for its own account a periodic fee which is calculated and accrued on a daily basis by reference to the Net Asset Value of the Fund on the previous Dealing Day up until the last Business Day of each month. It is payable within seven days after the last Business Day in each month. The first accrual is calculated by reference to the first Valuation Point of the Company. The fee is payable out of the property attributable to the Company. The rate of the periodic fee is agreed between the ACD and the Depositary and is subject to a current minimum of £7,500 per annum plus VAT. The current charge is 0.03% per annum on the first £150m and 0.01% per annum on the balance plus VAT.
- 32.2 These rates can be varied from time to time in accordance with the Regulations.
- 32.3 The first accrual in relation to the Company will take place in respect of the period beginning on the day on which the first valuation of that Company is made and ending on the last business day of the month in which that day falls.
- 32.4 In addition to the periodic fee referred to above, the Depositary shall also be entitled to be paid transaction and custody charges in relation to transaction handling and safekeeping of the Scheme Property as follows:

Item	Range
Transaction Charges	Between £7.96 and £472.00 per

	transaction
Safe Custody Charges	Between 0.003183% and 0.5% of the value of investments being held per annum

Transaction charges accrue at the time transactions are effected and are payable as soon as is reasonably practicable, and in any event not later than the last business day of the month when such charges arose or as otherwise agreed between the Depositary and the ACD. Custody charges accrue, and are payable as agreed from time to time by the ACD and the Depositary. In addition, charges may be applied for cash payments, currency conversion, corporate actions and other incidental expenses. Details are available on request.

- 32.5 The Depositary will also be paid out of the property attributable to the Company, expenses properly incurred in the performance of, or arranging the performance of, functions conferred on it by the Depositary Agreement, the Regulations or by the general law including but not limited to:
- i. the acquisition holding and disposal of property;
  - ii. the collection and distribution to shareholders of dividends, interest and any other income;
  - iii. the maintenance of distribution accounts;
  - iv. the conversion of foreign currency;
  - v. registration of assets in the name of the Depositary or its nominee or agents;
  - vi. borrowings or other permitted transactions;
  - vii. communications with any parties (including telex, facsimile, SWIFT and electronic mail);
  - viii. taxation matters;
  - ix. insurance matters;
  - x. costs relating to banking and banking transactions;
  - xi. preparation of the Depositary's annual report;
  - xii. taking professional advice;
  - xiii. conducting legal proceedings;
  - xiv. the convening and/or attendance at meetings of shareholders; and
  - xv. modification of the Instrument of Incorporation, Prospectus, and negotiation and/or modification of the Depositary Agreement and any other agreement entered into between the Depositary and its delegates.
- 32.6 The Depositary shall be entitled to recover its fees, charges and expenses when the relevant transaction or other dealing is effected or relevant service is provided or as may otherwise be agreed between the Depositary and the Company or the ACD.
- 32.7 On a winding up of the Company or the redemption of a class of shares, the Depositary will be entitled to its *pro rata* fees, charges and expenses to the date of winding up, the termination, or the redemption (as appropriate) and any additional expenses necessarily realised in settling or receiving any outstanding obligations. No compensation for loss of office is provided for in the agreement with the Depositary.
- 32.8 Any value added tax on any fees, charges or expenses payable to the Depositary will be added to such fees, charges or expenses.

32.9 In each such case such expenses and disbursements will also be payable if incurred by any person (including the ACD or any associate or nominee of the Depository or of the ACD) who has had the relevant duty delegated to it pursuant to the FCA Regulations by the Depository.

### **33 Shareholder Meetings and Voting Rights**

#### **33.1 Annual General Meeting**

The Company will not hold annual general meetings.

#### **33.2 Requisitions of Meetings**

33.2.1 The ACD may requisition a general meeting at any time.

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

#### **33.3 Notice of Quorum**

Shareholders will receive at least 14 days' notice of a Shareholders' meeting and are entitled to be counted in the quorum and vote at such meeting either in person or by proxy. The quorum for a meeting is two shareholders, present in person or by proxy. The quorum for an Adjourned Meeting is also two shareholders present in person or by proxy, however if a quorum is not present from a reasonable time from the time appointed for the meeting then one person entitled to be counted in a quorum shall be a quorum. Notices of Meetings and Adjourned Meetings will be sent to shareholders at their registered addresses.

#### **33.4 Voting Rights**

33.4.1 At a meeting of shareholders, on a show of hands every shareholder who (being an individual) is present in person or (being a corporation) is present by its representative properly authorised in that regard, has one vote.

33.4.2 On a poll vote, a shareholder may vote either in person or by proxy. The voting rights attaching to each share are such proportion of the voting rights attached to all the shares in issue that the price of the share bears to the aggregate price(s) of all the shares in issue at the date seven days before the notice of meeting is deemed to have been served.

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

33.4.4 Except where the FCA Regulations or the Instrument of Incorporation of the Company require an extraordinary resolution (which needs 75% of the votes cast

at the meeting to be in favour if the resolution is to be passed) any resolution will be passed by a simple majority of the votes validly cast for and against the resolution.

33.4.5 The ACD may not be counted in the quorum for a meeting and neither the ACD nor any associate (as defined in the FCA Rules) of the ACD is entitled to vote at any meeting of the Company except in respect of shares which the ACD or associate holds on behalf of or jointly with a person who, if the registered shareholder, would be entitled to vote and from whom the ACD or associate has received voting instructions. Where every shareholder within the Company is prohibited under Rule 4.4.8R (4) of the FCA Rules from voting, a resolution may, with the prior written agreement of the Depositary, instead be passed with the written consent of Shareholders representing 75% of the Shares of the Company in issue.

33.4.6 “Shareholders” in this context means shareholders on the date seven days before the notice of the relevant meeting was deemed to have been served but excludes holders who are known to the ACD not to be shareholders at the time of the meeting.

## **34 Class Meetings**

The above provisions, unless the context otherwise requires, apply to Share Class meetings as they apply to general meetings of shareholders.

## **35 Taxation**

The following summary is only intended as a general summary of United Kingdom (“UK”) tax law and HM Revenue & Customs practice, as at the date of this Prospectus, applicable to the Company and to individual and corporate investors who are the absolute beneficial owners of a holding in the Company held as an investment. The summary’s applicability will depend upon the particular circumstances of each investor (and it will not apply to persons, such as certain institutional investors, who are subject to a special tax regime). It should not be treated as legal or tax advice. Accordingly, if investors are in any doubt as to their taxation position, they should consult their professional adviser. Levels and bases of, and reliefs from, taxation are subject to change in the future.

The following is divided into sections relating to “Bond Fund” and “Equity Fund”. A “Bond Fund” is a fund which invests more than 60% of its market value in “Qualifying Investments” (at all times in each distribution period). The term “Qualifying Investments” includes money placed at interest and securities that are not shares, including but not limited to government and corporate debt securities and cash on deposit. The tax issues relating to the Company and the investors within it are treated separately in this section.

### **35.1 Taxation of an Equity Fund**

#### **Taxation of capital gains**

An Equity Fund is not subject to UK taxation on capital gains arising on the disposal of its investments. Should the Company be considered to be trading in securities under tax law, and to the extent an investment is disposed of in a

non-reporting offshore fund, however, any gains made will be treated as taxable income and not exempt gains.

### **Tax on income**

An Equity Fund will be liable to corporation tax at a rate equal to the lower rate of income tax, currently 20%, on its income after relief for expenses (which include fees payable to the ACD and to the Depositary). Dividends and similar income distributions from UK resident companies are exempt from corporation tax. Dividends and similar income distributions from UK authorised unit trusts and other UK ICVCs are generally exempt from corporation tax to the extent the underlying income derives from dividends.

Foreign dividends and similar income received are generally treated as exempt for the purposes of UK corporation tax. This income may be subject to withholding tax in certain jurisdictions.

Dividend income received from certain countries including Portugal, Russia and Ukraine may be elected to be treated as taxable income in the UK in order to obtain a beneficial rate of withholding tax in the source country. This is based on guidance provided to the investment fund industry by the Investment Association.

Profits from loan relationships are treated as taxable income, as for a bond fund.

## **35.2 Taxation of a Bond Fund**

### **Taxation of capital gains**

Bonds or loan relationships held are taxable as income (see below) and are not subject to capital gains tax. Capital gains, for example on investments in equities, (except insofar as treated as income gains - see below) accruing to a Bond Fund will be exempt from UK tax on chargeable gains.

### **Tax on Income**

Bond Funds will be liable to UK corporation tax at 20% on income, translated (where appropriate) into Sterling, from investments in debt, debt related securities and cash deposits. Such income will be computed according to the generally accepted accounting practice relevant to the Company.

The total of the above elements will be taxed under Schedule D Case III. Any income received from UK equities will be exempt from UK corporation tax.

A Bond Fund would be expected to be entitled to make up distribution accounts in such a way that the income distribution (including accumulations of income, which are deemed to be paid and reinvested as capital) to Shareholders is treated as if it were interest for UK tax purposes. If so entitled, the Bond Fund intends that distributions will be made in this way.

The treatment of distributions as interest distributions for UK tax purposes is significant in two material respects:

- distributions made should be deductible for corporation tax purposes against UK taxable income; and
- UK income tax, currently at a rate of 20%, should be deducted from distributions made by the Bond Fund and accounted for by it to HM Revenue & Customs. However the obligation to deduct income tax from interest distributions does not apply in certain cases, notably where a non-resident beneficial owner of the shares makes a valid declaration (“NOR declaration”) to the Company in advance of a distribution being made or the distribution is paid to certain categories of qualifying intermediary.

Schedule D Case III income, less gross interest distributions for UK corporation tax purposes, expenses (including ACD’s and Depositary’s fees) and non-UK withholding taxes, is subject to UK corporation tax at a rate equal to the lower rate of income tax (currently 20%). It is not expected that the corporation tax charge will be significant.

#### **Stamp duty reserve tax**

On 30 March 2014, Schedule 19 Stamp Duty Reserve Tax (SDRT) ceased to be chargeable on dealings in shares in open-ended investment companies. As such, the provisions relating to SDRT no longer apply. However, investors should note that should SDRT or a similar tax relating to dealings on shares in open-ended investment companies be reintroduced in the future, all such costs will be paid out of the Company’s Scheme Property and charged to capital. It should be noted that in the unlikely event of either of the below occurring within the Company, SDRT may still be triggered and where applicable be charged to the investor.

- (a) Third party transfer of shares
- (b) Non-pro rata in specie redemptions.

### **35.3 The Shareholder - Equity Fund**

#### **Income distributions**

Accumulations and distributions of income (hereinafter ‘distributions’) comprise income for UK tax purposes.

UK resident individuals and (the trustees of) certain trusts liable to UK income tax will be taxable on accumulations and distributions of income.

From 6 April 2016 a new regime for the taxation of dividends will take effect. UK residents will have a tax-free dividend allowance of £5,000. Any dividend income received in excess of this allowance will be taxed at 7.5% to the extent that it falls within the taxpayer’s basic rate band; 32.5% to the extent it falls within their higher rate band; and 38.1% to the extent it falls within their additional rate band. Dividends within the tax-free dividend allowance will count towards an individual’s basic or higher rate bands and may therefore affect the rate of tax payable on dividends received in excess of the tax-free dividend allowance.

Trusts which are subject to UK tax do not qualify for the £5,000 dividend allowance. Trustees will continue to pay tax at the dividend additional rate.

Dividends received by pension funds that are exempt from tax and dividends received on shares held in an Individual Savings Account (ISA) will continue to be tax free.

Individuals with a net adjusted income of £100,000 will have their personal allowance reduced £1 for every £2 on the income above this income limit. For the tax year 2016/2017 the personal allowance is reduced to nil at the point where an individual's income level reaches approximately £121,000. These limits may change in the future.

Distributions to Shareholders within the charge to corporation tax are deemed to comprise two elements:

- where an Equity Fund's gross income is not wholly derived from UK and non-UK dividends (franked income), part of any distribution will be deemed to be reclassified as an annual payment received by such Shareholders after deduction of income tax at the basic rate, currently 20% ("deemed tax deducted"). Such Shareholders will be subject to corporation tax on the grossed-up amount of the annual payments but will be entitled to credit for, or repayment of, the deemed tax deducted; and
- the remainder, which comprises franked income, is exempt from UK corporation tax.

Details of the proportions of distributions comprising franked income and annual payments will be shown on the tax voucher of the Equity Fund concerned.

These rules do not apply or are modified in relation to life insurance companies, in particular those with pensions and ISA business, life reinsurance business or overseas life assurance business.

### **Capital gains**

Shareholders who are resident or ordinarily resident in the UK may be liable to UK taxation on capital gains arising from the sale or other disposal, including redemption, of Shares. Individuals and certain trusts generally compute their gains by deducting from the net sale proceeds the capital gains base cost in respect of shares. The resulting gains will be taxable at the capital gains tax rate, and may be reduced by capital losses brought forward from previous tax years or losses in the year, and by annual exemptions. Exempt Shareholders, which include UK charities, UK approved pension funds, ISAs (and their individual investors), would not normally be expected to be liable to capital gains tax on their disposal of Shares.

Shareholders within the charge to corporation tax are taxed on the capital gain made computed on the basis of the rules described above. They are, however, entitled to indexation allowance on the basic cost to the date of disposal. In certain cases, the "loan relationships" provisions mentioned below in relation to Bond Funds could apply.

Special rules apply to life insurance companies who beneficially own Shares.

### **Inheritance tax**

A gift by a Shareholder of his Shareholding in the Company or the death of a Shareholder may give rise to a liability to inheritance tax, except where the Shareholder is neither domiciled in the UK, nor deemed to be domiciled there under special rules relating to long residence or previous domicile in the UK. For these purposes, a transfer of a Shareholding at less than the full market value may be treated as a gift.

## **35.4 The Shareholder - Bond Fund**

### **Income distributions: Interest distributions**

Distributions comprise income for UK tax purposes. Shareholders will be taxable on the gross amount distributed. Except in the case of an exemption granted from the obligation to deduct income tax (for instance, where a valid non-resident investors' declaration has been made or the distribution is paid to certain categories of qualifying intermediary), the amount actually received will be net of tax at the lower rate, currently 20%. The amount to be taxed on the recipient is at present equal to the amount received plus the tax element of one quarter as much.

Shareholders will be treated as already having paid 20% income tax on this income, and individuals liable to starting or basic rate tax will have no further tax to pay. Higher rate taxpayers will have an additional liability of 20% of the grossed up amount, but those with no liability at all or who are only liable at the starting rate for savings may be able to claim a refund. If this starting rate is used by employment income then the refund for starting rate for savings is not available. Additional rate taxpayers will have an additional liability of 25% of the grossed up amount.

Corporate Shareholders will be able to set the income tax deducted against tax payments due to HM Revenue & Customs or claim repayment where there are none.

Non UK resident Shareholders, on completing the appropriate declarations, may be entitled to receive distributions gross of tax.

Exempt Shareholders, which include UK charities, UK approved pension funds, ISAs, should be able to recover the tax deducted from HM Revenue & Customs.

### **Income distributions: non interest distributions**

These will be taxed in the same way as noted above for an Equity Fund.

### **Capital gains**

Shareholders who are resident or ordinarily resident in the UK may be liable to UK taxation on capital gains arising from the sale or other disposal, including redemption, of Shares. Individuals and certain trusts generally compute their gains by deducting from the net sale proceeds the capital gains base cost in

respect of Shares and will be taxable at the capital gains tax rate. The gain may be reduced by capital losses brought forward from previous tax years or losses in the year, and by annual exemptions. Exempt Shareholders, which include UK charities, UK approved pension funds, ISAs (and their individual investors), would not normally be expected to be liable to capital gains tax on their disposal of Shares.

In respect of Shareholders subject to corporation tax, holdings in the Company will be treated as holdings of loan relationships. Gains will be recognised using the mark to market method (which entails holdings being valued at the end of each accounting period and unrealised gains being recognised/taxed and unrealised losses being recognised/relieved. No indexation allowance is available.

### **EU Savings Directive**

UK resident individual Shareholders who invest directly in Shares of the Company or via a UK entity, and corporate investors (whether UK resident or not) will not be subject to the EU Savings Directive.

The EU Savings Directive requires Member States of the European Union to provide to the tax authorities of other Member States details of payments of interest or other similar income paid by a paying agent established in the Member State to an individual resident in another Member State by way of automatic information exchange. Austria is the only Member State which does not have a system for automatic information exchange. Austria instead imposes a system of withholding tax of 35% unless the investor elects for the exchange of information. Switzerland, Monaco, Lichtenstein, Andorra, San Marino, the Channel Islands, the Isle of Man and the dependent or associated territories in the Caribbean have also introduced measures equivalent to information reporting or withholding tax.

Where a non-UK resident individual Shareholder receives a distribution by the company that distribution will be subject to the EU Savings Directive if more than 15% of the Company's assets are invested in debt securities. Proceeds realised by Shareholders on the disposal of Shares may be subject to such reporting or withholding if more than 25% of the Company/Sub-fund's assets are invested in debt instruments. The Council of the European Union adopted Directive 2014/48/EU on 24 March 2014, amending Directive 2003/48/EC on the taxation of savings income. The Member States were required to transpose new Directive 2014/48/EU into national law by 1 January 2016 and must apply the new requirements with effect from 1 January 2017. The changes made by directive 2014/48/EU include extending the scope of the EU Savings Directive to payments made to certain entities and legal arrangements and broadening the definition of interest payment to cover income that is equivalent to interest.

### **Inheritance tax**

A gift by a Shareholder of his Shareholding in the Company or the death of a Shareholder may give rise to a liability to inheritance tax, except where the Shareholder is neither domiciled in the UK, nor deemed to be domiciled there under special rules relating to long residence or previous domicile in the UK. For these purposes, a transfer of a Shareholding at less than the full market value may be treated as a gift.

## 35.5 Automatic Exchange of Financial Account Information

### **US Foreign Account Tax Compliance Act**

The US Foreign Account Tax Compliance Act (FATCA) is designed to help the Internal Revenue Service (the IRS) combat US tax evasion. It requires financial institutions, such as the Company to report on US investors or US holdings, whether or not this is relevant. Failure to comply (or be deemed compliant) with these requirements will subject the Fund to US withholding taxes on certain US-sourced income and gains. Under an intergovernmental agreement between the US and the United Kingdom, the Fund may be deemed compliant, and therefore not subject to the withholding tax, if it identifies and reports US taxpayer information directly to HMRC.

Shareholders may be asked to provide additional information to the ACD to enable the Fund to satisfy these obligations. Institutional Unitholders may be required to provide a Global Intermediary Identifications Number (GIIN). Failure to provide requested information may subject a Shareholder to liability for any resulting US withholding taxes, US tax information reporting and/or mandatory redemption, transfer or other termination of the Shareholder's interest in its shares. The Global Intermediary Identification Number the Fund is available on request.

### **Common Reporting Standard**

The Common Reporting Standard (CRS) is the reporting standard approved and developed by the Organisation of Economic Co-operation and Development (OECD) in 2014, and came into force with effect from 1st January 2016. This requires financial institutions such as the Fund, to report non-UK resident investors, other than US Persons, to other agreed jurisdictions on an annual basis. The objective of this reporting is the same as the FATCA regulations but on a worldwide basis and is based on Residency rather than citizenship as with the US model, and will encompass natural persons and legal entities.

## **36 Income equalisation**

- 36.1 Income equalisation, as explained below, may apply in relation to the Company, as detailed in Appendix 1.
- 36.2 Part of the purchase price of a share reflects the relevant share of accrued income received or to be received by the Company. This capital sum is returned to a shareholder with the first allocation of income in respect of a share issued during an accounting period.
- 36.3 The amount of income equalisation is either (i) the actual amount of income included in the issue price of that share or (ii) is calculated by dividing the aggregate of the amounts of income included in the price of shares issued or sold to shareholders in an annual or interim accounting period by the number of those shares and applying the resultant average to each of the shares in question.
- 36.4 The ACD currently uses the method outlined in (ii) in paragraph 36.3 to apply income equalisation.

## **37 Winding up of the Company**

- 37.1 The Company shall not be wound up except as an unregistered company under Part V of the Insolvency Act 1986 or under the FCA Regulations.
- 37.2 Where the Company is to be wound up under the FCA Regulations, such winding up may only be commenced following approval by the FCA. The FCA may only give such approval if the ACD provides a statement (following an investigation into the affairs of the Company) either that the Company will be able to meet its liabilities within 12 months of the date of the statement or that the Company will be unable to do so. The Company may not be wound up under the FCA Regulations if there is a vacancy in the position of ACD at the relevant time.
- 37.3 The Company may be wound up under the FCA Regulations if:
- 37.3.1 an extraordinary resolution to that effect is passed by shareholders; or
- 37.3.2 the period (if any) fixed for the duration of the Company by the Instrument of Incorporation expires, or an event (if any) occurs on the occurrence of which the Instrument of Incorporation provides that the Company is to be wound up (for example, if the share capital of the Company is below its prescribed minimum); or
- 37.3.3 on the date of effect stated in any agreement by the FCA to a request by the ACD for the revocation of the authorisation order in respect of the Company.
- 37.4 On the occurrence of any of the above:
- 37.4.1 The parts of the FCA Regulations and the Instrument of Incorporation relating to Pricing and Dealing and Investment and Borrowing will cease to apply to the Company;
- 37.4.2 The Company will cease to issue and cancel shares in the Company and the ACD shall cease to sell or redeem shares or arrange for the Company to issue or cancel them for the Company;
- 37.4.3 No transfer of a share shall be registered and no other change to the register shall be made without the sanction of the ACD;
- 37.4.4 Where the Company is being wound up, the Company shall cease to carry on its business except in so far as it is beneficial for the winding up of the Company;
- 37.4.5 The corporate status and powers of the Company and, subject to the provisions of paragraphs 37.4.1 to 37.4.4 above, the powers of the ACD shall remain until the Company is dissolved.
- 37.4.6 The ACD shall, as soon as practicable after the Company falls to be wound up, realise the assets and meet the liabilities of the Company and, after paying out or retaining adequate provision for all liabilities properly payable and retaining provision for the costs of winding up, arrange for the Depositary to make one or more interim distributions out of the proceeds remaining (if any) to shareholders proportionately to their rights to participate in the Scheme

Property of the Company. When the ACD has caused all of the Scheme Property to be realised and all of the liabilities of the Company to be realised, the ACD shall arrange for the Depositary to also make a final distribution to shareholders (if any Scheme Property remains to be distributed) on or prior to the date on which the final account is sent to shareholders of any balance remaining in proportion to their holdings in the Company.

- 37.5 As soon as reasonably practicable after completion of the winding up of the Company or the Company, the ACD shall notify the FCA.
- 37.6 On completion of a winding up of the Company, the Company will be dissolved and any money (including unclaimed distributions) standing to the account of the Company, will be paid into court within one month of dissolution.
- 37.7 Following the completion of the winding up of the Company, the ACD shall notify the Registrar of Companies and shall notify the FCA that it has done so.
- 37.8 Following the completion of the winding up of the Company, the ACD must prepare a final account showing how the winding up took place and how the Scheme Property was distributed. The auditors of the Company shall make a report in respect of the final account stating their opinion as to whether the final account has been properly prepared. This final account and the auditors' report must be sent to the FCA, to each shareholder and, in the case of the winding up of the Company, to the Registrar of Companies within four months of the termination of the winding up.

## **38 General Information**

### **38.1 Accounting Periods**

- 38.1.1 The annual accounting period of the Company ends each year on 30 September (the accounting reference date). The interim accounting period of the Company ends each year on 31 March.

### **38.2 Income Allocations**

- 38.2.1 Allocations of income are made in respect of the income available for allocation in each accounting period.
- 38.2.2 Distributions of income in respect of Income Shares for the Company are paid by BACS or telegraphic transfer, in accordance with Section 38.2.3, on or before the annual income allocation date of 30 November and on or before the interim distribution date of 31 May.
- 38.2.3 If a distribution remains unclaimed for a period of six years after it has become due, it will be forfeited and will revert to the Company.

The amount available for distribution in any accounting period is calculated by taking the aggregate of the income received or receivable for the account of the Company in respect of that period, and deducting the charges and expenses paid or payable out of income in respect of that accounting period. The ACD then makes such other adjustments as it considers appropriate (and after consulting the auditors as appropriate) in relation to taxation, income equalisation, income unlikely to be received within 12 months following the

relevant income allocation date, income which should not be accounted for on an accrual basis because of lack of information as to how it accrues and transfers between the income and capital account.

Income will be distributed as a dividend payment where the Company is deemed to be an Equity Fund or as an interest payment where the Company is deemed to be a Bond Fund over the relevant accounting period. The treatment of income anticipated by the ACD is given in Appendix 1, although Shareholders are advised the treatment of income will depend on the composition of assets over the accounting period. Income can only be distributed as an interest payment if the Company has held the minimum Qualifying Investments over the accounting period (see Taxation for further details). Details of the treatment of income for taxation purposes over an accounting period will be given in a tax voucher sent to all Shareholders when the income is allocated.

### **38.3 Annual Reports**

Annual reports (both long and short) of the Company will be published within four months of each annual accounting period and half-yearly reports (both long and short) will be published within two months of each interim accounting period. Shareholders will be sent the short report for the Company although the long report will be available upon request.

### **38.4 Documents of the Company**

38.4.1 The following documents may be inspected free of charge between 9.00 a.m. and 5.00 p.m. every business day at the offices of the ACD at 25 Moorgate, London EC2R 6AY.

38.4.1.1 the most recent annual and half-yearly long and short reports of the Company;

38.4.1.2 the Prospectus; and

38.4.1.3 the Instrument of Incorporation (and any amending instrument of incorporation).

38.4.2 The ACD may make a charge at its discretion for copies of the Instrument of Incorporation.

38.4.3 Copy of the ACD agreement or any contract of service between the Company and its directors can be provided free or charge on request.

### **38.5 Notices**

Notices and Documents will be sent to the Shareholders registered address.

### **38.6 Complaints**

Complaints concerning the operation or marketing of the Company should be referred to the compliance officer of the ACD at 25 Moorgate, London EC2R 6AY, in the first instance. If the complaint is not dealt with satisfactorily then

it can be made direct to The Financial Ombudsman Service at South Quay Plaza,  
183 Marsh Wall, London E14 9SR, telephone number 0845 080 1800.  
A copy of the ACD's complaints handling procedure is available on request.

## APPENDIX 1

### Investment objective, policy and other details of the Company

Investment of the assets of the Company must comply with the FCA Regulations and its own investment objective and policy. Details of the investment objective and policy are set out overleaf together with other information including available Share Classes, charges, minimum investment levels and distribution dates. A detailed statement of the investment and borrowing restrictions applicable to the Company is contained in Appendix 2. Lists of the eligible securities and derivatives markets on which the Company may invest are contained in Appendix 4 and Appendix 5.

In Appendix 1, information is given regarding the ongoing charges figure (OCF) in respect of the Company. The OCF provides investors with a clearer picture of the total annual costs in running a collective investment scheme and is based on the previous year's expenses. The figure may vary from year to year and it excludes the costs of buying or selling assets for the Company (but includes transaction charges incurred by investing in any other collective investment schemes). Where there is not enough historic data available, or when historic data will not provide a reliable indication of future costs, an estimated OCF will be calculated based on the most reliable information available (OCF (Estimated)).

## S&W KENNOX STRATEGIC VALUE FUND

### Investment Objective and Policy

The objective of the Company is to focus on long-term capital preservation and appreciation by providing investors with a concentrated portfolio of international equities, bonds and/or cash. The Company will focus on a small number of diverse, good-value opportunities which have identifiable business franchises but are experiencing temporarily depressed earnings. The Company can achieve the double benefit of growing earnings and rising expectations in the market. Adhering to this method of “strategic value investing”, the Company aims to maximise long-term risk-adjusted returns. The Company may also invest in other transferable securities, collective investment schemes, warrants, money markets instruments, deposits and other permitted investments. It is the ACD’s intention that derivatives and forward transactions be used for Efficient Portfolio Management.

The Company does not offer a capital guarantee or principal protection mechanism but attempts to protect investors’ capital through selection of stocks trading at a significant discount to the Investment Manager’s appraisal of their fair value.

<b>Classes of shares available</b>	Institutional Net Income Shares Professional Net Income Shares Institutional Net Accumulation Shares Professional Net Accumulation Shares Class A Net Income Shares Class A Net Accumulation Shares
<b>Currency of denomination</b>	Pounds Sterling in respect of all Share Classes
<b>Minimum initial investment</b>	£2,000,000 in respect of Institutional Shares, £20,000,000 in respect of Class A Shares and £20,000 in respect of other share classes
<b>Minimum subsequent investment</b>	None
<b>Minimum withdrawal</b>	None
<b>Minimum holding</b>	£20,000 in respect of all Share Classes
<b>Ongoing charges figures</b>	Professional Net Shares - 1.43% Institutional Net Shares - 1.13% Class A Net Shares - 0.93% (estimated)
<b>ACD’s preliminary charge*</b>	5% in respect of all Share Classes
<b>Annual management charge</b>	0.15% per annum on the first £50m of the Net Asset Value of the Fund; 0.125% from £50m to £100m; 0.08% from £100m to £150m and 0.05% on any balance over £150m, subject to a minimum of £33,000 per annum,

	plus a flat fee of £6,000 per annum.
<b>Investment Manager's fee</b>	Institutional Shares - 1% per annum Professional Shares - 1.3% per annum Class A Shares - 0.8% per annum
<b>Annual accounting date</b>	30 September
<b>Interim accounting date</b>	31 March
<b>Annual income allocation date</b>	30 November
<b>Interim income allocation date</b>	31 May
<b>Invest in any Securities Market of a Member State of the EU or states within the EEA on which securities are admitted to Official Listing</b>	Yes
<b>Invest in Eligible Markets</b>	As listed in Appendices 4 and 5
<b>Income Equalisation</b>	Yes - Averaging
<b>Charges taken from Income or Capital?</b>	All charges other than those relating directly to the purchase or sale of investments will be taken from income  If at the end of an accounting period there is insufficient income the shortfall may be allocated to capital.
<b>Income to be distributed as a dividend or interest?</b>	The ACD anticipates that income will be distributed in the form of a dividend.

**\*The preliminary charge may be waived by the ACD at its discretion**

### **Investor Profile**

Whether an investment in the Company is appropriate for you will depend on your own requirements and attitude to risk. The Company is designed for investors of any category, including retail investors, who:

- want to preserve and grow their over the longer term through investing in a concentrated portfolio of investments using the expertise of the Investment Manager,
- can meet the minimum investment levels,
- are able to commit to a long term investment in the Company and take the risk of losing part or all of their investment capital, and
- who understand and are willing to take the risks involved in investing in the Company (as detailed under "Risk Factors").

If you have any doubts as to whether the investment is suitable for you, please contact a financial adviser.

## APPENDIX 2

### 1 Investment and borrowing powers of the Company

These restrictions apply to the Company.

#### 1.1 Investment restrictions

- 1.1.1 The Company will be invested with the aim of achieving the investment objective of the Company but subject to the limits on investment set out in the FCA Regulations the Company's investment policy and this Prospectus.
- 1.1.2 Generally the Company will invest in the investments to which it is dedicated including approved securities which are transferable securities admitted to or dealt on a regulated market or in a market in an EEA State which is regulated, operates regularly and is open to the public, units in collective investment schemes, warrants, money market instruments, deposits and derivatives and forward transactions.
- 1.1.3 Eligible markets are regulated markets or markets established in an EEA State which are regulated, operate regularly and are open to the public; and markets which the ACD, after consultation with the Depositary, has decided are appropriate for the purpose of investment of or dealing in the property of the Company having regard to the relevant criteria in the FCA Regulations and guidance from the FCA. Such markets must operate regularly, be regulated, recognised, open to the public, adequately liquid and have arrangements for unimpeded transmission of income and capital to or to the order of the investors. The eligible securities and derivatives markets for the Company are set out in Appendix 4 and Appendix 5.
- 1.1.4 New eligible securities markets may be added to the existing list in accordance with the FCA Regulations governing approvals and notifications.

#### 1.2 Transferable securities

- 1.2.1 Up to 10% of the value of the Company may be invested in transferable securities which are not approved securities.
- 1.2.2 Up to 5% of the Company may be invested in transferable securities other than Government and public securities and money market instruments issued by any one issuer. However, up to 10% in value of the Company may be invested in those securities and instruments (or certificates representing those securities) issued by the same issuer if the combined value of all holdings exceeding 5% does not exceed 40% of the value of the property of the Company. Up to 20% in value of the scheme property of the Trust can consist of transferable securities or money market instruments issued by the same group body.
- 1.2.3 More than 35% of the property of the Company may be invested in Government and public securities issued by or on behalf of or guaranteed by one issuer, which may be one of the following: the government of the United Kingdom and Northern Ireland and the governments of Austria, Belgium, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Liechtenstein, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden; or by or on behalf of the

Governments of Australia, Canada, Japan, New Zealand, Switzerland or the United States of America.

### 1.3 Collective Investment Schemes

- 1.3.1 Up to 10% in value of the property of the Company may be invested in units in other collective investment schemes. Investment may be made in another collective investment scheme managed by the ACD or an associate of the ACD. Investment may only be made in other collective investment schemes whose maximum annual management charge does not exceed 5%.

Any investee scheme must either:

- 1.3.1.1 satisfy the conditions necessary for it to enjoy the rights conferred by the UCITS Directive (Directive 2009/65/EC);
- 1.3.1.2 be a recognised scheme;
- 1.3.1.3 be authorised as a non-UCITS retail scheme (provided certain conditions are satisfied); or
- 1.3.1.4 be authorised in another state of the European Economic Area or the Organisation for Economic Co-operation and Development (provided certain conditions are satisfied).
- 1.3.2 The investee scheme must also operate on the basis of the prudent spread of risk, be prohibited from having more than 10% in value of the property of that scheme consisting of units in collective investment schemes and the participants in the second scheme must be entitled to have their units redeemed in accordance with the scheme at a price related to the net value of the property to which the units relate and determined in accordance with the scheme.

The Company may invest in units or shares of collective investment schemes and pay any related charges or expenses for investing in such units or shares. Where the schemes invested in are managed, operated or administered by the ACD (or one of its associates) the rules on double charging contained in the FCA Regulations must be complied with.

### 1.4 Warrants and nil and partly paid securities

- 1.4.1 Up to 5% in value of the scheme property of the Company may consist of warrants, provided that warrants may only be held if it is reasonably foreseeable there will be no change to the scheme property between the acquisition of the warrant and its exercise and the rights conferred by the proposed warrant and all other warrants forming part of the scheme property at the time of the acquisition of the proposed warrant will be exercised and that the exercise of the rights conferred by the warrants will not contravene the FCA Regulations.
- 1.4.2 Securities on which any sum is unpaid may be held provided that it is reasonably foreseeable that the amount of any existing and potential call for

any sum unpaid could be paid by the Company at any time when the payment is required without contravening the FCA Regulations.

- 1.4.3 A warrant may not be included in the scheme property unless it is listed on an eligible securities market.

#### 1.5 Money market instruments

- 1.5.1 Up to 20% in value of the scheme property of the Company can be invested in money market instruments which are liquid and have a value which can be determined accurately at any time.

- 1.5.2 Notwithstanding the above, up to 10% of the scheme property of the Company may be invested in money market instruments (or transferable securities) issued by any single body.

#### 1.6 Deposits

- 1.6.1 Up to 20% in value of the scheme property of the Company can consist of deposits with a single body. A Company may only invest in deposits with an approved bank and which are repayable on demand, or have the right to be withdrawn, and maturing in no more than 12 months.

#### 1.7 Derivatives

- 1.7.1 Derivatives and forward transactions may be used for Efficient Portfolio Management. The ACD may make use of a variety of derivatives and forward transactions in accordance with the FCA Regulations. Where derivatives and transactions are used for Efficient Portfolio Management, this will not compromise the risk profile of the Company. Use of derivatives and forward transactions will not contravene any relevant investment objectives or limits.

- 1.7.2 Except as set out in 1.7.9 below there is no upper limit on the use of transactions in derivatives or forward transaction for the Company but they must fall under 1.7.3.

- 1.7.3 A transaction in a derivative or forward transaction must:

1.7.3.1 either

- (a) be an approved derivative; or
- (b) OTC in a future, an option or a contract for differences which must be entered into with a counterparty that is acceptable in accordance with the FCA Regulations, must be on approved terms as to valuation and close out and must be capable of valuation.

- 1.7.3.2 have the underlying consisting of any or all of the following to which the Company is dedicated:

- (a) transferable securities;
- (b) permitted money market instruments;
- (c) permitted deposits;
- (d) permitted derivatives;
- (e) permitted collective investment scheme units;

- (f) financial indices;
- (g) interest rates;
- (h) foreign exchange rates; and
- (i) currencies.

1.7.3.3 be effected on or under the rules of an eligible derivatives market, it must not cause the Company to diverge from its investment objective, must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more transferable securities, money market instruments, units in collective investment schemes, or derivatives and must be with an approved counterparty.

1.7.4 Use of derivatives and forward transactions must be supported by a risk management process maintained by the ACD which should take account of the investment objective and policy of the Company.

1.7.5 A transaction in derivatives or forward transaction is to be entered into only if the maximum exposure, in terms of the principal or notional principal created by the transaction to which the scheme is or may be committed by another person is covered under 1.7.6 below.

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

1.7.7 Cash not yet received into the scheme property of the Company, but due to be received within one month, is available as cover for the purposes of 1.7.6.

1.7.8 The exposure relating to derivatives held in the Company may not exceed the net value of its scheme property.

1.7.9 The exposure to any one counterparty in an OTC derivative transaction must not exceed 10% in value of the scheme property of the Company. Counterparty risk exposure can be reduced by the Company receiving collateral from the counterparty. Collateral will be managed in accordance with the FCA Regulations and Guidelines issued from time to time by the European Securities and Markets Authority. A Collateral Management Policy will be implemented by the ACD before the Company enters into any transactions which require it to hold collateral from a counterparty.

1.7.10 The use of derivatives or forwards for the purposes of Efficient Portfolio Management will not materially alter the risk profile of the Company. The use of these techniques and instruments will only be employed where the ACD and the Investment Manager consider these to be in line with the best interests of the Company.

## 1.8 Concentration

1.8.1 The Company must not hold more than:

- 10% of the transferable securities issued by a body corporate which do not carry rights to vote on any matter at a general meeting of that body; or
- 10% of the debt securities issued by any one issuer; or

- 10% of the money market instruments issued by a single body; or
- 25% of the units in a collective investment scheme.

1.8.2 The Company may only acquire transferable securities issued by a body corporate carrying rights to vote at a general meeting of that body provided that before the acquisition the aggregate number of such securities held by the Company do not the Company to exercise 20% or more of the votes cast at a general meeting of that body and the acquisition will not give the Company such power.

## 1.9 General

1.9.1 Underwriting and sub-underwriting contracts and placings may also, subject to certain conditions set out in the FCA Regulations, be entered into for the account of the Company.

1.9.2 Cash or near cash must not be retained in the scheme property of the Company except in order to enable the pursuit of the investment objective; or for redemption of Shares in the Company; or efficient management of the Company in accordance with its investment objective or for a purpose which may reasonably be regarded as ancillary to the investment objective of the Company.

## 2 Stocklending

2.1.1 The Company may not enter into stocklending transactions.

## 3 Borrowing powers

3.1.1 The Company may, subject to the FCA Regulations, borrow money from an eligible institution or an approved bank for the use of the Company on the terms that the borrowing is to be repayable out of the scheme property.

3.1.2 The ACD must ensure that borrowing does not, on any business day, exceed 10% of the value of the scheme property of the Company and is only on a temporary basis, not exceeding three months, without the prior consent of the depositary, which may only be given on such conditions as appear appropriate to the depositary to ensure that the borrowing does not cease to be on a temporary basis.

3.1.3 These borrowing restrictions do not apply to “back to back” borrowing to be cover for transactions in derivatives and forward transactions.

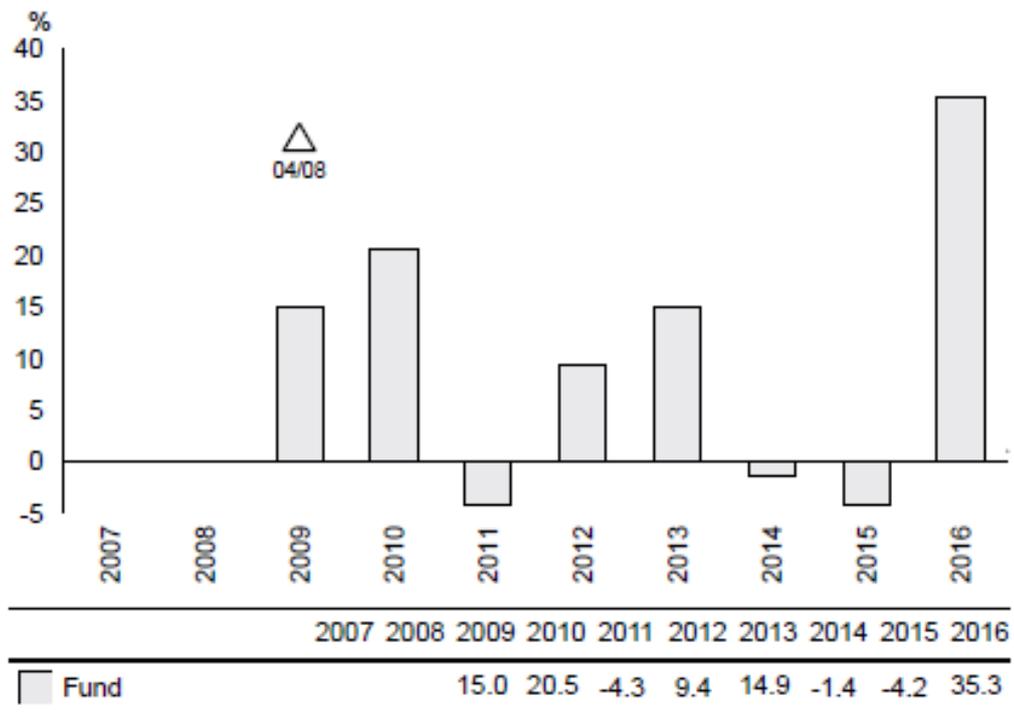
APPENDIX 3

HISTORICAL PERFORMANCE DATA

Past performance should not be seen as an indication of future performance

DISCRETE PERFORMANCE RECORD  
NAV  
with Net Income Reinvested

S&W Kennox Professional Shares



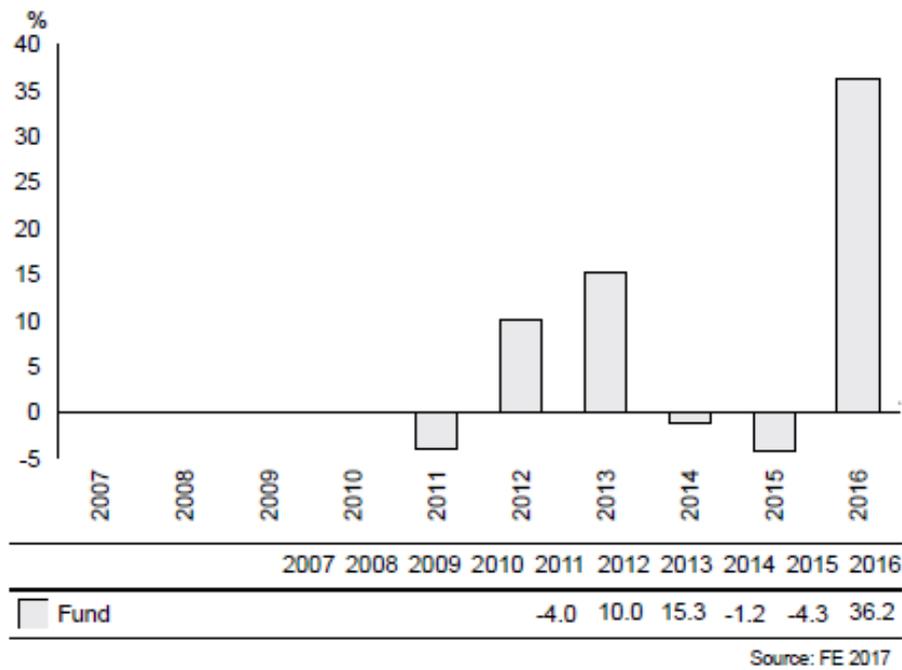
Source: FE 2017

△ Before this date the Fund had different characteristics.

Annual performance is shown for each full year from 31 December to 31 December. Kennox Asset Management was appointed as Investment Manager to the Company in April 2009 and significantly changed the investment objective and investment policy of the Company. These changes were effected in August 2009. Accordingly, historic performance before the change has been excluded and is shown only from 31 December 2009.

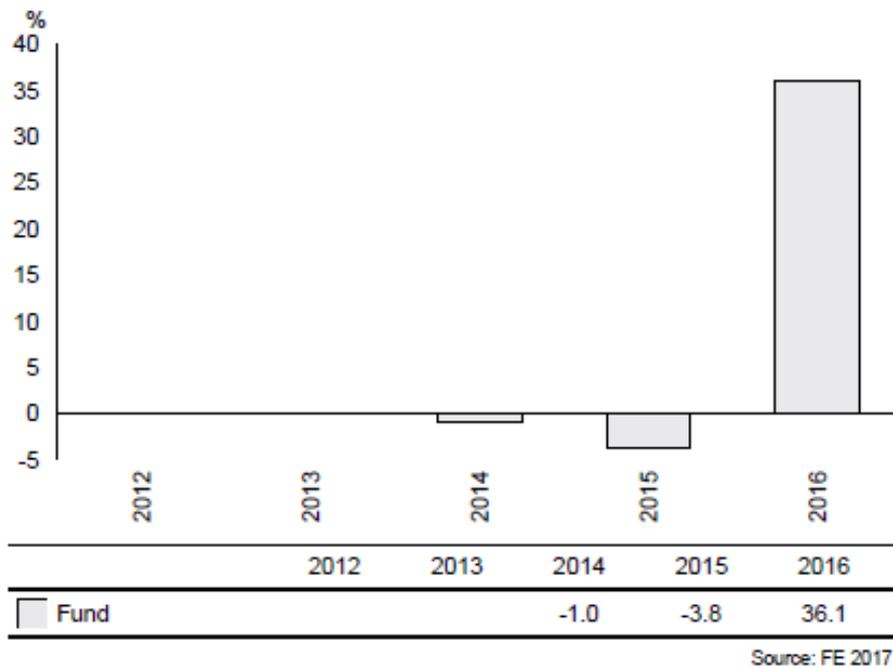
Mid to Mid. Source: net income reinvested, net of charges and tax. Performance does not include the effect of any initial or redemption charges.

### S&W Kennox Institutional Shares



Annual performance is shown for each full year from 31 December to 31 December. Mid to Mid. Source: net income reinvested, net of charges and tax. Performance does not include the effect of any initial or redemption charges.

### S&W Kennox Class A Shares



Annual performance is shown for each full year from 31 December to 31 December. Mid to Mid. Source: net income reinvested, net of charges and tax. Performance does not include the effect of any initial or redemption charges.

## APPENDIX 4

### ELIGIBLE SECURITIES MARKETS

The Company may deal through securities markets of an EEA/EU State provided such market is regulated, operates regularly and is open to the public (although up to 10% in value of the Company may be invested in transferable securities which are not approved securities).

The Company may also deal in certain of the securities markets listed below and those derivatives markets indicated in Appendix 5.

Austria	Vienna Stock Exchange (Wiener Boerse AG)
Belgium	NYSE Euronext Brussels
Bulgaria	Bulgarian Stock Exchange - Sofia
Croatia	Zagreb Stock Exchange
Cyprus	Cyprus Stock Exchange
Czech Republic	Prague Stock Exchange
Denmark	NASDAQ OMX Copenhagen
Estonia	NASDAQ OMX Tallinn
Finland	NASDAQ OMX Helsinki
France	NYSE Euronext Paris
Germany	Deutsche Borse AG
Germany	Eurex Deutschland
Germany	Frankfurt Stock Exchange (Boerse Frankfurt)
Greece	Athens Stock Exchange
Hungary	Budapest Stock Exchange
Iceland	NASDAQ OMX Iceland
Ireland	Irish Stock Exchange
Italy	Borsa Italiana
Latvia	NASDAQ OMX Riga
Lithuania	NASDAQ OMX Vilnius
Luxembourg	Bourse de Luxembourg
Malta	Malta Stock Exchange
Norway	Oslo Stock Exchange (Oslo Bors)
Poland	Warsaw Stock Exchange
Portugal	NYSE Euronext Lisbon
Romania	Bucharest Stock Exchange
Slovakia	Bratislava Stock Exchange
Slovenia	Ljubljana Stock Exchange

Spain	BME Spanish Exchanges
Sweden	NASDAQ OMX Stockholm
United Kingdom	AIM
United Kingdom	Icap Securities & Derivatives Exchange
United Kingdom	London Stock Exchange
United Kingdom	NASDAQ OMX NLX
United Kingdom	NYSE LIFFE
United Kingdom	Turquoise London Stock Exchange Group
Australia	Australian Securities Exchange
Bermuda	Bermuda Stock Exchange
Canada	Toronto Stock Exchange
Canada	TSX Venture Exchange
China	Shanghai Stock Exchange
China	Shenzhen Stock Exchange
Hong Kong	Hong Kong Exchanges and Clearing Company
India	BSE Limited
Indonesia	Indonesia Stock Exchange
Israel	Tel Aviv Stock Exchange
Japan	Osaka Securities Exchange
Japan	Tokyo Financial Exchange
Japan	Tokyo Stock Exchange
Korea, Republic of	Korea Exchange
Malaysia	Bursa Malaysia
New Zealand	New Zealand Exchange Ltd
Peru	Lima Stock Exchange (Bolsa de Valores de Lima)
Philippines	Philippine Stock Exchange
Singapore	Singapore Exchange
South Africa	JSE Limited
Switzerland	SIX Swiss Exchange
Taiwan	Taiwan Stock Exchange
Thailand	Stock Exchange of Thailand
The Netherlands	NYSE Euronext Amsterdam
Turkey	Borsa Istanbul
United States of America	NASDAQ
United States of America	New York Stock Exchange

**APPENDIX 5**  
**ELIGIBLE DERIVATIVES MARKETS**

Belgium	NYSE Euronext Brussels
France	NYSE Euronext Paris
Germany	Eurex Deutschland
Portugal	NYSE Euronext Lisbon
United Kingdom	NYSE LIFFE
United Kingdom	Turquoise London Stock Exchange Group
Hong Kong	Hong Kong Exchanges and Clearing Company
Japan	Tokyo Financial Exchange
Japan	Tokyo Stock Exchange
Singapore	Singapore Exchange
South Africa	JSE Limited
Switzerland	Eurex Zurich
The Netherlands	NYSE Euronext Amsterdam
United States of America	Chicago Board Options Exchange
United States of America	CME Group
United States of America	ICE Futures U.S.
United States of America	New York Stock Exchange
United States of America	NYSE Arca
United States of America	NYSE LIFFE US

## APPENDIX 6 Directory

### **The Company and Head Office**

S&W Kennox Strategic Value Fund  
25 Moorgate  
London  
EC2R 6AY

### **Authorised Corporate Director, Administrator & Registrar**

Registered Office:  
Smith & Williamson Fund Administration Limited  
25 Moorgate  
London  
EC2R 6AY

Correspondence Address:  
Smith & Williamson Fund Administration Limited  
Transfer Agency Team  
206 St Vincent Street  
Glasgow  
G2 5SG

Telephone Numbers:  
For Dealing - 0141 222 1150  
For Prices, Registration and Other Enquiries - 0141 222 1151

### **Investment Manager**

Kennox Asset Management Limited  
Registered Office and Principal Place of Business:  
28 Drumsheugh Gardens  
Edinburgh  
EH3 7RN

### **Depositary**

National Westminster Bank plc  
Registered Office:  
135 Bishopsgate  
London  
EC2M 3UR

Principal Place of Business:  
Trustee & Depositary Services  
1st Floor,  
Younger Building  
3 Redheughs Avenue  
Edinburgh  
EH12 9RH

**Auditors:**

KPMG LLP  
Saltire Court  
20 Castle Terrace  
Edinburgh  
EH1 2EG

**APPENDIX 7**  
**List of Directors of Smith & Williamson Fund Administration Limited**

Name of Director

David Cobb

Jocelyn Dalrymple

Giles Murphy

Susan Shaw

Kevin Stopps

Paul Wyse

James Gordon

Peter Maher

Grant Hotson

Tas Quayum

Brian McLean

None of the directors have any business activities of significance to the Company that are not connected with the business of the ACD.

**APPENDIX 8**

**List of Authorised Funds that Smith & Williamson Fund Administration Limited acts as authorised fund manager or authorised corporate director for**

Authorised Unit Trusts	Investment Companies with Variable Capital
Bryn Siriol Fund Eagle Fund Orchard Fund Ourax Unit Trust S&W Langham Trust S&W Latham H Unit Trust S&W Magnum Trust S&W Marathon Trust S&W Quercus Unit Trust S&W Thoroughbred Trust S&W Witch General Trust S&W Worldwide Fund Smith & Williamson European Equity Fund Smith & Williamson Far Eastern Income and Growth Fund Smith & Williamson Fixed Interest Fund Smith & Williamson North American Equity Fund Smith & Williamson UK Equity Growth Fund Smith & Williamson UK Equity Income Fund Starhunter Managed Trust SVS Church House Balanced Equity Income Fund SVS Church House Esk Global Equity Fund SVS Church House Investment Grade Fixed Interest Fund SVS Church House UK Managed Growth Fund SVS True Potential Investments Fund The Acorn Trust The Alkerton Trust The Barro II Trust The Capital Balanced Fund The Devonshire Trust The Dream Trust The Endeavour II Fund The Enterprise Trust The Global Opportunities Fund The Ilex Fund The Jetwave Trust The Lancaster Trust The Millennium Fund The Plain Andrews Unit Trust The Securities Fund The Skye Trust The Wessex Portfolio Trust Worldwide Capital Growth Trust	Forest Fund ICVC Hercules Managed Funds Knotts Investments Fund Moorgate Funds ICVC New Square Investment Funds New Square Investment Funds 2 Pendennis Fund ICVC Pityoulish Investments Fund S&W Aubrey Capital Management Investment Funds S&W Deucalion Fund S&W Kennox Strategic Value Fund S&W Millbank Investment Funds S&W New Sarum Funds OEIC S&W Revera Fund S&W Saltus Onshore Portfolios S&W TS Campana Fund Sardasca Fund Smith & Williamson Funds Smith & Williamson Investment Funds ICVC Smithfield Funds Stratford Place Fund SVS Brown Shipley Investment Company SVS Brown Shipley Multi Asset Portfolio SVS CH Special Mandates Fund SVS Cornelian Investment Funds SVS Heritage Investment Fund SVS True Potential Investments OEIC 1 SVS True Potential Investments OEIC 2 SVS True Potential Investments OEIC 3 Sylvan Funds Taber Investments Fund The Air Pilot Fund The Aurinko Fund The Blu-Frog Investment Fund The Brighton Rock Fund The Capital Link Growth Fund The Cheviot Fund The Daisybelle Fund The Dinky Fund The Dunninger Fund The Explorer Funds The Folla Fund The Gloucester Portfolio The Greylag Fund The Headspring Fund The Headway Fund The Jay Fund

	<p>The Kingfisher Fund The Loch Moy Fund The Magpie Fund The MF Fund The Milne Fund The Nectar Fund The Norton Fund The Princedale Fund The Rosslyn Fund The SBB Fund The Staffordshire Portfolio The Stellar Fund The Touchstone Investment Fund The Tully Fund The Westhill Investment Fund</p>
--	---