



THESIS OPTIMA FUND

PROSPECTUS

This document is the Prospectus of THESIS OPTIMA FUND (the 'Trust') and is valid as at 28 September 2018 and replaces any previous prospectuses issued by the Trust.

It has been prepared in accordance with the rules contained in the Collective Investment Schemes Sourcebook (COLL) and the Investment Funds Sourcebook (FUND), which form part of the FCA Handbook, and complies with the requirements of COLL 4.2.5R and FUND 3.2.2R.

Copies of this Prospectus have been sent to the Financial Conduct Authority and the Trustee.

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THESIS OPTIMA FUND

If you are in any doubt about the contents of this Prospectus you should consult your professional adviser authorised under the Financial Services and Markets Act 2000 (the "Act").

The Manager of the Trust, Thesis Unit Trust Management Limited, (the "Manager") has taken all reasonable care to ensure that the information contained in this document is, to the best of its knowledge and belief, in accordance with the facts and does not omit anything material to such information. The Manager accepts responsibility accordingly.

The Trustee, NatWest Trustee and Depositary Services Limited, is not a person responsible for the information contained in this prospectus and, accordingly, does not accept any responsibility for it under COLL, FUND or otherwise.

This Prospectus is intended for distribution in the United Kingdom. The distribution of this Prospectus and supplementary documentation and the offering of Units may be restricted in certain countries. Any person wishing to apply for Units should inform himself as to the requirements within his own country for transactions in shares, any applicable exchange control regulations and the tax consequences of any transaction in Units.

The Units have not been and will not be registered under the 1933 Act or the securities laws of the United States. The Units may not be offered or sold directly or indirectly in the United States or to or for the account or benefit of any US Person or in a transaction not subject to the regulatory requirements of, the 1933 Act and any applicable state securities laws. Any re-offer or resale of any of the Units in the United States or to US Persons may constitute a violation of US law. The Trust has not been and will not be registered under the 1940 Act and investors will not be entitled to the benefit of registration.

The Units have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission or other regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of these offering materials. Any representation to the contrary is unlawful. The Units are subject to restrictions on transferability and resale and may not be transferred or resold in the United States except as permitted under the 1933 Act and applicable state securities laws, pursuant to registration or exemption therefrom.

In order to ensure compliance with the restrictions referred to above, the Trust is, accordingly, not open for investment by any US Persons or ERISA Plans except in exceptional circumstances and then only with the prior consent of the Manager. A prospective investor may be required at the time of acquiring Units to represent that such investor is a qualified holder and not a US Person or acquiring Units for the account or benefit, directly or indirectly, of a US Person or with the assets of an ERISA Plan. The granting of prior consent by the Manager to an investment does not confer on the investor a right to acquire Units in respect of any future or subsequent application.

This Prospectus does not constitute an offer or solicitation to anyone in any country in which such offer or solicitation is not lawful or authorised, or to any person to whom it is unlawful to make such offer or solicitation.

Purchases must be made on the basis of the information contained in the most recently published Prospectus and supplementary documentation, including the latest reports when issued, which are available from the registered office of the Manager. Investors should check with the Manager that this is the most recently published version of the Prospectus.

Obligations have been imposed on financial sector professionals to prevent the use of funds such as Thesis Optima Fund for money-laundering purposes. Within this context a procedure for the identification of subscribers is required. That is, the application form of a subscriber must be accompanied, in the case of individuals, by a copy of a passport or identification card and/or in the case of legal entities, a copy of its statutes and an extract from its commercial register (in the case of a non-UK entity any such copy must be certified to be a true copy by one of the following authorities: ambassador, consulate, notary, local police). Any such information provided is collected for money-laundering compliance purposes only. These specific requirements may be waived by the Manager where other suitable evidence is available which in its sole judgement allows the Manager to cover its obligations under money-laundering legislation.

Neither the Manager nor any of its officers, representatives or advisers, shall be regarded as giving any advice, representation or warranty (express or implied) to any person in connection with the proposals contained in this Prospectus.

No part of this Prospectus may, be reproduced, stored in a retrieval system or transmitted in any form or any means, electronic, mechanical, photocopying, recording or otherwise without the prior written permission of the Manager.

IMPORTANT: If you are in any doubt about the contents of this Prospectus you should consult your own financial adviser

THESIS OPTIMA FUND PROSPECTUS

1. INTRODUCTION

1.1 This document is the Prospectus of Thesis Optima Fund

1.2 In this Prospectus the following words and expressions shall have the following meanings:

"Accumulation Units"	Units in the Funds as may be in issue from time to time in respect of which income allocated thereto is credited periodically to capital pursuant to the FCA Rules;
"Act"	the Financial Services and Markets Act 2000;
"AIF"	an alternative investment fund within the scope of the AIFMD Rules;
"AIFM"	the alternative investment fund manager for the purpose of the AIFMD Rules;
"AIFMD Rules"	Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers, as supplemented by Commission Delegated Regulations (EU) No. 231/2013 of 19 December 2012 and the rules issued by the FCA and ESMA from time to time (including any amendments or updates made in relation thereto) as implemented in the UK by the Alternative Investment Fund Managers Regulations 2013 (as amended);
"Approved Bank"	(in relation to a bank account opened on behalf of the Trust): a) if the account is opened at a branch in the UK; 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; i) a bank in a); or ii) a credit institution established in an EEA State other than in the UK and duly

authorised by the relevant Home State Regulator; or

- iii) a bank which is regulated in the Isle of Man or the Channel Islands; or
- c) a bank supervised by the South African Reserve Bank,

as such definition may be updated in the glossary of definitions in the FCA Handbook from time to time;

"Business Day"

any day which is not a Saturday, a Sunday or a public holiday on which banks are ordinarily open for business in the City of London;

"CASS"

the requirements relating to holding client assets and client money published by the FCA as part of the FCA Handbook as amended or replaced from time to time;

"COLL"

the Collective Investment Schemes Sourcebook published by the FCA as part of their Handbook made under the Act as may be amended, or replaced, from time to time;

"Data Protection Legislation"

the General Data Protection Regulation (Regulation (EU) 2016/679), the Data Protection Act 2018, the Regulation of Investigatory Powers Act 2000, the Directive on privacy and electronic communications 2002/58/EC, the Privacy and Electronic Communications (EC Directive) Regulations 2003 (SI 2003/2426), the Telecommunications (Lawful Business Practice) (Interception of Communications) Regulations 2000 (SI 2000/2699) and all laws and regulations relating to processing of personal data and privacy under any jurisdiction in or from which the Trust is operated by the Manager or the Units are marketed, including, where applicable, the guidance and codes of practice issued by the Information Commissioner (being the supervisory authority in the UK responsible for administering Data Protection Legislation in the UK), or any other supervisory authority, and the equivalent of any of the foregoing in any relevant jurisdiction, in each case as re-enacted or amended from time to time, as applicable;

"ERISA Plan"

(i) any retirement plan subject to Title I of the United States Employee Retirement Income Security Act of 1974, as amended ("ERISA"); (ii) any individual retirement account or plan subject to Section 4975 of the United States Internal Revenue Code of 1986, as amended; or (iii) an entity whose assets include plan assets by reason of a plan's investment in the entity (generally because 25% or more of a class of equity interests in the entity is owned by plans);

"FATCA"	means the Foreign Account Tax Compliance Act (US);
"FCA"	the Financial Conduct Authority (whose address is set out in Appendix E) or any successor regulatory body;
"FCA Handbook"	the FCA's Handbook of rules and guidance, as amended from time to time;
"FCA Rules"	the rules from time to time contained in COLL and FUND but, for the avoidance of doubt, not including guidance or evidential requirements contained in either;
"Fund" or "Funds"	a sub-fund of the Trust (being part of the Scheme Property of the Trust which is pooled separately) to which specific assets and liabilities of the Trust may be allocated and which is invested in accordance with the investment objective applicable to such sub-fund;
"FUND"	the Collective Investment Schemes Sourcebook published by the FCA as part of their Handbook made under the Act as may be amended, or replaced, from time to time;
"Fund Accountant"	the person who provides fund accounting services, being Northern Trust Global Services PLC and its successor or successors as fund accountant;
"Income Units"	Units in the Funds as may be in issue from time to time in respect of which income distributed periodically pursuant to the FCA Rules;
"Investment Adviser"	an investment adviser retained by the Manager pursuant to the FCA Rules, being Thesis Asset Management Limited and its successor or successors as investment adviser to the Funds;
"Manager"	the authorised fund manager holding office as such from time to time pursuant to the Rules, being Thesis Unit Trust Management Limited and its successor or successors as manager of the Trust;
"OTC"	over the counter;
"Register"	the register of Unitholders of the Trust;
"Registrar"	the person who maintains the register, being Northern Trust Global Services PLC and its successor or successors as registrar;
"Rules"	the FCA Rules and any other regulations that may be made under sections 247 and 248 of the Act and for the time being in force;
"Scheme Property"	the cash, securities, or any other asset of the Trust, or a Fund as the case may be, required under COLL

	to be held for safekeeping by the Trustee;
"Trust Deed"	the deed constituting the Trust dated 2 November 2010 and made between the Manager and the Trustee as may be amended, restated or supplemental from time to time by agreement between the Manager and the Trustee;
"Trustee"	the person to whom is entrusted the safekeeping of all of the Scheme Property of the Trust (other than certain Scheme Property designated by the FCA Rules), being NatWest Trustee and Depository Services Limited and its successor or successors as trustee;
"Unit" or "Units"	a unit in the Trust (including larger denomination units and fractions);
"Unitholder" or "Unitholders"	holder(s) of registered Units in the Trust;
"United Kingdom" or "UK"	means the United Kingdom of Great Britain and Northern Ireland;
"United States" or "US"	the United States of America, its territories and possessions, any state of the United States, and the District of Columbia;
"US Persons"	<p>a person as described in any of the following paragraphs:</p> <ol style="list-style-type: none"> 1. With respect to any person, any individual or entity that would be a US Person under Regulation S of the 1933 Act. The Regulation S definition is set out below. Even if you are not considered a US Person under Regulation S, you can still be considered a "US Person" within the meaning of this Prospectus under Paragraphs 2, 3 and 4, below; 2. With respect to any person, any individual or entity that would be excluded from the definition of "Non-United States person" in Commodity Futures Trading Commission ("CFTC") Rule 4.7. The definition of "Non-United States person" is set out below; 3. With respect to individuals, any US citizen or "resident alien" within the meaning of US income tax laws as in effect from time to time. Currently, the term "resident alien" is defined under US income tax laws; or 4. With respect to persons other than individuals (i) a corporation or partnership created or organised in the United States or under the law of the United States or any state, (ii) a trust where (a) a US court is able to exercise primary supervision over the administration of the trust and (b) one or more US persons have the

authority to control all substantial decisions of the trust and (iii) an estate which is subject to US tax on its worldwide income from all sources;

Regulation of S definition of US Person

1. Pursuant to Regulation S of the 1933 Act, "US Person" means:
 - a. any natural person resident in the United States;
 - b. any partnership or corporation organised or incorporated under the laws of the United States;
 - c. any estate of which any executor or administrator is a US person;
 - d. any trust of which any trustee is a US person;
 - e. any agency or branch of a foreign entity located in the United States;
 - f. any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a US Person;
 - g. any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or (if an individual) resident in the United States;
 - h. any partnership or corporation if:
 - i. organised or incorporated under the laws of any non-US jurisdiction;
 - ii. formed by a US Person principally for the purpose of investing in securities not registered under the 1933 Act, unless it is organised or incorporated, and owned, by accredited investors (as defined in Rule 501(a) under the 1933 Act) who are not natural persons, estates or trusts;
2. Notwithstanding (1) above, any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-US Person by a dealer or other professional fiduciary organised, incorporated, or (if an individual) resident in the United States shall not be deemed a "US Person";

3. Notwithstanding (1) above, any estate of which any professional fiduciary acting as executor or administrator is a US Person shall not be deemed a "US Person" if:
 - i. an executor or administrator of the estate who is not a US Person has sole or shared investment discretion with respect to the assets of the estate; and
 - ii. the estate is governed by non-US law;
4. Notwithstanding (1) above, any trust of which any professional fiduciary acting as trustee is a US Person shall not be deemed a "US Person" if a trustee who is not a US Person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settlor if the trust is revocable) is a US Person;
5. Notwithstanding (1) above, an employee benefit plan established and administered in accordance with the law of a country other than the United States and customary practices and documentation of such country shall not be deemed a "US Person";
6. Notwithstanding (1) above, any agency or branch of a US Person located outside the United States shall not be deemed a "US Person" if:
 - i. the agency or branch operates for valid business reasons; and
 - ii. the agency or branch is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located;
7. The International Monetary Fund, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the United Nations, and their agencies, affiliates and pension plans, and any other similar international organisations, their agencies, affiliates and pension plans shall not be deemed "US Persons".

The Manager may amend the definition of "US Person" without notice to Unitholders as necessary in order best to reflect then-current applicable US law and regulation. Contact your investment adviser for a list of persons or entities that are deemed to be "US Persons";

"Non-United States persons" definition

CFTC Rule 4.7 currently provides that the following persons are considered

1. a natural person who is not a resident of the United States or an enclave of the US government, its agencies or instrumentalities;
2. a partnership, corporation or other entity, other than an entity organised principally for passive investment, organised under the laws of a non-US jurisdiction and which has its principal place of business in a non-US jurisdiction;
3. an estate or trust, the income of which is not subject to US income tax regardless of source;
4. an entity organised principally for passive investment such as a pool, investment company or other similar entity, provided, that units of participation in the entity held by persons who do not qualify as Non-United States persons or otherwise as qualified eligible persons (as defined in CFTC Rule 4.7(a)(2) or (3)) represent in the aggregate less than 10% of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by persons who do not qualify as Non-United States persons in a pool with respect to which the operator is exempt from certain requirements of Part 4 of the CFTC's regulations by virtue of its participants being Non-United States persons; and
5. a pension plan for the employees, officers or principals of any entity organised and with its principal place of business outside the United States;

"VAT"

value added tax;

"1933 Act"

the United States Securities Act of 1933 (as may be amended or re-enacted); and

"1940 Act"

the United States Investment Company Act of 1940 (as may be amended or re-enacted).

1.3 Unless otherwise defined in paragraph 1.2 or elsewhere in this Prospectus, words or expressions defined in or for the purposes of the Act or the Rules shall bear the same meanings in this Prospectus.

2. THE TRUST

2.1 The Trust is an authorised unit trust scheme for the purposes of the Act.

- 2.2 The Trust is a non-UCITS retail scheme, being a category of authorised scheme for the purposes of COLL 1.2.1R. The Trust is an AIF for the purposes of FUND and the AIFMD Rules.
- 2.3 The Trust was authorised by the Financial Services Authority pursuant to an authorisation order (number 525268) dated 2 November 2010 and was launched on 24 June 2011. The FCA product reference number of the Trust is 525268. The Financial Services Authority has now been superseded by the FCA and the Prudential Regulation Authority.
- 2.4 The base currency of the Trust is pounds sterling.
- 2.5 The Trust will continue until wound up in accordance with the Rules.
- 2.6 The circumstances, and manner in which the Trust may be wound-up, is set out at paragraph 13 of this Prospectus.
- 2.7 The Trust is a collective investment scheme in which each investor's funds are pooled with all other investors' funds. The Manager takes reasonable steps to ensure that each investment transaction carried out within a Fund is suitable for that Fund, having regard to the investment objective and policy of the Fund. This Prospectus is intended to provide information to potential investors about the Trust and the Funds.
- 2.8 Historical performance figures for the Trust are set out in Appendix E.
- 2.9 Unitholders are not liable for the debts of the Trust.
- 2.10 The Funds of the Trust are segregated portfolios of assets and, accordingly, the assets of a Fund belong exclusively to that Fund and shall not be used to discharge directly or indirectly, the liabilities of, or claims against, any other person or body, including the Trust, or any other Fund, and shall not be available for any such purpose.
- 2.11 Whilst the Trust Deed provides for segregated liability between Funds, the concept of segregated liability is relatively new. Accordingly, where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known how those foreign courts will react to the segregated liability provisions.

3. **THE STRUCTURE OF THE FUND**

- 3.1 The Trust is an umbrella scheme. Each Fund would be a non-UCITS retail scheme if it had a separate authorisation order, and the Trust is accordingly a non-UCITS retail scheme for the purposes of COLL 1.2.1R.
- 3.2 The Trust is an authorised unit trust scheme and non-UCITS retail scheme under the terms of COLL.
- 3.3 At the date of this Prospectus, three Funds are available for investment. Details of these Funds, investment objectives and policy and characteristics of the units in issue, are set out in Appendix A. The names of these Funds, and the FCA product reference numbers, are below:

Fund	FCA product reference number (PRN)
Optima Growth Sub-Fund	638962

Optima Balanced Sub-Fund	638963
Optima Income Sub-Fund	638964

Each Fund of the Trust belongs to the category of a 'non-UCITS scheme' as if it were itself an authorised unit trust scheme.

3.4 **Investment objectives and policy**

- (a) The Funds have a variety of specific investment objectives, the mix of which is aimed at providing investors the opportunity to gain exposure to a wide range of assets, markets, and risk and return profiles.
- (b) The assets in which the Funds will invest will principally be securities, units in collective investment schemes, Treasury issues, bonds, money market instruments, deposits, cash or near cash investments and derivatives. There will be no emphasis placed on any particular economic, industrial or geographical sector.
- (c) Within these parameters, each Fund will have a different investment objective and policy, as set out in the relevant Fund in Appendix A.
- (d) The assets of each Fund will be treated as separate from those of every other Fund and will be invested in accordance with the investment objective and investment policy set out in Appendix A.

3.5 The investment management and borrowing powers permitted are set out in Appendix B.

3.6 The base currency of each Fund is the pound sterling, and UK sterling based investors are considered likely to find the scheme a suitable investment vehicle.

3.7 **Investor Profile**

- (a) The investor profile for each Fund is set out in the details of the relevant Fund in Appendix A.
- (b) An indication of the risks involved in investment in the Funds is contained in section 14 (Risks) below.

The value of the Units in a Fund is based upon the value of the underlying investments. The value of those investments and the income from them and consequently the value of the Units and the income from them, can go down as well as up and is not guaranteed.

Past performance is not necessarily a guide to future performance. Investors may not get back the amount originally invested. Exchange rate changes may cause the value of overseas investments to rise or fall.

4. **CHARACTERISTICS OF UNITS IN THE TRUST**

4.1 The Trust Deed permits the issue of both Income and Accumulation Units in respect of each Fund, and these may be further designated as "B", "C" or "D" Units. Details of Unit classes currently in issue for each Fund are detailed in Appendix A.

4.2 Holders of Income Units are entitled to be paid the income (if any) attributed to such Units on the relevant interim and annual allocation dates.

- 4.3 Income on Accumulation Units is not distributed but is accumulated, being automatically reinvested after the annual accounting reference date and interim accounting date.
- 4.4 The Units are not listed or dealt in on any investment exchange.
- 4.5 An Income Unit represents one undivided share in the capital property of the relevant Fund. An Accumulation Unit represents one undivided share in the capital property plus further shares relating to income retained.
- 4.6 Each undivided Unit ranks *pari passu* with the other undivided Units in the relevant Fund. The nature of the right represented by Units is that of a beneficial interest under a trust.

5. **DEALINGS IN UNITS**

5.1 **Purchase of Units**

The dealing office of the Manager is open from 9.00 a.m. until 5.00 p.m. each Business Day during which the Manager may receive requests for the buying of Units. The time and price at which a deal takes place depends on COLL affecting the pricing of Units.

A Business Day for this purpose means every day or part of a day, other than Saturdays, Sundays, public holidays in England or any day or part of a day on which the London Stock Exchange is not open for trading.

Units may be purchased by sending a completed application form, or clear written instructions, to the Administrator or by obtaining an application form by telephoning the Manager's Customer Enquiry Line on 0333 300 0375 or by electronic communication as set out in the paragraph headed 'Electronic Communications'.

A contract note giving details of the Units purchased will be issued no later than the next Business Day after the Business Day on which an application to purchase Units is received and instrumented by the Manager.

Payment in full should be made not later than the fourth Business Day after the date of purchase, and the Manager reserves the right to require payment in advance.

The Manager will not accept a lump sum application for Units to the value of less than £1,000, unless it represents an addition to an existing holding in which case the minimum amount is £100.

The only restriction on holdings is the value of the holding; there is no minimum number of Units which any Unitholder need hold. The Manager reserves the right to reduce or waive minimum investment levels.

The Manager reserves the right to reject, on reasonable grounds, any application for Units in whole or in part, in which event, the Manager will return by post, any money sent, or the balance, for the purchase of Units which are the subject of the application, at the risk of the applicant.

5.2 **Publication of Unit Prices**

The most recent prices will appear daily on the Financial Express website at www.fundlistings.com and can also be obtained by telephone on 01483 783 900.

For reasons beyond the control of the Manager, these may not necessarily be the current prices.

The cancellation price last notified to the Trustee is available from the Manager upon request.

5.3 **Redeeming Units**

At any time during a dealing day when the Manager is willing to sell Units it must also be prepared to redeem Units. The Manager may refuse to redeem a certain number of Units if the redemption will mean the Unitholder is left holding Units with a value of less than the minimum initial subscription of £1,000.

Requests to redeem Units in a Fund may be made to the Manager by telephone on the number stated above, by electronic communications as set out in the paragraph headed 'Electronic Communications', or by sending clear written instructions.

A contract note giving details of the number and price of the Units sold back to the Manager will be sent to Unitholders no later than the next Business Day after the Units were sold.

In the event that the Manager requires a signed form of renunciation, e.g. in respect of joint holders, corporate holders or redemptions dealt through an agent, a form of renunciation will be attached.

When Units are redeemed, a cheque will be sent out within four Business Days of the valuation point of the relevant Fund immediately following receipt by the Manager of the request to redeem Units or the time when the Manager has received all duly executed instruments and authorisations as will vest to title in the Manager or enable it to arrange to do so, whichever is the later.

The Manager is not required to issue a cheque in respect of the redemption of Units where it has not yet received the money due on the earlier issue of those Units.

5.4 **Issue of Units in exchange for in specie assets**

The Manager may arrange for the Trust to issue Units in exchange for assets other than cash, but will only do so where the Trustee has taken reasonable care to determine that the Trust's acquiring of those assets in exchange for the Units concerned is not likely to result in any material prejudice to the interests of Unitholders or potential Unitholders.

The Manager will ensure that the beneficial interest in the assets is transferred to the Trust with effect from the issue of the Units.

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

5.5 **Suspension of dealing**

The Manager may if the Trustee agrees, or shall if the Trustee so requires, at any time, temporarily suspend the issue and redemption of Units.

Suspension of dealing will be with the prior agreement of the Trustee, or if required by the Trustee, or, in either case, if the Manager or the Trustee (as the case may be) is of the opinion that due to exceptional circumstances there is a good and sufficient reason to suspend dealings having regard to the interests of Unitholders or potential Unitholders.

The Manager and the Trustee must ensure that such suspension is only allowed to continue for as long as it is justified having regard to the interests of Unitholders and must cease as soon as possible once the exceptional circumstances have ceased.

The FCA will be notified immediately of any suspension of dealing in Units and the Manager, or, if the Trustee had required the suspension, the Trustee will state the reasons for its action.

The Manager must ensure that a notification of the suspension to the Unitholders as soon as practicable after suspension commences and state the exceptional circumstances which resulted in the suspension. Notification must be clear, fair and not misleading. Unitholders will be informed in writing of the expected duration of the suspension (if known) and be provided with updates concerning such suspension.

Re-calculation of issue and cancellation prices will commence on the Business Day immediately following the end of the suspension, at relevant valuation point.

During any suspension, the Manager will exercise its discretion to permit a Unitholder to withdraw their redemption notice provided that this withdrawal is in writing and is received before the period of suspension ends.

The Manager and the Trustee must review any such suspension at least every 28 days and inform the FCA of the results of their review. Any such suspension may only continue for so long as it is justified having regard to the interest of Unitholders.

The Manager must inform the FCA of the proposed restart of dealing and, immediately after the restart, must confirm in writing to the FCA. The Manager may agree, during the suspension, to deal in Units in which case all deals accepted during, and outstanding prior to, the suspension will be undertaken at a price calculated at the first valuation point after the restart of dealing.

References to Units of a class or classes relate to the class or classes of Units in the relevant Fund and to the Scheme Property attributable to the relevant Fund. Suspension of dealing, as stated above, can only apply to one or more classes of Units without being applied to other classes, if in the interests of all the Unitholders.

5.6 The Manager's right to refuse applications (mandatory cancellation and redemption)

If it comes to the notice of the Manager that any Units ('Affected Units') are owned directly or beneficially in breach of any law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory or by virtue of which the holder or holders in question is/are not qualified and entitled to hold such Units or if it reasonably believes this to be the case, the Manager may give notice to the holder(s) of the Affected Units requiring either transfer of such Units to a person who is qualified or entitled to own them or that a request in writing be given for the redemption or cancellation of such Units in accordance with COLL.

If any person upon whom such a notice is served does not within thirty days after the date of such notice transfer his Affected Units to a person qualified to hold them or establish to the satisfaction of the Manager (whose judgment is final and binding) that he or the beneficial owner is qualified and entitled to own the Affected Units, he shall be deemed upon the expiration of that thirty day period to have given a request in writing for the redemption of all the Affected Units pursuant to COLL.

A person who becomes aware that he has acquired or is holding Affected Units in breach of any law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory, or by virtue of which he is not qualified to hold such Affected Units, shall forthwith, unless he has already received a notice as aforesaid, either transfer or procure the transfer of all his Affected Units to a person qualified to own them or give a request in writing to procure that such a request for the redemption or cancellation of all his Affected Units pursuant to COLL.

5.7 **In specie redemptions and cancellation of Units**

Where a Unitholder requests redemption or cancellation of Units, the Manager may, at its discretion, give written notice to the Unitholder before the proceeds would otherwise become payable that, in lieu of paying such proceeds in cash, the Manager will transfer to that Unitholder property attributable to the relevant Fund having the appropriate value.

Where such notice is given, the Unitholder may, by written notice given to the Manager before the relevant property is transferred to the Unitholder, require the Manager to arrange for a sale of that property and the payment to the Unitholder of the net proceeds of that sale. The selection of the property to be transferred (or sold) will be made by the Manager in consultation with the Trustee, with a view to achieving no more advantage or disadvantage to the Unitholder requesting cancellation of his Units than to continuing Unitholders.

The Manager may retain out of the property to be transferred (or the proceeds of sale) property or cash of a value or amount equivalent to any stamp duty or stamp duty reserve tax to be paid in relation to the redemption or cancellation of the Units.

5.8 **Income equalisation**

When an incoming Unitholder purchases a Unit during an accounting period, part of the purchase price will reflect the relevant share of accrued income in the net asset value of the relevant Fund.

The first allocation of income in respect of that Unit refunds this amount as a return of capital. The amount of income equalisation is calculated by dividing the aggregate of the amounts of income included in the creation price of Units of the type in question issued or re-issued in a grouping period by the number of those Units and applying the resulting average to each of the Units in question.

Grouping for equalisation

Grouping periods are consecutive periods within each annual accounting period, being the interim accounting periods (including the period from the end of the last interim accounting period in an annual accounting period to the end of that annual accounting period) as specified above. If there are no interim accounting periods the periods for grouping of Units will be annual accounting periods. Grouping is permitted by the Trust Deed for the purposes of equalisation.

5.9 **Switching (exchange of Units in the Funds)**

It is possible for Unitholders to switch their entitlement between Funds. An instruction to exchange Units is where the Manager converts, at the request of the Unitholder and upon receipt of an exchange notice, part or all of the Units relating to one Fund held by the Unitholder into Units of one or more other Funds on the same day.

Exchange requests may be made by telephone, by fax or by letter, in each case to the Manager. Unitholders may be required to complete a switching form (which in the case of joint Unitholders must be signed by all joint holders). Switching forms will be available on request from the Manager.

If, for any reason, an exchange notice is not received by the Manager on the same day, the application will still be binding and considered irrevocable by the Manager. The exchange notice must be addressed to the Manager and signed by all registered holders. Exchange instructions accepted on any dealing day will be satisfied at prices calculated at the next valuation point. The relevant prices will be the net asset value price per Unit of the appropriate Fund.

Switching charges

The Manager may, at its discretion, make a charge on the switching of Units. The charge will not exceed any excess of the preliminary charge applicable to the Units being acquired over the preliminary charge applicable to the Units.

Unitholders who are subject to UK taxation should be aware that an exchange of Units for Units (of whatever class) in another Fund is treated as a redemption and sale and is a disposal for capital gains tax purposes.

Any Unitholder who switches between Funds will not be given a right by law to withdraw from or cancel the transaction.

5.10 **Statements**

An annual statement made up to 5 April will be issued to Unitholders. This will detail the Unitholder's current holding, transactions during the year and income paid.

Interim statements are available on request.

5.11 **Certificates and Title**

No certificates are issued to Unitholders.

Title to Units is evidenced by the entry on the Register. Unitholders may but need not support an instruction to the Manager by enclosing the contract note or the most recent annual statement or copies of such documents.

5.12 **Electronic Communications**

The Manager will accept instructions to transfer or renunciation of title to Units on the basis of an authority communicated by electronic means and sent by the Unitholder, or delivered on their behalf by a person that is authorised by the FCA or regulated in another jurisdiction by an equivalent supervisory authority, subject to:

- (1) Prior agreement between the Manager and the person making the communication as to:
 - (a) the electronic media by which such communications may be delivered; and
 - (b) how such communications will be identified as conveying the necessary authority; and
- (2) Assurance from any person who may give such authority on behalf of the investor that they will have obtained the required appointment in writing from the Unitholder.

5.13 **Client Money Rules**

The FCA Handbook contains provisions (known as the "Client Money Rules") designed to safeguard client money in the hands of authorised persons. However, the CASS rules also provide that money need not be treated as client money in respect of a delivery versus payment transaction, for the purpose of settling a transaction in relation to Units in a regulated collective investment scheme such as the Trust, provided that:

- (1) The Manager receives the money from a client in relation to the Manager's obligation to issue Units in the fund in accordance with COLL; or
- (2) The money is held in the course of redeeming Units, where the proceeds are

paid to the client within the timeframe specified in COLL.

Where money is received in either of the circumstances set out in (1) or (2) above, the Manager must cease to operate the exemption if, by close of business on the Business Day following receipt of the money, it has not paid it over to the Trustee or the client as applicable.

In order to facilitate management of the Trust, the Manager makes use of the delivery versus payment exemption on the issue of Units. Money received for the issue of Units is, therefore, not protected under the Client Money Rules until the delivery versus payment exemption period has expired. Money received by the Manager in the form of redemptions, cheques or other remittances is paid directly into a client money account maintained by the Manager with an Approved Bank, as defined in the FCA Rules, and protected in line with the Client Money Rules. No interest is payable by the Manager on moneys credited to this account.

Money deposited into an account with a third party may have a security interest, lien or right of set-off in relation to the money, to the extent permitted by the Client Money Rules.

6. REPORTING, DISTRIBUTIONS AND ACCOUNTING DATES

The accounting reference date, accounting periods and income allocation dates for each Fund are set out in Appendix A.

Distributions of income for each Fund are made on or before the relevant income allocation dates as set out in Appendix A for the quarter ending on the preceding accounting date.

Each holder of Income Units is entitled, on the quarterly income allocation dates, to the income attributable to his holding.

The income available for distribution is determined in accordance with COLL. It comprises all income received or receivable for the account of the relevant Fund in respect of the accounting period concerned, after deducting net charges and expenses paid or payable out of such income and after making such adjustments as the Manager considers appropriate, after consulting with the Trust's auditors, in accordance with COLL, in relation to taxation and other matters.

Income on Accumulation Units is not distributed but is accumulated, being automatically reinvested after the income allocation dates to increase the value of each Unit.

The Manager reserves the right to change or create additional accounting and income distribution dates, usually as a result of accounting or taxation changes.

Any distribution that remains unclaimed for a period of 6 years after the distribution became due for payment will be forfeited and shall revert to the relevant Fund.

On the income allocation dates, an amount, as determined by the Manager in accordance with the Trust Deed and COLL, is paid to those Unitholders who are entitled to the distribution by evidence of their holding on the Register at the previous accounting date. Payments will be made by means of direct credit to the Unitholders nominated bank account. If the income allocation date is a non-Business Day, payment will be made on the next Business Day.

Copies of the annual and half-yearly long reports will be available to Unitholders, free of charge, on request to the Manager (contact details are set out in Appendix G) or inspected at the Manager's registered office during normal office hours.

7. **MEETINGS OF UNITHOLDERS AND VOTING RIGHTS**

A meeting of Unitholders duly convened and held may, by extraordinary resolution, effect certain matters including:-

- i. authorise any modification, alteration or addition to the provisions of the Trust Deed relating to the Trust which have been properly put forward;
- ii. authorise the departure by the Manager from a policy statement or set of investment objectives included in the Scheme Particulars;
- iii. remove the Manager (or determine that the Manager be removed as soon as this is permitted by law); and
- iv. approve a proposed scheme of amalgamation or of reconstruction put forward by the Manager.

A meeting of Unitholders has no powers other than those contemplated by COLL.

Unitholders must receive at least 14 days-notice of any meeting of Unitholders and are entitled to be counted in the quorum and vote at any such meeting either in person or by proxy.

The quorum at a meeting of Unitholders shall be the Unitholders present in person or by proxy of one-tenth in value of all the Units in issue as defined in COLL. At any meeting of Unitholders, on a show of hands every Unitholder who (being an individual) is present in person or (being a corporation) is present by its representative properly authorised in that regard, shall have one vote.

On a poll, every Unitholder who is present in person or by proxy shall have one vote for every complete undivided share in the property of a Fund and a further part of one vote proportionate to any fraction of such an undivided Unit of which he is the Unitholder. A Unitholder entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.

Any resolution put to a meeting of Unitholders will be proposed as an extraordinary resolution which to be passed requires a majority of 75% of the total number of votes cast for and against such a resolution.

In the context of despatch of notice, "Unitholders" means the persons who were entered in the Register seven days before the notice of meeting was given but excluding persons who are known not to be entered on the Register at the date of despatch of the notice.

The Manager is not entitled to vote at or be counted in a quorum at a meeting of Unitholders in respect of Units held or deemed to be held by the Manager, except where the Manager holds Units on behalf of, or jointly with, a person who, if himself the sole registered Unitholder would be entitled to vote, and from whom the Manager has received voting instructions. Associates of the Manager are entitled to be counted in a quorum and, if they hold Units on behalf of a person who would have been entitled to vote if he had been a registered Unitholder and they have received voting instructions from that person, may vote in respect of such Units pursuant to such instructions.

The Manager must obtain the prior approval of Unitholders by extraordinary resolution for any proposed change to the Trust that is a fundamental change. This is a change or event which:

- (a) changes the purpose or nature of the Trust;

- (b) may materially prejudice a Unitholder;
- (c) alters the risk profile of the Trust; or
- (d) introduces a new type of payment out of the Scheme Property.

The Manager must give prior written notice to Unitholders of any proposed change which constitutes a significant change. This is a change or event which is not fundamental, but which:

- (a) affects a Unitholder's ability to exercise his rights in relation to his investment;
- (b) would reasonably be expected to cause the Unitholder to reconsider his participation in the Trust;
- (c) results in any increased payments out of the Scheme Property to the Manager or an associate of the Manager; or
- (d) materially increase other types of payment out of the Scheme Property.

The notice period must be of reasonable length, and must not be less than 60 days.

The Manager must inform Unitholders in an appropriate manner and timescale of any notifiable changes that are reasonably likely to affect, or have affected, the operation of the Trust. This is a change or event, other than a fundamental or significant change, which a Unitholder must be made aware of unless the Manager concludes the change is insignificant. The appropriate manner and timescale of notification will depend on the nature of the change or event. An appropriate manner of notification could include the information being included in the next long form report of the Trust.

8. **MANAGEMENT AND ADMINISTRATION OF THE TRUST**

8.1 **The Authorised Fund Manager**

The Authorised Fund Manager (Manager) of the Trust is Thesis Unit Trust Management Limited. Thesis Unit Trust Management Limited is a private company limited by shares, incorporated in England and Wales under the Companies Act 1985 on 6 February 1998 with company number 3508646. The Manager is also the AIFM (alternative investment fund manager) for the purpose of the AIFMD Rules.

The registered and head office of the Manager is:

Exchange Building,
St Johns Street
Chichester
PO19 1UP

The issued and paid up share capital of the Manager is £5,673,167.

The directors of the Manager are:

S R Mugford	Finance Director
S E Noone	Client Service Director
D W Tyerman	Chief Executive Officer
D K Mytnik	Non-executive Director
V R Smith	Non-executive Director

D W Tyerman, S R Mugford, D K Mytnik and V R Smith also hold directorships of other companies within the Thesis group, and are engaged in significant business activity within these companies. Such business activities may be of significance to the business of the Trust.

The Manager is authorised to carry on investment business in the UK and to market unit trust products by virtue of its authorisation and regulation by the FCA whose contact details are set out in Appendix G.

The Manager may also act as an authorised fund manager to other regulated collective schemes. Details of these schemes are set out in Appendix D.

The Manager will cover at all times the risks outlined below of loss or damage caused by any relevant person through the negligent performance of activities for which the Manager has legal responsibility by maintaining an amount of own funds, and will comply with the qualitative requirements addressing such risks, in each case, in accordance with the AIFMD Regulations and the FCA Rules. In addition, the Manager holds significant professional indemnity insurance against liability arising from professional negligence which is appropriate to the risks covered, and will comply with the qualitative requirements addressing such risks, in each case, in accordance with the AIFMD Regulations and the FCA Rules.

The risks which are specifically covered by this approach include, without being limited to, risks of:

- (a) loss of documents evidencing title of assets of the Trust;
- (b) misrepresentations or misleading statements made to the Trust or its investors;
- (c) acts, errors or omissions resulting in a breach of:
 - (i) legal and regulatory obligations;
 - (ii) duty of skill and care towards the Trust and its investors;
 - (iii) fiduciary duties;
 - (iv) obligations of confidentiality;
 - (v) the terms of the Trust Deed;
 - (vi) terms of appointment of the Manager by the Trust;
- (d) failure to establish, implement and maintain appropriate procedures to prevent dishonest, fraudulent or malicious acts;
- (e) improperly carried out valuation of assets or calculation of Unit prices;
- (f) losses arising from business disruption, system failures, failure of transaction processing or process management.

8.2 The Trustee

The Trustee of the Trust is NatWest Trustee and Depositary Services Limited, a private company incorporated in England and Wales on 8 February 2018 with company number 11194605.

The Trustee is authorised and regulated by the FCA. The Trustee is authorised to carry on investment business in the UK by virtue of its authorisation and regulation by the FCA.

The Trustee's registered and head office is at 250 Bishopsgate, London EC2M 4AA. The address of the Trustee's office that handles matters relating to the Trust is set out in Appendix G.

The ultimate holding company is The Royal Bank of Scotland Group plc which is incorporated in Scotland. The principal business activity of the Trustee is the provision of trustee and depositary services.

Delegation of safekeeping functions

Under the Trust Deed, the Trustee has the power to appoint sub-custodians and may include in such appointment powers of sub-delegation. The Trustee has delegated custody services to The Northern Trust Company (whose contact details are set out in Appendix G).

Conflicts of interest

The Trustee 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 Trustee 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 Trust or a particular sub-fund and/or other funds managed by the Manager or other funds for which the Trustee acts as the depositary, trustee or custodian. The Trustee will, however, have regard in such event to its obligations under the Depositary Agreement and the FCA Handbook 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 Unitholders collectively so far as practicable, having regard to its obligations to other clients.

Nevertheless, as the Trustee operates independently from the Trust, Unitholders, the Manager and its associated suppliers and the Custodian, the Trustee does not anticipate any conflicts of interest with any of the aforementioned parties and has confirmed that it is not aware of any conflict of interest arising from its delegation of custody of Trust assets. Should any such conflict arise, the Trustee shall notify the Manager and take necessary steps to address the conflict

Terms of appointment

The terms of the Trust Deed and the terms of the depositary agreement made between the Manager and the Trustee (the **Depositary Agreement**) provide that the Trustee be engaged to maintain the safe custody of the property of the Trust and to fulfil other duties required in COLL (as amended from time to time). Subject to COLL the Trustee has full power, under the Trust Deed, to delegate (and authorise its delegate to sub-

The Trustee may not retire voluntarily except in accordance with COLL and on the appointment of a new trustee.

The fees to which the Trustee is entitled are set out in section 9.4.

The terms of the Trust Deed provide that the Trustee be engaged to maintain the safe custody of the property of the Trust and to fulfil other duties required in the COLL and FUND (as amended from time to time).

The Depositary Agreement provides that the Trust will indemnify the Trustee for any loss suffered in the performance or non-performance of its obligations except in the case of fraud or negligent breach of the Depositary Agreement or the AIFMD Rules, the FCA Rules and other applicable laws and regulations pertaining to the operation of the Trust, Manager and/or Trustee.

The Depositary Agreement may be terminated on six months' notice by the Trust or the Trustee or earlier on certain breaches or the insolvency of a party. However, termination of the Depositary Agreement will not take effect, nor may the Trustee retire voluntarily, until the appointment of a new Trustee has taken place.

The Trustee is liable to the Trust or the Unitholders for the loss of a financial instrument held in custody by the Trustee or a sub-custodian. The Trustee is also liable to the Trust or the Unitholders for all other losses suffered by them as a result of the Trustee's negligent or intentional failure to properly fulfil its duties. However, where the event which led to the loss of a financial instrument is not the result of the Trustee's own act or omission (or that of its sub-custodian), the Trustee is discharged of its liability for the loss of a financial instrument where the Trustee can prove that the Trustee could not have reasonably prevented the occurrence of the event which led to the loss despite adopting all precautions incumbent on a diligent depositary as reflected in common industry practice and despite rigorous and comprehensive due diligence. The Manager will inform investors without delay of any changes with respect to the Trustee's liability.

Unless otherwise agreed by the Manager, the Trustee shall not be entitled to, and no sub-custodian shall be authorised by the Trustee to re-use for its own purpose and benefit any of the Trust's assets it has been entrusted with.

8.3 The Investment Adviser

The Manager is responsible for the overall investment management and administration of the Trust. The Manager has delegated its day-to-day responsibility for investment management to Thesis Asset Management Limited as the Investment Adviser as set out in Appendix A of the relevant Fund.

The Investment Adviser's registered office and principal place of business address is listed in the directory page of this Prospectus in Appendix G.

The Investment Adviser is authorised to carry on investment business by virtue of its authorisation and regulation by the FCA. The address, for the FCA, is set out in the directory page of this Prospectus, in Appendix G.

The Investment Adviser is connected to the Manager, as the Manager is a UK subsidiary of Thesis Asset Management Limited.

The appointment of the Investment Adviser has been made under agreements between the Manager and the Investment Adviser. The Investment Adviser has full discretionary powers over the investment of the property of the relevant Funds subject to the overall responsibility and right of veto of the Manager. The agreement between the Manager and the Investment Adviser is terminable without notice by the Manager and on three months' notice by the Investment Adviser. The Investment Adviser may only sub-delegate its functions with the prior consent of the Manager.

The principal activity of the Investment Adviser is fund management and investment advice. The Investment Adviser is authorised to deal on behalf of the relevant Fund. No commission is payable to the Investment Adviser under its agreement with the Manager for any deal done or which could be done on behalf of the relevant Fund.

The Investment Adviser is required to comply with its own execution policy. A copy of the Investment Adviser's execution policy is available on the Investment Adviser's website, listed in Appendix G.

The agreement contains provisions to the following effect:

- (a) the Manager will indemnify the Investment Adviser against certain losses incurred by the Investment Adviser but, in the absence of fraud, the Manager's liability will be limited to the assets of the relevant Fund available to meet such a claim;
- (b) the Investment Adviser will be liable for certain losses suffered by the Manager or the Trust, subject, in the absence of fraud, to certain limitations on the Investment Adviser's liability;
- (c) the Investment Adviser shall not be liable for non-performance of its obligations due to causes beyond its control; and
- (d) the agreement is governed by English law and the parties submit to the exclusive jurisdiction of the English courts.

The main legal implications of the contractual relationship entered into for the purpose of investment in the Funds are as follows:

- (a) By investing in the Trust through the means of Electronic Communications (as set out in paragraph 5.12 above), by telephone or by submitting an application form to the Administrator, the investor makes an offer to subscribe for Units which, once it is accepted by the Manager, or the Administrator on its behalf, has the effect of a binding contract to subscribe for Units.
- (b) The provisions of the scheme documents made between the Manager and the Trustee by way of which the Trust is constituted, as the same may be amended from time to time are binding on each of the Unitholders (who are taken to have notice of them) as if that Unitholder was a party to it with effect on and from the date that any person has become a Unitholder.
- (c) The property of each Fund of the Trust will be beneficially owned by the Trustee on behalf of the holders of Units of the relevant Fund and may not be used to discharge any liabilities of, or meet any claim against, any person other than the holders of Units of that Fund.
- (d) The scheme documents and the application form are each made under and governed by and shall be construed in accordance with the laws of England and Wales.
- (e) The scheme documents may be amended by agreement between the Manager and the Trustee.
- (f) Absent a direct contractual relationship between a Unitholder and the relevant service provider, Unitholders generally have no direct rights against the relevant service provider and there are only limited circumstances in which a Unitholder may potentially bring a claim against the relevant service provider. Instead, the proper claimant in an action in respect of which a wrongdoing is alleged to have been committed against the Trust or a Fund, as the case may be, by the relevant service provider is, prima facie, the Fund itself or the Manager acting on behalf of the Trust, as the case may be.
- (g) The Investment Adviser may hold or trade in securities and instruments of

the same type as the securities and instruments held or traded in by the funds and fund managers; they may also utilise the same or similar strategies as those adopted by the fund managers. The Investment Adviser may therefore trade and compete with fund managers and funds on an arm's length basis. In addition, the Investment Adviser may make investments in other funds managed or advised by it.

- (h) The Investment Adviser has discretion to enter into foreign exchange hedging transactions and borrowings on behalf of the Trust. The Investment Adviser may appoint an affiliate of any existing service provider or any other third party to act as a counterparty in the execution of foreign exchange transactions in connection with the currency hedging activities of the Trust and/or to implement the currency hedging strategy.
- (i) Although conflicts of interest can also arise where the delegate and the Manager are members of the same group or have any other contractual relationship and the delegate controls the Manager or has the ability to influence its actions, it is not currently considered that there are material existing conflicts of interest between the Manager and the Investment Adviser, the Manager being a UK subsidiary of Thesis Asset Management Limited.

8.4 The Registrar, Administrator and Fund Accountant

The Manager has delegated the function of Registrar, Administrator and Fund Accountancy to Northern Trust Global Services PLC whose address is given in Appendix G.

The Register can be inspected at the Registrar's office located at 50 Bank Street, Canary Wharf, London E14 5NT.

The duties of the Registrar and Administrator include:

- (a) maintaining the Register of the Trust;
- (b) receiving and processing requests for subscriptions for, or redemptions of, Units in the Fund;
- (c) administering the payment of distributions to Unitholders in the Trust;
- (d) dealing with certain regulatory reporting requirements on behalf of the Trust and the Manager;
- (e) maintaining the accounting records of the Trust;
- (f) assisting in calculating the Net Asset Value of the Trust, as well as to provide fund accounting services in respect of the Trust.

In line with the regulations that govern such operational outsourcing, the Manager retains responsibility for all work performed on its behalf and investors' rights are not affected by this delegation.

There are no conflicts of interest through delegation of these functions by the Manager.

8.5 The Auditor

The Auditors of the Trust are KPMG LLP whose principal place of business is given in Appendix G.

The duties of the Auditors are to carry out an annual audit of the Trust and to issue a report including the following statements:

- (a) whether, in the Auditor's opinion, the accounts have been properly prepared in accordance with the relevant Statement of Recommended Practice, the rules in COLL, and the instrument constituting the scheme;
- (b) whether, in the Auditor's opinion, the accounts give a true and fair view of the net revenue and the net capital gains or losses on the Scheme Property of the Trust for the annual accounting period in question and the financial position of the Trust as at the end of that period;
- (c) whether the Auditor is of the opinion that proper accounting records for the Trust have not been kept or whether the accounts are not in agreement with those records;
- (d) whether the Auditor has been given all the information and explanations which, to the best of his knowledge and belief, are necessary for the purposes of this audit; and
- (e) whether the Auditor is of the opinion that the information given in the report of the Manager for that period is consistent with the accounts.

8.6 Conflicts

Conflicts may arise between the interests of the Manager and its permitted delegates in certain circumstances, for example, where there is likelihood that:

- (a) the delegate and an investor in the Trust are members of the same group or have any other contractual relationship, if the investor controls the delegate or has the ability to influence its actions (in such cases the likelihood of conflict is likely to increase the greater the extent of such control);
- (b) the delegate makes a financial gain, or avoids a financial loss, at the expense of the Trust or the investors in the Trust;
- (c) the delegate has an interest in the outcome of a service or an activity provided to the Manager or the Fund;
- (d) the delegate has a financial or other incentive to favour the interest of another client over the interests of the Trust or the investors in the Trust;
- (e) the delegate receives or will receive from a person other than the Manager an inducement in relation to the collective portfolio management activities provided to the Manager and the Trust in the form of monies, goods or services other than the standard commission or fee for that service.

The Manager has a policy and procedures in place to monitor the conflicts of interest that may arise in the context of its delegation of certain of its functions. To the extent any actual conflicts of interest are determined to have arisen, the Manager will manage such conflicts to minimise any impact on the investment performance, and will also seek to prevent them from reoccurring. Certain activities may be required to be modified or terminated to minimise conflicts of interest which may be identified from time to time.

9. CHARGES AND EXPENSES

9.1 Preliminary Charge

The Manager's preliminary charge, which is included in the sale price of the Units, is a percentage of the issue price of the Units, and set out in the details of the relevant Fund in Appendix A.

Any increase of the preliminary charge may be made by the Manager only after giving 60 days written notice to the Trustee and Unitholders. The Prospectus shall be amended to reflect the proposed increase.

9.2 Annual management charge

The Manager is also entitled, under the Trust Deed, to make a an annual management charge (referred to as the 'periodic charge' in this Prospectus) which is payable monthly, calculated on the value of the Scheme Property of the relevant Fund determined in accordance with the Trust Deed and COLL, and payable out of the Scheme Property of the relevant Fund in accordance with COLL.

For this purpose the value of the relevant Fund is inclusive of the issues and cancellations which take effect as at the relevant valuation point. The periodic charge shall accrue daily, commencing at the first valuation point on the first Business Day and shall end immediately before the valuation point on the following Business Day.

The periodic charge is payable on, or as soon as is practicable after, the end of the month in which it accrued.

The current periodic charges are set out in the relevant Fund in Appendix A.

Any increase of the periodic charge may be made by the Manager only after giving 60 days written notice to the Trustee and Unitholders. The Prospectus shall be amended to reflect the proposed increase.

The Manager is responsible for the payment of the fees of the Investment Adviser and those of any sub-advisers. Research costs will be paid for by the Investment Adviser out of this fee and shall not be borne by the relevant Fund.

9.3 Redemption charge

The Trust Deed of the Trust contains a provision for the Manager to make a redemption charge as set out in the details of the relevant Fund in Appendix A.

The Manager must not introduce a redemption charge, or change the rate or method of calculation of a current redemption charge, unless at least 60 days before the introduction or change, the Manager:

- i. gave notice in writing of that introduction or change and of the date of its commencement, to the Trustee and to all the persons who ought reasonably to be known to the Manager to have made an arrangement for the purchase of Units at regular intervals; and
- ii. has revised the Prospectus to reflect the introduction or change and the date of its commencement and has made the revised prospectus available.

9.4 Trustee's expenses

The Trustee is paid a monthly periodic fee (plus VAT) in remuneration for its services

from the Scheme Property of the Trust.

The Trustee's fee is calculated on the value of the Scheme Property of the Funds determined in accordance with the Trust Deed and COLL, and payable out of the property of the relevant Fund in accordance with COLL. For this purpose the value of a Fund is inclusive of the issues and cancellations which take effect as at the relevant valuation point.

The Trustee's fee shall accrue daily, commencing at the first valuation point on the first Business Day and shall end immediately before the valuation point on the following Business Day. The Trustee's fee is payable on, or as soon as is practicable after, the end of the month in which it accrued. The rate of the periodic fee is agreed between the Manager and the Trustee and is calculated on a sliding scale for each Fund on the following basis:

0.030% p.a.	on the first £100 million value of the Scheme Property of that Fund;
0.0275% p.a.	on the next £50 million value of the Scheme Property of that Fund;
0.025% p.a.	on the next £50 million value of the Scheme Property of that Fund;
0.020% p.a.	thereafter

The annual fee is subject to a minimum fee of £7,500, applicable to the each Fund. VAT (at the standard rate) is added to these fees.

These rates can be varied from time to time in accordance with COLL.

The first accrual in relation to any Fund will take place in respect of the period beginning on the day on which the first valuation of that Fund is made and ending on the last Business Day of the month in which that day falls.

In addition to the above periodic fees, the Trustee shall also be entitled to transaction charges, derivative and custody charges in relation to transaction and derivative transaction handling and safekeeping of the Scheme Property as follows:

Item	Range/Fees
Transaction Charges	£7.50 to £550
Derivative Transaction Charges	£20 (if applicable)
Custody Charges	maximum of 3% subject to a minimum aggregate custody charge of £7,500 per annum

These charges vary from country to country depending on the markets and the type of transaction involved. Transaction charges accrue at the time the 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 Trustee and the Manager. Custody charges accrue and are payable as agreed from time to time by the Manager and the Trustee.

The Trustee has delegated the function of global custody to The Northern Trust Company.

Where relevant, the Trustee may make a charge for (or otherwise benefit from) providing its services in relation to: distributions, the provision of banking services, holding money on deposit, lending money, or engaging in stock lending transactions, in relation to the Trust and may purchase or sell or deal in the purchase or sale of Scheme Property, provided always that the services concerned and any such dealing are in accordance with the provisions of COLL.

The Trustee will also be entitled to payment and reimbursement of all costs, liabilities and expenses properly incurred in the performance of, or arranging the performance of, functions conferred on it by the Trust Deed, the Depositary Agreement, the FCA Rules or by the general law.

On a winding up of the Trust, the Trustee will be entitled to its *pro rata* fees, charges and expenses to the date of winding up, the termination, or the redemption (as appropriate) and any additional expenses necessarily realised in settling or receiving any outstanding obligations.

Any value added tax on any fees, charges or expenses payable to the Trustee will be added to such fees, charges or expenses.

In each such case such payments, expenses and disbursements may be payable to any person (including the Manager or any associate or nominee of the Trustee or of the Manager) who has had the relevant duty delegated to it pursuant to COLL by the Trustee.

9.5 Administrator's charges

The Administration of the Trust will be carried out by Northern Trust Global Services PLC, who also act as Registrar. Its fees for valuation services and administration will be paid by the Manager.

The Administrator's registration fees will be paid out of the Scheme Property of the relevant Fund. The current registration fee is £10 per Unitholder per annum, £6 per Unitholder transaction effected through straight through processing and £19 per Unitholder transaction recorded manually. The charges and expenses associated with the setting up of such transactions will be paid out of the Scheme Property of the relevant Fund. Any on-going charges and expenses reasonably and properly incurred in respect of the processing and implementation of electronic transfers for a Fund will also be payable out of the Scheme Property of the relevant Fund.

9.6 Allocation between Funds

Each of the charges described above is applicable to each Fund. All charges and expenses are charged to the relevant Fund in respect of which they were incurred. Any charges and expenses not attributable to any Fund will normally be allocated by the Manager to all Funds pro rata to the value of the Scheme Property of each Fund, although the Manager has a discretion to allocate such charges and expenses in a different manner which it considers fair to Unitholders generally.

9.7 Other Expenses

No payments may be made out of the Scheme Property of the Trust other than payments to the Manager and the Trustee as set out above (and other sums due by virtue of COLL (such as, for example, cancellation proceeds and reasonable stock lending expenses)) and the following (to the extent of the actual amount incurred):-

- a. broker's commission (excluding costs for research), fiscal charges and other disbursements which are:-

- i. necessary to be incurred in effecting transactions for a Fund; and
 - ii. normally shown in contract notes, confirmation notes and difference accounts as appropriate; and
- b. taxation and duties payable in respect of the property of the Trust, the Trust Deed or the issue of Units; and
- c. any costs incurred in modifying the Trust Deed constituting the Trust, including costs incurred in respect of meetings of Unitholders convened for the purpose where the modification is:
 - i. necessary to implement any change in the law (including changes in COLL); or
 - ii. necessary as a direct consequence of any change in the law (including changes in COLL); or
 - iii. expedient having regard to any fiscal enactment and which the Manager and the Trustee agree is in the interest of Unitholders; or
 - iv. to remove from the Trust Deed constituting the Trust obsolete provisions; and
- d. any costs incurred in respect of meetings of Unitholders convened on a requisition by Unitholders not including the Manager or an associate of the Manager; and
- e. liabilities on unitisation, amalgamation or reconstruction arising in certain circumstances specified by COLL; and
- f. the expenses of the Trustee in convening a meeting of Unitholders convened by the Trustee alone; and
- g. the audit fee properly payable to the Auditors and value added tax thereon and any proper expenses of the Auditors; and
- h. the fees of the FCA under the Act or the corresponding periodic fees of any regulatory authority in a country or territory outside the UK in which Units in the Trust are or may be marketed;
- i. expenses properly incurred by the Manager in the performance of its duties as manager of the Trust, including without limitation, the costs of preparation and distribution of reports, accounts, and any prospectuses, simplified prospectuses (in the case of the key investor information document, or its equivalent, only preparation and not distribution may be charged), the Trust Deed and any costs incurred as a result of changes to any prospectus or Trust Deed, periodic updates of any other administrative documents, as well as the cost of maintaining other documentation to be maintained in respect of the Trust;
- j. any costs incurred by the Trust in publishing the price of the Units;
- k. any costs incurred in producing and dispatching any payments made by the Trust, or the periodic reports of the Trust;
- l. any reasonable general disbursements relating to postage and communication costs incurred in the proper performance of the transfer agent's duties relating to the Trust, which are currently carried on by the Registrar;

- m. any fees, expenses or disbursements of any legal or other professional adviser of the Trust or of the Manager in relation to the Trust or any Fund;
- n. any costs incurred in taking out and maintaining an insurance policy in relation to the Trust or any Fund;
- o. interest on borrowings and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings;
- p. taxation and duties payable in respect of the property of the Trust or the issue or redemption of Units;
- q. the total amount of any cost relating to the application for authorisation and incorporation of the Trust and of its initial offer or issue of Units;
- r. any payments otherwise due by virtue of COLL; and
- s. any value added or similar tax relating to any charge or expense set out herein.

9.8 **Allocation of Charges and Expenses**

Charges are allocated between capital and income in accordance with the Regulations. The applicable policy for each Fund is set out in the relevant Fund in Appendix A.

It should be noted that where fees are treated as a charge against capital (or 'property') of the Trust this policy may result in capital erosion or constrain capital growth.

10. **VALUATION AND PRICING OF UNITS**

The valuation of the Fund will take place on each Business Day at 12.00 noon (the valuation point). The valuation determines the net asset value of each Fund.

The Manager calculates prices at which investors buy and sell Units, in accordance with the provisions for dual pricing set out below.

The basis of the calculations is the value of the underlying assets of the relevant Fund. Each Fund is valued either on a bid basis or on an offer basis, as appropriate.

The maximum permitted spread is wider than the spread the Manager normally quotes for dealing, but the Manager may deal at any prices calculated in accordance with the provisions set out below and notified to the Trustee. The maximum offer price may not exceed the total of the issue price plus the preliminary charge and minimum bid price may not be less than the cancellation price minus the redemption charge (if applicable). Each Fund is valued on each Business Day.

The issue price is the price each Unit payable by the Manager to the Trustee on the issue of new Units by the Trustee.

The issue price is calculated as follows:

- (a) take the proportion, attributable to the Units of the class in question, of the value on the issue basis of the Scheme Property of the relevant class in question, of the value on the issue basis of the Scheme Property of the relevant Fund by reference to the most recent valuation of the Scheme Property;
- (b) compute the number of Units of the relevant class in issue immediately before the valuation in (a);

- (c) divide the total at (a) by the number of Units at (b); and
- (d) express the price in a form that is accurate to at least four significant figures.

The cancellation price is the price for each Unit payable by the Trustee to the Manager on the cancellation of a Unit by the Trustee.

The cancellation price is calculated as follows:

- (a) take the proportion, attributable to the Units of the class in question, of the value on the cancellation basis of the Scheme Property of the relevant Fund by reference to the most recent valuation of the Scheme Property;
- (b) compute the number of Units of the relevant class in issue immediately before the valuation in (a);
- (c) divide the total at (a) by the number of Units at (b); and
- (d) express the price in a form that is accurate to at least four significant figures.

The Manager's periodic charge (which is taken into account in valuations) is based upon values midway between offer and bid basis.

For the purpose of the pricing of Units, a "Business Day" is defined as a day on which the dealing office of the Manager is open for the buying and selling of Units. The Manager may at any time during a Business Day carry out an additional valuation of the Scheme Property of a Fund if the Manager considers it desirable to do so.

Each Fund will be valued on a net asset value basis to determine the price of the Units ('NAV price'). Units will be redeemed at the NAV price and purchased at a price that includes a preliminary charge at the rate applying to the Fund (refer to the 'Charges and Expenses' paragraph). Out of the preliminary charge, the Manager may pay commission to qualifying intermediaries.

A valuation is in two parts, one on an issue basis and one on a cancellation basis.

To convert to base currency the value of Scheme Property which would otherwise be valued in another currency the Manager must either:

- (a) select a rate of exchange which represents the average of the highest and lowest rates quoted at the relevant time for conversion of that currency into base currency on the market on which the Manager would normally deal if it wished to make such a conversion; or
- (b) invite the Trustee to agree that it is in the interests of Unitholders to select a different rate, and, if the Trustee so agrees, use that other rate.

The net asset value of the Scheme Property of a Fund shall be the value of its assets less the value of its liabilities determined (inter alia) in accordance with the following provisions.

All the Scheme Property of a Fund (including receivables) is to be included when valuing the relevant Fund, subject to the following provisions:

- (i) if the Trustee has been instructed to issue or cancel Units, assume (unless the contrary is shown) that:
 - (a) it has done so;

- (b) it has paid or been paid for them; and
 - (c) all consequential action required by these provisions or by the Trust Deed has been taken;
- (ii) if the Trustee has issued or cancelled Units but consequential action as at (i) (c) is outstanding, assume that it has been taken;
- (iii) if agreements for the unconditional sale or purchase of property are in existence but incomplete, assume:
 - (a) completion; and
 - (b) that all consequential action required by their terms has been taken;
- (iv) do not include in (iii) any agreement which is:
 - (a) a future or contract for differences which is not yet due to be performed; or
 - (b) an unexpired option written or purchased for the relevant Fund which has not yet been exercised;
- (v) include in (iii) any agreement the exercise of which is, or could reasonably be expected to be, known to the person valuing the property, assuming that all other persons in the Manager's employment take all reasonable steps to inform it immediately of the making of any agreement;
- (vi) deduct an estimated amount for anticipated tax liabilities;
 - (a) on unrealised capital gains where the liabilities have accrued and are payable out of the Scheme Property of the relevant Fund;
 - (b) on realised capital gains in respect of previously completed and current accounting periods;
 - (c) on income where the liabilities have accrued;
 - (d) including stamp duty reserve tax and any other fiscal charge not covered under this deduction;
- (vii) deduct:
 - (a) an estimated amount for any liabilities payable out of the Scheme Property of the Fund and any tax on it (treating any periodic items as accruing from day to day);
 - (b) the principal amount of any outstanding borrowings whenever payable;
 - (c) the value of any option written (if the premium for writing the option has become part of the Scheme Property of the relevant Fund); and
 - (d) in the case of a margined contract, any amount reasonably anticipated to be paid by way of variation margin (that is the difference in price between the last settlement price, whether or not variation margin was then payable, and the price of the contract at the valuation point);
- (viii) add an estimated amount for accrued claims for repayment of taxation levied:
 - (a) on capital (including capital gains); and

(b) on income;

(ix) add:

(a) any other credit due to be paid into the Scheme Property of the Fund;

(b) in the case of a margined contract, any amount reasonably anticipated to be received by way of variation margin (that is the difference in price between the last settlement price, whether or not variation margin was then receivable, and the price of the contract at the valuation point);

(c) any SDRT provision anticipated to be received.

The valuation of the Scheme Property for that part of the valuation which is on an issue basis is as follows:

Property		to be valued at
(a)	Cash	nominal value
(b)	Amounts held in current and deposit accounts	nominal value
(c)	Property which is not within (a), (b) or (d)	
	(i) if units in a dual-priced authorised fund	except where Note 1 applies, the most recent maximum sale price less any expected discount (plus dealing costs as set out in Note 2)
	(ii) if units in a single-priced authorised fund	the most recent price (plus dealing costs set out in Notes 2 and 3)
	(iii) if any other investment	best available market dealing offer price on the most appropriate market in a standard size (dealing costs as set out in Note 2)
(d)	Property which is a derivative under the terms of which there may be liability to make, for the account of the relevant Fund, further payments (other than charges, and whether or not secured by margin) when the transaction in the derivative falls to be completed or upon its closing out	
	(i) if a written option	to be deducted at a net valuation of premium (see Notes 5 and 8)
	(ii) if an off-exchange future	net value on closing out (see Notes 6 and 8)
	(iii) if any other such property	net value of margin of closing out (whether as a positive or negative figure) (see Notes 7 and 8)

Notes

1. The issue price is taken, instead of the maximum sale price, if the Manager of the fund whose scheme property is being valued is also the Manager, or an associate of the Manager, of the fund whose units form part of the Scheme Property.
2. "Dealing costs" means any fiscal charges, commission or other charges payable in the event of the fund carrying out the transaction in question, assuming that the commission and charges (other than fiscal charges) which would be payable by the fund are the least that could reasonably be expected in order to carry out the transaction. On the issue basis, dealing costs exclude any preliminary charge on sale of units in a fund.
3. Dealing costs under Note 2 include any dilution levy or SDRT provision which would be added in the event of a purchase by the fund of the units in question but, if the Manager of the fund being valued, or an associate of the Manager, is also the Manager of the fund whose units are held by the fund, must not include a preliminary charge which would be payable in the event of a purchase by the fund of those units.
4. The buyer's price is the consideration which would be paid by a buyer for an immediate transfer or assignment (or, in Scotland, assignation) to him at arm's length.
5. Estimate the premium on writing an option of the same series on the best terms then available on the most appropriate market on which such options are traded; but deduct dealing costs.
6. Estimate the amount of profit or loss receivable or incurable by the Fund on closing out the contract. Deduct minimum dealing costs in the case of profit and add them in the case of loss.
7. Estimate the amount of margin (whether receivable or payable by the Fund on closing out the contract) on the best terms then available on the most appropriate market on which such contracts are traded. If that amount is receivable (for example, the contract is "in the money") deduct minimum dealing costs. If, however, that amount is payable (for example, the contract is "out of money") then add minimum dealing costs to the margin and value is the figure as a negative sum.
8. If the property is an OTC transaction in derivatives, use the valuation based on the pricing model agreed between the Manager and the Trustee, or some other reliable basis reflecting an up-to-date market value which has been so agreed.

The valuation of Scheme Property for that part of the valuation which is on a cancellation basis is as follows:

Property		To be valued at
(a)	Cash	nominal value
(b)	Amounts held in current deposit and loan accounts	nominal value
(c)	Property which is not within (a), (b) or (d)	

	(i)	if units in a dual-priced authorised fund	except where Further Note 1 applies, the most recent minimum redemption price (less dealing costs as set out in Further Note 2)
	(ii)	if units in a single-priced authorised fund	the most recent price (less dealing costs as set out in Further Notes 2 and 3)
	(iii)	if any other investment	best available market dealing bid price on the most appropriate market in a standard size (less dealing costs as set out in Further Notes 2 and 4)
(d)	Property which is a derivative under the terms of which there may be liability to make, for the account of the relevant Fund, further payments (other than charges, and whether or not secured by margin) when the transaction in the derivative falls to be completed or upon its closing out.		
	(i)	if a written option	to be deducted at a net valuation of premium (see Further Notes 5 and 8)
	(ii)	if an off-exchange future	net value of closing out (see Further Note 8)
	(iii)	if any other such property	net value of margin on closing out (whether as a positive or negative figure) (see Further Notes 6 and 8)

Further Notes

1. The cancellation price is taken instead of the minimum redemption price if the property, if sold in one transaction, would amount to a large deal.
2. "Dealing costs" has the meaning set out in Note 2 above in respect of the issue price. Dealing costs include any charge payable on redemption of units in a fund (taking account of any expected discount), except where the Manager of the fund whose property is being valued, or an associate of the Manager, is also the Manager of the fund whose units are held by the fund, include any charge payable on the redemption of those units (taking account of any expected discount).
3. Dealing costs under Further Note 2, include any dilution levy or SDRT provision which would be deducted in the event of a sale by the fund of the units in question and except when the Manager of the fund being valued, or an associate of the Manager, is also the Manager of the fund whose units are held by the fund, include any charge payable on the redemption of those units (taking account of any expected discount).
4. The seller's price is the consideration which would be received by a seller of an immediate transfer or assignment (or, in Scotland, assignation) from him at arm's length, less dealing costs.
5. Estimate the premium on writing an option of the same series on the best terms then available on the most appropriate market on which such option are traded, and add dealing costs.
6. For off-exchange futures, see Note 6 above in respect of the issue price.

7. For net value of margin see Note 7 above in respect of the issue price.
8. For over the counter transactions in derivatives, see Note above 8 in respect of issue price.

Where the Manager has reasonable grounds to believe that the price obtained is unreliable or the most recent price available does not reflect the Manager's best estimate of the value of the relevant investment at the relevant valuation point or no price or no recent price exists, the Manager may use a price which, in the opinion of the Manager, reflects a fair and reasonable price for that investment (the fair value price). In calculating any value, the Manager shall be entitled to rely on any valuations provided or attributed to any asset or liability by the Investment Adviser.

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

- (a) no recent trade in the security concerned; or
- (b) the occurrence of a significant event since the most recent closure of the market where the price of the security is taken.

In (b) above, a significant event is one that means the most recent price of a security or a basket of securities is materially different to the price that it is reasonably believed would exist at the valuation point had the relevant market been open.

In determining whether to use such a fair value price, the Manager will include in its consideration:

- (a) the type of authorised fund concerned;
- (b) the securities involved;
- (c) the basis and reliability of the alternative price used; and
- (d) the Manager's policy on the valuation of Scheme Property as disclosed in the Prospectus.

11. **PRICING BASIS**

The Manager currently elects to deal on a forward basis, being the price calculated by reference to the valuation point next following the Manager's agreement to sell, or as the case may be, to redeem the Units in question. For this purpose, a "Business Day" is defined as a day on which the dealing office of the Manager is open for the buying and selling of Units.

12. **TAXATION**

The following summary is based on current UK law and HM Revenue & Customs practice. It is intended to offer guidance to persons (other than dealers in securities) on the UK taxation of Authorised Unit Trusts ("AUT"). However, it should neither be regarded as definitive nor as removing the desirability of taking separate professional advice. 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.

12.1 **Taxation of the Funds**

Each Fund is treated as a separate fund for tax purposes and references to the 'fund' in

this taxation section should be treated as applying separately to each Fund.

Each Fund is an AUT and is treated as an Authorised Investment Fund for tax purposes. Income of each Fund is deemed to be distributed for tax purposes, even when it is accumulated. References to distributions include deemed distributions of accumulated income.

Each Fund will make dividend distributions except where over 60% of the Fund's property has been invested throughout the distribution period in interest paying and related investments, in which case it will make interest distributions. A fund that makes interest distributions is referred to as a Bond Fund and a fund that makes dividend distributions is referred to as an Equity Fund.

(A) Income

Each Fund is treated as a company for UK tax purposes and is liable to corporation tax on its income after relief for management expenses (which include fees payable to the Manager and to the Trustee) at the basic rate of income tax, currently 20%.

Income received by a Bond Fund is generally charged to corporation tax but the gross amount of any taxable income allocated as an interest distribution gives rise to an allowable expense for corporation tax purposes and no tax will actually be paid on that part of the income.

Dividend income received by a Fund from investments in UK resident and overseas companies should fall within an exemption from corporation tax. Dividend income received from foreign companies may be subject to withholding tax or other taxation in the foreign jurisdiction. The foreign tax suffered by a fund may normally be deducted from the UK tax due on that income or treated as an expense.

(B) Chargeable gains

Capital gains realised by each Fund on a disposal of its investments are exempt from corporation tax on chargeable gains. In the unlikely event that a Fund should be considered to be trading in securities for tax purposes, any gains made would be treated as income and taxed accordingly.

(C) Stamp Duty Reserve Tax

Stamp duty reserve tax ("SDRT") is generally charged on any agreements to transfer units in an AUT (other than transactions handled by the fund manager) to third parties at a rate of 0.5% of the consideration.

No SDRT charge arises on the issue or surrender of units in an AUT. However, investors may be subject to a SDRT charge where units in the Trust are surrendered and the investors receive assets from the Trust (rather than cash) which are not in proportion to their share of the total assets held by the relevant Fund.

12.2 Taxation of Unitholders

(A) Income

For tax purposes, an AUT is treated as distributing the whole of the income available for distribution in each of its distribution periods, whether actually distributed or accumulated by the Fund. Distributions may be made as interest distributions or dividend distributions as set out below.

The distribution accounts of each fund for any of its distribution periods may show income available for distribution as either (a) an interest distribution or (b) a dividend

distribution. The type of distribution that either actually takes or is deemed to take place depends on the source and composition of the income within the relevant Fund.

Where more than 60% of a fund is invested in "qualifying investments" (broadly speaking interest paying investments) distributions made by the Trust in respect of such Fund will be interest distributions. Where this is not the case, the Trust will make a dividend distribution.

All Unitholders will be sent tax vouchers stating the make-up of their distributions and showing their taxable income.

(B) Interest distributions

UK resident individuals

Interest distributions paid by the Trust (save in respect of distributions to certain qualifying Unitholders) are treated as yearly interest and, as such, are subject to income tax.

However, since 6 April 2017 no income tax has been required to be deducted at source from interest distributions with the result that unitholders will receive interest distributions gross of any tax.

Basic rate taxpayers are entitled to a personal savings allowance of £1,000. Higher rate taxpayers are entitled to a reduced personal savings allowance of £500.

Basic rate, higher rate and additional rate taxpayers will pay income tax (in the case of basic rate and higher rate taxpayers, the amount in excess of the applicable personal savings allowance) at the basic rate of 20%, the higher rate of 40% or the additional rate of 45% (as applicable).

UK corporate Unitholders

If a fund at any point in an accounting period, fails to satisfy the "qualifying investment" test Units held by UK corporate Unitholders in respect of each Fund are treated as if they were a holding of rights under a creditor loan relationship of the corporate Unitholder, with the result that all returns on the Units in respect of such a corporate's accounting period (including gains, profits and losses) will be taxed or relieved as an income receipt or expense on a "fair value accounting" basis. Accordingly, such a corporate Unitholder may, depending on its own circumstances, incur a charge to corporation tax on an unrealised increase in the value of its holding of Units (and, likewise, obtain relief against corporation tax for an unrealised reduction in the value of its holding of Units).

A fund will fail to satisfy the "qualifying investments" test at any time when more than 60% of its assets by market value comprise government and corporate debt securities or cash on deposit or certain derivative contracts or holdings in other collective investment schemes which at any time in the relevant accounting period do not themselves satisfy the "qualifying investments" test, or other interest bearing securities.

Interest distributions paid to corporate Unitholders may be paid without deduction of income tax at source.

(C) Dividend distributions

Dividend distributions paid by the Trust are treated as if they are dividends.

UK resident individuals

Dividend distributions are taxed at the following rates:

- 0% for the first £5,000¹;
- 7.5% for dividends falling within the basic rate band;
- 32.5% for dividends falling within the higher rate band; and
- 38.1% for dividends falling within the additional rate band.

UK corporate Unitholders

UK resident corporate Unitholders must split their dividend distributions into franked and unfranked income portions according to the percentage split given on the voucher. The unfranked portion is generally treated as an annual payment received after deduction of income tax at the basic rate, whereas the balance is treated as franked income – i.e. a dividend. Both annual payments and dividends are liable to corporation tax in the hands of any UK corporate Unitholder although the dividend portion should fall within an exemption from corporation tax.

(D) Chargeable gains

UK resident individuals

Unitholders who are resident in the UK may be liable to UK taxation on capital gains arising from the sale or other disposal including a redemption of Units. A switch of Funds is treated as a disposal for capital gains tax purposes. Gains will be tax-free if after deduction of allowable losses they fall within an individual's annual capital gains exemption. For the tax year 2017/2018, the annual exemption is £11,300.

Gains in excess of the annual exemption amount are taxed at 10% to the extent that together with an individual's taxable income they do not exceed the upper limit of the basic rate income tax band (£33,500 for 2017/2018) and at 20% to the extent that they exceed that limit.

UK corporate Unitholders

UK corporate Unitholders (whose Units are not treated as creditor loan relationships) will be charged to corporation tax on any gains realised after the deduction of allowable losses (if any). Indexation relief may be available in calculating any gains (but not losses) thereby allowing for any rise in inflation during the period of ownership by indexation.

The above statements are only intended as a general summary of UK tax law and practice as at the date of this Prospectus (which may change in the future) applicable to individual and corporate investors who are the absolute beneficial owners of a holding in the Trust and their applicability will depend upon the particular circumstances of each investor. In particular, the summary may not apply to certain classes of investors (such as dealers in securities). Any investor who is in any doubt as to his UK tax position in relation to the holding of Units should consult his UK professional adviser.

¹ The dividend allowance will be reduced from £5,000 to £2,000 from 6 April 2018

12.3 US Taxation Issues/FATCA Tax Reporting

The information which follows is intended as a general guide only and represents the Manager's understanding of certain US taxation issues. It is provided for information purposes only and should not be relied on. Unitholders and prospective Unitholders are recommended to seek their own professional advice.

The provisions of the Foreign Account Tax Compliance Act were enacted on 18 March 2010 as part of the Hiring Incentive to Restore Employment Act (FATCA). It includes provisions under which the Manager as a Foreign Financial Institution (FFI) may be required to report directly to the US Internal Revenue Service (IRS) certain information about Units held by US Persons for the purposes of FATCA or other foreign entities subject to FATCA and to collect additional identification information for this purpose. Financial institutions that do not enter into an agreement with the IRS and comply with the FATCA regime could be subject to 30% withholding tax on any payment of US source income as well as on the gross proceeds deriving from the sale of securities generating US income.

The Manager is obliged to comply with the provisions of FATCA under the terms of the inter-governmental agreement (IGA) Model I and under the terms of United Kingdom legislation implementing the IGA rather than under the US Treasury Regulations implementing FATCA. The Manager has registered with the IRS as the sponsoring entity for the Trust to report certain information to HMRC.

In order to comply with its FATCA obligations, the Manager may be required to obtain certain information from Unitholders so as to ascertain their US tax status. If the Unitholder is a specified US Person, US owned non-US entity, non-participating FFI or does not provide the requisite documentation, the Manager will need to report information on these Unitholders to HMRC, in accordance with applicable laws and regulations, which will in turn report this to the US Internal Revenue Service. Provided that the Manager acts in accordance with these provisions the Trust should not be subject to withholding tax under FATCA.

Unitholders, and intermediaries acting for Unitholders, should note that it is the existing policy of the Manager that Units are not being offered or sold for the account of US Persons for the purposes of FATCA and that subsequent transfers of Units to such US Persons are prohibited. If Units are beneficially owned by any such US Person, the Manager may in its discretion compulsorily redeem such Units. Unitholders should moreover note that under the FATCA legislation, the definition of "Specified US Persons" will include a wider range of investors than the current US Person definition.

The Manager reserves the right to redeem the Units of any Unitholder who jeopardises the tax status of each Fund.

(A) Income equalisation – tax implications

The price of a Unit of a particular class is based on the value of that class' entitlement in the relevant Fund, including the income of the Fund since the previous distribution or, in the case of accumulation Units, deemed distribution. In the case of the first distribution received or accumulation made in respect of a Unit, part of the amount, namely the equalisation payment, is treated as a return of capital and is not taxable as income in the hands of the Unitholder. This amount is, however, in the case of Income Units, deducted from the cost of the Unit in computing any capital gains. Equalisation applies only to Units purchased during the relevant accounting period. It is calculated as the average amount of income included in the issue price of all Units of the relevant class issued during the period.

(B) UK information reporting regime

Unit trusts are required to report details of interest distributions paid to UK, and many non-UK investors. Dividend distributions and payments made to ISA investors are not within the scope of these rules but see the paragraphs dealing with the "EU Savings Directive" below.

(C) Tax Elected Fund ("TEF") regime

The Manager may, in the future, seek to elect the Trust into the TEF regime if it considers that it would be advantageous for the majority of investors in the Trust to do so. The TEF regime was enacted under regulations which took effect on 01 September 2009. If the Trust is elected into the TEF regime, the UK tax treatment of the fund and its investors would be different to that set out above.

(D) EU Savings Directive/Automatic Exchange of Information

Under EU Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments (the "EU Savings Directive"), dividends and other distributions of income made by a fund and payment of the proceeds of subscription and/or redemption of units, could (depending on the investment portfolio of the fund) be subject to the withholding tax and/or information providing regime imposed by the EU Savings Directive, where payment was made to a Unitholder who was an individual resident in a member state of the European Union for the purposes of the EU Savings Directive by a paying agent resident in another such member state.

The terms of the EU Savings Directive applied to a fund established in the UK only if it was a collective investment fund which was a UCITS.

However, the EU Savings Directive was repealed from 1 January 2016, subject to on-going requirements to fulfil administrative obligations (such as the reporting and exchange of information relating to, and accounting for tax withheld from, payments made before 1 January 2016). This is to prevent overlap between the EU Savings Directive and the automatic exchange of information regime under Council Directive 2011/16/EU on administrative co-operation in the field of taxation, as amended by Council Directive 2014/107/EU ("Directive on Administrative Co-operation"). The Directive on Administrative Co-operation, which effectively implements the Organisation for Economic Co-operation and Development's common reporting standard on automatic exchange of financial account information in tax matters, requires governments to obtain detailed account information from financial institutions and exchange that information automatically with other jurisdictions annually. The Directive on Administrative Co-operation is, generally, broader in scope than the EU Savings Directive and is likely to apply to the Trust regardless of the composition or asset class of its investments and whether or not the Trust is a UCITS.

The Manager is responsible for identifying the territory in which an accountholder or a controlling person is resident for income tax or corporation tax purposes (or similar tax), applying due diligence procedures, keeping information for six years starting from the end of the year in which the arrangements applied to the account and for reporting to HMRC those accounts identified as reportable to a jurisdiction where an exchange of tax information requirement exists set out in the International Tax Compliance Regulations 2015, as amended from time to time. Such tasks have been delegated to the Administrator.

If a unitholder does not provide the requisite information for tax reporting purposes, the Manager may deduct the amount of any penalty imposed on it from the unitholder's account.

13. **WINDING UP OF THE TRUST OR TERMINATION OF A FUND**

13.1 **Circumstances where winding up or termination may occur**

- a) The Manager or Trustee may request that the FCA revoke the authorisation order. Termination of a Fund will be subject to section 251 of the Act and COLL 7.4.1 and may only commence once proposed alterations to the Trust Deed and Prospectus has been notified to the FCA in writing and permitted to take effect.
- b) The Trustee must proceed to wind-up the Trust or, as the case may be, terminate a Fund on the happening of any of the following events:
 - (i) if the authorisation order of the Trust is revoked;
 - (ii) if the alterations to the Trust's Trust Deed and Prospectus that are required for the termination of the relevant Fund take effect in accordance with section 251 of the Act;
 - (iii) if an extraordinary resolution is passed to wind up the Trust, or terminate a Fund, and the FCA's prior consent to the resolution has been obtained by the Manager or the Trustee;
 - (iv) if the Manager or the Trustee requests the FCA to revoke the authorisation order and the FCA has agreed (provided no material change in any relevant factor occurs) that on the conclusion of the winding-up of the Trust, the FCA will agree to that request;
 - (v) on the effective date of a duly approved scheme of arrangement which is to result in the Trust or a Fund that is subject to the scheme of arrangement being left with no property; or
 - (iv) on the expiry of any period specified in the Trust Deed as the period at the end of which the Trust is to be wound up or a Fund is to terminate.
- b) If any of the events set out in (i) to (iv) above occurs, Parts 5, 6.2 and 6.3 of COLL, concerning investment and borrowing powers, dealing and valuation and pricing respectively, will cease to apply. The Trustee shall cease the creation and cancellation of Units and the Manager will cease issuing, redeeming, buying and selling Units in respect of the Fund or a Trust, as the case may be.

13.2 **Manner of Winding up or Termination**

In the case referred to in paragraph (i) to (iv) above the Trustee shall wind-up the Trust, or terminate the relevant Fund, in accordance with the approved scheme of arrangement.

In any other case, the Trustee shall, as soon as practicable after the Trust falls to be wound-up or the relevant Fund terminated, realise the property of the Fund or the relevant Fund (as the case may be) and, after paying all liabilities properly payable and retaining provision for the costs of the winding-up, distribute the proceeds to the Unitholders and the Manager proportionately to the size of their holdings in the Trust or the relevant Fund, as the case may be.

Any unclaimed net proceeds or other cash held by the Trustee after twelve months from the date the proceeds became payable, shall be paid by the Trustee into court, although the Trustee will have the right to retain any expenses incurred in making that payment. On completion of the winding-up of the Trust, the Trustee must notify the FCA in

writing of that fact and the Trustee or the Manager must request the FCA to revoke the relevant authorisation order.

14. **RISKS**

Potential investors should consider the following risk factors before investing in the Trust (or in the case of specific risks applying to specific Funds, in those Funds).

General Risks

14.1 **Market Fluctuations**

The investments of the Funds are subject to market fluctuations and other risks inherent in investing in securities. The value of investments and the income derived from them may fall as well as rise and investors may not recoup the original amount they invest in a Fund.

There is no certainty that the investment objective of a Fund will actually be achieved. The Manager does not guarantee any yield or return on capital in any Fund.

14.2 **Investment Currency Risks**

The values, in terms of the currency in which Units are denominated, of investments that are not denominated in that currency may rise and fall purely on account of exchange rate fluctuations, which will have a related effect on the price of Units.

14.3 **Credit Risks**

There is a risk that an issuer or counterparty will default.

14.4 **Settlement Risk**

A settlement in a transfer system may not take place as expected because a counterparty does not pay or deliver on time or as expected.

14.5 **Liquidity Risks**

There is a risk that a position cannot be liquidated in a timely manner at a reasonable price.

14.6 **Performance Risk**

Investors are reminded that risk levels will depend on individual Fund selections, and the existence, absence of, or restrictions, on any guarantees given by third parties.

14.7 **Risk to Capital**

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

14.8 **Cancellation Risks**

If the value of the investment falls before notice of cancellation is given, a full refund of the original investment may not be provided but rather the original amount less the fall in value.

14.9 **Emerging Markets**

The Funds 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 Funds and their Unit price.

14.10 Effect of Preliminary Charge

Where a preliminary charge is imposed, an investor who realises his Units may not (even in the absence of a fall in the value of the relevant investments) realise the amount originally invested.

The Units should therefore be viewed as medium to long term investments.

14.11 Dilution and SDRT provisions

Were the Manager to require the payment of a dilution levy to offset the effects of dilution caused by dealing charges, taxes and any spread between buying and selling prices of the investments, this would increase the purchase price of Units or reduce the sale proceeds. There is no dilution levy applied at present.

Certain investments can attract SDRT. When a payment for SDRT results in the diminution in value of the Units, an additional charge may be levied in addition to the price of the Units when issued or deducted when sold.

14.12 Suspension of Dealings in Units

In certain circumstances Unitholders' right to redeem Units may be suspended.

14.13 Liabilities

A Unitholder is not liable to make any further payment to the Trust or Fund after the Unitholder has paid the price on purchase of the Units.

14.14 Charges to Capital

Where the investment objective of a Fund is income generation rather than capital growth, or the generation of income and capital growth have equal priority, all or part of the Manager's fee may be charged against capital instead of against income.

The treatment of the Manager's fee may increase the amount of income (which may be taxable) available for distribution to Unitholders in the Fund concerned but may constrain capital growth.

Where charges are made to the income of a Fund, but insufficient income is available to meet those charges, all or part of the charges may also be taken from the capital of the Fund, which may constrain capital growth.

14.15 Derivatives

Approved derivatives transactions are for the purpose of both efficient portfolio management (including hedging) and meeting the investment objectives of the Funds.

It is anticipated that the outcome of any use of derivatives for Efficient Portfolio Management in respect of a Fund would be principally to hedge against currency risks and to reduce, rather than to increase, the risk profile of that Fund. Movements in currencies may, however, render any such hedging ineffective.

Where derivatives are used for investment purposes, the net asset value of the Fund may in consequence be highly volatile at times and the risk profile of the relevant Fund may be increased. However, it is the Manager's intention that in these circumstances the Fund, owing to its portfolio composition or the portfolio management techniques used, will not have volatility over and above the general market volatility of the markets of its underlying investments.

14.16 Investment Advisers

The Investment Adviser has complete discretion over the investment decisions within the relevant Fund. The performance of the Fund is therefore directly linked to the ability of the Investment Adviser. Unitholders should be aware that, whilst no change in the Investment Adviser is anticipated, a change, for whatever reason, may adversely affect the performance of the Fund.

14.17 Warrants

The Funds may invest in warrants.

A warrant is a time-limited right to subscribe for shares, debentures, loan stock or government securities and is exercisable against the original issuer of the underlying securities. A relatively small movement in the price of the underlying security results in a disproportionately large movement, unfavourable or favourable, in the price of the warrant. The prices of warrants can therefore be highly volatile.

14.18 Unregulated collective investment schemes

The Funds may, subject to the FCA Rules, invest in unregulated collective investment schemes. Such schemes are subject to less onerous regulatory supervision than regulated schemes, and therefore may be considered high risk.

These unregulated schemes may include hedge funds which may be illiquid, i.e. difficult to sell, and may also borrow to meet their objectives. This borrowing is likely to lead to volatility in the value of the scheme, meaning that a relatively small movement either down or up in the value of the scheme's total assets will result in a magnified movement in the same direction of the scheme's net asset value.

15. RISK PROFILE MANAGEMENT

The Manager, in consultation with the Investment Adviser, has adopted a risk management process in respect of the Trust enabling it to monitor and measure the risk of the Trust's portfolio and contribution of the underlying investments to the overall risk profile of the Trust.

The Manager operates a liquidity risk management policy with a view to ensuring that Unitholders are able to realise their Units in accordance with this Prospectus and the requirements of the FCA Rules. This Prospectus provides information in relation to liquidity risk management, including the redemption rights of investors in normal and exceptional circumstances, and the existing redemption arrangements with investors.

Liquidity risk is the risk that the Trust is unable to meet its obligations as they fall due. Examples include insufficient cash to meet redemption requests or make margin payments requirements and the risk that a particular derivative position cannot be easily unwound or offset due to insufficient market depth or market disruption or that the Trust's financial obligations arising from the derivative activity (such as margin calls) will not be able to be met. It is controlled for through monitoring of the liquidity of all instruments used, including derivatives, in the context of the investment objectives and liquidity requirements of each scheme or client account. Cash positions are monitored and reported to ensure that the Trust has sufficient capacity to meet

Stress tests on the portfolio are undertaken on a periodic basis, the frequency is dependent on a number of factors, e.g. portfolio composition and liquidity.

16. LEVERAGE

The Trust may invest in instruments which are subject to leverage from time to time. Under the AIFMD Rules, the Manager must:

- (a) set a maximum level of leveraging which it may employ on behalf of each Fund; and
- (b) where the leverage arrangement allows the right to reuse collateral or the granting of a guarantee, set out the extent of that right or guarantee.

For each Fund, the Manager has set the following limits:

Derivative Type	Limits
Allowable on a 'substantial' basis	No
Unsecured cash borrowings	Not permitted
Secured cash borrowings	Up to 10% for liquidity purposes only. ONLY for short-term use.
Convertible borrowings	Not permitted
Interest rate swaps	Not permitted
Contracts for differences	Not permitted
Futures contracts	Not permitted
Total return swaps	Not permitted
Forward agreements	Only as required; No greater than 40% of the Net Asset Value of the portfolio.
Options	Only as required; No greater than 30% of the Net Asset Value of the portfolio.
Repurchase arrangements	Not permitted
Reverse repurchase arrangements	Not permitted
Securities lending arrangements	Not permitted

Securities borrowing arrangements	Not permitted
Credit default swaps	Not permitted
MAXIMUM LEVEL OF LEVERAGE USING THE COMMITMENT METHOD*	200%
MAXIMUM LEVEL OF LEVERAGE USING THE GROSS METHOD*	300%

***NOTES**

Under the **gross method**, the exposure of the Trust is calculated as follows:

1. the value of any cash and cash equivalents which are highly liquid investments held in the base currency of the Trust that are readily convertible to an amount of cash, subject to an insignificant risk of change in value and which provide a return no greater than the rate of a three month high quality government bond is excluded;
2. derivative instruments are converted (using certain specified conversion methodologies) into the equivalent position in their underlying assets;
3. cash borrowings that remain in cash or cash equivalents and where the amounts payable are known are excluded;
4. exposures resulting from the reinvestment of cash borrowings, expressed as the higher of the market value of the investment realised or the total amount of cash borrowed are included; and
5. positions within repurchase or reverse repurchase transactions and securities lending or borrowing or other similar arrangements are included.

The maximum level of leverage for the Trust expressed as a ratio of the Trust's total exposure to its Net Asset Value current ratio under the gross method is: **3:1**.

Under the **commitment method**, the exposure of the Trust is calculated as follows:

1. derivative instruments are converted (using certain specified conversion methodologies) into the equivalent position in their underlying assets;
2. netting and hedging arrangements are applied, subject to specified conditions;
3. the exposure created through the reinvestment of borrowings where such reinvestment increases the exposure of the Trust is calculated;
4. derivative instruments used for currency hedging purposes are excluded.

The maximum level of leverage for the Trust expressed as a ratio of the Trust's total exposure to its Net Asset Value current ratio under the commitment method is: **2:1**.

Where a Fund may use options, forwards and other derivative instruments for investment purposes or for the purpose of hedging against either price or currency fluctuations, the Manager's ability to use these strategies may be limited by market conditions, regulatory limits and tax considerations. Use of these strategies involves certain special risks, including (i) imperfect correlation between movements in the securities or currency on which a futures or options contract is based and movements in the securities or currencies in the Fund; (ii) the absence of a liquid market for any particular instrument at any particular time; and (iii) possible impediments to the ability

to meet redemption requests or other short-term obligations because of the percentage of the Fund's assets segregated to cover its obligations. Hedging strategies necessarily add costs to the Fund.

17. **FAIR TREATMENT OF INVESTORS**

The Manager ensures fair treatment of investors by its compliance with the applicable rules in COLL and FUND and with the rules contained in the FCA handbook of rules and guidance ("FCA Handbook").

The Manager is required, under the FCA Handbook, to treat its customers fairly, when they become, remain or as they cease to be Unitholders. The Manager complies with the rules in the FCA Handbook, and has adopted a series of policies and procedures (including a Conflict of Interest policy) which are designed to achieve this outcome.

The Manager and the Investment Adviser may in certain circumstances grant preferential treatment to investors. This may include, for example, access to certain Unit classes, a waiver or reduction of certain charges, the payment of rebates, or access to individuals within the Manager or the Investment Adviser. If such rights are granted, this would typically be to investors who invest significant amounts in the Trust. Such investors would not typically be legally or economically linked to the Manager.

Any Unitholder may be granted preferential treatment in relation to the terms of its investment in the Trust and/or a Fund by the Manager, the Investment Adviser and/or any other service provider to the Trust.

The Manager and/or the Investment Adviser may enter into side letters and/or other arrangements ("Side Arrangements") with Unitholders, including those deemed to involve a significant or strategic relationship, that will result in the terms of an investment in the Trust being different to the terms applicable to other Unitholders and/or provide the following preferential treatment:

- (a) Disclosure / Reporting:
 - (i) notification of (A) certain 'key man' events and/or (B) certain changes to the organisation of the Fund and/or (C) the issue of Units on more favourable terms to those described herein (as amended by the relevant side letter and/or other arrangement) and/or (D) certain other changes and/or other events, in each case that affects, or relates to, the Trust and/or its service providers (including, but not limited to, the Investment Adviser) or the relevant Unitholder's investment in the Trust or a Fund;
 - (ii) notification if holdings in the Trust or a Fund by the relevant Unitholder exceed specific levels; and/or
 - (iii) the provision of certain limited information relating to the Investment Adviser and/or to the Trust's assets, including in order to allow the relevant Unitholder to comply with the laws and regulations to which it is subject.
- (b) Investor Liquidity terms:
 - (i) ensure that redemptions of Units are effected in full within a prescribed period of time in the event that redemptions are deferred (i.e. "gated") for any reason; and/or
 - (ii) permit transferability of Units where there is no change of beneficial ownership.

- (c) Fees:
- rebate some or all of the periodic charge payable in respect of the relevant Unitholder's Units.

Side Arrangements:

- (a) The Manager's Risk Management Policy deals with Side Arrangements.
- (b) The main conflict of interest with Side Arrangements is the potential for one or more investors to be advantaged over other investors by terms within their Side Arrangements. For example, the preferential early exit of one investor may reduce the portfolio liquidity, which might make withdrawals unavailable to other investors. Subsequently, it may be the case that other investors are actually disadvantaged. The Manager will give consideration as to whether the nature and scope of the provisions are consistent with treating all investors fairly.
- (c) Any Side Arrangement which contains 'material terms' will be fully considered before it is put in place. Examples of material terms would include preferential redemption rights, 'key man' provisions, redemption 'gate' waivers and portfolio transparency rights.

18. **RECOGNITION AND ENFORCEMENT OF JUDGMENTS**

The AIFMD Rules require the Manager to give details of legal instruments providing for the recognition and enforcement of judgments in England and Wales (which is the territory in which the Trust is established). A number of legal instruments provide for the recognition and enforcement in England and Wales of judgments given in other states. It would be impractical to provide an exhaustive list. The principal instruments are:

- (a) Council Regulation (EC 44/2001) of 22 December 2000 ("the Brussels Regulation"), which deals with the recognition and enforcement in England and Wales of judgments given by the courts of most EU member states in civil and commercial matters.
- (b) Regulation of the European Parliament and of the Council (EC 805/2004) of 21 April 2004, which creates a European Enforcement Order for uncontested claims and introduces a simplified procedure for the enforcement in England and Wales of judgments of the courts of most EU member states in such claims.
- (c) The Civil Jurisdiction and Judgments Act 1982, implementing the terms of the Brussels Convention of 1968 on jurisdiction and the enforcement of judgments in civil and commercial matters (the provisions of which have been largely superseded by the Brussels Regulation) and the Lugano Convention of 1988 (including the Protocols annexed to that Convention), which provides for recognition and enforcement of such judgments between England and Wales and certain other European jurisdictions. This legislation also governs the arrangements for recognition and enforcement as between the jurisdictions of England and Wales, Scotland, and Northern Ireland.
- (d) The Administration of Justice Act 1920, which enables certain judgments of superior courts in parts of Her Majesty's dominions and territories outside the UK to be registered for enforcement in the High Court of England and Wales.
- (e) The Foreign Judgments (Reciprocal Enforcement) Act 1933, pursuant to which directions may be made to allow for the registration and enforcement in the

High Court of England and Wales of judgments made in foreign countries which give reciprocity of treatment to judgments given in the courts of the United Kingdom.

19. GENERAL INFORMATION

19.1 Notices

Any notice or document to be served upon a Unitholder will be duly served if it is:

- a) delivered to the Unitholder's address as appearing in the Register; or
- b) delivered by using an electronic medium in accordance with following provisions of this paragraph.

Any notice or document served by post is deemed to have been served on the second Business Day following the day on which it is posted. Any document left at a registered address or delivered other than by post is deemed to have been served on that day. Any document or notice to be served on or information to be given to a Unitholder, must be in legible form. For this purpose, any form is legible form which:

- a) is consistent with the Manager's knowledge of how the recipient of the document wishes or expects to receive the document;
- b) is capable of being provided in hard copy by the Manager;
- c) enables the recipient to know or record the time of receipt; and
- d) is reasonable in the context.

19.2 Complaints

Complaints concerning the operation or marketing of the Trust (or the Funds) should be referred in the first instance to the Manager. If a complaint cannot be resolved satisfactorily with the Manager, it may be referred direct to the Financial Ombudsman Service at Exchange Tower, London E14 9SR.

A copy of the complaints handling procedure is available from the Manager on request.

19.3 Future Disclosures

The following information will be made available to Unitholders as part of the Trust's annual report:

- (a) the percentage of the Trust's assets which are subject to special arrangements arising from their illiquid nature;
- (b) the current risk profile of the Trust and the risk management systems employed by the Manager to manage those risks; and
- (c) the total amount of leverage employed by the Trust, as applicable.

Unitholders will also be provided with information regarding changes to:

- (d) the maximum level of leverage which the Trust, or the Manager on the Trust's behalf, may employ; or
- (e) the rights for re-use of collateral under the Trust's leveraging arrangements; or

(f) any guarantee granted under the Trust's leveraging arrangements.

This information will be made available to Unitholders, without undue delay following the occurrence of that change, usually by way of update to this Prospectus. Where required, such change will be preceded by notification to Unitholders.

19.4 Annual and Half-Yearly Long Reports

Annual long reports will be published, and made available, normally on the annual income allocation date listed in the relevant Fund in Appendix A.

Half-yearly long reports will be published on the half yearly income allocation date.

Copies of the most recent annual and half-yearly long reports may be inspected at the Manager's registered office (refer to Appendix G) and at the principal office of the Trustee, and may be obtained from the Manager.

19.5 Prospectus and Trust Deed

Copies of the most recent Prospectus, the Trust Deed and any Supplemental Deeds of Trust, may be inspected at the Manager's registered office (refer to Appendix G). These documents may be inspected during normal business hours at the Manager's registered office address.

19.6 Supplementary Information

Each Unitholder may obtain on request from the Manager information supplementary to this Prospectus relating to:

- a) the quantitative limits applying in the risk management of the Funds;
- b) the methods used in relation to (a); and
- c) any recent development of the risk and yield of the main categories of investment.

19.7 Money Laundering

The EC Money Laundering Directives have been implemented in the UK by the Proceeds of Crime Act 2002, the Terrorism Act 2000, the Money Laundering Regulations 2007 and by the Senior Management Arrangements, Systems and Controls Sourcebook. As a result, firms conducting investment business are required to maintain procedures to combat money laundering.

Paragraph 19.9 'Electronic Verification' sets out details of these procedures.

19.8 Profit and Loss of Manager

The Manager is under no obligation to account to the Trustee or to Unitholders of the Trust for any profit or loss made on the issue of Units or in the re-issue or cancellation of Units which have been redeemed, and accordingly will not do so.

19.9 Data Protection

The personal details of each applicant for Units will be held by the Manager and/or the Administrator as its agent in accordance with Data Protection Legislation for the purposes of carrying out the Manager's agreement with each Unitholder. This may include the transfer of such data to other members of the Manager's group and to other businesses providing services to the Manager (including their offices outside the

European Economic Area (“EEA”)), where the transfer is necessary for the provision of services in relation to the Manager’s role as operator of the Trust. The data protection laws and other laws of these countries may not be as comprehensive as those that apply within the EEA. In these instances the Manager will take steps to ensure that your privacy rights are respected. Unitholders have the right to access their personal data processed by the Manager together with (in certain circumstances) the right to object to the processing of such data for legitimate reasons. A copy of the Manager’s Privacy Notice relating to investors is available at www.tutman.co.uk or on request from compliance@thesisam.com.

19.10 **Electronic Verification**

The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, The Proceeds of Crime Act 2002, the Senior Management Arrangements Systems & Controls Source book and Joint Money Laundering Steering Group guidance notes (which are updated from time to time) state that the Manager must check your identity and the source of the money invested. The Manager may also request verification documents from parties associated with you. In some cases, documentation may be required for officers performing duties on behalf of bodies corporate. The checks may include an electronic search of information held about you (or your associated party) on the electoral roll and using credit reference agencies. The credit reference agency may check the details you (or your associated party) supply against any particulars on any database (public or otherwise) to which they have access and may retain a record of that information although this is only to your identity and will not affect your (or your associated party’s) credit rating. They may also use your (or your associated party’s) details in the future to assist other companies for verification purposes. If you apply for Units you are giving the Manager permission to ask for this information in line with the Data Protection Legislation. If you invest through a financial adviser they must fill an identity verification certificate on your behalf and send it to the Manager with your application.

19.11 **Telephone calls**

Telephone calls may be recorded for regulatory, training or monitoring purposes.

Recordings will be provided on request for a period of at least five years from the date of such recording, or, where requested by a competent regulatory authority, for a period of seven years, where the Manager can identify the call. If you ask the Manager to send you a recording of a particular call, the Manager may ask for further information to help identify the exact call to which your request relates.

APPENDIX A

The Funds

The Funds, and their investment objectives and policies, are set out below:

Optima Growth Sub-Fund

Investment Objective	<p>This Fund's investment objective is to achieve capital growth over a reasonable investment time horizon, typically five years.</p> <p>Investors should be aware that the investors' capital is in fact at risk and there is no guarantee that capital growth will be achieved, whether over rolling five year periods, or any time period.</p>
Investment Policy	<p>The Fund will seek to achieve its investment objective primarily through investment in shares or units of regulated and/or unregulated collective investment schemes and/or closed ended funds. This may include schemes or funds managed by the Manager and/or an associate.</p> <p>The Fund may also invest directly in transferable securities, money market instruments, warrants, deposits, near cash and cash and derivatives. In exceptional circumstances, the Manager may take larger cash positions. The Fund may utilise derivatives for efficient portfolio management (including hedging) and for investment purposes.</p>
Investor Profile – suitable investors	<p>The Fund is designed principally for the retail investor. This Fund is suitable for an investor wishing to achieve capital growth over a period of at least five years. The investor must be able to accept the risk of losses. The Fund can be marketed to all types of investor subject to the applicable legal and regulatory requirements in the relevant jurisdiction(s).</p>
Investment Adviser(s)	<p>Thesis Asset Management Limited (company registration number 1802101).</p>
Class of unit available	<p>Income Units Accumulation Units B Income Units B Accumulation Units C Income Units C Accumulation Units</p>
Minimum initial investment	<p>In respect of the Income Units and Accumulation Units: £1,000</p> <p>In respect of the B Income Units and B Accumulation Units: £250,000</p> <p>In respect of the C Income Units and C Accumulation Units: £6,000,000</p>

Minimum holding	No minimum
Minimum subsequent purchase	£100
Accounting period ends	31 March
Interim accounting period ends	30 September
Quarterly accounting dates	30 June 31 December
Income allocated	31 May 31 August 30 November 28 February
<u>Charges:</u>	
Preliminary charge	Income Units and Accumulation Units: Nil % B Income Units, B Accumulation Units, C Income Units and C Accumulation Units: Nil %
Annual management charge	In respect of the Income Units and Accumulation Units: 1.50% In respect of the B Income Units and B Accumulation Units: 0.75% In respect of the C Income Units and C Accumulation Units: 0.50%
Allocation of Charges and Expenses	Income
Redemption Charge	None
Performance Fee	None

Optima Balanced Sub-Fund

Investment Objective	This Fund's investment objective is to achieve income and capital growth.
Investment Policy	<p>The Fund will seek to achieve its investment objective primarily through investment in shares or units of regulated and/or unregulated collective investment schemes and/or closed ended funds. This may include schemes or funds managed by the Manager and/or an associate.</p> <p>The Fund may also invest directly in transferable securities, money market instruments, warrants, deposits, near cash and cash and derivatives. In exceptional circumstances, the Manager may take larger cash positions. The Fund may utilise derivatives for efficient portfolio management (including hedging) and for investment purposes.</p>
Investor Profile – suitable investors	The Fund is designed principally for the retail investor. This Fund is suitable for an investor wishing to achieve a mix of capital growth and income. The investor must be able to accept the risk of losses, thus the Fund is suitable for investors who can afford to set aside capital for at least five years. The Fund can be marketed to all types of investor subject to the applicable legal and regulatory requirements in the relevant jurisdiction(s).
Investment Adviser(s)	Thesis Asset Management Limited (company registration number 1802101).
Class of unit available	Income Units Accumulation Units B Income Units B Accumulation Units C Income Units C Accumulation Units
Minimum initial investment	In respect of the Income Units and Accumulation Units: £1,000 In respect of the B Income Units and B Accumulation Units: £250,000 In respect of the C Income Units and C Accumulation Units: £6,000,000
Minimum holding	No minimum
Minimum subsequent purchase	£100
Accounting period ends	31 March
Interim accounting period ends	30 September

Quarterly accounting dates	30 June 31 December
Income allocated	31 May 31 August 30 November 28 February
<u>Charges:</u>	
Preliminary charge	Income Units and Accumulation Units: Nil% B Income Units, B Accumulation Units, C Income Units and C Accumulation Units: Nil %
Annual management charge	In respect of the Income Units and Accumulation Units: 1.50% (allocated from Capital) In respect of the B Income Units and B Accumulation Units: 0.75% (allocated from Capital) In respect of the C Income Units and C Accumulation Units: 0.50% (allocated from Capital)
Allocation of Charges and Expenses	Income *
Redemption Charge	None
Performance Fee	None

* It has been agreed between the Manager and Trustee that all charges (bar the Manager's annual management charge) will be charged to Income. **Taking the Manager's annual management charge from capital may erode or constrain capital growth in this Fund.**

Optima Income Sub-Fund

Investment Objective	This Fund's investment objective is to achieve a total return with an emphasis on income together with some capital growth.
Investment Policy	<p>The Fund will seek to achieve its investment objective primarily through investment in shares or units of regulated and/or unregulated collective investment schemes and/or closed ended funds. This may include schemes or funds managed by the Manager and/or an associate.</p> <p>The Fund may also invest directly in transferable securities, money market instruments, warrants, deposits, near cash and cash and derivatives. In exceptional circumstances, the Manager may take larger cash positions. The Fund may utilise derivatives for efficient portfolio management (including hedging) and for investment purposes.</p>
Investor Profile – suitable investors	The Fund is designed principally for the retail investor. This Fund is suitable for an investor wishing to focus on income generation with some capital growth. Investors must be able to accept the risk of losses, thus the Fund is suitable for investors who can afford to set aside capital for at least five years. The Fund can be marketed to all types of investor subject to the applicable legal and regulatory requirements in the relevant jurisdiction(s).
Investment Adviser(s)	Thesis Asset Management Limited (company registration number 1802101).
Class of unit available	Income Units Accumulation Units B Income Units B Accumulation Units C Income Units C Accumulation Units
Minimum initial investment	In respect of the Income Units and Accumulation Units: £1,000 In respect of the B Income Units and B Accumulation Units: £250,000 In respect of the C Income Units and C Accumulation Units: £6,000,000
Minimum holding	No minimum
Minimum subsequent purchase	£100
Accounting period ends	31 March
Interim accounting period ends	30 September

Quarterly accounting dates	30 June 31 December
Income allocated	31 May 31 August 30 November 28 February
<u>Charges:</u>	
Preliminary charge	Income Units and Accumulation Units: Nil % B Income Units, B Accumulation Units, C Income Units and C Accumulation Units: Nil %
Annual management charge	In respect of the Income Units and Accumulation Units: 1.50% In respect of the B Income Units and B Accumulation Units: 0.75% In respect of the C Income Units and C Accumulation Units: 0.50%
Allocation of Charges and Expenses	Capital *
Redemption Charge	None
Performance Fee	None

* This Fund has been structured so as to concentrate on the generation of income as a higher priority than capital growth. **This may, accordingly, erode or constrain capital growth of this Fund.**

APPENDIX B

Investment and borrowing powers

The investment and borrowing powers of each Fund are set out below:

1. Limitations on type of investments

- 1.1 All the property of the Funds must be invested in any or all of the following: transferable securities, money market instruments, derivatives, deposits, units in (regulated and unregulated) collective investment schemes. Cash or near cash may be held for the pursuit of the Fund's investment objectives or redemption of Units or for the efficient management of the Fund in accordance with its investment objectives or any other purpose reasonably regarded as ancillary to the investment objectives of the Fund.
- 1.2 From time to time the Fund may have a higher than usual level of liquidity if the Manager considers that to be in the interests of Unitholders.
- 1.3 The investment objectives and policy set out in the relevant Fund in Appendix A are subject to the limits on investment under the FCA Rules and as set out in this Prospectus. These limits are summarised below.
- 1.4 Subject to those limits, there is no restriction on the proportion of the assets of the Fund which may consist of assets of any of the descriptions set out in paragraph 1.1.
- 1.5 Generally, the Fund will invest in "approved securities" within the meaning of COLL. However, the whole of the Scheme Property of the Fund may be invested in any of the permitted classes of asset described below.
- 1.6 Under normal circumstances, the Manager would expect substantially all of the assets of each Fund to be invested in investments appropriate to the relevant Fund's investment objectives, with not more than 20% held in cash.

2. Permitted types of Scheme Property

Investments permitted for the Fund are as follows:

2.1 Approved Securities

The Fund property may be invested in approved securities. An approved security is a transferable security that is admitted to an official listing in an EEA State or is traded under the rules of an eligible securities market (otherwise than by specific permission of the market authority). An eligible market is a regulated market that is open to the public and regularly traded; further details are set out in sub-paragraph 1.8.4 below.

2.2 Transferable Securities

Transferable securities are, in general terms, shares, debentures, government and public securities, warrants or certificates representing certain securities. Not more than 20% in value of the Scheme Property can be invested in transferable securities which are not approved securities.

The Scheme Property may be invested in transferable securities on which any sum is unpaid only if it is reasonable to foresee that the amount of any existing and potential call for any sum unpaid could be paid by the Fund at the time when payment is required, without contravening the requirements of the FCA

Rules.

2.3 Money market instruments

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

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

- (a) has a maturity at issuance of up to and including 397 days;
- (b) has a residual maturity of up to and including 397 days;
- (c) undergoes regular yield adjustments in line with money market conditions at least every 397 days; or
- (d) has a risk profile, including credit and interest rate risks, corresponding to that of an instrument which has a maturity as set out in (a) or (b) or is subject to yield adjustments as set out in (c).

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

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

- (a) enabling the Manager to calculate a net asset value in accordance with the value at which the instrument held in the portfolio could be exchanged between knowledgeable willing parties in an arm's length transaction; and
- (b) based either on market data or on valuation models including systems based on amortised costs.

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

Except as set out below, approved money-market instruments held by the Fund must be admitted to or dealt in an eligible market.

Not more than 10% in value of the Scheme Property is to consist of money-market instruments, which are not:

- (a) listed on or normally dealt on an eligible market; or
- (b) liquid and whose value can accurately be determined at any time, provided the money market instrument is:
 - (i) issued or guaranteed by a central, regional or local authority, a central bank of an EEA State, the European Central Bank, the European Union or the European Investment Bank, a non-EEA

State or, in the case of a federal state, by one of the members making up the federation, or by a public international body to which one or more EEA States belong; or

- (ii) issued by a body, any securities of which are dealt on an eligible market; or

issued or guaranteed by an establishment subject to prudential supervision in accordance with criteria defined by European Union law or by an establishment which is subject to and complies with prudential rules considered by the FCA to be at least as stringent as those laid down by Community law.

2.4 Eligible Markets

For the purpose of COLL, the Manager, after consultation with the Trustee, has decided that the securities exchanges set out in Appendix C are eligible markets in the context of the investment policy of the Fund:

The markets upon which transferable securities and money market instruments are traded must meet certain criteria laid down in the FCA Rules.

Eligible markets include any market established in a EEA State on which transferable securities and money market instruments admitted to official listing in the member state are dealt in or traded.

In the case of all other markets, in order to qualify as an eligible market, the Manager after consultation with the Trustee, must be satisfied that the relevant market:

- (a) is regulated;
- (b) operates regularly;
- (c) is recognised;
- (d) is open to the public;
- (e) is adequately liquid; and
- (f) has adequate arrangements for unimpeded transmission of income and capital to or to the order of investors.

Eligible derivatives markets are markets which the Manager, after consultation with and notification of the Trustee, has decided are appropriate for the purpose of investment of or dealing in the Scheme Property with regard to the relevant criteria set out in the FCA Rules and the guidance on eligible markets issued by the FCA (as amended from time to time).

The eligible securities and derivatives markets are set out in Appendix C.

2.5 Derivatives and Forward Transactions

A transaction in derivatives or a forward transaction must not be effected for the Fund unless:

- (1) the transaction is of a kind specified in COLL, as summarised below; and

- (2) the transaction is covered, as required by COLL.

Where the Fund invests in derivatives, the exposure to the underlying assets must not exceed the limits specified under the heading "Spread" below.

Where a transferable security or money market instrument embeds a derivative, this must be taken into account for the purposes of complying with these requirements.

Where a transaction is effected in an index-based derivative, provided the relevant index falls within the relevant requirements of COLL, the underlying constituents of the index do not have to be taken into account for the purposes of restrictions on spread, subject to the Manager taking account of COLL in relation to prudent spread of risk.

A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market or comply with the requirements for transactions in OTC derivatives as described below.

A transaction in a derivative must not cause the Fund to diverge from its investment objective as stated in this Prospectus.

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

Any forward transaction must be with an approved counterparty under COLL.

The Fund may not undertake transactions in derivatives on commodities.

No agreement by or on behalf of the Fund to dispose of property or rights may be made:

- (1) unless the obligation to make the disposal and any other similar obligations could immediately be honoured by the Fund by delivery of property or the assignment (or, in Scotland, assignation) of rights; and
- (2) the property and rights at (1) are owned by the Fund at the time of the agreement.

This requirement does not apply to a deposit.

The transaction alone or in combination must be reasonably believed by the Manager to diminish a risk of a kind or level which it is sensible to reduce.

Each derivative transaction must be fully covered by cash, near cash or other property sufficient to meet any obligation which could arise.

A transaction in an OTC derivative must be:

- (a) with an approved counterparty. A counterparty to a transaction in derivatives is approved only if the counterparty is:
 1. an eligible institution or an Approved Bank; or
 2. a person whose permission (including any requirements or limitations), as published in the Financial Services Register provided by the FCA, or

whose Home State authorisation, permits it to enter into the transaction as principal off-exchange;

- (b) on approved terms. The terms of the transaction in derivatives are approved only if the Manager:
 - 1. carries out, at least daily, a reliable and verifiable valuation in respect of that transaction corresponding to its fair value and which does not rely only on market quotations by the counterparty; and
 - 2. can enter into one or more further transactions to sell, liquidate or close out that transactions at any time, at its fair value;
- (c) capable of reliable valuation; a transaction in derivatives is capable of reliable valuation only if the Manager having taken reasonable care determines that, throughout the life of the derivative (if the transaction is entered into), it will be able to value the investment concerned with reasonable accuracy:
 - 1. on the basis of an up-to-date market value which the Manager and the Trustee have agreed is reliable; or
 - 2. if the value referred to in (c)(1) is not available, on the basis of a pricing model which the Manager and the Trustee have agreed uses an adequate recognised methodology; and
- (d) subject to verifiable valuation; a transaction in derivatives is subject to verifiable valuation only if, throughout the life of the derivative (if the transaction is entered into) verification of the valuation is carried out by:
 - 1. an appropriate third party which is independent from the counterparty of the derivative, at an adequate frequency and in such a way that the Manager is able to check it; or
 - 2. a department within the Manager which is independent from the department in charge of managing the scheme property and which is adequately equipped for such a purpose.

For the purposes of paragraph (b)(1) above, "fair value" is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The Trustee must take reasonable care to ensure that the Manager has systems and controls that are adequate to ensure compliance with paragraphs (a) to (d) above.

Approved derivatives transactions are for the purpose of both efficient portfolio management (including hedging) and meeting the investment objectives of the Funds. It is anticipated that the outcome of any use of derivatives for Efficient Portfolio Management in respect of a Fund would be principally to hedge against currency risks and to reduce, rather than to increase, the risk profile of that Fund. Movements in currencies may, however, render any such hedging ineffective.

Where derivatives are used for investment purposes, the net asset value of the Fund may in consequence be highly volatile at times and the risk profile of the relevant Fund may be increased. However, it is the Manager's intention that in these circumstances the Fund, owing to its portfolio composition or the

portfolio management techniques used, will not have volatility over and above the general market volatility of the markets of its underlying investments.

2.6 Deposits

The Fund may invest in deposits only with an Approved Bank with a rating of not less than 'A' and which are repayable on demand or have the right to be withdrawn and maturing in no more than 12 months.

2.7 Collective Investment Schemes

2.7.1 The Fund may invest in units in a regulated collective investment scheme (the 'second scheme') provided that the second scheme satisfies all of the following conditions set out below. Such schemes may be regulated or unregulated provided that they meet these requirements:

1. it is a scheme which complies with the conditions necessary for it to enjoy the rights conferred by the UCITS directive; or
3. it is a scheme recognised under section 264 or 272 of the Act; or
4. it is a non-UCITS retail scheme; or
5. it is constituted outside the UK and the investment and borrowing powers of which are the same or more restrictive than those of a non-UCITS retail scheme; or
6. is a scheme not falling within (1) to (4) and in respect of which no more than 20% in value of the scheme property (including any transferable securities which are not approved securities) is invested;

2.7.2 the second scheme operates on the principle of the prudent spread of risk; and

2.7.3 the second scheme is prohibited from having more than 15% in value of the property of that scheme consisting of units in collective investment schemes; and

2.7.4 the participants in the second scheme must be entitled to have their units redeemed in accordance with the scheme at a price:

- (i) related to the net value of the property to which the units relate; and
- (ii) determined in accordance with the scheme.

2.7.5 where a second scheme is an umbrella the provisions of 2.7.2 to 2.7.4 and COLL 5.6.7 R (spread: general) apply to each sub-fund as if it were a separate scheme.

2.7.6 A list of the locations of the establishment of any second schemes which the Trust may invest in from time to time is shown in Appendix F.

2.7.7 Subject to the restrictions above, investment may be made in other collective investment schemes managed by the Manager or an associate of the Manager or in other Funds of the Trust, provided that the Manager makes good to the Fund certain amounts specified in COLL 5.2.16R.

2.7.8 Where a substantial proportion of the Fund's assets are invested in other

collective investment schemes the maximum level of management fees that may be charged to the Fund, and to the other collective investment schemes in which it invests, should not exceed 2.5% per annum plus VAT if applicable.

The Funds may, subject to the FCA Rules, invest in unregulated collective investment schemes. Such schemes are subject to less onerous regulatory supervision than regulated schemes, and therefore may be considered high risk.

These unregulated schemes may include hedge funds which may be illiquid, i.e. difficult to sell, and may also borrow to meet their objectives. This borrowing is likely to lead to volatility in the value of the scheme, meaning that a relatively small movement either down or up in the value of the scheme's total assets will result in a magnified movement in the same direction of the scheme's net asset value.

2.8 Warrants

The Fund may invest in warrants but the exposure created by the exercise of the rights conferred by those warrants must not exceed the limits set out in "Spread" below.

A warrant is a time-limited right to subscribe for shares, debentures, loan stock or government securities and is exercisable against the original issuer of the underlying securities. A relatively small movement in the price of the underlying security results in a disproportionately large movement, unfavourable or favourable, in the price of the warrant. The prices of warrants can therefore be highly volatile.

2.9 Spread

2.9.1 This paragraph does not apply in respect of a transferable security or an approved money-market instrument to which paragraph 2.10 applies.

2.9.2 The specific limits are set out as follows

- a) not more than 20% in value of the Scheme Property is to consist of deposits with a single body;
- b) not more than 10% in value of the Scheme Property is to consist of transferable securities or money market instruments issued by a single body (except that the limit of 10% is raised to 25% in value of the scheme property in respect of covered bonds);
- c) exposure to any one counterparty in an OTC derivative transaction shall not exceed 10% in value of the Fund; and
- d) not more than 35% in value of the Scheme Property is to consist of the units of any one collective investment scheme.

2.9.3 In applying the limit under paragraph 2.9.2b) above, certificates representing certain securities are to be treated as equivalent to the underlying securities.

2.9.4 For the purposes of this paragraph 2.9, companies included in the same group for the purposes of consolidated accounts as defined in Directive 83/349/EEC, or in the same group in accordance with international accounting standards, are regarded as a single body.

2.10 Spread: Government and Public Securities

2.10.1 The following applies in respect of transferable securities or approved money-market instruments ("such securities") that are issued by:

- a) an EEA State;
- b) a local authority of an EEA State;
- c) a non-EEA State; or
- d) a public international body to which one or more EEA States belong

2.10.2 Where no more than 35% in value of the Scheme Property is invested in such securities issued by any one body, there is no limit on the amount which may be invested in such securities or in any one issue.

2.10.3 The Fund may invest more than 35% in value of the Scheme Property in such securities issued by any one body, provided that:

- a) the Manager has before any such investment is made consulted with the Trustee and as a result considers that the issuer of such securities is one which is appropriate in accordance with the investment objectives of the Fund;
- b) no more than 30% in value of the Scheme Property consists of such securities of any one issue; and
- c) the Scheme Property includes such securities issued by that or another issuer, of at least six different issues.

2.10.4 In relation to such securities:

- a) issue, issuer and guarantor include guarantee, guaranteed and guarantor; and
- b) an issue differs from another if there is a difference as repayment date, rate of interest, guarantor or other material terms of the issue.

2.10.5 Notwithstanding paragraph 2.9.1 and subject to paragraphs 2.9.2a) and 2.9.4 above, in applying the 20% limit in paragraph 2.9.2a) with respect to a single body, such securities issued by that body shall be taken into account.

2.10.6 **More than 35% in value of the Scheme Property may be invested in such securities issued:**

- a) the Government of the United Kingdom; and**
- b) the Government of the United States of America.**

2.11 General

2.11.1 The Fund may not acquire any investment which has an actual contingent liability attached unless the maximum amount of such liability is ascertainable at the time of acquisition.

2.11.2 The restrictions on investment set out above are tighter than those imposed by COLL in the following respects:

- a) under the heading “Derivatives and Forward Transactions” above sub-paragraphs highlighted in bold text are in addition to restrictions imposed by COLL as amended; and
- b) under the heading “Deposits” above COLL does not require a certain rating for an Approved Bank.

3 Borrowing Powers

- 3.1 The Trustee of the Trust may, in accordance with COLL and with the instructions of the Manager, borrow sums of money for the use of each Fund on terms that the borrowing is repayable out of the property of the relevant Fund.
- 3.2 Borrowings must not exceed 10% of the value of the Scheme Property.
- 3.3 Borrowing may be made from the Trustee or an associate of it at a normal commercial interest rate.
- 3.4 These borrowing restrictions do not apply to “back to back” borrowing for currency hedging purposes, i.e. borrowing permitted in order to reduce or eliminate risk arising by reason of fluctuations in exchange rates.

4 Stock Lending

- 4.1 The Manager may request the Trustee to enter into stock lending transactions in respect of the Fund. However, the purpose of the stock lending transaction must be for the generation of capital or income for the Fund with no, or an acceptably low, degree of risk.
- 4.2 Briefly, such transactions are those where the Trustee delivers the securities which are the subject of the transaction, in return for which it is agreed that securities of the same kind and amount should be re-delivered at a later date.
- 4.3 The Trustee at the time of delivery of the securities, receives assets as collateral to cover the risk that the securities are not returned. Such transactions must always comply with the relevant requirements of the Taxation of Chargeable Gains Act 1992 and the FCA Rules.
- 4.4 There is no limit on the value of the Scheme Property of a Fund which may be the subject of repo contracts or stock lending transactions.

5 Efficient Portfolio Management

- 5.1 The Manager may utilise the Scheme Property of a Fund to enter into transactions for the purpose of efficient portfolio management. There is no limit on the amount of the Scheme Property of the relevant Fund which may be used for these purposes, but there are three broadly based requirements which the Manager has adopted:
 - 5.1.1 The transactions must be **economically appropriate** for the purposes of efficient portfolio management.
 - 5.1.2 The exposure must be **fully covered** by cash or other property sufficient to meet any obligation to pay or deliver that could arise.
 - 5.1.3 The transactions must be entered into for one or more three specific aims, namely:
 - a) reduction of risk;

- b) the reduction of cost; or
 - c) the generation of additional capital or income for the Fund with, a risk level which is consistent with the risk profile of the Company and the risk diversification rules laid down in COLL.
- 5.1.4 The first two aims, together or separately, allow for tactical asset allocation; that is a switch in exposure through the use of derivatives rather than through the sale and purchase of underlying property.
- 5.1.5 Similarly, the aim of reduction of risk allows for the use of derivatives with a view to switching the currency exposure of all or part of the underlying Scheme Property away from a currency which the Manager considers to be unduly prone to risk.

5.2 Economically appropriate

5.2.1 The guidelines adopted by the Manager, under which the Fund will operate are:

- a) any transaction must be one which (alone or in combination with one or more of others) is reasonably believed by the Fund to be economically appropriate to the efficient portfolio management of the Fund.

5.2.2 This means that the Manager reasonably believes that:

- a) for transactions undertaken to reduce risk or cost (or both), the transaction (alone or combination) will diminish a risk or cost of a kind or level which it is sensible to reduce; and
- b) for transactions undertaken to generate additional capital or income, the Fund is certain (or certain barring events which are not reasonably foreseeable) to derive a benefit from the transaction;
- c) the transaction may not be entered into if its purpose could reasonably be regarded as speculative.
- d) where the transaction relates to the actual or potential acquisition of transferable securities, the Manager must intend that the Fund should invest in transferable securities within a reasonable time and must ensure thereafter that, unless the position has itself been closed out, that intention is realised within that reasonable time.

Efficient portfolio management techniques may be utilised by a Fund when considered appropriate.

APPENDIX C

Eligible Markets

The Funds may deal on the securities and derivatives markets listed below.

The eligible markets on which the investments of the Funds may be dealt in or traded will be those established in a EEA State (except Iceland) on which transferable securities and money market instruments admitted to official listing in the EEA States are dealt in or traded and which are regulated, operate regularly and are open to the public, along with the following:

Securities eligible markets

Australia	ASX Group
Austria	Wiener Borse - Vienna Stock Exchange
Canada	Toronto Stock Exchange TSX Venture Exchange Montreal Exchange
China	Shanghai Stock Exchange Shenzen Stock Exchange
Europe	those markets established in a member state on which transferable securities admitted to official listing in a member state are dealt in or traded
Finland	NASDAQ OMX Helsinki Ltd
Hong Kong	Hong Kong Exchange
Indonesia	Indonesia Stock Exchange (IDX)
Japan	Nagoya Stock Exchange Osaka Securities Exchange Tokyo Stock Exchange JASDAQ Securities Exchange
Korea	Korea Composite Stock Price Index
Malaysia	Bursa Malaysia Securities
Mexico	Mexican Stock Exchange
New Zealand	New Zealand Stock Exchange (NZX)
Norway	Oslo Stock Exchange
Philippines	Philippines Stock Exchange
Singapore	Singapore Exchange (SGX)
South Africa	JSE Limited
Spain	Spanish Exchanges BME

Sweden	NASDAQ OMX Nordic
Switzerland	SIX Swiss Exchange AG
Taiwan	Taiwan Stock Exchange
Thailand	Stock Exchange of Thailand (SET)
USA	(1) NASDAQ (the electronic inter-dealer quotation system of America operated by the National Association of Securities Dealers Inc)
	(2) Any exchange registered with the Securities and Exchange Commission as a national stock exchange, including the NYSE Euronext, and the stock exchanges of Chicago, NYSE Arca Equities and NASDAQ OMX PHLX
	(3) The market in transferable securities issued by or on behalf of the Government of the United States of America conducted through persons for the time being recognised and supervised by the Federal Reserve Bank of New York and known as primary dealer.
	(4) The Over-the-Counter Market regulated by the National Association of Securities Dealers Inc.

Derivatives eligible markets

For the purpose of COLL, the Manager, after consultation with the Trustee, has decided that the following exchanges are eligible derivatives markets in the context of the investment policy of the Funds:

Italy	Equities Derivatives Market (IDEM) and Mercato Italiano Futures
Japan	Tokyo Financial Exchange Inc
New Zealand	New Zealand Futures and Options Exchange
Spain	Spanish Exchanges BME
South Africa	South African Futures Exchange (SAFEX)
United Kingdom	London International Financial Further and Options Exchange (LIFFE), NYSE Euronext, and Turquoise London Stock Exchange Group
USA	Chicago Board Options Exchange, CME Group Inc, NASDAQ OMX Futures

APPENDIX D

Other ICVCs or Funds under management

Authorised Investment Companies with Variable Capital **Authorised Unit Trusts**

Abaco Fund ICVC	BPM Trust
Bryth ICVC	Eden Investment Fund
Destiny Fund ICVC	Elfynn International Trust
Farnborough Equity Fund	Glenhuntley Portfolio Trust
Harroway Capital ICVC	Hawthorn Portfolio Trust
Libero Portfolio Fund	KES Diversified Trust
Skiwi Fund	KES Equity Fund
The Ambrose Fund	KES Growth Fund
The Diversification Fund ICVC	KES Income and Growth Fund
The Dunnottar Fund	KES Strategic Investment Fund
The Global Balanced Strategy Fund	Latour Growth Fund
The Global Multi Asset Fund	Lavaud Fund
The Hector Fund	Palm Fund
The Juniper Fund	Pippin Return Fund
The Lockerley Fund	The Darin Fund
The Motim Fund	The Eldon Fund
The Northern Lights Fund	The Iceberg Trust
The Oenoke Fund	The Maiden Fund
The Ord Fund ICVC	The Palfrey Fund
The Saint Martins Fund	Thesis Charlotte Square Allweather Fund
The Staderas Fund	Thesis Headway Fund
The Stratford Fund	Thesis Lion Growth Fund
The Sun Portfolio Fund	Thesis PM A Fund
The TM Lancewood Fund	Thesis PM B Fund
The TM Levitas Funds	Thesis Thameside Managed Fund
The TM Overstone UCITS Fund	The TUTMAN B&CE Contracted-out Pension Scheme
The Vinings Fund	TM Balanced Fund
The Wharton Fund	TM Balanced Return Fund
Thesis JDS Fund	TM Growth Fund
TM Balanced Growth Fund	TM Hearthstone UK Residential Feeder Fund
TM Cerno Investment Funds	TM Managed Fund
TM Credit Suisse Fund	TM New Court Fund
TM First Arrow Investment Funds	TM New Court Equity Growth Fund
TM Hearthstone ICVC	TM Preservation Fund
TM Lime Fund	TM Private Portfolio Trust
TM Oak Fund	
TM Sanditon Funds	
TM Total Return Fund	
TM UBS (UK) Fund	
Trowbridge Investment Funds	

APPENDIX E

Past Performance

The performance table shows the total annual return for the **Accumulation Units** for a five year period up to 31 December in each year listed.

The performance information is net of subscription and redemption fees but does not include the effect of any preliminary charge that may be paid on the purchase of an investment. A basic rate of tax deduction is applied to the performance figures before 6 April 2016 and no tax deduction is applied for performance figures on and after 6 April 2016.

Fund Name	<u>2012</u> (%)	<u>2013</u> (%)	<u>2014</u> (%)	<u>2015</u> (%)	<u>2016</u> (%)
Optima Growth Sub-Fund	11.68	17.96	4.53	2.72	9.83
Optima Balanced Sub-Fund	11.53	11.14	4.54	1.66	5.83
Optima Income Sub-Fund	10.30	4.85	4.54	1.47	3.95

Source: these performance figures have been derived from information extracted from MorningStar.

The performance figures are presented as a matter of record and should be regarded as such.

Performance is determined by many factors including the general direction and volatility of markets and may not be repeatable.

Investors should note that past performance is not necessarily a guide to future performance or rates of return.

APPENDIX F

Establishment of Collective Investment Schemes

Any second schemes in which the Trust may invest are established in the locations listed below. This list is not restrictive and may be amended from time to time where the Trust invests in second schemes established in new locations.

Ireland

Luxembourg

United Kingdom

APPENDIX G

Directory of Contact Details

Manager	Thesis Unit Trust Management Limited Exchange Building St Johns Street Chichester, West Sussex, PO19 1UP
Administrator, Registrar and Fund Accountant	Northern Trust Global Services PLC 50 Bank Street London E14 5NT
<i>Dealing Office</i>	Northern Trust Global Services PLC PO Box 3733 Royal Wootton Bassett Swindon SN4 4BG Tel: 0333 300 0375
Auditors	KPMG LLP 15 Canada Square Canary Wharf, London E14 5GL
Custodian <i>Principal place of business:</i>	The Northern Trust Company 50 South LaSalle Street Chicago, Illinois, USA
<i>Who may also act under this power through its London branch:</i>	50 Bank Street Canary Wharf, London E14 5NT
Trustee	NatWest Trustee and Depositary Services Limited Drummond House 1 Redheughs Avenue Edinburgh EH12 9RH
Investment Adviser	Thesis Asset Management Limited Exchange Building St Johns Street Chichester, West Sussex PO19 1UP www.thesisam.com
The Financial Conduct Authority (FCA)	12 Endeavour Square London E20 1JN