

**IMPORTANT: IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS PROSPECTUS YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISER.**

DMS Investment Management Services (UK) Limited, the authorised corporate director of the Company, is the person responsible for the information contained in this Prospectus. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained herein does not contain any untrue or misleading statement or omit any matters required by the Collective Investment Schemes Sourcebook to be included in it. DMS Investment Management Services (UK) Limited accepts responsibility accordingly.

**PROSPECTUS**

**OF**

**DMS Investment Funds ICVC III**

**(An open-ended investment company  
incorporated with limited liability and  
registered in England and Wales  
under registered number IC000962)**

This document constitutes the Prospectus for **DMS Investment Funds ICVC III** which has been prepared in accordance with the Collective Investment Schemes Sourcebook.

This Prospectus is dated and is valid as at 7 February 2020.

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

# Contents

- 1. DEFINITIONS ..... 1
- 2. DETAILS OF THE COMPANY ..... 6
  - 2.1 General..... 6
  - 2.2 The Structure of the Company ..... 7
- 3. BUYING, REDEEMING, CONVERTING AND SWITCHING SHARES.....10
  - 3.1 Buying Shares .....10
  - 3.2 Redeeming Shares .....12
  - 3.3 Conversions and Switching .....13
  - 3.4 Dealing Charges.....14
  - 3.5 Money laundering.....16
  - 3.6 Transfers .....17
  - 3.7 Restrictions and Compulsory Transfer and Redemption .....17
  - 3.8 Issue of Shares in exchange for in specie assets .....18
  - 3.9 In specie redemptions .....19
  - 3.10 Suspension of dealings in the Company or a Fund .....19
  - 3.11 Deferred redemption .....20
  - 3.12 Liquidity risk management .....20
- 4. VALUATION OF THE COMPANY .....21
  - 4.1 General.....21
  - 4.2 Calculation of the Net Asset Value .....21
  - 4.3 Price per Share in each Fund and each Class .....24
  - 4.4 Fair value pricing .....24
  - 4.5 Pricing basis .....25
  - 4.6 Publication of prices.....25
- 5. RISK FACTORS .....25
  - 5.1 Market risk.....26
  - 5.2 Effect of initial charge or redemption charge.....26
  - 5.3 Dilution levy and SDRT provision.....26
  - 5.4 Suspension of dealings in Shares .....26
  - 5.5 Pricing and liquidity .....26
  - 5.6 Liabilities of the Company and the Funds .....27
  - 5.7 Currency exchange rates.....27
  - 5.8 Non-UCITS Retail Schemes (NURS) .....27
  - 5.9 Performance risk .....27
  - 5.10 Inflation risk .....27
  - 5.11 Counterparty risk .....28
  - 5.12 Derivatives and volatility .....28
  - 5.13 Investing in other collective investment schemes .....28
  - 5.14 Unregulated Collective Investment Schemes.....28
  - 5.15 Exchange Traded Funds (“ETFs”).....29
  - 5.16 Charges taken from Capital .....29
- 6. MANAGEMENT AND ADMINISTRATION.....29
  - 6.1 Regulatory Status .....29

6.2	Authorised Corporate Director, AIFM and the Investment Manager .....	29
6.3	The Depositary .....	31
6.4	The Investment Adviser .....	33
6.5	The Administrator and the Transfer Agent .....	33
6.6	The Registrar .....	33
6.7	The Auditors .....	34
6.8	The Sponsor .....	34
6.9	Legal Advisers .....	34
6.10	Conflicts of Interest .....	34
7.	FEES AND EXPENSES .....	36
7.1	General.....	36
7.2	Charges payable to the ACD .....	38
7.3	Increase in the charges payable to the ACD.....	39
7.4	Depositary’s fees and expenses .....	39
7.5	Investment Adviser’s fee.....	41
7.6	Administrator and Transfer Agent fees .....	41
7.7	Sponsor .....	41
7.8	Allocation of fees and expenses between Funds .....	42
8.	SHAREHOLDER MEETINGS AND VOTING RIGHTS.....	42
8.1	Class and Fund Meetings.....	42
8.2	Requisitions of Meetings.....	42
8.3	Notice and Quorum .....	42
8.4	Voting Rights .....	42
9.	TAXATION .....	43
9.1	General.....	43
9.2	The Funds .....	44
9.3	Shareholders .....	44
9.4	Income equalisation .....	45
9.5	Gains.....	45
9.6	Stamp Duty Reserve Tax.....	46
9.7	Reporting Requirements.....	46
10.	WINDING UP OF THE COMPANY OR TERMINATION OF A FUND .....	46
11.	GENERAL INFORMATION.....	48
11.1	Accounting Periods .....	48
11.2	Income Allocations .....	49
11.3	Annual Reports .....	49
11.4	Documents of the Company.....	50
11.5	Material Contracts .....	50
11.6	Provision of Investment Advice .....	50
11.7	Telephone Recordings .....	51
11.8	Information available to Shareholders.....	51
11.9	Changes to the Company .....	51
11.10	Complaints .....	52
11.11	Commission.....	52
11.12	Indemnity .....	52

11.13	Notices .....	53
11.14	Genuine diversity of ownership .....	53
11.15	Professional liability risks .....	53
11.16	Best Execution .....	53
11.17	Shareholder’s rights .....	53
11.18	Fair treatment of investors .....	54
11.19	Preferential treatment of investors .....	54
11.20	Data Protection Act .....	55
11.21	Governing law and jurisdiction.....	56
<a href="#">APPENDIX I</a> FUND DETAILS .....		57
	DMS Stirling House Monthly Income Fund .....	57
	DMS Stirling House Balanced Fund.....	60
	DMS Stirling House Growth Fund .....	62
	DMS Stirling House Dynamic Fund .....	64
	DMS Stirling House Adventurous Fund.....	67
<a href="#">APPENDIX II</a> ELIGIBLE SECURITIES MARKETS AND ELIGIBLE DERIVATIVES MARKETS.....		69
<a href="#">APPENDIX III</a> INVESTMENT AND BORROWING POWERS OF THE COMPANY .....		72
<a href="#">APPENDIX IV</a> LIST OF OTHER AUTHORISED COLLECTIVE INVESTMENT SCHEMES OPERATED BY THE ACD .....		94
<a href="#">APPENDIX V</a> PAST PERFORMANCE TABLE AND INVESTOR PROFILE .....		95
<a href="#">APPENDIX VI</a> DIRECTORY .....		98

No person has been authorised by the Company to give any information or to make any representations in connection with the offering of Shares other than those contained in the Prospectus and, if given or made, such information or representations must not be relied on as having been made by the Company. The delivery of this Prospectus (whether or not accompanied by any reports) or the issue of Shares shall not, under any circumstances, create any implication that the affairs of the Company have not changed since the date hereof.

The distribution of this Prospectus and the offering of Shares in certain jurisdictions may be restricted. Persons into whose possession this Prospectus comes are required by the Company to inform themselves about and to observe any such restrictions. This Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

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

Potential investors should not treat the contents of this Prospectus as advice relating to legal, taxation, investment or any other matters and are recommended to consult their own professional advisers concerning the acquisition, holding or disposal of Shares.

The provisions of the Instrument of Incorporation are binding on each of the Shareholders and a copy of the Instrument of Incorporation is available on request.

This Prospectus has been issued for the purpose of section 21 of the Financial Services and Markets Act 2000 by DMS Investment Management Services (UK) Limited.

The distribution of this Prospectus in certain jurisdictions may require that this Prospectus is translated into the official language of those countries. Should any inconsistency arise between the translated version and the English version, the English version shall prevail.

This Prospectus has been prepared solely for, and is being made available to investors for the purposes of evaluating an investment in Shares in the Funds. Investors should only consider investing in the Funds if they understand the risks involved including the risk of losing all capital invested.

This Prospectus is based on information, law and practice at the date hereof. The Company cannot be bound by an out of date prospectus when it has issued a new prospectus and investors should check with DMS Investment Management Services (UK) Limited that this is the most recently published prospectus.

## 1. DEFINITIONS

- "ACD"** DMS Investment Management Services (UK) Limited, the Authorised Corporate Director of the Company;
- "ACD Agreement"** an agreement dated 21 July 2014 between the Company and the ACD;
- "Administrator"** CACEIS Bank UK Branch, or such other entity as is appointed to act as the Administrator to the Company from time to time;
- "AIFM"** the legal person appointed on behalf of the Company and which (through this appointment) is responsible for managing the Company in accordance with the AIFM Directive and The Alternative Investment Fund Managers Regulations 2013, which at the date of this Prospectus is the ACD;
- "AIFM Directive"** Alternative Investment Fund Managers Directive 2011/61/EU of the European Parliament and Council of 8 June 2011 as amended from time to time;
- "Approved Bank"** (in relation to a bank account opened by the Company):
- (a) if the account is opened at a branch in the United Kingdom:
    - (i) The Bank of England; or
    - (ii) the central bank of a member state of the OECD; or
    - (iii) a bank; or
    - (iv) a building society; or
    - (v) a bank which is supervised by the central bank or other banking regulator of a member state of the OECD; or
  - (b) if the account is opened elsewhere:

- (i) a bank in (a); or
- (ii) a credit institution established in an EEA State other than in the United Kingdom 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
- (iv) a bank supervised by the South African Reserve Bank;

<b>“Approved Money Market Instrument”</b>	an approved 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;
<b>“Auditor”</b>	Grant Thornton UK LLP, or such other entity as is appointed to act as auditor to the Company from time to time;
<b>“Class” or “Classes”</b>	in relation to Shares, means (according to the context) all of the Shares related to a single Fund or a particular class or classes of Share related to a single Fund;
<b>“COLL”</b>	refers to the appropriate chapter or rule in the COLL Sourcebook;
<b>“the COLL Sourcebook”</b>	The Collective Investment Schemes Sourcebook issued by the FCA, as amended from time to time;
<b>“Company”</b>	DMS Investment Funds ICVC III;
<b>“Conversion”</b>	the conversion of Shares in one Class in a Fund to Shares of another Class in the same Fund and “Convert” shall be construed accordingly;
<b>“Cut Off Point”</b>	the point prior to which orders to buy, sell or switch Shares must be received by the Transfer Agent in order for them to be actioned at the next Valuation Point and

	details of which are set out for each Fund (if relevant) in Appendix 1;
<b>“Dealing Day”</b>	Monday to Friday (except for, unless the ACD decides otherwise, a bank holiday in England and Wales);
<b>“Depositary”</b>	CACEIS Bank UK Branch, or such other entity as is appointed to act as Depositary;
<b>“Director” or “Directors”</b>	the directors of the Company from time to time (including the ACD);
<b>“EEA State”</b>	a member state of the European Union and any other state which is within the European Economic Area;
<b>“Efficient Portfolio Management” or “EPM”</b>	as defined in paragraph 10 of Appendix III;
<b>“Eligible Institution”</b>	one of certain eligible institutions as defined in the glossary of definitions to the FCA Handbook;
<b>“the FCA”</b>	the Financial Conduct Authority or any other regulatory body which may assume its regulatory responsibilities from time to time;
<b>“the FCA Handbook”</b>	the FCA Handbook of Rules and Guidance, as amended from time to time;
<b>“Fund” or “Funds”</b>	a sub-fund of the Company (being part of the Scheme Property of the Company which is pooled separately) to which specific assets and liabilities of the Company may be allocated and which is invested in accordance with the investment objective applicable to such sub-fund;
<b>“Instrument of Incorporation”</b>	the instrument of incorporation of the Company as amended from time to time;
<b>“Investment Adviser”</b>	Sarasin & Partners LLP, the investment adviser to the ACD in respect of the Company;



<b>"ISA"</b>	an individual savings account under The Individual Savings Account Regulations 1998 (as amended);
<b>"Net Asset Value" or "NAV"</b>	the value of the Scheme Property of the Company or of any Fund (as the context may require) less the liabilities of the Company (or of the Fund concerned) as calculated in accordance with the Instrument of Incorporation;
<b>"OEIC Regulations"</b>	the Open-Ended Investment Companies Regulations 2001 as amended or re-enacted from time to time;
<b>"Register"</b>	the register of Shareholders of the Company;
<b>"Registrar"</b>	DMS Investment Management Services (UK) Limited, or such other entity as is appointed to act as Registrar to the Company from time to time;
<b>"Regulated Activities Order"</b>	the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544) as amended from time to time;
<b>"Regulations"</b>	the OEIC Regulations and the FCA Handbook (including the COLL Sourcebook);
<b>"Scheme Property"</b>	the scheme property of the Company required under the COLL Sourcebook to be given for safekeeping to the Depositary;
<b>"SDRT"</b>	stamp duty reserve tax;
<b>"Share" or "Shares"</b>	a share or shares in the Company (including larger denomination shares, and smaller denomination shares equivalent to one thousandth of a larger denomination share);
<b>"Shareholder"</b>	a holder of registered Shares in the Company;
<b>"Sponsor"</b>	Stirling House Financial Services Limited the sponsor of the Company who has engaged with the ACD to assist with the design, manufacture, distribution and ongoing

operation of the Company and who is authorised to give investment advice by the FCA;

**“Switch”**

the exchange of Shares of one Class in a Fund for Shares in a Class in another Fund of the Company or (as the context may require) the act of so exchanging and “Switching” shall be construed accordingly;

**“Transfer Agent”**

FNZ TA Services Limited, or such other entity as is appointed to act as the Transfer Agent to the Company from time to time;

**“US Persons”**

a person who falls within the definition of “US Person” as defined in rule 902 of regulation S of the United States Securities Act 1933;

**“Valuation Point”**

the point, whether on a periodic basis or for a particular valuation, at which the ACD carries out a valuation of the Scheme Property for the Company or a Fund (as the case may be) for the purpose of determining the price at which Shares of a Class may be issued, cancelled or redeemed. For details of the Valuation Point of a Fund please see Appendix I;

**“VAT”**

value added tax.

## **2. DETAILS OF THE COMPANY**

### **2.1 General**

2.1.1 DMS Investment Funds ICVC III (the "Company") is an investment company with variable capital incorporated in England and Wales under registered number IC000962 and authorised by the FCA with effect from 24 December 2012. The FCA's Product Reference Number ("PRN") for the Company is 591423. The PRN for each Fund is set out at Appendix I below. The Company has an unlimited duration.

Shareholders are not liable for the debts of the Company. All communications in relation to this Prospectus shall be in English.

The ACD is also the authorised corporate director of certain other open-ended investment companies details of which are set out in Appendix IV.

#### **2.1.2 Head Office**

The head office of the Company is at 2<sup>nd</sup> Floor, 20-22 Bedford Row, Holborn, London WC1R 4EB.

#### **2.1.3 Address for Service**

The head office is the address of the place in the UK for service on the Company of notices or other documents required or authorised to be served on it.

#### **2.1.4 Base Currency**

The base currency of the Company and each Fund is pounds sterling.

#### **2.1.5 Share Capital**

Maximum £100,000,000,000

Minimum £1

Shares have no par value. The Share capital of the Company at all times equals the sum of the Net Asset Values of each of the Funds.

Shares in the Company may be marketed in other EEA States and in countries outside the European Union and European Economic Area, subject to the Regulations, and any regulatory constraints in those countries, if the ACD so decides.

Each of the Funds of the Company is designed and managed to support longer-term investment and active trading is discouraged. Short-term or excessive trading into and out of a Fund may harm performance by disrupting portfolio management strategies and by increasing expenses. The ACD may at its discretion refuse to accept applications for, or switching of, Shares, especially where transactions are deemed disruptive, particularly from possible market timers or investors who, in its opinion, have a pattern of short-term or excessive trading or whose trading has been or may be disruptive to the Funds. For these purposes, the ACD may consider an investor's trading history in the Funds or other funds managed by ACD and accounts under common ownership or control.

## 2.2 **The Structure of the Company**

### 2.2.1 **The Funds**

The Company is structured as an umbrella company, in that different Funds may be established from time to time by the ACD with the approval of the FCA. On the introduction of any new Fund or Class, a revised prospectus will be prepared setting out the relevant details of each Fund or Class. Please note that approval by the FCA in this context refers only to approval under the OEIC Regulations 2001 (as amended) and does not in any way indicate or suggest endorsement or approval of the Funds as an investment.

The Company is a non-UCITS retail scheme (NURS).

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 applicable to that Fund. Investment of the assets of each of the Funds must comply with the COLL Sourcebook and the investment objective and policy of the relevant Fund. Details of the Funds, including their investment objectives and policies, are set out in Appendix I.

The eligible securities markets and eligible derivatives markets on which the Funds may invest are set out in Appendix II. A detailed statement of the general investment and borrowing restrictions in respect of each type of Fund is set out in Appendix III.

Each Fund has a specific portfolio to which that Fund's assets and liabilities are attributable. So far as the Shareholders are concerned, each Fund is treated as a separate entity.

The Funds are segregated portfolios of assets and, accordingly, the assets of a Fund belong exclusively to that Fund and shall not be used or made

available to discharge (directly or indirectly) the liabilities of, or claims against, any other person or body, including the Company and any other Fund and shall not be available for any such purpose.

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

Please also see paragraph 5.6 below "Liabilities of the Company and the Sub Funds".

### 2.2.2 **Shares**

#### **Classes of Shares within the Funds**

Shares will be issued in larger and smaller denominations. There are 1,000 smaller denomination Shares to each larger denomination Share. Smaller denomination Shares represent what, in other terms, might be called fractions of a larger denomination Share and have proportionate rights.

Shares have no par value and, within each Class in each Fund subject to their denomination, are entitled to participate equally in the profits arising in respect of, and in the proceeds of, the liquidation of the Company or termination of a relevant Fund. Shares do not carry preferential or pre-emptive rights to acquire further Shares.

Further Classes of Share may be established from time to time by the ACD with the approval of the FCA, the agreement of the Depositary and in accordance with the Instrument of Incorporation. On the introduction of any new Fund or Class, either a revised prospectus or a supplemental prospectus will be prepared, setting out the details of each Fund or Class.

The base currency for each new Class of Shares will be determined at the date of creation and set out in the prospectus issued in respect of the new Class of Shares.

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

responsible for all obligations, whichever Fund such liabilities are attributable to, unless otherwise agreed with specific creditors.

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

Shares in the Company are not currently listed on any investment exchange.

The Company may issue Institutional Shares and Retail Shares, which may be denominated in pounds sterling (GBP). Each of these Shares may be available as both income and accumulation Shares in respect of each Fund. Further details of the Share Classes that may be issued and their criteria for subscription in respect of each Fund are set out in Appendix I. Details of which of the Share Classes are presently available in each Fund are set out in Appendix I.

Holders of income Shares are entitled to be paid the distributable income attributed to such Shares on any relevant interim and annual allocation dates.

Holders of accumulation Shares are not entitled to be paid the income attributed to such Shares, but that income is automatically transferred to (and retained as part of) the capital assets of the relevant Fund on the relevant interim and/or annual accounting dates. This is reflected in the price of an accumulation Share.

Where a Fund has different Classes, each Class may attract different charges and so monies may be deducted from the Scheme Property attributable to such Classes in unequal proportions. In these circumstances, the proportionate interests of the Classes within a Fund will be adjusted accordingly.

Shareholders are entitled (subject to certain restrictions) to (i) Convert all or part of their Shares in a Class for Shares of another Class within the same Fund or (ii) Switch all or part of their Shares in a Fund for Shares of another Fund. Details of this conversion and switching facility and the restrictions are set out in paragraph 3.3 "Conversions and Switching".

### **3. BUYING, REDEEMING, CONVERTING AND SWITCHING SHARES**

The dealing office of the Transfer Agent is normally open from 9.00 am to 5.00 pm (London time) on each Dealing Day to receive requests by post, eFax on +44 (0) 844 880 1559 or email at [investorqueries@fnzservices.com](mailto:investorqueries@fnzservices.com) (scanned copy of a valid instruction, with the original to follow by post), for the purchase, sale and switching of Shares. The Transfer Agent may vary these times with the consent of the ACD. The initial purchase must, at the discretion of the ACD, be accompanied by an application form. The Transfer Agent can be contacted on +44 (0) 330 024 0785 to answer any queries.

In addition, the ACD may from time to time make arrangements to allow Shares to be bought or sold on-line or through other communication media.

Telephone calls may be recorded. The ACD may also, at its discretion, introduce further methods of dealing in Shares in the future. At present, transfer of title by electronic communication is not accepted.

Deals must be received before the relevant Cut Off Point in order to be dealt with at the next Valuation Point. Deals received after the Cut Off Point will be dealt with at the Valuation Point or the next following Dealing Day. For details of the Valuation Point and the Cut Off Point of a Fund, please see Appendix I.

#### **3.1 Buying Shares**

##### **3.1.1 Procedure**

Shares may be bought directly from the ACD or through a professional adviser or other intermediary. For details of dealing charges see paragraph 3.4 below. Application forms may be obtained from the ACD or the Transfer Agent.

Valid applications to purchase Shares in a Fund (received before the Cut Off Point, if appropriate) will be processed at the Share price calculated, based on the Net Asset Value per Share, at the next Valuation Point following receipt of the application, except in the case where dealing in a Fund has been suspended as set out in paragraph 3.10.

The ACD, at its discretion, has the right to cancel a purchase deal if settlement is materially overdue and any loss arising on such cancellation shall be the liability of the applicant. For postal applications payment in full must accompany the instruction. At the ACD's discretion, payment for large purchases of Shares may be made by telegraphic transfer.

A purchase of Shares by post, eFax or email, or any other communication media made available is a legally binding contract. Applications to

purchase, once made are, except in the case where cancellation rights are applied, irrevocable. However, subject to its obligations under the Regulations, the ACD has the right to reject, on reasonable grounds relating to the circumstances of the applicant, any application for Shares in whole or part, and in this event the ACD will return any money sent, or the balance of such monies, at the risk of the applicant.

Any subscription monies remaining after a whole number of Shares have been issued will not be returned to the applicant. Instead, smaller denomination Shares will be issued. A smaller denomination Share is equivalent to one thousandth of a larger denomination Share.

Applicants who have received advice may have the right to cancel their application to buy Shares at any time during the 14 days after the date on which they receive a cancellation notice from the ACD. If an applicant decides to cancel the contract, and the value of the investment has fallen at the time the ACD receives the completed cancellation notice, they will not receive a full refund as an amount equal to any fall in value will be deducted from the sum originally invested. The ACD may extend cancellation rights to other investors but is under no obligation to do so.

Settlement is due within four business days of the Valuation Point. An order for the purchase of Shares will only be deemed to have been accepted by the ACD once it is in receipt of cleared funds for the application. If settlement is not made within a reasonable period, then the ACD has the right to cancel any Shares issued in respect of the application. In such cases, the ACD may charge the applicant for any resulting loss incurred by the ACD.

### **3.1.2 Documents the buyer will receive**

A contract note giving details of the number and price of Shares bought will be issued no later than the end of the business day following the later of receipt of the application to buy Shares and the Valuation Point by reference to which the price is determined, together with, where appropriate, a notice of the applicant's right to cancel.

Share certificates will not be issued in respect of Shares. Ownership of Shares will be evidenced by an entry on the Register. Statements in respect of periodic distributions on Shares will show the number of Shares held by the recipient.

The Company has the power to issue bearer Shares but there are no present plans to do so.



### 3.1.3 **Minimum subscriptions and holdings**

The minimum initial subscription, subsequent subscription and holding levels for each Class of Share in a Fund are set out in Appendix I.

The ACD may at its sole discretion accept subscriptions and/or holdings lower than the minimum amount(s).

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

## 3.2 **Redeeming Shares**

### 3.2.1 **Procedure**

Every Shareholder is entitled on any Dealing Day to redeem its Shares.

Valid instructions to the ACD to redeem Shares in a Fund (received before the Cut Off Point, if appropriate) will be processed at the Share price calculated, based on the Net Asset Value per Share, at the next Valuation Point following receipt of the instruction, except in the case where dealing in a Fund has been suspended as set out in paragraph 3.10.

A redemption instruction in respect of Shares by eFax, post or email, or any other communication media made available, is a legally binding contract. However, an instruction to the ACD to redeem Shares, although irrevocable, may not be settled by either the Company or the ACD if the redemption represents Shares where the money due on the earlier purchase of those Shares has not yet been received or if insufficient documentation or anti-money laundering information has been received by the ACD.

For details of dealing charges see paragraph 3.4 below.

### 3.2.2 **Documents a redeeming Shareholder will receive**

A contract note giving details of the number and price of Shares redeemed will be sent to the redeeming Shareholder (or the first named Shareholder, in the case of joint Shareholders) together with (if sufficient written instructions have not already been given) a form of renunciation for completion and execution by the Shareholder (or, in the case of a joint holding, by all the joint Shareholders) no later than the end of the business

day following the later of the request to redeem Shares or the Valuation Point by reference to which the price is determined.

Payment of redemption proceeds will normally be made by bank transfer to the first named Shareholder (at their risk), the ACD may recover any bank charge levied on such transfers. Instructions to make payments to third parties (other than intermediaries associated with the redemption) will not normally be accepted.

Such payment will be made within four business days of the later of (a) receipt by the ACD of the form of renunciation (or other sufficient written instructions) duly signed and completed by all the relevant Shareholders together with any other documentation and appropriate evidence of title, any required anti-money laundering related documentation, and (b) the Valuation Point following receipt by the ACD of the request to redeem.

### 3.2.3 **Minimum redemption**

Part of a Shareholder's holding may be redeemed but the ACD reserves the right to refuse a redemption request if the value of the Shares of any Fund to be redeemed is less than the minimum stated in respect of the appropriate Class in the Fund in question (see Appendix I).

## 3.3 **Conversions and Switching**

Subject to any restrictions on the eligibility of investors for a particular Share Class, a Shareholder in a Fund may i) Convert all or part of his Shares in one Class for another Class of Shares in the same Fund ii) Switch all or some of his Shares of one Class or Fund (the "Original Shares") for Shares of another Fund (the "New Shares") in the Company.

### **Conversions**

Conversions will be effected by the ACD recording the change of Class on the Register of the Company. If a Shareholder wishes to Convert Shares, he should apply to the ACD in the same manner as for a redemption as set out at 3.2.

Conversions will not be treated as a disposal for capital gains tax purposes and no stamp duty reserve tax will be payable on the Conversion.

There shall be no charge payable on a Conversion.

### **Switches**

The ACD may at its discretion make a charge on Switching. Any such charge on Switching does not constitute a separate charge payable by a Shareholder, but is

rather the application of any redemption charge on the Original Shares and any initial charge on the New Shares, subject to certain waivers. For details of the charges on switching currently payable, please see paragraph 3.4.3 "Charges on Switching".

If a partial Switch would result in the Shareholder holding a number of Original Shares or New Shares of a value which is less than the minimum holding in the Class concerned, the ACD may, if it thinks fit, convert the whole of the applicant's holding of Original Shares to New Shares (and make a charge on switching on such conversion) or refuse to effect any Switch of the Original Shares. Save as otherwise specifically set out, the general provisions on procedures relating to redemption will apply equally to a Switch. Written instructions must be received by the ACD before the Valuation Point on a Dealing Day in the Fund or Funds concerned to be dealt with at the prices at the Valuation Point on that Dealing Day or at such other Valuation Point as the ACD at the request of the Shareholder giving the relevant instruction may agree. Switching requests received after a Valuation Point will be held over until the next day which is a Dealing Day in each of the relevant Fund or Funds.

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

Please note that under UK tax law a Switch is treated as a redemption of the Original Shares and a purchase of New Shares and will, for persons subject to taxation, be a realisation of the Original Shares for the purposes of capital gains taxation, which may give rise to a liability to tax, depending upon the Shareholder's circumstances.

**A Shareholder who Switches Shares in one Fund for Shares in any other Fund (or who Converts between Classes of Shares) will not be given a right by law to withdraw from or cancel the transaction.**

### 3.4 **Dealing Charges**

The price per Share at which Shares are bought, redeemed or switched is the Net Asset Value per Share. Any initial charge, or redemption charge, (or SDRT on a specific deal, if applicable) is deducted from the gross subscription or the proceeds of the redemption monies.

#### 3.4.1 **Initial Charge**

The ACD may impose a charge on the purchase of Shares in each Class. The current initial charge is calculated as a percentage of the amount invested by a potential Shareholder in respect of each Share Class as set

out in Appendix I. The ACD may waive or discount the initial charge at its discretion.

The initial charge (which is deducted from subscription monies) is payable by the Shareholder to the ACD.

The current initial charge of a Fund or a Class may only be increased in accordance with the Regulations.

From the initial charge received, or out of other of its own resources, the ACD may pay a commission to relevant intermediaries.

#### **3.4.2 Redemption Charge**

The ACD may make a charge on the redemption of Shares in each Class. Please see Appendix I for details of which Funds apply a redemption charge.

The ACD may only introduce a redemption charge in accordance with the Regulations. Also, if such a charge was introduced, it would not apply to Shares issued before the date of the introduction (i.e., those not previously subject to a redemption charge).

There is currently no charge for redeeming Shares in any of the Classes.

#### **3.4.3 Charges on Switching**

On the Switching of Shares the Instrument of Incorporation authorises the Company to impose a charge. If a redemption charge is payable in respect of the Original Shares, this may become payable instead of, or as well as, the then prevailing initial charge for the New Shares. The charge on Switching is payable by the Shareholder to the ACD.

There is currently no charge for Switching.

There is no charge for a Conversion.

#### **3.4.4 Dilution Levy**

The actual cost of purchasing, selling or switching underlying investments in a Fund may deviate from the mid-market value used in calculating its Share price, due to dealing charges, taxes, and any spread between buying and selling prices of the Fund's underlying investments. These dealing costs could have an adverse effect on the value of a Fund, known as "dilution". In order to mitigate the effect of dilution, the Regulations allow the ACD to make a dilution levy on the purchase, redemption or Switch of Shares in a Fund.

A dilution levy is a separate charge of such amount or at such rate as is determined by the ACD to be made for the purpose of reducing the effect of dilution. This amount is not retained by the ACD, but is paid into the relevant Fund.

The dilution levy is calculated by reference to the costs of dealing in the underlying investments of the relevant Fund, including any dealing spreads, commission and transfer taxes.

The need to charge a dilution levy will depend on the volume of purchases and redemptions. It is not possible to predict accurately whether dilution would occur at any point in time.

The ACD's policy is that it may require a dilution levy on the purchase and redemption of Shares if, in its opinion, the existing Shareholders (for purchases) or remaining Shareholders (for redemptions) might otherwise be adversely affected. For example, the dilution levy may be charged in the following circumstances: where the Scheme Property of a Fund is in continual decline; on a Fund experiencing large levels of net purchases relative to its size; on "large deals" (typically being a purchase or redemption of Shares to a size equal to or exceeding 3% of the Net Asset Value of the relevant Fund); in any case where the ACD is of the opinion that the interests of existing or remaining Shareholders require the imposition of a dilution levy.

This policy is intended to mitigate the dilutive effect of Shareholder transactions on the future growth of the Company.

As at the date of this Prospectus, no historic dilution information can be provided. It is however envisaged, based on projections, that the ACD is likely to impose a dilution levy on only a few occasions.

If a dilution levy is required then, based on future projections, the estimated rate of such a levy in relation to each Fund will be up to 0.5% for all Funds.

The ACD, in its absolute discretion, may waive or reduce the dilution levy. The ACD may alter its current dilution policy in accordance with the procedure set out in the Regulations.

### **3.5 Money laundering**

As a result of legislation in force in the UK to prevent money laundering, the ACD is responsible for compliance with anti-money laundering regulations. In order to implement these regulations, in certain circumstances investors may be asked to provide proof of identity when buying or redeeming Shares. Until satisfactory proof

of identity is provided, the ACD reserves the right to refuse to issue Shares, pay the proceeds of a redemption of Shares, or pay income on Shares to the investor. In the case of a purchase of Shares where the applicant is not willing to provide the information requested within a reasonable period, the ACD also reserves the right to sell the Shares purchased and return the proceeds to the account from which the subscription was made. These proceeds may be less than the original investment.

### 3.6 **Transfers**

Shareholders are entitled to transfer their Shares to another person or body. All transfers must be in writing in the form of an instrument of transfer approved by the ACD for this purpose. Completed instruments of transfer must be returned to the ACD in order for the transfer to be registered by the ACD. Completed instruments of transfer can be sent via eFax or email (including a scanned copy of the completed form) to the Transfer Agent before the Valuation Point on the relevant dealing day with the originals to follow. Transfers of Shares from one Shareholder to another may be exempt from Stamp Duty Reserve Tax, depending on the circumstances. The ACD may refuse to register a transfer unless any provision for SDRT (where applicable) due has been paid. At present, transfer of title by electronic communication is not accepted.

### 3.7 **Restrictions and Compulsory Transfer and Redemption**

The ACD may from time to time impose such restrictions as it may think necessary for the purpose of ensuring that no Shares are acquired or held by any person in breach of the law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory or which would result in the Company incurring any liability to taxation which the Company is not able to recoup itself or suffering any other adverse consequence. In this connection, the ACD may, inter alia, reject in its discretion any application for the purchase, redemption, transfer or switching of Shares.

If it comes to the notice of the ACD that any Shares ("affected Shares"):

- (a) are owned directly or beneficially in breach of any law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory; or
- (b) would result in the Company incurring any liability to taxation which the Company would not be able to recoup itself or suffering any other adverse consequence (including a requirement to register under any securities or investment or similar laws or governmental regulation of any country or territory);

- (c) are held in any manner by virtue of which the Shareholder or Shareholders in question is/are not qualified to hold such Shares or if it reasonably believes this to be the case; or
- (d) are owned by a Shareholder who is registered in a jurisdiction (where the Fund is not registered or recognised by the relevant competent authority) whereby communication with that Shareholder by the ACD, on behalf of the Fund, might constitute a breach of the regulations in that jurisdiction (unless specific action is taken by the ACD to prevent such a communication constituting a breach),

the ACD may give notice to the Shareholder(s) of the affected Shares requiring the transfer of such Shares to a person who is qualified or entitled to own them or that a request in writing be given for the redemption of such Shares in accordance with the COLL Sourcebook. If any Shareholder upon whom such a notice is served does not within thirty days after the date of such notice transfer his affected Shares to a person qualified to own them or submit a written request for their redemption to the ACD or establish to the satisfaction of the ACD (whose judgement is final and binding) that he or the beneficial owner is qualified and entitled to own the affected Shares, he shall be deemed upon the expiry of that 30 day period to have given a request in writing for the redemption or cancellation (at the discretion of the ACD) of all the affected Shares.

A Shareholder who becomes aware that he is holding or owns affected Shares shall immediately, unless he has already received a notice as set out above, either transfer all his affected Shares to a person qualified to own them or submit a request in writing to the ACD for the redemption of all his affected Shares.

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

### 3.8 **Issue of Shares in exchange for in specie assets**

The ACD may arrange for the Company to issue Shares in exchange for assets other than cash, but will only do so where the Depositary has taken reasonable care to determine that the Company's acquisition of those assets in exchange for the Shares concerned is not likely to result in any material prejudice to the interests of Shareholders. Where the ACD considers the deal to be substantial in relation to the total size of the Fund it may require the investor to contribute in specie. The ACD may consider a deal in this context to be substantial if the relevant Shares constitute 5% (or a lesser or higher percentage if considered appropriate) of those in issue in the relevant Fund.

The ACD will ensure that the beneficial interest in the assets is transferred to the Company with effect from the issue of the Shares.

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

### 3.9 **In specie redemptions**

If a Shareholder requests the redemption of Shares the ACD may, where it considers the deal to be substantial in relation to the total size of the Fund concerned or in some way detrimental to the Fund, arrange, having given prior notice in writing to the Shareholder, that, in place of payment for the Shares in cash, the Company transfers property to the Shareholder.

For this purpose, the ACD may consider a deal to be substantial if the relevant Shares constitute 5% (or a lesser or higher percentage if considered appropriate) of those in issue in the relevant Fund.

The Depositary must take reasonable care to ensure that the property concerned would not be likely to result in any material prejudice to the interests of Shareholders.

The ACD will select the property to be transferred in consultation with the Depositary.

### 3.10 **Suspension of dealings in the Company or a Fund**

The ACD may, with the prior agreement of the Depositary, and must without delay if the Depositary so requires, temporarily suspend the issue, cancellation, sale and redemption of Shares in any or all of the Funds, where, due to exceptional circumstances, it is in the interests of all the Shareholders in the relevant Fund or Funds.

The ACD or the Depositary (as appropriate) will immediately inform the FCA of the suspension and the reasons for it, and will follow this up as soon as practicable with written confirmation of the suspension and the reasons for it to the FCA and the regulator in each EEA state where the Fund is offered for sale.

The ACD and the Depositary must ensure that the suspension is only allowed to continue for as long as is justified having regard to the interests of Shareholders.

The ACD will notify Shareholders as soon as is practicable after the commencement of the suspension, including details of the exceptional circumstances which have led to the suspension, in a clear, fair and not misleading way and giving Shareholders details of how to find further information about the suspension. Where such suspension takes place, the ACD will publish details on its website or other general



means, sufficient details to keep Shareholders appropriately informed about the suspension, including, if known, its possible duration. During the suspension none of the obligations in COLL 6.2 (Dealing) will apply but the ACD will comply with as much of COLL 6.3 (Valuation and Pricing) during the period of suspension as is practicable in light of the suspension.

Suspension will cease as soon as practicable after the exceptional circumstances leading to the suspension have ceased but the ACD and the Depositary will formally review the suspension at least every 28 days and will inform the FCA of the review and any change to the information given to Shareholders.

The ACD may agree during the suspension to deal in Shares in which case all deals accepted during and outstanding prior to the suspension will be undertaken at a price calculated at the first Valuation Point after the restart of dealings in Shares.

### 3.11 **Deferred redemption**

In times of high levels of redemption, the ACD may permit deferral of redemptions to the next Valuation Point where the total value of the redemptions requested together represent over 10% of the Fund's net asset value. In these circumstances, redemption requests up to the 10% level will be met on a pro rata basis and all requests above that level will be deferred until the next Valuation Point. Such deferred redemptions shall be met in priority to that day's redemption requests.

### 3.12 **Liquidity risk management**

The Funds are managed so that the liquidity profile of the Fund is aligned with the requirement in relation to each Fund to meet redemption requests from Shareholders on each Dealing Day. In normal circumstances, redemption requests will be processed as set out in paragraph 3.2. However, in exceptional circumstances, if there is insufficient liquidity in a Fund to meet redemption requests, the ACD may ultimately need to temporarily suspend dealing in that Fund (see "Suspension of dealings in the Company or a Fund" at paragraph 3.10 above).

The ACD has other tools to deal with temporary liquidity constraints in relation to a Fund. A Fund may (i) borrow cash to meet redemptions within the limits in Appendix III; or (ii) defer redemptions to the next Valuation Point in accordance with paragraph 3.11; or (iii) apply the in specie redemption provisions at paragraph 3.9.

To manage and monitor liquidity risk, the ACD maintains liquidity risk management policies and procedures. The liquidity risk management policies and procedures include the management, implementation and maintaining of appropriate liquidity limits for each Fund and periodic stress testing of the liquidity risk of each Fund under both normal and exceptional liquidity conditions to ensure that anticipated redemption requests can be met.

If our policy for managing liquidity should change, investors will be notified appropriately depending on the change.

#### **4. VALUATION OF THE COMPANY**

##### **4.1 General**

There is only a single price for Shares. The price of a Share is calculated by reference to the Net Asset Value of the Fund to which it relates. The Net Asset Value per Share of a Fund is currently calculated on each Dealing Day at the Valuation Point of the Fund. For details of the Valuation Point of a Fund please see Appendix I.

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

The ACD will, upon completion of each valuation, notify the Depositary of the price of Shares of each Class of each Fund and the amount of any dilution adjustment made in respect of any purchase or redemption of Shares.

A request for dealing in Shares must be received by the Valuation Point on a particular Dealing Day in order to be processed on that Dealing Day. A dealing request received after this time will be held over and processed on the next Dealing Day, using the Net Asset Value per Share calculated as at the Valuation Point on that next Dealing Day.

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

The value of the property of the Company or of a Fund (as the case may be) shall be the value of its assets less the value of its liabilities determined in accordance with the following provisions:

- 4.2.1 All the Scheme Property (including receivables) is to be included, subject to the following provisions.
- 4.2.2 Property which is not cash (or other assets dealt with in paragraphs 4.2.2.6 or 4.2.3 below) shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:

4.2.2.1 units or shares in a collective investment scheme:

- (a) if a single price for buying and redeeming units or shares is quoted, at that price; or
- (b) if separate buying and selling prices are quoted, at the average of the two prices provided the buying price has been reduced by any initial charge included therein and the selling price has been increased by any exit or selling charge attributable thereto; or
- (c) if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no recent price exists or if the most recent price available does not reflect the ACD's best estimate of the value of the units or shares, at a value which, in the opinion of the ACD, is fair and reasonable;

4.2.2.2 exchange-traded derivative contracts:

- (a) if a single price for buying and selling the exchange-traded derivative contract is quoted, at that price; or
- (b) if separate buying and selling prices are quoted, at the average of the two prices;

4.2.2.3 over-the-counter derivative contracts shall be valued in accordance with the method of valuation as shall have been agreed between the ACD and the Depositary;

4.2.2.4 Any other investment:

- (a) if a single price for buying and redeeming the security is quoted, at that price; or
- (b) if separate buying and redemption prices are quoted, at the average of the two prices; or
- (c) if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no recent price exists or if the most recent price available does not reflect the ACD's best estimate of the value of the security, at a value which in the opinion of the ACD, is fair and reasonable;

- 4.2.2.5 Scheme Property other than that described in paragraphs 4.2.2.1, 4.2.2.2, 4.2.2.3 and 4.2.2.4, above, at a value which, in the opinion of the ACD, is fair and reasonable;
- 4.2.2.6 cash and amounts held in current and deposit accounts and in other time related deposits shall be valued at their nominal values.
- 4.2.3 In determining the value of the Scheme Property, all instructions given to issue or cancel Shares shall be assumed (unless the contrary is shown) to have been carried out and any cash payment made or received and all consequential action required by the Regulations or the Instrument of Incorporation shall be assumed (unless the contrary has been shown) to have been taken.
- 4.2.4 Subject to paragraphs 4.2.5 and 4.2.6 below, agreements for the unconditional sale or purchase of Scheme Property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and if, in the opinion of the ACD, their omission will not materially affect the final net asset amount.
- 4.2.5 Futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under paragraph 4.2.4.
- 4.2.6 All agreements are to be included under paragraph 4.2.4 which are, or ought reasonably to have been, known to the person valuing the property assuming that all other persons in the ACD's employment take all reasonable steps to inform it immediately of the making of any agreement.
- 4.2.7 Deduct an estimated amount for anticipated tax liabilities at that point in time including (as applicable and without limitation) capital gains tax, income tax, corporation tax, VAT, stamp duty, SDRT and any foreign taxes or duties.
- 4.2.8 Deduct an estimated amount for anticipated tax liabilities (on unrealised capital gains where the liabilities have accrued and are payable out of the Scheme Property; on realised capital gains in respect of previously completed and current accounting periods; and on income where liabilities have accrued) including (as applicable and without limitation) capital gains tax, income tax, corporation tax, VAT, stamp duty and stamp duty reserve tax.

- 4.2.9 Deduct the principal amount of any outstanding borrowings whenever repayable and any accrued but unpaid interest on borrowings.
- 4.2.10 Add an estimated amount for accrued claims for tax of whatever nature which may be recoverable.
- 4.2.11 Add any other credits or amounts due to be paid into the Scheme Property.
- 4.2.12 Currencies or values in currencies other than Sterling shall be converted at the relevant Valuation Point at a rate of exchange that is not likely to result in any material prejudice to the interests of Shareholders or potential Shareholders.
- 4.2.13 Add a sum representing any interest or any income accrued due or deemed to have accrued but not received and any stamp duty reserve tax provision anticipated to be received.

#### 4.3 **Price per Share in each Fund and each Class**

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

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

#### 4.4 **Fair value pricing**

4.4.1 Where the ACD has reasonable grounds to believe that:

4.4.1.1 no reliable price exists for a security (including a unit/share in a collective investment scheme) at a Valuation Point; or

4.4.1.2 the most recent price available does not reflect the ACD's best estimate of the value of the security (including a unit/share in a collective investment scheme) at the Valuation Point;

it can value an investment at a price which, in its opinion, reflects a fair and reasonable price for that investment (the fair value price).

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

- 4.4.2.1 no recent trade in the security concerned; or
  - 4.4.2.2 suspension of dealings in an underlying collective investment scheme; or
  - 4.4.2.3 the occurrence of a significant event since the most recent closure of the market where the price of the security is taken.
- 4.4.3 In determining whether to use such a fair value price, the ACD will include in their consideration but need not be limited to:
- 4.4.3.1 the type of authorised fund concerned;
  - 4.4.3.2 the securities involved;
  - 4.4.3.3 whether the underlying collective investment schemes may already have applied fair value pricing;
  - 4.4.3.4 the basis and reliability of the alternative price used; and
  - 4.4.3.5 the ACD's policy on the valuation of Scheme Property as disclosed in this Prospectus.

#### 4.5 **Pricing basis**

The ACD deals on a forward pricing basis. A forward price is the price calculated at the next Valuation Point after the purchase or redemption is deemed to be accepted by the ACD.

#### 4.6 **Publication of prices**

The prices of all Share Classes are available at [www.dmsgovernance.com](http://www.dmsgovernance.com) and will be published on [www.fundlistings.com](http://www.fundlistings.com). The prices of Shares may also be obtained by calling the Transfer Agent on +44 (0) 330 024 0785. As the ACD deals on a forward pricing basis, the price that appears in these sources will not necessarily be the same as the one at which investors can currently deal.

The ACD may also, at its sole discretion, decide to publish certain Share prices on third party websites or in publications but the ACD does not accept responsibility for the accuracy of the prices published in, or for the non-publication of prices by, these sources for reasons beyond the control of the ACD.

### 5. **RISK FACTORS**

Potential investors should consider the below risk factors before investing in the Company (or, in the case of specific risks applying to specific Funds, in those Funds). This list must not be taken to be comprehensive as there may be new risks

that arise in the future which could not have been anticipated in advance. Also, the risk factors listed will apply to different Funds to different degrees, and for a given Fund this degree could increase or reduce through time.

#### 5.1 **Market risk**

The investments of the Company are subject to normal market fluctuations and other risks inherent in investing in securities. There can be no assurance that any appreciation in the value of investments will occur. 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 the Company. There is no certainty that the investment objective of any Fund will actually be achieved and no warranty or representation is given to this effect. Past performance is no guide to the future.

#### 5.2 **Effect of initial charge or redemption charge**

Where an initial charge or redemption charge is imposed, an investor who realises his Shares after a short period may not (even in the absence of a fall in the value of the relevant investments) realise the amount originally invested.

In particular, where a redemption charge is payable, investors should note that the percentage rate at which the redemption charge is calculated is based on the market value rather than the initial value of the Shares. If the market value of the Shares has increased the redemption charge will show a corresponding increase.

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

#### 5.3 **Dilution levy and SDRT provision**

Investors should note that in certain circumstances a dilution levy may be applied to the price payable on the purchase or redemption of their Shares (see "Dilution Levy" at paragraph 3.4.4) or a provision for SDRT may be charged on the purchase, redemption or transfer of Shares (see "Stamp Duty Reserve Tax" at paragraph 9.6). Where dilution levy is not applied the Fund in question may incur dilution which may constrain capital growth.

#### 5.4 **Suspension of dealings in Shares**

Investors are reminded that in certain circumstances their right to redeem Shares (including a redemption by way of switching) may be suspended (see "Suspension of dealings in the Company or a Fund" at Paragraph 3.10).

#### 5.5 **Pricing and liquidity**

Where a Fund has exposure to alternative asset classes there is a risk that the price at which an asset is valued may not be realisable in the event of sale. This could be

due to a mis-estimation of the asset's value or due to a lack of liquidity in the relevant market. As a result, at times, the ACD may have to delay acting on instructions to sell investments, and the proceeds on redemption may be materially less than the value implied by the Fund's price.

## 5.6 **Liabilities of the Company and the Funds**

As explained in paragraph 2.2.1 where, under the OEIC Regulations, each Fund is a segregated portfolio of assets and those assets can only be used to meet the liabilities of, or claims against, that Fund. Whilst the provisions of the OEIC Regulations provide 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 whether a foreign court would give effect to the segregated liability and cross-investment provisions contained in the OEIC Regulations. Therefore, it is not possible to be certain that the assets of a Fund will always be completely insulated from the liabilities of another Fund of the Company in every circumstance.

## 5.7 **Currency exchange rates**

Currency fluctuations may adversely affect the value of a Fund's investments and, depending on an investor's currency of reference, currency fluctuations may adversely affect the value of his investment in Shares.

## 5.8 **Non-UCITS Retail Schemes (NURS)**

Such funds can have wider investment and borrowing powers than UCITS schemes with higher investment limits in various areas. They can also invest to a greater extent in areas such as property and unregulated schemes and have the option to borrow on a permanent basis. Such additional powers can increase potential reward, but may also increase risk.

## 5.9 **Performance risk**

There will be a variation in performance between Funds with similar objectives due to the different assets selected. The degree of investment risk depends on the risk profile of the Fund chosen.

## 5.10 **Inflation risk**

Inflation will, over time, reduce the value of your investments in real terms.



### 5.11 **Counterparty risk**

If a Fund enters into a derivative contract it will be exposed to the credit of the other party (usually referred to as 'counterparty') and their ability to wholly or partly satisfy the terms of the contract.

In the event of a bankruptcy or insolvency of a counterparty, a Fund could experience delays in liquidating the position and may incur significant losses. The ACD may use one or more counterparties to undertake derivative transactions on behalf of a Fund and may be required to pledge a Fund's assets as collateral against these transactions. There may be a risk that a counterparty will be unable to meet its obligations with regards to the return of the collateral and may not meet other payments due to a Fund.

### 5.12 **Derivatives and volatility**

The Investment Manager may also employ derivatives for the purposes of hedging with the aim of reducing the risk profile of the Funds, or reducing costs, or generating additional capital or income, in accordance with Efficient Portfolio Management.

To the extent derivative instruments are utilised for hedging purposes, the risk of loss to the Funds may be increased where the value of the derivative instrument and the value of the security of the position which it is hedging are insufficiently correlated.

### 5.13 **Investing in other collective investment schemes**

Each Fund may invest in other regulated collective investment schemes. As an investor of another collective investment scheme, a Fund will bear, along with the other investors, its portion of the expenses of the other collective investment scheme, including management, performance and/or other fees. These fees will be in addition to the management fees and other expenses which a Fund bears directly with its own operations.

### 5.14 **Unregulated Collective Investment Schemes**

Each Fund may invest, in total, no more than 20% of the Scheme Property, in unregulated collective investment schemes which are generally considered to be a higher risk than investment in regulated schemes. An unregulated collective investment scheme is unlikely to be subject to regulations which govern how they are managed. For example, they can utilise higher risk investment techniques, they may borrow to invest, they can suspend calculation of net asset value preventing redemption or otherwise limit redemption, they may not adhere to internationally recognised accounting standards and functions such as pricing and custody may not be subject to any rules.

A Fund may also invest in unregulated collective investment schemes which are valued less frequently than the Fund. As a result, there is a risk that any market movements will not be reflected in the daily price of the Fund and that investors may miss out on unrealised profits from underlying investments.

#### 5.15 **Exchange Traded Funds (“ETFs”)**

The Funds may invest in Exchange Traded Funds. Exchange Traded Funds represent a basket of securities that are traded on an exchange and may not necessarily trade at the net asset value of their underlying holdings. As a result, they may trade at a price that is above or below the value of the underlying portfolio.

#### 5.16 **Charges taken from Capital**

Where a Fund’s charges are deducted from capital rather than the income generated by the Fund, this may constrain capital growth and could erode capital. This is applicable to the DMS Stirling House Monthly Income Fund.

### **6. MANAGEMENT AND ADMINISTRATION**

#### 6.1 **Regulatory Status**

The ACD is authorised and regulated by the Financial Conduct Authority of 12 Endeavour Square, London E20 1JN.

The Depositary is authorised in the UK by the Prudential Regulation Authority (“PRA”) and the Financial Conduct Authority (“FCA”). Details about the extent of the Depositary’s authorisation and regulation by the Financial Conduct Authority are available from the Depositary on request.

#### 6.2 **Authorised Corporate Director, AIFM and the Investment Manager**

##### 6.2.1 **General**

The ACD, AIFM and the investment manager is DMS Investment Management Services (UK) Limited which is a private company limited by shares incorporated in England and Wales on 7 January 1999.

The directors of the ACD are:

C T Finch (Chief Executive)  
G L Brooks  
B Primrose  
S J Anderson  
S Chaudhri

None of the directors has other business activities which are of significance to the Company.

**Registered Office and Head Office:**

2<sup>nd</sup> Floor, 20-22 Bedford Row, Holborn,  
London WC1R 4EB

**Share Capital:**

Share Capital £1,341,684 issued and  
fully paid

The ACD is responsible for managing and administering the Company's affairs in compliance with the COLL Sourcebook. The ACD may delegate its management and administration functions, but not responsibility, to third parties, including associates subject to the rules in the COLL Sourcebook.

The ACD works closely with Stirling House Financial Services Limited on the manufacture, design, structuring and pricing and it is actively involved in the day to day operation of the Company.

The ACD has also delegated to the Sponsor certain functions in relation to the distribution of Shares in the Company (as further explained at 6.8 below).

The ACD has delegated to CACEIS Bank UK Branch certain functions relating to fund accounting and other administration to FNZ TA Services Limited transfer agency and registration services (as further explained in paragraphs 6.5 and 6.6 below).

**Terms of Appointment:**

The appointment of the ACD has been made under an agreement dated 21 July 2014 between the Company and the ACD, as amended from time to time, (the "ACD Agreement").

Pursuant to the ACD Agreement, the ACD manages and administers the affairs of the Company in accordance with the Regulations, the Instrument of Incorporation and this Prospectus. The ACD Agreement incorporates detailed provisions relating to the ACD's responsibilities. It also excludes the ACD from liability to the Company or any Shareholder for any error of judgment or loss suffered in connection with the subject matter of the ACD Agreement, unless arising as a direct consequence of recklessness, fraud, bad faith, wilful default or negligence in the performance or non-performance of its obligations and functions under the ACD Agreement. Any liability for defaults of a person to whom it has delegated certain functions is also limited to the extent permitted by the Regulations.

The Company has agreed to indemnify the ACD to the extent permitted by the COLL Sourcebook (for itself and its delegates) against claims and expenses that arise in respect of their duties, except where there is fault on its or their part of the kind referred to above.

Details of the fees payable to the ACD are set out in the paragraph headed "Charges payable to the ACD" below.

The ACD (or its associates or any affected person) is also under no obligation to account to the Depositary, the Company or the Shareholders for any profit it makes on the issue or re-issue or cancellation of Shares which it has redeemed. The ACD may carry out or arrange for the carrying out of stock lending transactions in respect of the Funds. The ACD reserves the right to receive a fee in relation to stock lending, subject to giving Shareholders 60 days' written notice of the details of such fees.

The ACD Agreement is for an initial period of five years, and will continue after then unless and until terminated by resolution of the Company in general meeting on not less than 12 months' prior notice to the ACD, or earlier on certain types of breaches or the insolvency of a party.

The Company has no directors other than the ACD. The ACD is the authorised corporate director of certain open-ended investment companies details of which are set out in Appendix IV.

## **6.3 The Depositary**

### **6.3.1 General**

The Depositary of the Company is CACEIS Bank, UK Branch.

The principal business activity of the Depositary is acting as trustee and depositary of collective investment schemes.

CACEIS Bank is a private limited company incorporated under the laws of France having its head office located at 1-3, place Valhubert, 75013 Paris, France. CACEIS Bank is registered with the French Register of Trade and Companies under number 692024722. It is an authorised credit institution supervised by the European Central Bank ("ECB") and the Autorité de Contrôle Prudential et de Resolution ("ACPR").

In the UK, CACEIS Bank conducts its business through its UK Branch, with its registered office being at Broadwalk House 5 Appold Street, London, EC2A 2DA. The UK Branch is authorised by the Prudential Regulation Authority ("PRA") and the Financial Conduct Authority. ("FCA"). Further details are available from the Depositary on request.

The Depositary is responsible for the safekeeping of all the Scheme Property (other than tangible moveable property) of the Company and has a duty to take reasonable care to ensure that the Company is managed in accordance with the Instrument of Incorporation and the provisions of the FCA Sourcebook relating to the pricing of, and dealing in, Shares and relating to the income and the investment and borrowing powers of the Funds.

### 6.3.2 **Terms of Appointment:**

The Depositary was appointed pursuant to an agreement between the Company, the ACD and the Depositary (the "Depositary Agreement").

Subject to the FCA Sourcebook, the Depositary has full power under the Depositary Agreement to delegate (and authorise its delegate to sub-delegate) all or any part of its safekeeping duties as depositary. The Depositary also acts as custodian of the Company.

To the extent permitted by Regulation 32(2) of Commission Delegated Regulation (EU) No 231/2013 (the "AIFM Regulations"), the ACD may authorise the Depositary, to discharge itself of liability under Regulation 30(2) of the AIFM Regulations, provided that Regulation 32(2) of the AIFM Regulations is complied with.

The Depositary's Agreement shall continue for a minimum period of 36 months from the effective date of the agreement. After the initial period the Depositary Agreement may be terminated by not less than 3 months written notice provided that no such notice shall take effect until the appointment of a successor to the Depositary.

To the extent permitted by the FCA Handbook, the Company will indemnify the Depositary (or its associates) against costs, charges, losses and liabilities incurred by it (or its associates) in the proper execution, or in the purported proper execution, or exercise (in good faith) of the Depositary's duties, powers, authorities and discretions, except in the case of any liability for a failure to exercise due care and diligence in the discharge of its functions.

The Depositary is entitled to receive remuneration out of the property of the Funds for its services, as explained in paragraph 7.4 below. The Depositary (or its associates or any affected person) is under no obligation to account to the ACD, the Company or the Shareholders for any profits or benefits it makes or receives that are made or derived from or in connection with the dealings in Shares of the Company, any transaction in Scheme Property or the supply of services to the Company.

#### 6.4 **The Investment Adviser**

The ACD is responsible for the function of managing the investment and reinvestment of the assets of the Funds. The ACD has appointed the Investment Adviser to provide advisory services to the ACD. The Investment Adviser does not have authority to make decisions on behalf of the ACD or a mandate in relation to managing investments of the Scheme Property.

The Investment Adviser's registered office is at Juxon House, 100 St Paul's Churchyard, London EC4M 8BU.

The principal activity of the Investment Adviser is the provision of portfolio management services. Any third party research received in connection with investment management services that the Investment Adviser provides to the Funds will be paid for by the Investment Adviser out of the fee it receives for its discretionary investment management services from the ACD.

#### 6.5 **The Administrator and the Transfer Agent**

On behalf of the Company the ACD has appointed CACEIS Bank, as the Administrator to provide fund accounting and other administration services to the Company. CACEIS conducts this business from its UK Branch at Broadwalk House 5 Appold Street, London, EC2A 2DA. In the UK, CACEIS and its UK Branch are authorised by the Prudential Regulation Authority ("PRA") and the Financial Conduct Authority ("FCA").

CACEIS Bank is incorporated under the laws of France having its registered office located at 1-3, place Valhubert, 75013 Paris, France. CACEIS Bank is registered with the French Register of Trade and Companies under number 692024722. CACEIS Bank is an authorised credit institution supervised by the European Central Bank ("ECB") and the Autorité de Contrôle Prudential et de Résolution ("ACPR").

On behalf of the Company the ACD has appointed FNZ TA Services Limited to provide transfer agency services to the Company. The registered office of the Transfer Agent is Suite 1, 3rd Floor, 11-12 St. James's Square, London SW1Y 4LB.

#### 6.6 **The Registrar**

##### 6.6.1 **General**

The Register is kept at the ACD's offices at 2<sup>nd</sup> Floor, 20-22 Bedford Row, Holborn, London WC1R 4EB.

##### 6.6.2 **Register of Shareholders**

The Register of Shareholders will be maintained by the Transfer Agent at the following address Level 5, 67 Lombard Street, London EC3V 9LJ and may be inspected at that address or the offices of the ACD during normal business hours by any Shareholder or any Shareholder's duly authorised agent.

#### **6.7 The Auditors**

The auditors of the Company are Grant Thornton UK LLP of 30 Finsbury Square, London EC2A 1AG and they are responsible for auditing the annual accounts of the Company and expressing an opinion on certain matters relating to the Company in the annual report including whether its accounts have been prepared in accordance with the Statement of Recommended Practice relating to Authorised Funds, the Regulations and the Instrument of Incorporation.

#### **6.8 The Sponsor**

The ACD works closely with the Sponsor on the manufacture, design, structuring and pricing of the Company and it is actively involved in the day to day operation of the Company. Whilst the ACD remains at all times responsible for the Company on a legal and regulatory basis, the Sponsor's consent is required before certain changes can be made to the Company. For example, any changes to be made to the investment objective and policies of the Funds (unless these are required by the FCA) or any material change to the Instrument of Incorporation or this Prospectus. The Sponsor also assists in the preparation of documentation relating to the Company, certain compliance procedures and the monitoring of the Investment Manager from a commercial prospective.

The Sponsor also acts as a the global distributor for the Company and as such indirectly procures prospective investors to invest in the Company, as well as giving investment advice itself, as it is also authorised to give investment advice.

The Sponsor is an associate of the ACD for the purposes of the Handbook of Rules and Guidance of the FCA.

#### **6.9 Legal Advisers**

The Company is advised by Eversheds Sutherland (International) LLP of 1 Wood Street, London EC2V 7WS.

#### **6.10 Conflicts of Interest**

The ACD may, from time to time, act as manager to other funds or sub-funds which follow similar investment objectives to those of the Funds. It is therefore possible that the ACD may in the course of its business have potential conflicts of interest with the Company or a particular Fund. The ACD will, however, have regard in such event to its obligations under the ACD Agreement and the FCA Handbook and, in

particular, to its obligation to act in the best interests of the Company so far as practicable, having regard to its obligations to other clients, when undertaking any investment business where potential conflicts of interest may arise.

As outlined above, the ACD delegates certain of its functions in relation to the management of the Company, including to the Administrator and the Transfer Agent. In the context of delegations, conflicts of interest may arise because:

- 6.10.1 of a contractual or other relationship between the ACD and the delegate that creates an ability for the delegate to control or influence the ACD;
- 6.10.2 an investor in the Fund and a delegate are in the same group, or have any other contractual relationship which may create a situation that the investor has the ability to control or influence the delegate;
- 6.10.3 the likelihood of the delegate (i) making a financial gain or avoiding a loss at the expense of the ACD or the investors; (ii) having an interest in the outcome of a service or activity provided to the ACD or the Fund; (iii) having a financial or other incentive to favour another client over the ACD or the Funds; (iv) receiving inducements (other than standard commissions or fees) from third parties relating to the provision of collective portfolio management services to the ACD and the Funds.

The ACD has written policies and procedures in place to monitor and prevent or manage conflicts of interest in the context of delegations of certain of its functions. To the extent any actual conflicts of interest are determined to have arisen, the ACD will effectively prevent or manage such conflicts to minimise any potential detrimental impact on the Funds and will take steps to prevent such conflicts from reoccurring. The ACD acknowledges that there may be some situations where the organisational or administrative arrangements in place for the management of conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the Company or its Shareholders will be prevented. Should any such situations arise the ACD will, as a last resort, if the conflict cannot be avoided, disclose these to Shareholders in an appropriate format.

The Depositary may act as the depositary of other open-ended investment companies and as trustee or custodian of other collective investment schemes.

From time to time conflicts may arise from the appointment by the Depositary of any of its delegates. All delegates of the Depositary are required to manage any such conflict having regard to the FCA Handbook and its duties to the Depositary and the ACD.



## **7. FEES AND EXPENSES**

### **7.1 General**

The fees, costs and expenses relating to the authorisation and incorporation and establishment of the Company, the offer of Shares, the preparation and printing of this Prospectus and the fees of the professional advisers to the Company in connection with the offer will be borne by the Company.

Each Fund formed after this Prospectus is superseded may bear its own direct establishment costs.

The Company may pay out of the property of the Company any liabilities arising on the unitisation, amalgamation or reconstruction of the Company or of any Fund.

All fees, costs, charges or expenses payable by a Shareholder or out of the property of the Company or each Fund (as the case may be) are set out in this section 7. The Company or each Fund (as the case may be) may, so far as the COLL Sourcebook allows, also pay out of the property of the Company or each Fund (as the case may be) all relevant fees, costs, charges and expenses incurred by the Company or each Fund (as the case may be), which will include the following:

- 7.1.1 the charges and expenses payable to the ACD;
- 7.1.2 the charges and expenses payable to the Administrator and the Transfer Agent;
- 7.1.3 fees and expenses in respect of establishing and maintaining the Register of Shareholders (and any plan sub-register) and related functions);
- 7.1.4 expenses incurred in acquiring, registering and disposing of investments;
- 7.1.5 expenses incurred in producing, distributing and dispatching income and other payments to Shareholders;
- 7.1.6 fees in respect of the publication and circulation of details of the Net Asset Value and prices;
- 7.1.7 the fees and expenses of the auditors and tax, legal and other professional advisers of the Company;
- 7.1.8 the costs of convening and holding Shareholder meetings (including meetings of Shareholders in any particular Fund, or any particular Class within a Fund);
- 7.1.9 costs incurred in taking out and maintaining any insurance policy in relation to the Company and/or its Directors;

- 7.1.10 expenses incurred in company secretarial duties, including the cost of minute books and other documentation required to be maintained by the Company;
- 7.1.11 the costs of preparing, updating and printing this Prospectus, the Key Investor Information Documents or any other pre-contractual disclosure document required by law or regulation (either in respect of the Company or a Fund), the Instrument of Incorporation and contract notes and the costs of distributing this Prospectus and the Instrument of Incorporation (apart from the costs and expenses of distributing any Simplified Prospectus) and the costs of printing and distributing reports and accounts and any other administrative expenses related to this clause 7.1.10;
- 7.1.12 tax and duties payable by the Company;
- 7.1.13 interest on and charges incurred in borrowings;
- 7.1.14 any amount payable by the Company under any indemnity provisions contained in the Instrument of Incorporation or any agreement with any functionary of the Company;
- 7.1.15 fees of the FCA under the Financial Services and Markets Act 2000 and the corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which Shares are or may lawfully be marketed;
- 7.1.16 any payments otherwise due by virtue of changes to the Regulations;
- 7.1.17 costs (apart from promotional payments) in respect of communications with investors;
- 7.1.18 fees of any paying, representative or other agents of the Company or the ACD;
- 7.1.19 any costs in modifying the ACD Agreement and any other relevant document required under the Regulations;
- 7.1.20 the fees and expenses of any investment adviser, legal adviser or other professional adviser or supplier of the Company of those of any sub-advisers, including fees paid for the provision of information and data services, including computer terminals, and independent risk management systems to the ACD in connection with its investment management function;

7.1.21 the fees of any stock lending agent and the fees of the ACD for arranging any stock lending, subject to giving Shareholders 60 days' prior written notice of the details of these fees; and

7.1.22 all fees and expenses incurred in relation to the addition and initial organisation of any new Funds, the listing of Shares on any stock exchange, any offer of Shares (including the preparation, translation, printing and distribution of any prospectus (apart from the costs and expenses of distributing any simplified prospectus) and listing documents) and the creation, conversion and cancellation of Shares in a new or existing Fund and any costs and expenses incurred in registering, having recognised or going through any other process in relation to the company or any Fund in any territory outside the UK for the purpose of marketing the Shares in such territory, including any translation costs; and

7.1.23 royalties, licensing fees and other like payments in relation to the use of intellectual property.

VAT may be payable on these charges.

It is not currently proposed to seek a listing for the Shares on any stock exchange, but if a listing is sought in the future the fees connected with the listing will be payable by the Company.

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

## 7.2 **Charges payable to the ACD**

In payment for carrying out its duties and responsibilities the ACD is entitled to take an annual management charge out of each Fund. The annual management charge based upon the Net Asset Value of the Funds accruing daily between each Valuation Point and payable monthly in arrears. The current management charge for each Fund (expressed as a percentage per annum of the Net Asset Value of each Fund, and subject to a minimum of £80,000 to £100,000 p.a.) is set out in Appendix I. Where the minimum annual charge applies, it is apportioned between the Funds pro rata to the Net Asset Values of each Fund.

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

VAT may be payable on these charges.

Where the investment objective of a Fund is to treat the generation of income as a higher priority than capital growth, or the generation of income and capital growth have equal priority, all or part of the ACD's fees may be charged against capital

instead of against income as set out in Appendix I. This will only be done with the approval of the Depositary. This treatment of the ACD's fee will increase the amount of income (which may be taxable) available for distribution to Shareholders in the Fund concerned, but may constrain capital growth.

Where the policy for a Fund is to take charges first from income, if a Class's expenses in any period exceed its income the ACD may take that excess from the capital property attributable to that Class.

### **7.3 Increase in the charges payable to the ACD**

Any increase of the annual management charge by the ACD will be carried out in accordance with the Regulations.

### **7.4 Depositary's fees and expenses**

The Depositary is entitled to receive out of the property of each Fund, by way of remuneration, a periodic charge for its services in relation to each Fund based upon the Net Asset Value of the Funds accruing daily between each Valuation Point and payable monthly in arrears. The rate or rates and/or amounts of the Depositary's periodic charge in respect of each Fund shall be agreed between the ACD and the Depositary from time to time.

The Depositary's periodic charge is currently calculated on the aggregate value of all the Funds on the following basis:

0.02% per annum on the aggregate value of all Funds per annum.

The Depositary's fee is calculated daily on the Net Asset Value of each Fund on the previous business day. The valuation used for each day which is not a business day will be the value calculated on the previous business day. In addition Value Added Tax on the amount of the periodic charge will be paid out of each Fund.

In the event of the termination of a Fund, the Depositary shall continue to be entitled to a periodic charge in respect of that Fund for the period up to and including the day on which the final distribution in the termination of the Fund shall be made or, in the case of a termination following the passing of an extraordinary resolution approving the scheme of arrangement, up to and including the final day on which the Depositary is responsible for the safekeeping of the Scheme Property of the Fund. Such periodic charge will be calculated, be subject to the terms and accrue and be paid as described above, except that for the purpose of calculating the periodic charge in respect of any day falling after the day on which the termination

day of the Fund commences, the value of the Scheme Property of the Fund shall be the Net Asset Value determined at the beginning of each such day.

The Depositary Agreement between the Company and the Depositary provides that the Depositary may also be paid by way of remuneration, out of the property of the Company, custody fees where it acts as Custodian and other transaction and bank charges. The remuneration for acting as custodian is calculated at such rate, rates and/or amounts as may be agreed from time to time. The current remuneration ranges from between 0.005% per annum to 0.05% per annum of the value of the property of each Fund. The valuation used for each day which is not a business day will be the value calculated on the previous business day. The current range of transaction charges is between £5 and £35 per transaction plus VAT (if any). Custody and transaction charges will be payable to the Depositary out of the property attributable to each Fund. Transaction charges accrue at the time transactions are effected and are payable as soon as is reasonably practicable as agreed between the Depositary and the ACD. Custody charges accrue daily and are payable monthly in arrears.

In addition to the remuneration referred to above, the Depositary is entitled to receive reimbursement for expenses properly incurred by it in discharge of its duties or exercising any powers conferred upon it in relation to the Company and each Fund. Such expenses include, but are not restricted to:

- 7.4.1 charges and expenses payable to the Custodian or to any person (whether or not an associate of the Depositary) to whom any function of custody or control in relation to Scheme Property is delegated or whose services are retained to assist in the performance of any such function;
- 7.4.2 all charges imposed by, and any expenses of, any agents appointed by the Depositary to assist in the discharge of its duties;
- 7.4.3 all charges and expenses incurred in connection with the collection and distribution of income;
- 7.4.4 all charges and expenses incurred in relation to the preparation of the Depositary's annual report to Shareholders;
- 7.4.5 all charges and expenses incurred in relation to stock lending or other transactions;
- 7.4.6 fees and expenses payable to any professional advisors advising or assisting the Depositary.

VAT (if any) in connection with any of the above is payable in addition.

On a winding up of the Company, termination of a Fund or the redemption of all outstanding Shares of a Class the Depositary is entitled to its pro rata fees and expenses to the date of such winding up, termination or redemption and any additional expenses necessarily realised in settling or receiving any outstanding obligations.

#### 7.5 **Investment Adviser's fee**

Sarasin & Partners LLP receives a periodic charge for its services in relation to each Fund based upon the Net Asset Value of the Funds accruing daily between each Valuation Point and payable monthly in arrears out of the Scheme Property attributable to the Fund. The current charge, for each of these Funds, is as follows;

0.45% per annum for the first £50,000,000 of the Company's Net Asset Value

0.4% per annum for the next £25,000,000 of the Company's Net Asset Value

0.35% per annum thereafter, i.e. from £75,000,000.01 of the Company's Net Asset Value

These charges are subject to a minimum of £150,000 per annum for all five Funds together. Where the minimum applies, it is apportioned between the Funds pro rata to their Net Asset Values.

#### 7.6 **Administrator and Transfer Agent fees**

The Administrator and the Transfer Agent are entitled to receive fees out of the Scheme Property of the Company as set out below for providing fund accounting, administration and transfer agency, including registration services.

The fee for fund accounting, administration and transfer agency, including registration services is 0.1% per annum subject to a minimum of £100,000 for all five Funds. On the anniversary of the launch of the Company this minimum annual charge will increase to £175,000 with appropriate notice to Shareholders. Where the minimum fee applies, it is apportioned between the Funds pro rata to the Net Asset Value of each Fund. Such fee accrues daily and is payable monthly in arrears.

The Transfer Agent also receives £18.00 for each transaction in Shares out of the Scheme Property of the relevant Fund.

#### 7.7 **Sponsor**

All payments to the Sponsor, of any remainder left from the ACD's annual charge once it has paid any other fees it has agreed to pay out of its charge, are made by the ACD at its own expense, and it is not paid directly out of the Scheme Property of the Funds.

## **7.8 Allocation of fees and expenses between Funds**

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

## **8. SHAREHOLDER MEETINGS AND VOTING RIGHTS**

### **8.1 Class and Fund Meetings**

The Company does not hold Annual General Meetings.

The provisions below, unless the context otherwise requires, apply to Class meetings and meetings of Funds as they apply to general meetings of the Company, but by reference to Shares of the Class or Fund concerned and the Shareholders and value and prices of such Shares.

### **8.2 Requisitions of Meetings**

The ACD may requisition a general meeting at any time.

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

### **8.3 Notice and Quorum**

Shareholders will receive at least 14 days' notice of a general meeting and are entitled to be counted in the quorum and vote at such meeting either in person or by proxy. The quorum for a meeting is two Shareholders, present in person or by proxy. The quorum for an adjourned meeting is one person entitled to be counted in a quorum. Notices of meetings and adjourned meetings will be sent to Shareholders at their registered addresses.

### **8.4 Voting Rights**

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

On a poll vote, a Shareholder may vote either in person or by proxy. The voting rights attaching to each Share are such proportion of the voting rights attached to all the Shares in issue that the price of the Share bears to the aggregate price of all the Shares in issue at the date seven days before the notice of meeting is sent out.

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

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

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

The ACD may not be counted in the quorum for a meeting and neither the ACD nor any associate (as defined in the COLL Sourcebook) of the ACD is entitled to vote at any meeting of the Company except in respect of Shares which the ACD or associate holds on behalf of or jointly with a person who, if the registered Shareholder, would be entitled to vote and from whom the ACD or associate has received voting instructions.

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

“Shareholders” in this context means Shareholders entered on the register at a time to be determined by the ACD and stated in the notice of the meeting which must not be more than 48 hours before the time fixed for the meeting.

## **9. TAXATION**

### **9.1 General**

The information below is a general guide based on current UK law and HM Revenue & Customs practice, both of which are subject to change. It summarises the tax position of the Funds and of investors who are UK resident and hold Shares as



investments (except where otherwise indicated). **Please note that the tax treatment of investors depends on their individual circumstances and may be subject to change in the future.** Prospective investors who are in any doubt about their tax position, or who may be subject to tax in a country other than the UK, are recommended to take professional advice.

## 9.2 **The Funds**

Each Fund will be treated as a separate entity for UK tax purposes. The Funds are generally exempt from UK tax on capital gains realised on the disposal of investments (including interest-paying securities and derivatives but excluding non-reporting offshore funds) held within them.

Dividends from both UK and non-UK companies are generally exempt from tax when received by a Fund. The Funds will each be subject to corporation tax at 20% on most other types of income but after deducting allowable management expenses and the gross amount of any interest distributions. Where a Fund suffers foreign tax on income received, this will generally be a cost to the Fund but in some cases may be deducted from any UK tax due on that income.

The Funds will make dividend distributions except where over 60% of a Fund's property has been invested throughout the distribution period in interest-paying investments, in which case it will make interest distributions.

## 9.3 **Shareholders**

### 9.3.1 **Income – Equity Funds**

The Funds shown as Equity Funds for tax purposes in Appendix I will pay any distributable income as dividend distributions (which will be automatically retained in the Fund in the case of Accumulation Shares).

No tax is deducted from dividend distributions. The first £5,000 of annual dividends received (or deemed to be received) by UK resident individuals will not be subject to income tax (reducing to £2,000 from April 2018). Above this level, the tax rates applying to dividends will be 7.5% for basic rate taxpayers, 32.5% for higher rate taxpayers and 38.1% for additional rate taxpayers. (There is no longer a tax credit attached to dividends.)

Corporate shareholders who receive dividend distributions may have to divide them into two (in which case the division will be indicated on the tax voucher). Any part representing dividends received from a company will be treated as dividend income (that is, franked investment income). and no further tax will be due on it. The remainder will be received as an annual payment after deduction of income tax at the basic rate, and corporate shareholders may, depending on their circumstances, be liable to tax on

the grossed up amount. with the benefit of the income tax credit attached or to reclaim part of the tax credit as shown on the tax voucher.

Non-UK resident shareholders will generally not be liable to UK tax from the funds.

### 9.3.2 **Income – Bond Funds**

The Funds shown as Bond Funds for tax purposes in Appendix I will pay any distributable income as dividend distributions (which will be automatically retained in the Fund in the case of Accumulation Shares).

A personal savings allowance exempts the first £1,000 of annual interest, including amounts taxable as interest, received or deemed to be received by UK residents, from tax in the hands of basic rate taxpayers. The annual exempt amount is reduced to £500 for higher rate taxpayers while additional rate taxpayers do not receive an allowance. Where Shareholders' savings income in a tax year exceeds their personal allowances, individual Shareholders liable to income tax at the basic rate will be liable to pay HM Revenue & Customs tax at 20% on the excess, higher rate taxpayers will be liable at 40% and additional rate taxpayers at 45%.

Shareholders chargeable to corporation tax must account for their holding in a Fund in accordance with the loan relationships tax regime. This requires the Shareholder's interest in the Fund (including the gross amount of any distributions received) to be taken into account for corporation tax on a fair value basis.

## 9.4 **Income equalisation**

The first income allocation received by an investor after buying Shares may include an amount of income equalisation. This is effectively a repayment of the income equalisation paid by the investor as part of the purchase price. It is a return of capital, and is not taxable. This amount should be deducted from the cost of the Shares when calculating the gain for capital gains tax purposes.

## 9.5 **Gains**

Shareholders who are resident in the UK for tax purposes may, depending on their personal circumstances, be liable to capital gains tax on gains arising on the sale or other disposal of Shares (but not on switches between classes within a Fund).

Corporate Shareholders in the Bond Funds which are subject to corporation tax must treat their Shareholding as a creditor relationship subject to fair value accounting.

Part of any increase in value of accumulation Shares represents accumulated income (including income equalisation). These amounts may be added to the allowable cost when calculating the capital gain realised on their disposal.

Individual shareholders will find further information in the HM Revenue & Customs Help Sheets for the capital gains tax pages of their tax returns (as described above).

#### **9.6 Stamp Duty Reserve Tax**

SDRT on dealings in units in authorised investment funds is abolished with effect from 1 April 2014. As a result subscriptions and redemptions of units are exempt from SDRT.

Sales of shares by one shareholder to another may trigger SDRT at 0.5 per cent payable by the purchaser. If a shareholder redeems shares in specie, that is in return for an appropriate value of assets out of the relevant sub-fund, there will be no SDRT on UK equities provided the shareholder receives a proportionate part of each holding. Otherwise the shareholder will be liable to SDRT at 0.5% on the value of any UK equities transferred.

#### **9.7 Reporting Requirements**

In order to comply with UK legislation implementing its obligations under various intergovernmental agreements relating to the automatic exchange of information to improve international tax compliance (including the United States provisions commonly known as FATCA), the ACD (or its agent) will collect and report various information about Shareholders and their investments where required for this purpose, including information to verify their identity and tax status.

If requested to do so by the ACD or its agent, Shareholders must provide information to be passed on to HM Revenue & Customs (and by them to any relevant overseas tax authorities).

### **10. WINDING UP OF THE COMPANY OR TERMINATION OF A FUND**

The Company or a Fund will not be wound up except as an unregistered company under Part V of the Insolvency Act 1986 or under the COLL Sourcebook. A Fund may otherwise only be terminated under the COLL Sourcebook.

Where the Company is to be wound up or a Fund is to be terminated under the COLL Sourcebook, such winding up or termination may only be commenced following approval by the FCA. The FCA may only give such approval if the ACD provides a statement (following an investigation into the affairs of the Company or the Fund as the case may be) either that the Company or the Fund will be able to meet its liabilities within 12 months of the date of the statement or that the Company or the Fund will be unable to do so. The Company may not be wound up

or a Fund terminated under the COLL Sourcebook if there is a vacancy in the position of ACD at the relevant time.

The Company shall be wound up or a Fund must be terminated under the COLL Sourcebook:

- 10.1 if an extraordinary resolution to that effect is passed by Shareholders; or
- 10.2 when the period (if any) fixed for the duration of the Company or a particular Fund by the Instrument of Incorporation expires, or any event occurs on the occurrence of which the Instrument of Incorporation provides that the Company or a particular Fund is to be wound up or terminated (for example, if the Share capital of the Company or (in relation to any Fund) the Net Asset Value of the Fund is below £5 million, or if a change in the laws or regulations of any country means that, in the ACD's opinion, it is desirable to terminate the Fund); or
- 10.3 on the date stated in any agreement by the FCA to a request by the ACD for the revocation of the authorisation order in respect of the Company or for the termination of the relevant Fund.
- 10.4 on the effective date of a duly approved scheme of arrangement which is to result in the Fund ceasing to hold any Scheme Property; or
- 10.5 in the case of a Fund on the effective date of a duly approved scheme of arrangement which is to result in the Fund ceasing to hold any Scheme Property; or
- 10.6 on the date when all the Funds fall within 10.5 above or have otherwise ceased to hold any Scheme Property, notwithstanding the Scheme may have assets and liabilities that are not attributable to any particular Fund.

On the occurrence of any of the above:

- 10.7 COLL 6.2 (Dealing), COLL 6.3 (Valuation and Pricing) and COLL 5 (Investment and borrowing powers) will cease to apply to the Company or the relevant Fund;
- 10.8 the Company will cease to issue and cancel Shares in the Company or the relevant Fund and the ACD shall cease to sell or redeem Shares or arrange for the Company to issue or cancel them for the Company or the relevant Fund;
- 10.9 no transfer of a Share shall be registered and no other change to the Register of Shareholders shall be made without the sanction of the ACD;
- 10.10 where the Company is being wound up or a Fund terminated, the Company or the Fund shall cease to carry on its business except in so far as it is beneficial for the winding up of the Company or for the termination of the Fund;

- 10.11 the corporate status and powers of the Company and subject to 11.4 to 11.7 above, the powers of the Depositary shall continue until the Company is dissolved.

The ACD shall, as soon as practicable after the Company or the Fund falls to be wound up or terminated, realise the assets and meet the liabilities of the Company or the Fund and, after paying out or retaining adequate provision for all liabilities properly payable and retaining provision for the costs of the winding up or the termination, arrange for the Depositary to make one or more interim distributions out of the proceeds to Shareholders proportionately to their rights to participate in the Scheme Property. If the ACD has not previously notified Shareholders of the proposal to wind up the Company or terminate the Fund, the ACD shall, as soon as practicable after the commencement of winding up of the Company or the termination of the Fund, give written notice of the commencement to Shareholders. When the ACD has caused all of the Scheme Property to be realised and all of the liabilities of the Company or the particular Fund to be realised, the ACD shall arrange for the Depositary to make a final distribution to Shareholders on or prior to the date on which the final account is sent to Shareholders of any balance remaining in proportion to their holdings in the Company or the particular Fund.

As soon as reasonably practicable after completion of the winding up of the Company or of the termination of the particular Fund, the Depositary shall notify the FCA that the winding up or termination has been completed.

On completion of a winding up of the Company or the termination of a Fund, the Company will be dissolved or the Fund will be terminated and any money (including unclaimed distributions) still standing to the account of the Company or the Fund, will be paid into court by the ACD within one month of the dissolution or the termination.

Following the completion of a winding up of the Company or a termination of a Fund, the ACD must prepare a final account showing how the winding up or termination took place and how the Scheme Property was distributed. The auditors of the Company shall make a report in respect of the final account stating their opinion as to whether the final account has been properly prepared. This final account and the auditors' report must be sent to the FCA and to each Shareholder (or the first named of joint Shareholders) on it within four months of the completion of the winding up or termination.

## **11. GENERAL INFORMATION**

### **11.1 Accounting Periods**

The annual accounting period of the Company ends each year on 31 December (the accounting reference date) with an interim accounting period ending on 30 June.

The first annual accounting period of the Company was 31 December 2013 and the first interim accounting period was end on 30 June 2013.

## 11.2 **Income Allocations**

Some Funds may have interim and final income allocations and other Funds may have quarterly income allocations and some Funds may only have final income allocation dates (see Appendix I). For each of the Funds income is allocated in respect of the income available at each accounting date.

In relation to income Shares, distributions of income for each Fund in which income Shares are issued are paid by bank transfer directly into a Shareholder's bank account on or before the relevant income allocation date in each year as set out in Appendix I. Income will normally be accumulated/distributed (as appropriate to the Share Class) within four months of the accounting date(s).

For Funds in which accumulation Shares are issued, income will become part of the capital property of the Fund and will be reflected in the price of each such accumulation Share as at the end of the relevant accounting period.

If a distribution made in relation to any income Shares remains unclaimed for a period of six years after it has become due, it will be forfeited and will revert to the relevant Fund (or, if that no longer exists, to the Company).

The amount available for distribution in any accounting period is calculated by taking the aggregate of the income received or receivable for the account of the relevant Fund in respect of that period, and deducting the charges and expenses of the relevant Fund paid or payable out of income in respect of that accounting period. The ACD then makes such other adjustments as it considers appropriate (and after consulting the Company's auditors as appropriate) in relation to taxation, income equalisation, income unlikely to be received within 12 months following the relevant income allocation date, income which should not be accounted for on an accrual basis because of lack of information as to how it accrues, transfers between the income and capital account and other matters.

## 11.3 **Annual Reports**

The annual short report of the Company must be published within four months of each annual accounting period although the ACD may publish the report sooner but no earlier than two months from the end of each annual accounting period and the interim report will be published within two months of each interim accounting period. The interim short report will be available to Shareholders before the end of August and the annual short report will be available to Shareholders before the end of April of each year on the DMS website [www.dmsgovernance.com](http://www.dmsgovernance.com). A long report

containing the full accounts is available to any person free of charge on request to the ACD.

#### **11.4 Documents of the Company**

The following documents may be inspected free of charge during normal business hours on any business day at the offices of the ACD at 2<sup>nd</sup> Floor, 20-22 Bedford Row, Holborn, London WC1R 4EB.

11.4.1 the most recent annual and half yearly reports of the Company;

11.4.2 the Prospectus;

11.4.3 the Instrument of Incorporation (and any amending documents); and

11.4.4 the material contracts referred to below.

Shareholders may obtain copies of the above documents from the ACD. The ACD may make a charge at its discretion for copies of documents (apart from the most recent annual and half yearly reports of the Company, the Prospectus and the Instrument of Incorporation which are available free of charge).

#### **11.5 Material Contracts**

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company and are, or may be, material:

11.5.1 the ACD Agreement dated 21 July 2014 between the Company and the ACD; and

11.5.2 the Depositary Agreement dated 21 July 2014 between the Company the Depositary and the ACD.

Details of the above contracts are given under the section "Management and Administration".

#### **11.6 Provision of Investment Advice**

All information concerning the Company and about investing in Shares of the Company is available from the ACD. The ACD is not authorised to give investment advice and persons requiring such advice should consult a professional financial adviser. All applications for Shares are made solely on the basis of the current prospectus of the Company, and investors should ensure that they have the most up to date version.

## 11.7 **Telephone Recordings**

Please note that the ACD, its delegates, their duly appointed agents and any of their respective related, associated or affiliated companies may record telephone calls for record keeping, security training and monitoring purposes and to confirm investors' instructions. 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 we can identify the call coming from you. If you ask us to send you a recording of a particular call, we may ask for further information to help us identify the exact call to which your request relates.

## 11.8 **Information available to Shareholders**

The following information will be made available to Shareholders as part of the Company's periodic reporting and, as a minimum, in the annual report:

- (a) the percentage of each Fund's assets which will be subject to special arrangements arising from their illiquid nature, including an overview of any special arrangements in place, the valuation methodology applied to assets which are subject to such arrangements and how management and performance fees will apply to these assets;
- (b) the current risk profile of each Fund, and information on the risk management systems used by the ACD to manage those risks;
- (c) I the total amount of leverage employed by each Fund calculated in accordance with the gross and commitment methods; and
- (d) any material changes to the information above.

Shareholders will be notified appropriately of any material changes to the liquidity management systems and procedures such as the suspension of redemptions, the deferral of redemptions or similar special liquidity arrangements. It is intended that any changes to the maximum level of leverage which a Fund may employ will be provided to Shareholders without undue delay.

## 11.9 **Changes to the Company**

Where any changes are proposed to be made to the Company or a Fund the ACD will assess whether the change is fundamental, significant or notifiable in accordance with COLL 4.3. Changes to a Fund's investment objective, policy or strategy will usually be significant or fundamental, unless those changes are only for clarification purposes and do not result in any change in how the Funds are managed.



If the change is regarded as fundamental, Shareholder approval will be required. If a change requires Shareholder approval, this will mean that Shareholders will need to approve the change at a meeting. The procedure for Shareholder meetings is described above at paragraph 8.

If the change is regarded as significant, not less than 60 days' prior written notice will be given to Shareholders. If the change is regarded as notifiable, Shareholders will receive suitable pre or post event notice of the change.

#### **11.10 Complaints**

Complaints concerning the operation or marketing of the Company may be referred to the Complaints Officer of the ACD at DMS Investment Management Services (UK) Limited, 2nd Floor, 20-22 Bedford Row, Holborn, London WC1R 4EB or, if you subsequently wish to take your complaint further, direct to the Financial Ombudsman Service at Exchange Tower, Harbour Exchange Square, London E14 9SR. Making a complaint will not prejudice your rights to commence legal proceedings.

#### **11.11 Commission**

When executing orders, or placing orders with other entities for execution, that relate to financial instruments for, or on behalf of, the Funds, the Investment Adviser will not accept and retain any fees, commissions or monetary benefits; or accept any non-monetary benefits, where these are paid or provided by any third party or a person acting on behalf of a third party. The Investment Adviser will return to each relevant Fund as soon as reasonably possible after receipt any fees, commissions or any monetary benefits paid or provided by any third party or a person acting on behalf of a third party in relation to the services provided to that fund, and disclose in the annual report the fees, commissions or any monetary benefits transferred to them.

The Investment Adviser may, however, accept without disclosure minor non-monetary benefits that are capable of enhancing the quality of service provided to the relevant Fund; and of a scale and nature such that they could not be judged to impair their compliance with its duty to act honestly, fairly and professionally in the best interests of each Fund.

#### **11.12 Indemnity**

The Instrument of Incorporation contains provisions indemnifying the Directors, other officers and the Company's auditors or the Depositary against liability in certain circumstances otherwise than in respect of their negligence, default, breach of duty or breach of trust, and indemnifying the Depositary against liability in certain

circumstances otherwise than in respect of its failure to exercise due care and diligence in the discharge of its functions in respect of the Company.

#### 11.13 **Notices**

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

#### 11.14 **Genuine diversity of ownership**

Shares in the Funds are and will continue to be widely available. The intended categories of investors are retail investors.

Shares in the Funds are and will continue to be marketed and made available sufficiently widely to reach the intended categories of investors, and in a manner appropriate to attract those categories of investors.

#### 11.15 **Professional liability risks**

The ACD covers potential professional liability risks arising from its activities as the Company's AIFM through professional liability insurance covering liability risks arising from professional negligence.

#### 11.16 **Best Execution**

The ACD and Investment Adviser must act in the best interests of each Fund when executing decisions to deal on behalf of the relevant Fund. The ACD's best execution policy sets out (i) the systems and controls that have been put in place and (ii) the basis upon which the ACD will effect transactions and place orders in relation to the Company whilst complying with its obligations under the handbook of rules issued by the FCA to obtain the best possible outcome for each transaction undertaken on behalf of the company. Details of the best execution policy are available from the ACD on request. If you have any questions regarding the policy please contact the ACD or your professional adviser.

#### 11.17 **Shareholder's rights**

Shareholders are entitled to participate in the Company on the basis set out in this prospectus (as amended from time to time). Paragraphs 11.10 ("Complaints"), 8 ("Shareholder Meetings and Voting Rights"), 11.3 ("Annual Reports") and 11.4 ("Documents of the Company") of this prospectus set out important rights about Shareholders' participation in the Company.

Shareholders may have no direct rights against the service providers to the Company set out in paragraph 6 ("Management and Administration").

Shareholders may be able to take action if the contents of this document are inaccurate or incomplete.

Shareholders have statutory and other legal rights which include the right to complain and may include the right to cancel an order or seek compensation.

Shareholders who are concerned about their rights in respect of the Company (or any Fund) should seek legal advice.

#### **11.18 Fair treatment of investors**

Procedures, arrangements and policies have been put in place by the ACD to ensure compliance with the principles of fair treatment of investors. The principles of treating investors fairly include, but are not limited to:

- (a) acting in the best interest of the Funds and of the investors;
- (b) executing the investment decisions taken for the account of the Funds in accordance with the objectives, the investment policy and the risk profile of the Funds;
- (c) ensuring that the interests of any group of investors are not placed above the interests of any other group of investors;
- (d) ensuring that fair, correct and transparent pricing models and valuation systems are used for the Funds managed;
- (e) preventing undue costs being charged to the Funds and investors;
- (f) taking all reasonable steps to avoid conflicts of interests and, when they cannot be avoided, identifying, managing, monitoring and, where applicable, disclosing those conflicts of interest to prevent them from adversely affecting the interests of investors; and
- (g) recognising and dealing with complaints fairly.

#### **11.19 Preferential treatment of investors**

From time to time the ACD may afford preferential terms of investment to certain groups of investors. In assessing whether such terms are afforded to an investor, the ACD will ensure that any such concession is not inconsistent with its obligation to act in the overall best interests of the relevant Sub-fund and its investors.

In particular, the ACD will typically exercise its discretion to waive the initial charge or investment minima for investment in a Class for investors that are investing sufficiently large amounts, either initially or are anticipated to do so over time, such as platform service providers, institutional investors including fund of fund investors

and fund-link investors. The ACD may also have agreements in place with such groups of investors which result in them paying a reduced annual management charge.

#### 11.20 **Data Protection Act**

The use of personal data is covered by the ACD's registration as a "Data Controller" under the General Data Protection Regulation 2016. Any personal data provided by Shareholders is on a contractual basis and will be used to enable the ACD to provide the services as set out in this Prospectus.

Shareholder personal data will be stored and processed by computer systems within the UK so that the ACD can provide the services required. Such information may be passed on to third party service providers and other counterparties, such as the Depositary, Auditor, Legal Advisor, used by the ACD in relation to provision of the services to the Company; where these third party providers and other counterparties may be outside of the EEA or international organisations, the ACD will ensure that all overseas transfers are subject to appropriate safeguards such as data encryption and applicable data protection laws or enforceable contracts.

Primarily the Shareholder personal data will be held by the ACD and the Transfer Agent and will be subject to data processing. The ACD and the Transfer Agent will keep the personal data for up to 7 years after the relevant Fund has ended, or up to 7 years after the earlier end of the relevant Fund's contractual relationship with the ACD, for regulatory and legal purposes.

Shareholder personal data may be disclosed to external parties such as the Fund's Sponsor, the Fund's authorised distributors or the ACD's group companies and affiliates as necessary for the provision of enhanced Shareholders' related services and (subject to the application of the local laws/and or regulations) be used outside the United Kingdom and may therefore be potentially subject to the scrutiny of regulatory and tax authorities outside the United Kingdom. A full list of the Fund's Sponsors, authorised distributors and the ACD's group companies and affiliates is available from the ACD on request.

Shareholders may contact the ACD in writing to Transfer Agent Services, DMS Investment Management Services (UK) Limited, 2<sup>nd</sup> Floor, 20-22 Bedford Row, Holborn, London WC1R 4EB or by calling +44 (0) 203 997 2460 to correct their personal data or obtain a copy of their personal data held by the ACD, object to the processing, request restriction of processing, exercise their right to data portability, request an erasure or request information pertaining to automated decision making. Shareholders should note that so the ACD can fulfil their contractual obligation, Shareholders' personal data cannot be deleted for up to 7 years after the relevant Fund has ended, or up to 7 years after the earlier end of the relevant Fund's contractual relationship with the ACD.

To assist in confirming a potential Shareholder's identity, the ACD may make searches with credit reference agency, SmartCheck, giving required categories of shareholder's personal data (this is name, address, NI number), who will supply the ACD with credit information, as well as information from other sources such as the UK electoral register. Some of the data transfers to the credit reference agency will be overseas. The ACD has a regulatory obligation and a legitimate interest to conduct these searches. The ACD will retain any detail information where required only to the point necessary to make decision.

If you have a complaint you may write to the Head of Compliance, DMS Investment Management Services (UK) Limited, 2<sup>nd</sup> Floor, 20-22 Bedford Row, Holborn, London WC1R 4EB or call +44 (0) 203 997 2460. If we are unable to resolve your complaint pertaining to your data, you can lodge a complaint with the Information Commissioner here at [www.ico.org.uk](http://www.ico.org.uk).

For further information on the ACD's arrangements relating to personal data protection, please refer to the Privacy Policy published on the ACD's website [www.dmsgovernance.com](http://www.dmsgovernance.com).

#### 11.21 **Governing law and jurisdiction**

The ACD treats a Shareholder's participation in the Company as governed by the law of England and Wales. The English courts shall have exclusive jurisdiction to settle any disputes or claims which may arise out of, or in connection with, a Shareholder's participation in the Company.

## APPENDIX I

### FUND DETAILS

#### DMS Stirling House Monthly Income Fund

<b>Name:</b>	DMS Stirling House Monthly Income Fund (previously known as the HC Stirling House Monthly Income Fund)
<b>PRN:</b>	645049
<b>Type of Fund:</b>	NURS scheme
<b>First Dealing Day:</b>	18 February 2013
<b>Investment objective:</b>	To preserve capital and achieve an income return, over the medium term, that is in excess of short term money market interest rates.
<b>Investment policy:</b>	<p>The Fund will seek to achieve its investment objective by gaining exposure predominantly to money market instruments, fixed interest securities, cash and near cash, with some exposure to global equities.</p> <p>The Fund may also invest directly or indirectly in other transferable securities and collective investment schemes which may have exposure to alternatives such as commodities, loans, hedge funds, private equity and property.</p> <p>The Fund may make use of derivatives for efficient portfolio management.</p>
<b>Investment strategy</b>	The Fund aims to beat a benchmark of global equities, government and corporate bonds, plus cash. The Fund has a significant bias to fixed income, with a minimum weight in government bonds in order to provide ballast to the portfolio. This is alongside credit, equities and selectively, some alternative assets.
<b>Final accounting date:</b>	31 December
<b>Interim accounting date:</b>	30 June
<b>Final income allocation date</b>	Last day of February
<b>Interim income allocation date</b>	Monthly (on the last calendar day of each month)
<b>Income Distribution Dates:</b>	Last Business day of each month (in arrears)

<b>Valuation Point:</b>	12 noon on a Dealing Day
<b>Cut-Off Point:</b>	12 noon on a Dealing Day
<b>Dealing frequency:</b>	Daily on a Dealing Day
<b>Classes of Shares:</b>	GBP Retail Accumulation Class GBP Retail Income Class
<b>Currency of denomination:</b>	Pounds sterling
<b>Initial charge:</b>	GBP Retail Classes: 5% (may be waived in whole or part)
<b>Redemption charge:</b>	0%
<b>Annual Management Charge:</b>	GBP Retail Classes: 0.70%, (may be partially waived while the Fund is relatively small), subject to a minimum of £80,000 p.a. in total for all active Funds borne pro rata by each active Fund. The ACD reserves the right to increase this fee to £100,000 pa should another Fund be launched.
<b>Investment Adviser's fee:</b>	0.45% for first £50 million of the Company's NAV; 0.4% for next £25 million and 0.35% thereafter, subject to a minimum of £150,000 p.a. in relation to all five Funds together, borne pro rata by each Fund.
<b>Minimum initial investment:</b>	GBP Retail Classes: £5,000
<b>Minimum subsequent investment:</b>	GBP Retail Classes: £1,000
<b>Minimum holding:</b>	GBP Retail Classes: £1,000
<b>Minimum redemption:</b>	GBP Retail Classes: £1,000
<b>ISA status:</b>	Qualifying Investment for stocks and shares component
<b>Equalisation:</b>	Yes
<b>Charges taken from income or capital:</b>	Capital.
<b>Past performance:</b>	Please see Appendix V.
<b>Status of Fund for tax purposes:</b>	The Fund is a Bond Fund for the purposes of tax.

**Maximum level of leverage:**

The maximum level of leverage for this Fund expressed as a ratio of the Fund's total exposure to its Net Asset Value:

- (a) under the Gross Method is 1.1:1; and
- (b) under the Commitment Method is 1.1:1.



## DMS Stirling House Balanced Fund

<b>Name:</b>	DMS Stirling House Balanced Fund (previously known as the HC Stirling House Balanced Fund)
<b>PRN:</b>	645050
<b>Type of Fund:</b>	NURS scheme
<b>First Dealing Day:</b>	18 February 2013
<b>Investment objective:</b>	To provide a balance of income and capital growth over the medium to long term.
<b>Investment policy:</b>	<p>The Fund will seek to achieve its investment objective by gaining exposure generally to money market instruments, fixed interest securities, cash and near cash, with some exposure to global equities.</p> <p>The Fund may also invest directly or indirectly in other transferable securities and collective investment schemes which may have exposure to alternatives such as commodities, loans, hedge funds, private equity and property.</p> <p>The Fund may make use of derivatives for efficient portfolio management.</p>
<b>Investment strategy:</b>	The Fund aims to beat a benchmark of global equities, government and corporate bonds, plus cash. The Fund is balanced between fixed income and equities, with a minimum weight in government bonds in order to provide ballast to the portfolio. This is alongside credit, equities and selectively, some alternative assets.
<b>Final accounting date:</b>	31 December
<b>Interim accounting date:</b>	30 June
<b>Income distribution dates:</b>	Annual income allocation date: 30 April Interim income allocation date: 31 October
<b>Valuation Point:</b>	12 noon on a Dealing Day
<b>Cut-Off Point:</b>	12 noon on a Dealing Day
<b>Dealing frequency:</b>	Daily on a Dealing Day
<b>Classes of Shares:</b>	GBP Retail Accumulation Class GBP Retail Income Class
<b>Currency of denomination:</b>	Pounds sterling

<b>Initial charge:</b>	GBP Retail Classes: 5% (may be waived in whole or part)
<b>Redemption charge:</b>	0%
<b>Annual Management Charge:</b>	GBP Retail Classes: 0.70% (may be partially waived while the Fund is relatively small), subject to a minimum of £80,000 p.a. in total for all active Funds borne pro rata by each active Fund. The ACD reserves the right to increase this fee to £100,000 pa should another Fund be launched.
<b>Investment Adviser's fee:</b>	0.45% for first £50 million of the Company's NAV; 0.4% for next £25 million and 0.35% thereafter, subject to a minimum of £150,000 p.a. in relation to all five Funds together, borne pro rata by each Fund.
<b>Minimum initial investment:</b>	GBP Retail Classes: £5,000
<b>Minimum subsequent investment:</b>	GBP Retail Classes: £1,000
<b>Minimum holding:</b>	GBP Retail Classes: £1,000
<b>Minimum redemption:</b>	GBP Retail Classes: £1,000
<b>ISA status:</b>	Qualifying Investment for stocks and shares component
<b>Equalisation:</b>	Yes
<b>Charges taken from income or capital:</b>	Income
<b>Past performance:</b>	Please see Appendix V.
<b>Status of Fund for tax purposes:</b>	The Fund may be an Equity or a Bond Fund for the purposes of tax, depending on its investments from time to time.
<b>Maximum level of leverage:</b>	The maximum level of leverage for this Fund expressed as a ratio of the Fund's total exposure to its Net Asset Value:  (a) under the Gross Method is 1.1:1; and (b) under the Commitment Method is 1.1:1.

## **DMS Stirling House Growth Fund**

<b>Name:</b>	DMS Stirling House Growth Fund (previously known as the HC Stirling House Growth Fund)
<b>PRN:</b>	645051
<b>Type of Fund:</b>	NURS scheme
<b>First Dealing Day:</b>	18 February 2013
<b>Investment objective:</b>	To provide capital growth with some income over the medium to long term.
<b>Investment policy:</b>	<p>The Fund will seek to achieve its investment objective by gaining exposure generally to global equities, with some exposure to money market instruments, fixed interest securities, cash and near cash.</p> <p>The Fund may also invest directly or indirectly in other transferable securities and collective investment schemes which may have exposure to alternatives such as commodities, loans, hedge funds, private equity and property.</p> <p>The Fund may make use of derivatives for efficient portfolio management.</p>
<b>Investment strategy:</b>	The Fund aims to beat a benchmark of global equities, government and corporate bonds, plus cash. The Fund has a bias to equity, with a minimum weight in government bonds in order to provide ballast to the portfolio. This is alongside credit, equities and selectively, some alternative assets.
<b>Final accounting date:</b>	31 December
<b>Interim accounting date:</b>	30 June
<b>Income distribution dates:</b>	Annual income allocation date: 30 April Interim income allocation date: 31 October
<b>Valuation Point:</b>	12 noon on a Dealing Day
<b>Cut-Off Point:</b>	12 noon on a Dealing Day
<b>Dealing frequency:</b>	Daily on a Dealing Day
<b>Classes of Shares:</b>	GBP Retail Accumulation Class GBP Retail Income Class
<b>Currency of denomination:</b>	Pounds sterling

<b>Initial charge:</b>	GBP Retail Classes: 5% (may be waived in whole or part)
<b>Redemption charge:</b>	0%
<b>Annual Management Charge:</b>	GBP Retail Classes: 0.70%, (may be partially waived while the Fund is relatively small), subject to a minimum of £80,000 p.a. in total for all active Funds borne pro rata by each active Fund. The ACD reserves the right to increase this fee to £100,000 pa should another Fund be launched.
<b>Investment Adviser's fee:</b>	0.45% for first £50 million of the Company's NAV; 0.4% for next £25 million and 0.35% thereafter, subject to a minimum of £150,000 p.a. in relation to all five Funds together, borne pro rata by each Fund.
<b>Minimum initial investment:</b>	GBP Retail Classes: £5,000
<b>Minimum subsequent investment:</b>	GBP Retail Classes: £1,000
<b>Minimum holding:</b>	GBP Retail Classes: £1,000
<b>Minimum redemption:</b>	GBP Retail Classes: £1,000
<b>ISA status:</b>	Qualifying Investment for stocks and shares component
<b>Equalisation:</b>	Yes
<b>Charges taken from income or capital:</b>	Income
<b>Past performance:</b>	Please see Appendix V.
<b>Status of Fund for tax purposes:</b>	The Fund is an Equity Fund for the purposes of tax.
<b>Maximum level of leverage:</b>	The maximum level of leverage for this Fund expressed as a ratio of the Fund's total exposure to its Net Asset Value:  (a) under the Gross Method is 1.1:1; and (b) under the Commitment Method is 1.1:1.

## **DMS Stirling House Dynamic Fund**

<b>Name:</b>	DMS Stirling House Dynamic Fund (previously known as the HC Stirling House Dynamic Fund)
<b>PRN:</b>	645052
<b>Type of Fund:</b>	NURS scheme
<b>First Dealing Day:</b>	18 February 2013
<b>Investment objective:</b>	To achieve long term capital growth over the longer term.
<b>Investment policy:</b>	<p>The Fund will seek to achieve its investment objective by gaining exposure predominantly to global equities with some exposure to money market instruments, fixed interest securities, cash and near cash. The investment manager may allocate the Fund towards particular investment themes, geographic areas and sectors. The Fund may be expected to have a relatively high degree of volatility.</p> <p>It is anticipated that the Fund may be almost wholly invested through collective investment schemes. As the Fund grows in size, it is intended that the Fund will invest less in collective investment schemes and instead invest to a greater extent or wholly directly (where permitted) into the asset classes set out above.</p> <p>The Fund may also invest directly or indirectly in other transferable securities and collective investment schemes which may have exposure to alternatives such as commodities, loans, hedge funds, private equity and property.</p> <p>The Fund may make use of derivatives for efficient portfolio management.</p>
<b>Investment strategy:</b>	The Fund aims to beat a benchmark of global equities, government and corporate bonds, plus cash. The Fund has a significant bias to equity and invests predominantly in third party funds, with a minimum weight in government bonds in order to provide ballast to the portfolio. This is alongside credit, equities and selectively, some alternative assets.
<b>Final accounting date:</b>	31 December
<b>Interim accounting date:</b>	30 June
<b>Income distribution dates:</b>	Annual income allocation date: 30 April Interim income allocation date: 31 October

<b>Valuation Point:</b>	12 noon on a Dealing Day
<b>Cut-Off Point:</b>	12 noon on a Dealing Day
<b>Dealing frequency:</b>	Daily on a Dealing Day
<b>Classes of Shares:</b>	GBP Retail Accumulation Class
<b>Currency of denomination:</b>	Pounds sterling
<b>Initial charge:</b>	GBP Retail Classes: 5% (may be waived in whole or part)
<b>Redemption charge:</b>	0%
<b>Annual Management Charge:</b>	GBP Retail Accumulation Class: 0.70%, (may be partially waived while the Fund is relatively small), subject to a minimum of £80,000 p.a. in total for all active Funds borne pro rata by each active Fund. The ACD reserves the right to increase this fee to £100,000 pa should another Fund be launched.
<b>Investment Adviser's fee:</b>	0.45% for first £50 million of the Company's NAV; 0.4% for next £25 million and 0.35% thereafter, subject to a minimum of £150,000 p.a. in relation to all five Funds together, borne pro rata by each Fund.
<b>Minimum initial investment:</b>	GBP Retail Accumulation Class: £5,000
<b>Minimum subsequent investment:</b>	GBP Retail Accumulation Class: £1,000
<b>Minimum holding:</b>	GBP Retail Accumulation Class: £1,000
<b>Minimum redemption:</b>	GBP Retail Accumulation Class: £1,000
<b>ISA status:</b>	Qualifying Investment for stocks and shares component
<b>Equalisation:</b>	Yes
<b>Charges taken from income or capital:</b>	Income
<b>Past performance:</b>	Please see Appendix V.
<b>Status of Fund for tax purposes:</b>	The Fund is an Equity Fund for the purposes of tax.

**Maximum level of leverage:** The maximum level of leverage for this Fund expressed as a ratio of the Fund's total exposure to its Net Asset Value:

- (a) under the Gross Method is 1.1:1; and
- (b) under the Commitment Method is 1.1:1.

## **DMS Stirling House Adventurous Fund**

***This Fund has not yet been launched and is not available for investment***

<b>Name:</b>	DMS Stirling House Adventurous Fund (previously known as the HC Stirling House Adventurous Fund)
<b>PRN:</b>	645053
<b>Type of Fund:</b>	NURS scheme
<b>First Dealing Day:</b>	TBC
<b>Investment objective:</b>	To achieve higher levels of capital growth over the longer term.
<b>Investment policy:</b>	<p>The Fund will seek to achieve its investment objective by gaining exposure predominantly to global equities. The Fund's portfolio may be relatively focussed with a lower number of holdings than other global equity funds. It may invest in smaller companies and emerging markets. The Fund may be expected to have a relatively high degree of volatility.</p> <p>It is anticipated that the Fund may be almost wholly invested through collective investment schemes. As the Fund grows in size, it is intended that the Fund will invest less in collective investment schemes and instead invest to a greater extent or wholly directly (where permitted) into the asset classes set out above.</p> <p>The Fund also may invest directly or indirectly in other transferable securities and collective investment schemes which may have exposure to alternatives such as commodities, loans, hedge funds, private equity and property.</p> <p>The Fund may make use of derivatives for efficient portfolio management.</p> <p><b>Concentration Risk</b> If a portfolio holds a concentrated portfolio of holdings it may add more volatility than a Fund which has a larger and more diversified number of holdings.</p>
<b>Final accounting date:</b>	31 December
<b>Interim accounting date:</b>	30 June
<b>Income distribution dates:</b>	Annual income allocation date: 30 April Interim income allocation date: 31 October
<b>Valuation Point:</b>	12 noon on a Dealing Day
<b>Cut-Off Point:</b>	12 noon on a Dealing Day



<b>Dealing frequency:</b>	Daily on a Dealing Day
<b>Classes of Shares:</b>	GBP Retail Accumulation Class
<b>Type of Shares:</b>	GBP Retail Accumulation Class
<b>Currency of denomination:</b>	Pounds sterling
<b>Initial charge:</b>	GBP Retail Accumulation Class: 5% (may be waived in whole or part)
<b>Redemption charge:</b>	0%
<b>Annual Management Charge:</b>	GBP Retail Accumulation Class: 0.70%, (may be partially waived while the Fund is relatively small), subject to a minimum of £80,000 to £100,000 p.a. borne in relation to all Funds borne pro rata by each Fund.
<b>Investment Adviser's fee:</b>	0.45% for first £50 million of the Company's NAV; 0.4% for next £25 million and 0.35% thereafter, subject to a minimum of £150,000 p.a. in relation to all five Funds together, borne pro rata by each Fund.
<b>Minimum initial investment:</b>	GBP Retail Accumulation Class: £5,000
<b>Minimum subsequent investment:</b>	GBP Retail Accumulation Class: £1,000
<b>Minimum holding:</b>	GBP Retail Accumulation Class: £1,000
<b>Minimum redemption:</b>	GBP Retail Accumulation Class: £1,000
<b>ISA status:</b>	Qualifying Investment for stocks and shares component
<b>Equalisation:</b>	Yes
<b>Charges taken from income or capital:</b>	Income
<b>Past performance:</b>	New Fund - Not applicable
<b>Status of Fund for tax purposes:</b>	The Fund is an Equity Fund for the purposes of tax.
<b>Maximum level of leverage:</b>	The maximum level of leverage for this Fund expressed as a ratio of the Fund's total exposure to its Net Asset Value:  (a) under the Gross Method is 1.1:1; and (b) under the Commitment Method is 1.1:1.

## APPENDIX II

### ELIGIBLE SECURITIES MARKETS AND ELIGIBLE DERIVATIVES MARKETS

Set out below are the securities markets through which the Company may invest or deal in approved securities on account of each Fund (subject to the investment objective and policy of each fund):

- a "regulated market" as defined in COLL;
- a securities market established in any EEA State (which as at the date of this Prospectus includes the UK, Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Spain, Sweden, Slovakia and Slovenia) which is regulated, operates regularly and is open to the public; or
- the principal or only market established under the rules of any of the following investment exchanges:

Country	Market
Australia	Australian Securities Exchange
Brazil	Bolsa de Valores do Rio de Janeiro Bolsa de Valores de Sao Paulo
China	Shenzhen Stock Exchange Shanghai Stock Exchange
Hong Kong	The Hong Kong Stock Exchange
India	Mumbai Stock Exchange National Stock Exchange of India
Indonesia	Indonesia Stock Exchange
Japan	Fukuoka Futures Exchange JASDAQ Stock Exchange JASDAQ Growth Stock Exchange JASDAQ Standard Stock Exchange Nagoya Stock Exchange NAGOYA CENTREX Stock Exchange Osaka Securities Exchange Sapporo Securities Exchange Tokyo Stock Exchange
Malaysia	Kuala Lumpur Stock Exchange
Mexico	Bolsa Mexicana de Valores Mexican Stock Exchange
New Zealand	New Zealand Stock Market

Philippine	Philippines Stock Exchange
Russia	Saint Petersburg Stock Exchange (SPBEX)
Singapore	Singapore Stock Exchange
South Africa	Johannesburg Stock Exchange South African Futures Exchange Bond Exchange of South Africa
South Korea	Korea Stock Exchange KOSDAQ Stock Exchange
Switzerland	Six Swiss Exchange
Taiwan	Taiwan Stock Exchange GreTai Securities Market
Thailand	Bangkok Stock Exchange
Turkey	Istanbul Stock Exchange
The United States of America	NASDAQ Capital Market NASDAQ Global Market NASDAQ Global Select Market New York Stock Exchange NYSE Amex Stock Exchange NYSE ARCA Stock Exchange NASDAQ OMX Nordic Exchange ICE Intercontinental Exchange CBOE NYMEX NYSE LIFFE CME ISE International Securities Exchange Chicago Mercantile Exchange

The alternative investment market (AIM) of the International Stock Exchange of the United Kingdom and the Republic of Ireland Limited is also an eligible securities market for the purposes of the Company and each of the Funds.

The Funds may also invest in the following eligible derivatives markets (in addition to any other derivatives markets established in the EEA states):

<b>Country</b>	<b>Market</b>
Australia	SFE Sydney Futures Exchange
China	CFFEX China Financial Futures Exchange SHFE Shanghai Futures Exchange
Hong Kong	Hong-Kong Futures Exchange
India	National Stock Exchange Of India BBX Bombay Stock Exchange
Indonesia	Jakarta Futures Exchange

<b>Country</b>	<b>Market</b>
Japan	Tokyo Commodity Exchange TOCOM Tokyo Grain Exchange
Malaysia	MDE Bursa Malaysia
New Zealand	NZ Exchange, NZ Futures & Options Exchange
Singapore	SGX Singapore Exchange
South Africa	SA Futures Exchange
South Korea	Korea Options & Futures Exchange
Switzerland	SWX SOFFEX
Taiwan	Taiwan Futures Exchange
Thailand	TEF Thailand Futures Exchange
Turkey	Turkish Derivatives Exchange
United States	CBOT ICE Intercontinental Exchange CBOE NYMEX NYSE LIFFE NASDAQ OMX CME ISE International Securities Exchange Chicago Mercantile Exchange

## **APPENDIX III**

### **INVESTMENT AND BORROWING POWERS OF THE COMPANY**

#### **1. General**

The Scheme Property of each Fund will be invested with the aim of achieving the investment objective of that Fund but subject to the limits set out in the investment policy, this Prospectus and the limits set out in Chapter 5 of the COLL Sourcebook ("COLL 5") that are applicable to non-UCITS retail schemes.

Normally, a Fund will be fully invested save for an amount to enable the pursuit of a Fund's investment objective, redemption of Shares, efficient management of the Fund in relation to its strategic objectives and other purposes which may be reasonably regarded as ancillary to the investment objectives of the Fund. This amount will vary depending upon prevailing circumstances and although it would normally not exceed 10% of the total value of each Fund there may be times when the ACD considers stock markets to be overpriced or that a period of instability exists which presents unusual risks. In such cases or during such periods, a higher level of liquidity may be maintained and, if considered prudent, the amount of fixed interest, cash or near cash instruments held would be increased. Unless market conditions were deemed unusually risky, the increased amount and period would not be expected to exceed 30% and six months respectively.

It is not intended that the Funds will have any interest in any immovable property.

#### **1.1 Prudent spread of risk**

The ACD must ensure that, taking account of the investment objective and policy of each Fund, the Scheme Property of each Fund aims to provide a prudent spread of risk.

#### **1.2 Cover**

1.2.1 Where the COLL Sourcebook allows a transaction to be entered into or an investment to be retained only (for example, investment in warrants and nil and partly paid securities and the general power to accept or underwrite) if possible obligations arising out of the investment transactions or out of the retention would not cause any breach of any limits in COLL 5, it must be assumed that the maximum possible liability of the Fund under any other of those rules has also to be provided for.

1.2.2 Where a rule in the COLL Sourcebook permits an investment transaction to be entered into or an investment to be retained only if that investment transaction, or the retention, or other similar transactions, are covered:

1.2.2.1 it must be assumed that in applying any of those rules, the Fund must also simultaneously satisfy any other obligation relating to cover; and

1.2.2.2 no element of cover must be used more than once.

### 1.3 **Transferable Securities**

1.3.1 A transferable security is an investment falling within article 76 (Shares etc), article 77 (instruments creating or acknowledging indebtedness), article 77A (alternative debentures), article 78 (government and public securities), article 79 (instruments giving entitlement to investments) and article 80 (certificates representing certain securities) of the Regulated Activities Order.

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

1.3.3 In applying paragraph 1.3.2 of this Appendix to an investment which is issued by a body corporate, and which is an investment falling within articles 76 (shares, etc) or 77 (instruments creating or acknowledging indebtedness) of the Regulated Activities Order, the need for any consent on the part of the body corporate or any members or debenture holders of it may be ignored.

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

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

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

1.3.5.2 its liquidity does not compromise the ability of the ACD to comply with its obligation to redeem Shares at the request of any qualifying Shareholder under the COLL Sourcebook;

1.3.5.3 reliable valuation is available for it as follows:

(a) in the case of a transferable security admitted to or dealt in on an eligible market, where there are accurate, reliable and regular prices which are either market prices or prices made available by valuation systems independent from issuers;

- (b) in the case of a transferable security not admitted to or dealt in on an eligible market, where there is a valuation on a periodic basis which is derived from information from the issuer of the transferable security or from competent investment research;

1.3.5.4 appropriate information is available for it as follows:

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

1.3.5.5 it is negotiable; and

1.3.5.6 its risks are adequately captured by the risk management process of the ACD.

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

1.3.6.1 not to compromise the ability of the ACD to comply with its obligation to redeem units at the request of any qualifying shareholder; and

1.3.6.2 to be negotiable.

1.3.7 No more than 5% of the Scheme Property of a Fund may be invested in warrants.

## **2. Non-UCITS retail schemes - general**

2.1 Subject to the investment objectives and policy of a Fund, the Scheme Property of a Fund must, except where otherwise provided in COLL 5 only consist of any or all of:

2.1.1 transferable securities;

2.1.2 money-market instruments;

2.1.3 units or shares in permitted collective investment schemes;

- 2.1.4 permitted derivatives and forward transactions;
  - 2.1.5 permitted deposits;
  - 2.1.6 permitted immovables; and
  - 2.1.7 gold up to a limit of 10% in value of the Scheme Property of a Fund.
- 2.2 Transferable securities and money market instruments held within a Fund must (subject to paragraph 3.3 of this Appendix) be:
- 2.2.1 admitted to or dealt on an eligible market as described below in paragraph 3.3;
  - 2.2.2 recently issued transferable securities provided that:
    - 2.2.2.1 the terms of issue include an undertaking that application will be made to be admitted on an eligible market; and
    - 2.2.2.2 such admission is secured within a year of issue.
  - 2.2.3 approved money market instruments not admitted to or dealt on an eligible market which satisfy the requirements for investment set out in COLL 5.2.10A R to COLL 5.2.10C R.
  - 2.2.4 a limit of 20% in value of the Scheme Property be:
    - 2.2.4.1 transferable securities which are not within 2.2.1 to 2.2.2; or
    - 2.2.4.2 money-market instruments which are liquid and have a value which can be determined accurately at any time.
- 2.3 Transferable securities held within a non-UCITS retail scheme must also satisfy the criteria in COLL 5.2.7A R, COLL 5.2.7C R and COLL 5.2.7E R for the purposes of investment by a UCITS scheme.
- 2.4 The requirements on spread of investments generally and in relation to investment in such securities do not apply until 12 months after the later of:
- 2.4.1 the date when the authorisation order in respect of the relevant fund takes place; and
  - 2.4.2 the date the initial offer commenced.

provided that the requirement to maintain prudent spread of risk in paragraph 1.1 of this Appendix is complied with.

### **3. Eligible markets regime: purpose**



- 3.1 To protect investors the markets on which investments of a Fund are dealt in or traded on should be of an adequate quality ("eligible") at the time of acquisition of the investment and until it is sold.
- 3.2 Where a market ceases to be eligible, investments on that market cease to be approved securities. The 20% restriction on investing in non-approved securities applies and exceeding this limit because a market ceases to be eligible will generally be regarded as an inadvertent breach.
- 3.3 A market is eligible for the purposes of the rules if it is:
  - 3.3.1 a regulated market as defined in the FCA Handbook; or
  - 3.3.2 a market in an EEA State which is regulated, operates regularly and is open to the public.
- 3.4 A market not falling within paragraph 3.3 of this Appendix is eligible for the purposes of COLL 5 if:
  - 3.4.1 the ACD, after consultation with and notification to the Depositary, decides that market is appropriate for investment of, or dealing in, the Scheme Property of a Fund;
  - 3.4.2 the market is included in a list in the Prospectus; and
  - 3.4.3 the Depositary has taken reasonable care to determine that:
    - 3.4.3.1 adequate custody arrangements can be provided for the investment dealt in on that market; and
    - 3.4.3.2 all reasonable steps have been taken by the ACD in deciding whether that market is eligible.
- 3.5 In paragraph 3.4.1, a market must not be considered appropriate unless it is regulated, operates regularly, is recognised, is open to the public, is adequately liquid and has adequate arrangements for unimpeded transmission of income and capital to or for the order of investors.

#### **4. Spread: general**

- 4.1 This rule on spread does not apply in respect of a transferable security or a Money Market Instrument ("such securities") to which section 5 "Spread: Government and public securities" applies.
- 4.2 Not more than 20% in the value of the Scheme Property of a Fund is to consist of deposits with a single body.

- 4.3 Not more than 10% in value of the Scheme Property of a Fund is to consist of transferable securities or Approved Money Market Instruments issued by any single body subject to COLL 5.6.23R (Schemes replicating an index).
- 4.4 The limit of 10% in 4.3 above is raised to 25% in value of the Scheme Property in respect of covered bonds.
- 4.5 In applying paragraph 4.3, certificates representing certain securities are to be treated as equivalent to the underlying security.
- 4.6 Not more than 35% in value of the Scheme Property of a Fund is to consist of the units or shares of any one collective investment scheme.
- 4.7 The exposure to any one counterparty in an OTC derivative transaction must not exceed 10% in value of the Scheme Property of a Fund.
- 4.8 For the purpose of calculating the limit in paragraph 4.7, the exposure in respect of an OTC derivative may be reduced to the extent that collateral is held in respect of it if the collateral meets each of the following conditions:
- 4.8.1 it is marked-to-market on a daily basis and exceeds the value of the amount at risk;
  - 4.8.2 it is exposed only to negligible risks (e.g. government bonds of first credit rating or cash) and is liquid;
  - 4.8.3 it is held by a third party custodian not related to the provider or is legally secured from the consequences of a failure of a related party; and
  - 4.8.4 can be fully enforced by the Fund at any time.
- 4.9 For the purposes of calculating the limits in paragraph 4.7, OTC derivative positions with the same counterparty may be netted provided that the netting procedures:
- 4.9.1 comply with the conditions set out in Section 3 (Contractual netting (Contracts for novation and other netting agreements)) of Annex III to the Banking Consolidation Directive; and
  - 4.9.2 are based on legally binding agreements.
- 4.10 In applying this paragraph (Spread: general), all derivatives transactions are deemed to be free of counterparty risk if they are performed on an exchange where the clearing house meets each of the following conditions:
- 4.10.1 it is backed by an appropriate performance guarantee; and
  - 4.10.2 it is characterised by a daily mark-to-market valuation of the derivative positions and at least daily margining.

## **5. Spread: government and public securities**

5.1 The following section applies in respect of a transferable security or an Approved Money Market Instrument ("such securities") that is issued by:

- (i) an EEA State;
- (ii) a local authority of an EEA State;
- (iii) a non-EEA State; or
- (iv) a public international body to which one or more EEA States belong.

5.2 Where no more than 35% in value of the Scheme Property of a Fund is invested in such securities issued or guaranteed by a single state, local authority or public international body, there is no limit on the amount which may be invested in such securities or in any one issue.

5.3 A Fund may invest more than 35% in value of the Scheme Property of a Fund in such securities issued or guaranteed by a single state, local authority or public international body provided that:

- 5.3.1 the ACD has before any such investment is made consulted with the Depositary and as a result considers that the issuer of such securities is one which is appropriate in accordance with the investment objectives of the Fund;
- 5.3.2 no more than 30% in value of the Scheme Property consists of such securities of any one issue;
- 5.3.3 the Scheme Property of a Fund includes such securities issued by that or another issuer, of at least six different issues;
- 5.3.4 the disclosures in the Prospectus required by the FCA have been made.

## **6. Investment in collective investment schemes**

6.1 Up to 100% of the value of the Scheme Property of a Fund may be invested in units or shares in other collective investment schemes ("Second Scheme") provided that Second Scheme satisfies all of the following conditions.

- 6.1.1 The Second Scheme must:
  - 6.1.1.1 satisfy the conditions necessary for it to enjoy the rights conferred by the UCITS Directive; or
  - 6.1.1.2 be authorised as a non-UCITS retail scheme; or

- 6.1.1.3 be recognised under the provisions of s.264, s.270 or s.272 of the Financial Services and Markets Act 2000; or
  - 6.1.1.4 be constituted outside the United Kingdom and have investment and borrowing powers which are the same or more restrictive than those of a non-UCITS retail scheme; or
  - 6.1.1.5 be a scheme not falling within paragraphs 6.1.1.2 to 6.1.46.1.1.4 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.
- 6.1.2 The Second Scheme is a scheme which operates on the principle of the prudent spread of risk.
- 6.1.3 The Second Scheme is prohibited from having more than 15% in value of the scheme property consisting of units or shares in collective investment schemes.
- 6.1.4 The participants in the Second Scheme must be entitled to have their units or shares redeemed in accordance with the scheme at a price related to the net value of the property to which the units or shares relate and determined in accordance with the scheme.
- 6.1.5 Where the Second Scheme is an umbrella, the provisions in paragraphs 6.1.2 to 6.1.4 apply to each Fund as if it were a separate scheme.
- 6.2 The Scheme Property attributable to a Fund may include Shares in another Fund of the Company (the "Second Sub-fund") subject to the requirements of paragraph 6.3 below.
- 6.3 A Fund may invest in or dispose of Shares of a Second Sub-fund provided that:-
- 6.3.1 the Second Sub-fund does not hold Shares in any other Fund of the Company;
  - 6.3.2 the requirements set out at paragraphs 6.5 and 6.6 below are complied with; and
  - 6.3.3 not more than 35% in value of the Scheme Property of the investing or disposing Fund is to consist of Shares in the Second Sub-fund.
- 6.4 The Funds may, subject to the limit set out in paragraph 6.1 above, invest in collective investment schemes managed or operated by, or whose authorised corporate director is, the ACD of the Funds or one of its Associates.

- 6.5 Investment may only be made in a Second Sub-fund or other collective investment schemes managed by the ACD or an Associate of the ACD if the Prospectus of the Company clearly states that the Funds may enter into such investments and the rules on double charging contained in the COLL Sourcebook are complied with.
- 6.6 Where a Fund of the Company invests in or disposes of Shares in a Second Sub-fund or units or shares in another collective investment scheme which is managed or operated by the ACD or an Associate of the ACD, the ACD must pay to that Fund by the close of business on the fourth business day the amount of any preliminary charge in respect of a purchase, and in the case of a sale, any charge made for the disposal.
- 6.7 The investment policy of DMS Stirling House Dynamic Fund and DMS Stirling House Adventurous Fund permit each of them to operate as a fund of funds, that is investing mainly in other eligible collective investment schemes in accordance with the rules in this paragraph 6. The other funds in which a Fund invests will be established in the UK or in other EEA states, in particular Luxembourg and Ireland. The other funds in which a Fund invests may also be established in the Cayman Islands, Guernsey, Jersey.

## **7. Investment in nil and partly paid securities**

- 7.1 A transferable security or an approved money-market instrument on which any sum is unpaid falls within a power of investment only if it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by the Fund, at the time when payment is required, without contravening the rules in COLL 5.

## **8. Investment in money-market instruments**

- 8.1 A Fund may invest up to 100% in money market provided the money market instrument is listed on or normally dealt on an eligible market (in accordance with paragraph 3 of this Appendix).
- 8.2 Notwithstanding the above, up to 20% of the Scheme Property may be invested in money market instruments which do not meet these criteria but which are liquid and have a value which can be determined accurately at any time.

## **9. Derivatives: general**

- 9.1 A transaction in derivatives or a forward transaction must not be effected for a Fund unless the transaction is of a kind specified in paragraph 11 (Permitted transactions (derivatives and forwards)) below, and the transaction is covered, as required by paragraph 20 (Cover for transactions in derivatives and forward transactions).
- 9.2 Where a Fund invests in derivatives, the exposure to the underlying assets must not exceed the limits set out in the COLL Sourcebook in relation to spread (COLL 5.6.7R

Spread: general, COLL 5.6.8R Spread: government and public securities) except for index based derivatives where the rules below apply.

- 9.3 Where a transferable security or approved money-market instrument embeds a derivative, this must be taken into account for the purposes of complying with this section.
- 9.4 A transferable security or an approved money-market instrument will embed a derivative if it contains a component which fulfils the following criteria:
- 9.4.1 by virtue of that component some or all of the cash flows that otherwise would be required by the transferable security or approved money-market instrument which functions as host contract can be modified according to a specified interest rate, financial instrument price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, and therefore vary in a way similar to a stand-alone derivative;
  - 9.4.2 its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and
  - 9.4.3 it has a significant impact on the risk profile and pricing of the transferable security or approved money-market instrument.
- 9.5 A transferable security or an approved money-market instrument does not embed a derivative where it contains a component which is contractually transferable independently of the transferable security or the approved money-market instrument. That component shall be deemed to be a separate instrument.
- 9.6 Where a Fund invests in an index based derivative, provided the relevant index falls within COLL 5.6.23R (Schemes replicating an index) the underlying constituents of the index do not have to be taken into account for the purposes of COLL 5.6.7R and COLL 5.6.8R.

## **10. Efficient Portfolio Management**

- 10.1 **Transactions in derivatives may be used for the purposes of hedging in accordance with efficient portfolio management. The ACD may make use of a variety of instruments in accordance with the COLL Sourcebook and in accordance with its risk management policy.**
- 10.2 There is no limit on the amount or value of the Scheme Property which may be used for EPM but the ACD must ensure that the transaction is economically appropriate in that they are realised in a cost effective way, they are entered into for one or more of the following specific aims: reduction of the relevant risks (whether in the price of investments, interest rates or exchange rates) or to the reduction of the relevant costs and/or to the generation of additional capital or income with a risk level which is consistent with the risk profile of the scheme and the risk diversification rules in COLL.

The exposure must be fully “covered” by cash and/or other property sufficient to meet any obligation to pay or deliver that could arise. **The use of derivatives for EPM should not lead to an increase in risk to a Fund.**

10.3 Permitted transactions are those that the Funds reasonably regard as economically appropriate to EPM, that is:

10.3.1 Transactions undertaken to reduce risk or cost in terms of fluctuations in prices, interest rates or exchange rates where the ACD reasonably believes that the transaction will diminish a risk or cost of a kind or level which it is sensible to reduce; or

10.3.2 Transactions for the generation of additional capital growth or income for the Fund by taking advantage of gains which the ACD reasonably believes are certain to be made (or certain, barring events which are not reasonably foreseeable) as a result of:

10.3.2.1 pricing imperfections in the market as regards the property which the Fund holds or may hold; or

10.3.2.2 receiving a premium for the writing of a covered call option or a covered put option on property of a Fund which the Fund is willing to buy or sell at the exercise price, or

10.3.2.3 stock lending arrangements.

A permitted arrangement in this context may at any time be closed out.

10.4 Transactions may take the form of “derivatives transactions” (that is, transactions in options, futures or contracts for differences) or forward currency transactions. A derivatives transaction must either be in a derivative which is traded or dealt in on an eligible derivatives market (and effected in accordance with the rules of that market), or be an off-exchange derivative which complies with the relevant conditions set out in the FCA Rules, or be a “synthetic future” (i.e. a composite derivative created out of two separate options). Forward currency transactions must be entered into with counterparties who satisfy the FCA Rules. A permitted transaction may at any time be closed out.

## **11. Permitted transactions (derivatives and forwards)**

11.1 A transaction in a derivative must be:

11.1.1 in an approved derivative; or

11.1.2 be one which complies with paragraph 15 (OTC transactions in derivatives).

- 11.2 A transaction in a derivative must have the underlying consisting of any one or more of the following to which a Fund is dedicated:
- 11.2.1 transferable securities;
  - 11.2.2 money-market instruments;
  - 11.2.3 deposits;
  - 11.2.4 permitted derivatives under this paragraph;
  - 11.2.5 collective investment scheme units permitted under paragraph 6 (Investment in collective investment schemes);
  - 11.2.6 permitted immovables;
  - 11.2.7 gold;
  - 11.2.8 financial indices which satisfy the criteria set out in COLL 5.2.20R;
  - 11.2.9 interest rates;
  - 11.2.10 foreign exchange rates; and
  - 11.2.11 currencies.
- 11.3 The exposure to the underlyings in paragraph 11.2 above must not exceed the limits in paragraphs 4 and 5 above.
- 11.4 A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market.
- 11.5 A transaction in a derivative must not cause a Fund to diverge from its investment objectives as stated in the Instrument of Incorporation and the most recently published version of this Prospectus.
- 11.6 A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of transferable securities, money-market instruments, units in collective investment schemes, or derivatives.
- 11.7 Any forward transaction must be with an Eligible Institution or an Approved Bank.

## **12. Financial indices underlying derivatives**

- 12.1 The financial indices referred to in paragraph 11.2 are those which satisfy the following criteria:
- 12.1.1 the index is sufficiently diversified;



- 12.1.2 the index represents an adequate benchmark for the market to which it refers; and
  - 12.1.3 the index is published in an appropriate manner.
- 12.2 A financial index is sufficiently diversified if:
- 12.2.1 it is composed in such a way that price movements or trading activities regarding one component do not unduly influence the performance of the whole index;
  - 12.2.2 where it is composed of assets in which a Fund is permitted to invest, its composition is at least diversified in accordance with the requirements with respect to spread and concentration set out in this Appendix; and
  - 12.2.3 where it is composed of assets in which a Fund cannot invest, it is diversified in a way which is equivalent to the diversification achieved by the requirements with respect to spread and concentration set out in this Appendix.
- 12.3 A financial index represents an adequate benchmark for the market to which it refers if:
- 12.3.1 it measures the performance of a representative group of underlyings in a relevant and appropriate way;
  - 12.3.2 it is revised or rebalanced periodically to ensure that it continues to reflect the markets to which it refers, following criteria which are publicly available; and
  - 12.3.3 the underlyings are sufficiently liquid, allowing users to replicate it if necessary.
- 12.4 A financial index is published in an appropriate manner if:
- 12.4.1 its publication process relies on sound procedures to collect prices, and calculate and subsequently publish the index value, including pricing procedures for components where a market price is not available; and
  - 12.4.2 material information on matters such as index calculation, rebalancing methodologies, index changes or any operational difficulties in providing timely or accurate information is provided on a wide and timely basis.
- 12.5 Where the composition of underlyings of a transaction in a derivative does not satisfy the requirements for a financial index, the underlyings for that transaction shall where they satisfy the requirements with respect to other underlyings pursuant to paragraph 11.2 be regarded as a combination of those underlyings.

### **13. Transactions for the purchase of property**

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

### **14. Requirement to cover sales**

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

### **15. OTC transactions in derivatives**

- 15.1 Any transaction in an OTC derivative under paragraph 11.1.2 must be:
- 15.1.1 with an approved counterparty; A counterparty to a transaction in derivatives is approved only if the counterparty is an Eligible Institution or an Approved Bank (as each term is defined in the FCA glossary); or a person whose permission (including any requirements or limitations), as published in the FCA Register or whose Home State authorisation, permits it to enter into the transaction as principal off-exchange;
  - 15.1.2 on approved terms; the terms of the transaction in derivatives are approved only if, the ACD carries out, at least daily, a reliable and verifiable valuation in respect of that transaction corresponding to its fair value and which does not rely only on market quotations by the counterparty; and can enter into one or more further transactions to sell, liquidate or close out that transaction at any time at its fair value; and
  - 15.1.3 capable of reliable valuation; a transaction in derivatives is capable of reliable valuation only if the ACD 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:
    - 15.1.3.1 on the basis of an up-to-date market value which the ACD and the Depositary have agreed is reliable; or
    - 15.1.3.2 if the value referred to in paragraph 15.1.3.1 is not available, on the basis of a pricing model which the ACD and the Depositary have agreed uses an adequate recognised methodology; and

15.1.4 subject to verifiable valuation: a transaction in derivatives is subject to verifiable valuation only if, throughout the life of the derivative (if the transaction is entered into) verification of the valuation is carried out by:

15.1.4.1 an appropriate third party which is independent from the counterparty of the derivative at an adequate frequency and in such a way that the ACD is able to check it; or

15.1.4.2 a department within the ACD which is independent from the department in charge of managing the Scheme Property of a Fund and which is adequately equipped for such a purpose.

15.2 For the purposes of paragraph 15.1.3, "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.

## **16. Risk management**

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

## **17. Investments in deposits**

A Fund may invest in deposits only with an Approved Bank and which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months.

## **18. Derivative exposure**

18.1 A Fund may invest in derivatives and forward transactions as long as the exposure to which a Fund is committed by that transaction itself is suitably covered from within its Scheme Property. Exposure will include any initial outlay in respect of that transaction.

18.2 Cover ensures that a Fund is not exposed to the risk of loss of property, including money, to an extent greater than the net value of its Scheme Property. Therefore, a Fund must hold Scheme Property sufficient in value or amount to match the exposure arising from a derivative obligation to which a Fund is committed. Detailed requirements for cover of a Fund are set out below.

18.3 A future is to be regarded as an obligation to which a Fund is committed (in that, unless closed out, the future will require something to be delivered, or accepted and paid for; a written option as an obligation to which a Fund is committed (in that it gives the right of potential exercise to another thereby creating exposure); and a bought option as a right (in that the purchaser can, but need not, exercise the right to require the writer to deliver and accept and pay for something).

18.4 Cover used in respect of one transaction in derivatives or forward transaction must not be used for cover in respect of another transaction in derivatives or a forward transaction.

## **19. Investments in deposits**

The Fund may invest in deposits only with an Approved Bank and which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months.

## **20. Cover for investment in derivatives and forward transactions**

The ACD must ensure that the global exposure of a Fund relating to derivatives and forward transactions held in the Fund does not exceed the net value of the Scheme Property.

## **21. Calculation of Global Exposure**

21.1 The ACD must calculate the global exposure of a Fund on at least a daily basis.

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

## **22. Stock lending**

22.1 The entry into stock lending transactions and repo contracts for the account of the Fund is permitted if the arrangement or contract is (i) for the account of and for the benefit of the Fund and (ii) in the best interests of its Shareholders. An arrangement or contract referenced above is not in the interests of Shareholders unless it reasonably appears to the Company or the ACD to be appropriate with a view to generating additional income for the Fund with an acceptable degree of risk.

22.2 The specific method of stock lending permitted in this section is in fact not a transaction which is a loan in the normal sense. Rather it is an arrangement of the kind described in section 263B of the Taxation of Chargeable Gains Act 1992, under which the lender transfers securities to the borrower otherwise than by way of sale and the borrower is to transfer those securities, or securities of the same type and amount, back to the lender at a later date. In accordance with good market practice, a separate transaction by way of transfer of assets is also involved for the purpose of providing collateral to the "lender" to cover him against the risk that the future transfer back of the securities may not be satisfactorily completed.

22.3 The stock lending permitted by this section may be exercised by the Fund when it reasonably appears to the Fund to be appropriate to do so with a view to generating additional income for the Fund with an acceptable degree of risk.

- 22.4 The Company or the Depositary at the request of Company may enter into a stock lending arrangement of the kind described in section 263B of the Taxation of Chargeable Gains Act 1992 (without extension by section 263C), but only if all the terms of the agreement under which securities are to be reacquired by the Depositary for the account of the Fund, are in a form which is acceptable to the Depositary and are in accordance with good market practice, the counterparty is an authorised person or a person authorised by a home state regulator, and collateral is obtained to secure the obligation of the counterparty. Collateral must be acceptable to the Depositary, adequate and sufficiently immediate.
- 22.5 The Depositary must ensure that the value of the collateral at all times is at least equal to the market value of the securities transferred by the Depositary plus a premium. This duty may be regarded as satisfied in respect of collateral the validity of which is about to expire or has expired where the Depositary takes reasonable care to determine that sufficient collateral will again be transferred at the latest by the close of business on the day of expiry.
- 22.6 Any agreement for transfer at a future date of securities or of collateral (or of the equivalent of either) may be regarded, for the purposes of valuation under the COLL Sourcebook, as an unconditional agreement for the sale or transfer of property, whether or not the property is part of the property of the Fund.
- 22.7 There is no limit on the value of the Scheme Property which maybe the subject of stock lending transactions.
- 22.8 Collateral will be acceptable only if it transferred to the Depositary or its agent under a title transfer arrangement, and is at all times equal in value to the market value of the securities transferred by the Depositary plus a premium.

### **23. Leverage**

- 23.1 This section explains in what circumstances and how the ACD may use leverage in respect of a Fund where the investment policy of that Fund permits its use of leverage, the different leverage calculation methods and maximum level of leverage permitted.
- 23.2 Leverage when used in this prospectus means the following sources of leverage can be used when managing a Fund:
- 23.2.1 cash borrowing, subject to the restrictions set out in paragraph 28 ("General power to borrow") of this Annex;
  - 23.2.2 financial derivative instruments and reinvestment of cash collateral in the context of securities lending, subject in each case to paragraphs 9 ("Derivatives – general"), 11 ("Permitted transactions (derivatives and forwards)"), 13 ("Transactions for the purchase of property"), 14 ("Requirement to cover sales"), 15 ("OTC transactions in derivatives"), 20

("Cover for investments in derivatives and forward transactions") and 29 ("Borrowing limits") of this Annex.

- 23.3 The ACD is required to calculate and monitor the level of leverage of a Fund, expressed as a ratio between the exposure of the Fund and its Net Asset Value (Exposure/NAV), under both the gross method and the commitment method.
- 23.4 Under the gross method, the exposure of a Fund is calculated as follows:
- 23.4.1 include the sum of all assets purchased, plus the absolute value of all liabilities;
  - 23.4.2 exclude cash and cash equivalents which are highly liquid investments held in the base currency of the Fund, that are readily convertible to a known amount of cash, are subject to an insignificant risk of change in value and provide a return no greater than the rate of a three month high quality bond;
  - 23.4.3 derivative instruments are converted into the equivalent position in their underlying assets;
  - 23.4.4 exclude cash borrowings that remain in cash or cash equivalents and where the amounts payable are known;
  - 23.4.5 include 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; and
  - 23.4.6 include positions within repurchase or reverse repurchase agreements and securities lending or borrowing or other similar arrangements.
- 23.5 Under the commitment method, the exposure of a Fund is calculated in the same way as under the gross method; however, where "hedging" offsets risk and "netting" eliminates risk, these values are not included.
- 23.6 The maximum level of leverage which a Fund may employ, calculated in accordance with the gross and commitment methods, is stated in Appendix I.
- 23.7 In addition, the total amount of leverage employed by a Fund will be disclosed in the Fund's annual report.

#### **24. Schemes replicating an index**

- 24.1 A Fund may invest up to 20% in value of the Scheme Property in shares and debentures which are issued by the same body where the stated investment policy is to replicate the performance or composition of a relevant index as defined below.

- 24.2 The 20% limit can be raised for a particular Fund up to 35% in value of the Scheme Property, but only in respect of one body and where justified by exceptional market conditions.
- 24.3 In the case of a Fund replicating an index the Scheme Property of a Fund need not consist of the exact composition and weighting of the underlying in the relevant index where deviation from this is expedient for reasons of poor liquidity or excessive cost to the scheme in trading in an underlying investment.
- 24.4 The indices referred to above are those which satisfy the following criteria:
- 24.4.1 the composition is sufficiently diversified;
  - 24.4.2 the index is a representative benchmark for the market to which it refers; and
  - 24.4.3 the index is published in an appropriate manner.

## **25. Cash and near cash**

- 25.1 Cash and near cash must not be retained in the Scheme Property of a Fund except to the extent that, where this may reasonably be regarded as necessary in order to enable:
- 25.1.1 the pursuit of the Fund's investment objectives; or
  - 25.1.2 the redemption of units or shares; or
  - 25.1.3 efficient management of the Fund in accordance with its investment objective; or
  - 25.1.4 other purposes which may reasonably be regarded as ancillary to the investment objective of the Fund.
- 25.2 During the period of the initial offer the Scheme Property may consist of cash and near cash without limitation.

## **26. General**

- 26.1 Where a Fund invests in or disposes of units or shares in another collective investment scheme which is managed or operated by the ACD or an associate of the ACD, the ACD must pay to the Fund by the close of business on the fourth business day the amount of any preliminary charge in respect of a purchase, and in the case of a sale, any charge made for the disposal.
- 26.2 A potential breach of any of these limits does not prevent the exercise of rights conferred by investments held by the Fund but, in the event of a consequent breach, the ACD must then take such steps as are necessary to restore compliance with the

investment limits as soon as practicable having regard to the interests of Shareholders.

- 26.3 It is not intended that the Company should have any interest in any immovable property or tangible movable property.

## **27. Underwriting**

Underwriting and sub underwriting contracts and placings may also, subject to certain conditions set out in the COLL Sourcebook, be entered into for the account of a Fund.

## **28. General power to borrow**

- 28.1 The Company may, subject to the COLL Sourcebook, borrow money from an Eligible Institution or an Approved Bank for the use of the Company on terms that the borrowing is to be repayable out of the Scheme Property. This power to borrow is subject to the obligation of the Company to comply with any restriction in the Instrument of Incorporation.

- 28.2 The Company must not issue any debenture unless it acknowledges or creates a borrowing that complies with COLL 5.5.4R.

## **29. Borrowing limits**

- 29.1 The ACD may, on the instructions of the Fund and subject to the COLL Sourcebook, borrow money from an Eligible Institution or an Approved Bank for the use of the Fund on terms that the borrowing is to be repayable out of the Scheme Property.

- 29.2 The ACD must ensure that borrowing does not, on any business day, exceed 10% of the value of the Fund.

- 29.3 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).

## **30. Restrictions on lending of money**

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

- 30.2 Acquiring a debenture is not lending for the purposes of paragraph 30.1, nor is the placing of money on deposit or in a current account.

## **31. Restrictions on lending of property other than money**

- 31.1 Scheme Property other than money must not be lent by way of deposit or otherwise.



- 31.2 Transactions permitted by paragraph 22 (Stock lending) are not to be regarded as lending for the purposes of paragraph 31.1.
- 31.3 The Scheme Property of the Funds must not be mortgaged.
- 31.4 Where transactions in derivatives or forward transactions are used for the account of the Company in accordance with COLL 5, nothing in this paragraph prevents the Company or the Depositary at the request of the Company: from lending, depositing, pledging or charging its Scheme Property for margin requirements; or transferring Scheme Property under the terms of an agreement in relation to margin requirements, provided that the ACD reasonably considers that both the agreement and the margin arrangements made under it (including in relation to the level of margin) provide appropriate protection to Shareholders.

## **32. General power to accept or underwrite placings**

- 32.1 Any power in COLL 5 to invest in transferable securities may be used for the purpose of entering into transactions to which this section applies, subject to compliance with any restriction in the Instrument of Incorporation. This section applies, to any agreement or understanding: which is an underwriting or sub-underwriting agreement, or which contemplates that securities will or may be issued or subscribed for or acquired for the account of a Fund.
- 32.2 This ability does not apply to an option, or a purchase of a transferable security which confers a right to subscribe for or acquire a transferable security, or to convert one transferable security into another.
- 32.3 The exposure of a Fund to agreements and understandings as set out above, on any business day be covered and be such that, if all possible obligations arising under them had immediately to be met in full, there would be no breach of any limit in the COLL Sourcebook.

## **33. Guarantees and indemnities**

- 33.1 The Company or the Depositary for the account of the Company or a Fund must not provide any guarantee or indemnity in respect of the obligation of any person.
- 33.2 None of the Scheme Property of a Fund may be used to discharge any obligation arising under a guarantee or indemnity with respect to the obligation of any person.
- 33.3 Paragraphs 33.1 and 33.2 do not apply in respect of a Fund to any indemnity or guarantee given for margin requirements where the derivatives or forward transactions are being used in accordance with COLL 5, and:
- 33.3.1 an indemnity falling within the provisions of regulation 62(3) (Exemptions from liability to be void) of the OEIC Regulations;

- 33.3.2 an indemnity (other than any provision in it which is void under regulation 62 of the OEIC Regulations) given to the Depositary against any liability incurred by it as a consequence of the safekeeping of any of the Scheme Property by it or by anyone retained by it to assist it to perform its function of the safekeeping of the Scheme Property; and
- 33.3.3 an indemnity given to a person winding up a scheme if the indemnity is given for the purposes of arrangements by which the whole or part of the property of that scheme becomes the first property of a Fund and the holders of units in that scheme become the first shareholders in a Fund.

## **APPENDIX IV**

### **LIST OF OTHER AUTHORISED COLLECTIVE INVESTMENT SCHEMES OPERATED BY THE ACD**

The ACD is also the authorised corporate director of the following open-ended investment companies:

DMS FCM Salamanca Global Property Fund 1  
DMS Sequel Investment Funds ICVC II  
Host Capital UK Student Accommodation Fund  
DMS Kleinwort Hambros Income Funds Umbrella  
DMS Kleinwort Hambros Multi Asset Funds Umbrella  
DMS Kleinwort Hambros Growth Fund  
DMS Charteris UCITS ICVC  
DMS Verbatim Multi-Index Funds  
DMS Verbatim Funds  
DMS Investment Funds ICVC V  
HC Charteris ICVC

The ACD is the authorised fund manager of the following authorised unit trust:

Host Capital UK Student Accommodation Feeder Trust

## APPENDIX V

### PAST PERFORMANCE TABLE AND INVESTOR PROFILE

#### 1. Historic performance table

The table below shows the total return of each share class over 12 monthly periods and in total, since each share class inception. This performance information assumes reinvestment of any distributed income and is net of tax and charges but does not include the effect of any preliminary charge that may be paid on the purchase of an investment.

	Total Return in %					
	Year to	Year to	Year to	Year to	Year to	Inception to
	31/12/2014	31/12/2015	31/12/2016	31/12/2017	31/12/2018	31/12/2018
DMS Stirling House Balanced Acc	6.92	1.84	10.10	8.37	-4.01	30.27
DMS Stirling House Balanced Inc	6.92	1.84	10.10	8.36	-4.01	29.29
DMS Stirling House Dynamic Acc	4.11	3.06	13.18	13.59	-6.02	39.16
DMS Stirling House Growth Acc	6.75	2.56	11.58	10.65	-5.94	35.88
DMS Stirling House Growth Inc	6.76	2.56	11.57	10.66	-5.94	34.08
DMS Stirling House Monthly Income Ret Acc	6.11	-2.45	7.53	3.69	-2.79	12.69
DMS Stirling House Monthly Income Ret Inc	6.10	-2.44	7.51	3.69	-2.79	12.76

(Source: Morningstar, 31.12.2018)

**Important: Past performance is not an indication of future performance.**

NOTE: On 7 February 2020:

- HC Stirling House Balanced Fund changed its name to DMS Stirling House Balanced Fund;
- HC Stirling House Dynamic Fund changed its name to DMS Stirling House Dynamic Fund;
- HC Stirling House Growth Fund changed its name to DMS Stirling House Growth Fund; and

- HC Stirling House Monthly Income Fund changed its name to DMS Stirling House Monthly Income Fund.

## **2. Investor profile**

### **2.1. DMS Stirling House Monthly Income Fund**

This Fund may be suitable for investors who:

- Are seeking to preserve capital and receive income return;
- Are looking to add diversification to their portfolio through Money Market Instruments;
- Are looking for lower volatility in the value of their investments;
- Have a low risk appetite;
- Have a medium term investment view;

### **2.2. DMS Stirling House Balanced Fund**

This Fund may be suitable for investors who:

- Are seeking both capital and Income returns;
- Are looking to add diversification to their portfolio through Money Market Investments and some global Equities;
- Can accept low to medium volatility in the value of their investments;
- Have a low to medium risk appetite;
- Have a medium to longer term investment view.

### **2.3. DMS Stirling House Growth Fund**

This Fund may be suitable for investors who:

- Are seeking capital growth with some income;
- Are looking to add diversification to their portfolio through global equities and some money market instruments
- Can accept medium volatility in the value of their investments
- Have a medium risk appetite;
- Have a medium to long term investment view.

### **2.4. DMS Stirling House Dynamic Fund**

This Fund may be suitable for investors who:

- Are seeking capital growth;
- Are looking to add diversification to their portfolio through global equities which may be allocated towards certain investment themes;
- Can accept high volatility in the value of their investments;
- Have a high risk appetite;
- Have a longer term investment view.

### **2.5. DMS Stirling House Adventurous Fund**

This Fund may be suitable for investors who:

- Are seeking higher capital growth;
- Are looking to add diversification to their portfolio through global equities including emerging markets;
- Can accept high volatility in the value of their investments
- Have a high risk appetite;
- Have a long term investment view.

The Funds are marketable to all eligible investors provided they can meet the subscription levels. The Funds may be suitable for investors who see collective investment schemes as a convenient way of participating in investment markets. They may be suitable for investors wishing to seek to achieve defined investment objectives. Such investors must have experience with, or understand, products where the capital is at risk. Investors must be able to accept some risk to their capital, thus the Funds may be suitable for investors who are looking to set aside the capital for at least 5 years. If you are uncertain whether these products are suitable for you, please contact a financial adviser.

**The DMS Stirling House Adventurous Fund has not yet launched.**

## **APPENDIX VI**

### **DIRECTORY**

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

DMS Investment Funds ICVC III  
2<sup>nd</sup> Floor, 20-22 Bedford Row  
Holborn  
London WC1R 4EB

#### **Authorised Corporate Director**

DMS Investment Management Services (UK) Limited  
2<sup>nd</sup> Floor, 20-22 Bedford Row  
Holborn  
London WC1R 4EB

#### **Depository**

CACEIS Bank UK Branch  
Broadwalk House  
5 Appold Street  
London  
EC2A 2DA

#### **Custodian**

CACEIS Bank UK Branch  
Broadwalk House  
5 Appold Street  
London  
EC2A 2DA

#### **Investment Adviser**

Sarasin & Partners LLP  
Juxon House  
100 St Paul's Churchyard  
London EC4M 8BU

#### **Administrator**

CACEIS Bank, UK Branch  
Broadwalk House,  
5 Appold Street  
London  
EC2A 2DA

#### **Transfer Agent**

FNZ TA Services Limited  
Level 5, 67 Lombard Street  
London EC3V 9LJ

#### **Registrar**

DMS Investment Management Services (UK) Limited  
2<sup>nd</sup> Floor, 20-22 Bedford Row  
Holborn  
London WC1R 4EB

#### **Legal Advisers to the Company**

Eversheds Sutherland (International) LLP  
One Wood Street  
London EC2V 7WS

**Auditors**

Grant Thornton UK LLP  
30 Finsbury Square  
London EC2A 1AG

**Sponsor**

Stirling House Financial Services Limited  
PO Box 268  
Malvern WR14 9DD