

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

Waystone Management (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. Waystone Management (UK) Limited accepts responsibility accordingly.

PROSPECTUS
OF
WS GRESHAM HOUSE UK MICRO CAP FUND
(An open-ended investment company
incorporated with limited liability and
registered in England and Wales
under registered number IC714)

This document constitutes the Prospectus for WS Gresham House UK Micro Cap Fund which has been prepared in accordance with the Collective Investment Schemes Sourcebook (COLL) and the Investment funds Sourcebook (FUND).

This Prospectus is dated, and is valid as at 30 September 2024.

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

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Important Information

No person has been authorised by the Company or the ACD to give any information or to make any representations in connection with the offering of Shares other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been made by the Company or the ACD. 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 it 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 in the United States of America under any applicable legislation. They may not be offered or sold in the United States of America, any state of the United States of America or in its territories and possessions or offered or sold to US persons. The Company and the ACD have not been and will not be registered in the United States of America under any applicable legislation.

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 from Waystone Management (UK) Limited.

This Prospectus has been issued for the purpose of section 21 of the Financial Services and Markets Act 2000 by Waystone Management (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 describes the constitution and operation of the Company at the date of this Prospectus. In the event of any fundamental or significant change in the matters stated herein or other change notifiable in accordance with the COLL Sourcebook or any materially significant new matter arising which ought to be stated herein this Prospectus will be revised.

Investors should check with the ACD that this is the latest version and that there have been no revisions or updates. Issued by Waystone Management (UK) Limited, authorised and regulated by the Financial Conduct Authority.

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

1. DEFINITIONS

| | |
|-----------------------------|---|
| "ACD" | Waystone Management (UK) Limited, the authorised corporate director of the Company. |
| "ACD Agreement" | an agreement between the Company and the ACD. |
| "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 which is part of UK law by virtue of EUWA. |
| "Approved Bank" | one of certain approved banks as defined in the glossary of definitions to the FCA Handbook. |
| "Associate" | any other person whose business or domestic relationship with the ACD or the ACD's associate might reasonably be expected to give rise to a community of interest between them which may involve a conflict of interest in dealings with third parties. |
| "Auditor" | KPMG LLP, or such other entity as is appointed to act as auditor to the Company from time to time. |
| "AUT" | Authorised Unit Trust. |
| "Business Day" | a day on which the London Stock Exchange is open. If the London Stock Exchange is closed as a result of a holiday or for any other reason, or there is a holiday elsewhere or other reason which impedes the calculation of the fair market value of the Company's portfolio of securities or a significant portion thereof, the ACD may decide that any business day shall not be construed as such. |
| "CCP" | a legal person that interposes itself between the counterparties to the contracts traded on one or more financial markets, becoming the buyer to every seller and the seller to every buyer, as defined in article 2(1) of EMIR. |
| "Class" or "Classes" | in relation to Shares, means (according to the context) a particular class or classes of Share in the Company. |

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| “COLL” | refers to the appropriate chapter or rule in the COLL Sourcebook. |
| “the COLL Sourcebook” | the Collective Investment Schemes Sourcebook issued by the FCA as amended from time to time. |
| “Company” | WS Gresham House UK Micro Cap Fund, a UK authorised investment company with variable capital. |
| “Conversion” | the exchange of Shares in one Class for Shares of another Class the act of so exchanging and “Convert” shall be construed accordingly. |
| “Dealing Day” | Monday to Friday where these days are Business Days. |
| “Depositary” | The Bank of New York Mellon (International) Limited, or such other entity as is appointed to act as Depositary. |
| “EEA State” | a member state of the European Union and any other state which is within the European Economic Area. |
| “EEA UCITS Scheme” | A collective investment scheme established in accordance with the UCITS Directive in an EEA State. |
| “Efficient Portfolio Management” or “EPM” | <p>techniques and instruments which relate to transferable securities and approved money-market instruments and which fulfil the following criteria:</p> <p>(a) they are economically appropriate in that they are realised in a cost effective way;</p> <p>(b) they are entered into for one or more of the following specific aims:</p> <p>(i) reduction of risk;</p> <p>(ii) reduction of cost;</p> <p>(iii) generation of additional capital or income for the Company with a risk level which is consistent with the risk profile of the Company and the risk diversification rules laid down in COLL.</p> |
| “Eligible Institution” | one of certain eligible institutions as defined in the glossary of definitions to the FCA Handbook. |
| “Emerging Markets” | unless defined differently for a Company or other requirement in this Prospectus; |

an Emerging Market is a country with a less established financial market and investor protections, including many countries in Africa, Asia, Eastern Europe, Latin America and the Middle East.

“EMIR”

the UK version of Regulation (EU) No 648/2012 on OTC derivatives, central counterparties and trade repositories, which is part of UK law by virtue of the EUWA, sometimes referred to as the "European Markets Infrastructure Regulation" as amended by Regulation (EU) 2019/834 of the European Parliament and of the Council of 20 May 2019.

“EUWA”

the European Union (Withdrawal) Act 2018.

“the FCA”

the Financial Conduct Authority or any other regulatory body which may assume its regulatory responsibilities from time to time.

“the FCA Handbook”

the FCA Handbook of Rules and Guidance, as amended from time to time.

“the FCA Register”

the public record, as required by section 347 of the Financial Services and Markets Act 2000 (The public record) of every:

- (a) authorised person;
- (b) AUT;
- (c) ICVC;
- (d) ACS;
- (e) recognised scheme;
- (f) recognised investment exchange;
- (g) individual to whom a prohibition order relates;
- (h) approved person; and
- (i) person within such other class (if any) as the FCA may determine;

except as provided by any transitional provisions.

“FUND”

refers to the appropriate chapter or rule in the FUND Sourcebook.

“the FUND Sourcebook”

The Investment Funds Sourcebook issued by the FCA as amended from time to time.

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| “Fund Accountant” | The Bank of New York Mellon (International) Limited, or such other entity as is appointed to provide fund accounting services. |
| “Home State” | as defined in the glossary of definitions to the FCA Handbook. |
| “ICVC” | investment company with variable capital. |
| “Instrument of Incorporation” | the instrument of incorporation of the Company as amended from time to time. |
| “Net Asset Value” or “NAV” | the value of the Scheme Property of the Company less the liabilities of the Company as calculated in accordance with the Instrument of Incorporation. |
| “Non-UCITS Retail scheme” or “NURS” | a scheme which is not a UK UCITS but is available to retail investors. |
| “NURS Key Investor Information document” | The Company publishes a NURS Key Investor Information document (a NURS "KII") for each Share Class which contains the information to help investors understand the nature and the risks of investing in the Company. A NURS KII must be provided to investors prior to subscribing for Shares so they can make an informed decision about whether to invest. |
| “OEIC Regulations” | the Open-Ended Investment Companies Regulations 2001 as amended or re-enacted from time to time. |
| “OTC” | over-the-counter derivative: a derivative transaction which is not traded on an investment exchange. |
| “Portfolio Manager” | Gresham House Asset Management Limited of 5 New Street Square, London United Kingdom, EC4A 3TW. |
| “Register” | the register of Shareholders of the Company. |
| “Registrar” | Waystone Transfer Agency Solutions (UK) Limited, or such other entity as is appointed to act as Registrar to the Company from time to time. |
| “Regulated Order” | Activities the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544). |
| “Regulations” | the OEIC Regulations and the FCA Handbook (including the COLL Sourcebook and the FUND Sourcebook). |
| “Scheme Property” | the Scheme Property of the Company required under the COLL Sourcebook and the FUND |

Sourcebook to be given for safekeeping to the Depository.

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|---|---|
| "Share" or "Shares" | a share or shares in the Company (including larger denomination shares, and smaller denomination shares equivalent to one thousandth of a larger denomination share). |
| "Shareholder" | a holder of registered Shares in the Company. |
| "The International Tax Compliance Regulations" | 2015 (SI 878/2015) implementing obligations arising under the following agreements and arrangements: the Multilateral Competent Authority Agreement on the Automatic exchange of Financial Account Information signed by the government of the UK on 29 th October 2014 in relation to agreements with various jurisdictions to improve international tax compliance based on the standard for automatic exchange of financial account information developed by the Organisation for Economic Co-Operation and Development (sometimes known as "the CRS"); and the agreement reached between the government of the UK and the government of the USA to improve tax compliance (sometimes known as "the Intergovernmental Agreement" or "the FATCA Agreement"). |
| "UK" | the United Kingdom of Great Britain and Northern Ireland. |
| "UK UCITS" | as defined in the glossary of definitions to the FCA Handbook. |
| "UK UCITS Rules" | the COLL Sourcebook and the Collective Investment Schemes (Amendment etc) (EU Exit) Regulations 2019 No.325. |
| "US" or "United States" | the United States of America (including the States and the District of Columbia) and any of its territories, possessions and other areas subject to its jurisdiction. |
| "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 and shall include additionally any person that is not a "Non-United States Person" within the meaning of United States Commodity Futures Trading Commission Regulation 4.7. |
| "Valuation Point" | the point on a Dealing Day whether on a periodic basis or for a particular valuation, at which the ACD carries out a valuation of the Scheme Property for the Company for the purpose of determining the price at which Shares of a Class may be issued, cancelled or redeemed. The |

current Valuation Point is 12.00 noon London time on each Dealing Day; with the exception of any bank holiday in England and Wales; where the valuation may be carried out at a time agreed in advance between the ACD and the Depositary. The regular valuation point may be changed on reasonable notice being given to Shareholders.

"VAT"

Value Added Tax.

2. **DETAILS OF THE COMPANY**

2.1 **General Information**

2.1.1 WS Gresham House UK Micro Cap Fund (the Company) is an investment company with variable capital incorporated in England and Wales under registered number IC 714 and authorised by the FCA with effect from 19 February 2009. Please note that approval by the FCA in this context does not in any way indicate or suggest endorsement or approval of the Company as an investment. The FCA's Product Reference Number ("PRN") for the Company is 487953. The Company has an unlimited duration.

2.1.2 Shareholders are not liable for the debts of the Company. A Shareholder is not liable to make any further payment to the Company after they have paid the price on purchase of the Shares.

2.1.3 The ACD is also the manager of certain AUTs and open-ended investment companies details of which are set out in Appendix IV.

2.2 **Head Office**

2.2.1 The head office of the Company is at 3rd Floor Central Square, 29 Wellington Street, Leeds, United Kingdom, LS1 4DL.

2.3 **Address for Service**

2.3.1 The address for service on the Company of notices or other documents required or authorised to be served on it is 3rd Floor Central Square, 29 Wellington Street, Leeds, United Kingdom, LS1 4DL.

2.4 **Base Currency**

2.4.1 The base currency of the Company is pounds sterling or such other currency as may be the lawful currency of the United Kingdom from time to time.

2.5 **Share Capital**

Maximum £500,000,000

Minimum £1,000,000

Shares have no par value. The share capital of the Company at all times equals the sum of the Net Asset Value of the Company.

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 Shares may harm performance by disrupting portfolio management strategies and by increasing expenses. The ACD may at its discretion refuse to accept applications for

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 Company. For these purposes, the ACD may consider an investor's trading history in the Company or other Waystone Management (UK) Limited funds and accounts under common ownership or control.

2.6 **The Structure of the Company**

2.6.1 **The Company**

The Company is structured as a standalone open-ended investment company with variable capital. The Company is a non-UCITS retail scheme.

Investment of the assets of the Company must comply with the COLL Sourcebook and the investment objective and policy of the Company. Details of the Company, including its investment objective and policy, are set out in Appendix I.

The Company will generally invest in "approved securities", which are transferable securities which are admitted to, or dealt in on, an eligible market as defined for the purposes of the COLL Sourcebook. The eligible securities markets (in addition to those established in the UK and EEA States) and eligible derivatives markets for the Company are as set out in Appendix II. A detailed statement of the general investment and borrowing restrictions in respect of the Company is set out in Appendix III.

2.6.2 **Classes of Share within the Company**

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 Share and have proportionate rights.

Shares have no par value and, within each Class, 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. Shares do not carry preferential or pre-emptive rights to acquire further Shares.

The details of the Shares presently available, including details of their criteria for subscription and fee structure, are set out in Appendix I. Further Classes of Share may be established from time to time by the ACD with the agreement of the Depositary and in accordance with the Instrument of Incorporation and the Regulations. On the introduction of any new Class, either a revised prospectus or a supplemental prospectus will be prepared, setting out the details of that Class.

The currency in which each new Class of Shares will be denominated will be determined at the date of creation and set out in the Prospectus issued in respect of the new Class of Shares.

The Instrument of Incorporation allows income and accumulation Shares to be issued.

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 Company on the relevant annual accounting dates. This is reflected in the price of an accumulation Share.

Where the Company 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 will be adjusted accordingly.

Shareholders are entitled (subject to certain restrictions) to Convert all or part of their Shares in a Class for Shares of another Class. Details of this Conversion facility and the restrictions are set out in paragraph 3.4 "Conversion".

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

The dealing office of the ACD is normally open from 8.30 a.m. to 5.30 p.m. (London time) on each Dealing Day to receive requests for the purchase, sale or conversion of Shares. The ACD may vary these times at its discretion. Requests to deal in Shares may also be made by telephone on each Business Day (at the ACD's discretion) between 8.30 a.m. and 5.30 p.m. (London time) directly to the office of the ACD (telephone: 0345 922 0044 or such other number as published from time to time).

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

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

Telephone calls will be recorded. The ACD may also, at its discretion, introduce further methods of dealing in Shares in the future.

In its dealings in Shares, the ACD is dealing as principal. The ACD deals in Shares as principal in order to facilitate the efficient management of the Company. Any profits made where the ACD's capital is not at risk will be returned to the Company. The ACD is not accountable to Shareholders for any profit it makes from dealing in Shares as principal where its own capital is at risk.

3.1 **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 enter into any

transaction 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 or is unable to provide the information requested (i) in the event that the investor or the investor's duly authorised agent instructs a sale of those shares the ACD may refuse to pay the proceeds of sale until satisfactory proof of identity has been provided or (ii) the ACD may sell the Shares purchased and at the ACD's sole discretion return the proceeds to the account from which the subscription was made or withhold the proceeds of sale until satisfactory evidence of identity has been provided. These proceeds may be less than the original investment.

3.2 **Buying Shares**

3.2.1 **Procedure**

Shares may be bought directly from the ACD or through a professional adviser or other intermediary. For details of dealing charges see paragraph 3.5 below. Application forms may be obtained from the ACD.

The initial purchase (including setting up a Regular Savings Plan) must, at the discretion of the ACD, be accompanied by an application form.

Any subsequent application to purchase shares must confirm that the investor has received, read and understood the Key Investor Information Document for the share class of the Company to be invested in. (Note: this does not apply to subsequent purchases to a Regular Savings Plan, unless re-commencing regular savings).

Valid applications to purchase Shares received before the Valuation Point on a Business Day will be processed at the Share price calculated at that Valuation Point except where dealing has been suspended as set out in paragraph 3.10. Valid applications to purchase shares received after the Valuation Point on a Business Day will be processed at the Share price calculated at the Valuation Point on the next Dealing Day except where dealing in the Company has been suspended as set out in paragraph 3.10.

The ACD at its discretion, has the right to request, and be in receipt of cleared funds before processing an application or other instruction to purchase Shares. In particular, for postal applications, payment must be received in full and accompany the application.

Settlement is due by no later than the fourth Business Day following 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. Investors will not receive title to Shares until cleared funds have been received from the investor and received by the Company.

The ACD, at its discretion, has the right to cancel a purchase deal if settlement is overdue (being more than five Business Days of receipt of an application form or other instruction) and any loss arising on such cancellation shall be the liability of the applicant. The ACD is not obliged to issue Shares unless it has received cleared funds from an investor. You agree to reimburse any costs, losses, claims and expenses suffered or incurred by the Company or us as a result of the non-payment of the subscription monies by the agreed settlement date.

The ACD reserves the right to charge interest at 4% above the prevailing Bank of England base rate, on the value of any settlement received later than the fourth Business Day following the Valuation Point. No interest will be paid on funds held prior to investment. Shares that have not been paid for cannot be redeemed.

A purchase of Shares in writing or by telephone 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 apply, irrevocable. 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.

Settlement should be made by electronic bank transfer to the bank account detailed on the application form. Alternatively, for amounts less than £50,000 a cheque, which should accompany the application form, can be sent for the full amount, made payable to "Waystone Management (UK) Limited", to: PO Box 389, Unit 1, Roundhouse Road, Darlington, DL1 9UF.

However, subject to its obligations under the Regulations, the ACD has the right to reject, on reasonable grounds relating to the circumstances of the investor, 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 investor.

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

Investors 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 contract note and cancellation notice from the ACD. If an investor (except for those investors who subscribe through the Regular Savings Plan) 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.

If Shareholders wish to exercise their right to cancel, they should write to the ACD at PO Box 389, Unit 1, Roundhouse Road, Darlington DL1 9UF. Shareholders will not be able to exercise their cancellation rights after 14 calendar days of receipt of their contract note. Shareholders should note that in certain circumstances, there may be a delay in returning their investment. The ACD may extend cancellation rights to other investors but is under no obligation to do so.

3.2.2 **Documents the buyer will receive**

A contract note giving details of the number and price of Shares bought will be issued to the Shareholder (or the first named, in the case of joint Shareholders) no later than the end of the Business Day following the Valuation Point by reference to which the price is determined, together with, where appropriate, a notice of the applicant's right to cancel.

Registration of Shares can only be completed by the ACD upon receipt of any required registration details. These details may be supplied in writing to the ACD or by returning to the ACD the properly completed registration form and copy of the contract note.

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

3.2.3 **Regular Savings Plan**

The ACD may make available certain Classes of Shares of the Company through the Regular Savings Plan (details of current Classes of Shares which are available are shown in Appendix I). Further information on how to invest through the Regular Savings Plan is available from the ACD.

3.2.4 **Minimum Subscriptions and Holdings**

The minimum initial subscriptions, subsequent subscriptions and holdings levels for each Class of Share 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 or transfer, a holding in any Class of Share should fall below the minimum holding for that Class, the ACD has the 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 or Conversion or transfer does not remove this right.

3.3 **Redeeming Shares**

3.3.1 **Procedure**

Every Shareholder is entitled on any Dealing Day to redeem their Shares, which shall be purchased by the ACD dealing as principal.

Valid applications to redeem Shares received before the Valuation Point on a Dealing Day will be executed at the Share price, calculated at that Valuation Point except where dealing in the Company has been suspended as set out on paragraph 3.10. Valid applications to redeem Shares received after the Valuation Point on a Dealing Day will be executed at the Share price calculated at the Valuation Point on the next Dealing Day except where dealing has been suspended as set out on paragraph 3.10.

A redemption instruction in respect of Shares in writing or by telephone 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 documentation or anti-money laundering information which the ACD considers is sufficient for the ACD to meet and discharge its obligations under the regulatory system has not been received by the ACD.

Requests to redeem shares may be made by telephone to the ACD on 0345 922 0044 or in writing at the address of the ACD set out in Appendix VI. The ACD will not accept requests to sell shares or effect title to transfer of shares by electronic communication.

For details of dealing charges see paragraph 3.5 below.

3.3.2 **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 cheque to the first named Shareholder (at their risk), or, at the ACD's discretion, via electronic transfer in accordance with any instruction received (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.

No interest will be paid on redemption proceeds held whilst the ACD awaits receipt of all relevant documentation necessary to complete a redemption. Shares that have not been paid for cannot be redeemed.

The ACD shall not be liable for any costs or losses whatsoever in the event that documentation provided is not sufficient to enable the ACD to discharge all applicable obligations under the regulatory system including, but not limited to, The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (as amended).

3.3.3 **Minimum redemption**

The ACD reserves the right to refuse a redemption request if the remaining value of the Shares held is less than the minimum holding stated in respect of that Class (see Appendix I). The Shareholder may be required to redeem their entire holding.

3.4 **Conversion**

Subject to any restrictions on the eligibility of investors in relation to a particular Share Class, a Shareholder may at any time Convert all or some of their Shares ("Original Shares") for Shares in a different Class ("New Shares").

A Conversion is an exchange of Shares in one Class for Shares of another Class in the Company.

Conversions will be effected by the ACD recording the change of Class on the Register of the Company at the next Valuation Point following receipt of instructions by the ACD.

The number of New Shares issued to a Shareholder following a Conversion will be determined by reference to the price of the Original Shares relative to the price of the New Shares at the relevant Valuation Point.

If a Shareholder wishes to Convert they should contact the ACD for further information. Instructions may be given by telephone but Shareholders are required to provide written instructions to the ACD (which, in the case of joint Shareholders, must be signed by all the joint Shareholders) before the Conversion is effected.

There is no charge payable on a Conversion.

If a partial Conversion 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, exchange the whole of the Shareholder's holding of Original Shares to New Shares or refuse to effect any Conversion of the Original Shares.

Save as otherwise specifically set out, the general provisions on procedures relating to redemption will apply equally to a Conversion. Written instructions must be received by the ACD before the Valuation Point on a Dealing Day in the Class 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. Requests to Convert received after a Valuation Point will be held over until the next day which is a Dealing Day for the relevant Company.

On completion of a conversion, subsequent Share dealing instructions may be limited, restricted or denied where the ACD's identity evidence requirements have not been complied with. In such circumstance, the ACD shall not be liable for any costs or losses whatsoever.

Conversions will not generally be treated as a disposal for capital gains tax purposes.

A Shareholder who Converts between Classes of Shares will not be given a right by law to withdraw from or cancel the transaction.

3.5 **Dealing charges**

The price per Share at which Shares are bought, redeemed or switched is the Net Asset Value per Share (subject to any dilution levy referred to in paragraph 3.5.3 below). Any initial charge or redemption charge, or dilution levy 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.

3.5.1 **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 Class is 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 Class may only be increased in accordance with the Regulations.

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

3.5.2 **Redemption charge**

The ACD may make a charge on the redemption of Shares in each Class. At present, no redemption charge is levied.

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).

3.5.3 **Dilution levy**

The basis on which the Company's investments are valued for the purpose of calculating the issue and redemption price of Shares as stipulated in the FCA Handbook and the Company's Instrument is summarised in section 4. The actual cost of purchasing or selling investments may be higher or lower than the mid-market value used in calculating the Share price - for example, due to dealing charges, or through dealing at prices other than the mid-market price. Under certain circumstances (for example, large volumes of deals) this may have an adverse effect on the Shareholders' interest. In order to prevent this effect, called "dilution", the ACD has the power to charge a "dilution levy" (as it may do as set out below) on the sale and/or redemption of Shares. If a dilution levy is not charged on the sale and/or redemption of Shares, the cost of purchasing or selling investments for the Company subsequent to Shareholder dealing will be borne by the Company with a consequent effect on future growth. If the ACD charges a dilution levy, it will be calculated by reference to the costs of dealing in the underlying investments of the Company, including any

dealing spreads, commission and transfer taxes. If charged, the dilution levy will be paid into the Company and will become part of its property.

The need to charge a dilution levy will depend on the volume of sales or redemptions. The ACD may charge a discretionary dilution levy on the sale and redemption of Shares if, in its opinion, the existing Shareholders (for sales) or remaining Shareholders (for redemptions) might otherwise be adversely affected, and if charging a dilution levy is, so far as practicable, fair to all Shareholders and potential Shareholders. In particular, the dilution levy may be charged in the following circumstances:

- 3.5.3.1 where over a dealing period the Company has experienced a large level of net sales or redemptions relative to its size;
- 3.5.3.2 on "large deals". For these purposes, a large deal means a single deal which equals or exceeds 5% or more of the value of the size of the Company; and
- 3.5.3.3 where the ACD considers it necessary to protect the interests of the Shareholders of the Company.

It is therefore not possible to predict accurately whether a dilution levy will be charged at any point in time. If a dilution levy is required then, based on future projections the estimated rate or amount of such levy will be 2.00% on sales and 1.75% on redemptions. If a dilution levy is not charged then this may restrict the future growth of the Company.

The ACD may alter its dilution policy in accordance with the FCA Handbook.

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. However, the ACD in its discretion, may also accept electronic transfers in a format specified by the ACD. Completed instruments of transfer, together with such documentary evidence of proof of identity as may have been requested by the ACD, must be returned to the ACD in order for the transfer to be registered. The ACD shall not be liable for any costs or losses that may be incurred as a result of any failure to or delay in providing satisfactory evidence of identity to the ACD.

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 Conversion 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); or
- (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 Company is not registered or recognised by the relevant competent authority) whereby communication with that Shareholder by the ACD, on behalf of the Company, 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 30 days after the date of such notice transfer their 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 they or the beneficial owner is qualified and entitled to own the affected Shares, they 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 they are holding or owns affected Shares shall immediately, unless they have already received a notice as set out above, either transfer all their affected Shares to a person qualified to own them or submit a request in writing to the ACD for the redemption of all their 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.

Upon giving reasonable notice to Shareholders in accordance with the Regulations, the ACD may compulsorily convert Shares where to do so is considered by the ACD to be in the best interests of Shareholders.

3.8 Issue of Shares in exchange for in specie assets

The ACD may at its absolute discretion 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.

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 exchange for assets the holding of which would be inconsistent with the investment objective or policy of the Company.

3.9 In specie redemptions

If a Shareholder requests the redemption of Shares, the ACD may, if it considers the deal substantial in relation to the total size of the Company, arrange for the Company to cancel the Shares and transfer Scheme Property to the Shareholder instead of paying the price of the Shares in cash, or, if required by the Shareholder, pay the net proceeds of sale of the relevant Scheme Property to the Shareholder. A deal involving Shares representing 5% or more in value of the Company will normally be considered substantial, although the ACD may in its discretion agree an in specie redemption with a Shareholder whose Shares represent less than 5% in value of the Company concerned.

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

The ACD will select the Scheme Property to be transferred (or sold) in consultation with the Depositary and the Portfolio Manager. They must ensure that the selection is made with a view to achieving no greater advantage or disadvantage to the redeeming Shareholder than to continuing Shareholders, and any such redemption as set out above, shall be subject to a retention by the Company from that Scheme

Property (or proceeds) the value (or amount) of any SDRT to be paid on the cancellation of Shares.

If a Shareholder redeems Shares in specie in return for an appropriate value of assets out of the Company, there will be no Stamp Duty Reserve Tax ('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.

3.10 **Suspension of dealings in the Company**

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 where due to exceptional circumstances it is in the interests of all the Shareholders in the Company.

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 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 any jurisdiction where the Company is offered for sale and required to do so.

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 suspensions.

When such suspension takes place, the ACD will publish on its website or through 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 Liquidity risk management

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

3.11.2 The ACD has other tools to deal with temporary liquidity constraints in relation to the Company. The Company may for instance borrow cash to meet redemptions within the limits in Appendix III; or may apply the in specie redemption provisions at paragraph 3.9.

3.11.3 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 the Company and periodic stress testing of the liquidity risk under both normal and exceptional liquidity conditions to ensure that anticipated redemption requests can be met.

3.11.4 If our policy for managing liquidity should change, this will be set out in the annual report.

4. VALUATION OF THE COMPANY

4.1 General

The price of a Share is calculated at a Valuation Point by reference to the Net Asset Value of the Company.

The ACD may at any time during a Business Day carry out an additional valuation if it considers it desirable to do so. 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 dealings. 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.

“Late Trading” is defined as the acceptance of a subscription, redemption or Conversion order received after the Valuation Point. Late Trading is not permitted. A request for dealing in Shares must be received before the Valuation Point on a particular Dealing Day in order to be processed at the price established at that Valuation Point. A dealing request received after this time will be held over and processed at the following Valuation Point, using the price per Share calculated as at that Valuation Point. Late Trading will not include a situation in which the ACD is satisfied that orders which are received after the Valuation Point have been made by investors before then (e.g. where the transmission of an order has been delayed for technical reasons).

4.2 Calculation of the Net Asset Value

The value of the Scheme Property shall be the value of its assets less the value of its liabilities determined in accordance with the following provisions.

All the Scheme Property (including receivables) is to be included, subject to the following provisions:

4.2.1 Scheme Property which is not cash (or other assets dealt with in paragraph 4.2.1.5 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:

4.2.1.1 units or shares in a collective investment scheme:

(a) if a single price for buying and redeeming units or shares is quoted, at the most recent such price; or

- (b) if separate buying and redemption 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 redemption price excludes any exit or redemption 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;
- 4.2.1.2 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;
 - (c) 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;
- 4.2.1.3 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;
- 4.2.1.4 Scheme Property other than that described in paragraphs 4.2.1.1 and 4.2.1.3 above, at a value which, in the opinion of the ACD, is fair and reasonable;
- 4.2.1.5 Cash and amounts held in current and deposit accounts and in other time related deposits shall be valued at their nominal values.

- 4.2.2 Scheme Property which is a contingent liability transaction shall be treated as follows:
- 4.2.2.1 if it is a written option (and the premium for writing the option has become part of the Scheme Property), deduct the amount of the net valuation of premium receivable. If the Scheme Property is an off exchange option the method of valuation shall be agreed between the ACD and the Depositary;
 - 4.2.2.2 if it is an off exchange future, include it at the net value of closing out in accordance with a valuation method agreed between the ACD and the Depositary;
 - 4.2.2.3 if it is any other form of contingent liability transaction, include it at the net value of margin on closing out (whether as a positive or negative value). If the Scheme Property is an off exchange derivative, include it at a valuation method agreed between the ACD and the Depositary.
- 4.2.3 In determining the value of the Scheme Property, all instructions given to issue or cancel Shares shall be assumed to have been carried out (and any cash paid or received) whether or not this is the case.
- 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 Scheme Property.
- 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 and any foreign taxes or duties.
- 4.2.8 Deduct an estimated amount for any liabilities payable out of the Scheme Property and any tax or duty thereon, treating periodic items as accruing from day to day.

- 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 Add a sum representing any interest or any income accrued due or deemed to have accrued but not received.
- 4.2.13 Currencies or values in currencies other than the Base Currency 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.

4.3 **Price per Share in the Company and each Class**

The price per Share at which Shares are bought or are redeemed is the Net Asset Value per Share. At any Valuation Point, therefore, there is a single price for buying and redeeming Shares. Any initial charge or redemption charge, (or dilution levy 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 the Company at a time when more than one Class is in issue shall be done by reference to the relevant Shareholder's proportionate interest in the income property of the Class concerned 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;

4.4.1.3 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 the security concerned; 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 its 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. Shares in the Company are single priced.

4.6 **Publication of prices**

The prices of all Shares are published on every dealing day on the ACD's website: www.waystone.com. The prices of Shares may also be obtained by calling +44 (0)345 922 0044 during the ACD's normal business hours. 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 deal. The ACD may also, at its sole discretion, decide to publish certain Share prices in other third party websites or 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 following risk factors before investing in the Company.

5.1 **General**

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 Shareholders may not recoup the original amount they invest in the Company. There is no certainty that the investment objective of the Company will actually be achieved and no warranty or representation is given to this effect. The level of any yield for the Company may be subject to fluctuations and is not guaranteed.

The entire market of a particular asset class or geographical sector may fall, having a more pronounced effect on the Company heavily invested in that asset class or region.

5.2 **Effect of Initial Charge or Redemption Charge**

Where an initial charge or redemption charge is imposed, a Shareholder who realises their Shares 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, Shareholders 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. Currently there is no redemption charge levied on Shares.

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

5.3 **Suspension of Dealings in Shares**

Shareholders are reminded that in certain circumstances their right to redeem Shares may be suspended. Please see paragraph 3.10 for full details.

5.4 **Currency Exchange Rates**

Funds investing in overseas securities are exposed to, and may hold, currencies other than pounds sterling (GBP). As a result, exchange rate movements may cause the GBP value of investments to decrease or increase.

5.5 **Dilution**

The Company may suffer a reduction in the value of its Scheme Property due to dealing costs incurred when buying and selling investments. To offset this dilution effect the ACD

may require the payment of a dilution levy in addition to the price of Shares when bought or as a deduction when sold.

5.6 Warrants

Whilst warrants may be utilised for the management of investment risk they can also be volatile. A warrant allows, within a subscribed period, the right to apply for shares, debentures, loan stock or government securities from the issuer of the underlying security. A small movement in the price of the underlying security results in a disproportionately large movement, favourable or unfavourable in the price of the warrant. Therefore the larger the fund holding in warrants the larger the risk of volatility.

5.7 Credit and fixed interest securities

Fixed interest securities are particularly affected by trends in interest rates and inflation. If interest rates go up, the value of capital may fall, and vice versa. Inflation will also decrease the real value of capital. The value of a fixed interest security will fall in the event of the default or reduced credit rating of the issuer. Generally, the higher the level of income (yield) receivable, the higher the perceived credit risk of the issuer. High yield bonds with lower credit ratings (also known as sub-investment grade bonds) are potentially more risky (higher credit risk) than investment grade bonds.

As a general rule, fixed interest securities with an above average yield tend to be less liquid than securities issued by issuers with a higher credit rating. Investment in fixed interest securities with a higher yield also generally brings an increased risk of default on repayment by the issuer which could affect the income and capital of the Company. Furthermore, the solvency of issuers of such fixed interest securities may not be guaranteed in respect of either the principal amount or the interest payments and the possibility of such issuers becoming insolvent cannot be excluded. The value of a fixed interest security may fall in the event of the default or a downgrading of the credit rating of the issuer.

“Investment Grade” holdings are generally considered to be a rating of BBB- (or equivalent) and above by leading credit rating agencies (such as S&P, Moodys or Fitch). “Sub-investment Grade” is generally considered to be a rating below BBB- (or equivalent) by the leading rating agencies.

Holdings that have not been rated by the leading credit rating agencies will adopt the risk rating of the “parent company” as an indicator of their credit risk or an unrated holding will be assessed using fundamental data to analyse the likelihood of the company defaulting. An issuer with a rating of at least BBB- (or equivalent) is generally considered as having adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances may lead to a weakened capacity of the issuer to meet its commitments.

Where the Company invests in fixed income securities, the portfolio composition may change over time, this means the yield on the Company is not fixed and may go up or down.

5.8 Investment in Regulated Collective Investment Schemes

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

5.9 Unregulated Collective Investment Schemes

The Company may make investments in unregulated collective investment schemes. These may invest in highly illiquid securities which may be difficult to value. Moreover, many alternative investment strategies give themselves significant discretion in valuing securities. An investor should be aware that liquidity constraints and the extent to which the Company's securities are valued by independent sources are factors which could have an impact on the Company's valuation.

5.10 Non-UCITS Retail schemes

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

5.11 Derivatives for Efficient Portfolio Management

The Portfolio Manager may employ derivatives for the purposes of Efficient Portfolio Management (including hedging) with the aim of reducing the risk profile of the Company, reducing the costs or generating additional capital or income.

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

For more information in relation to investment in derivatives please see paragraphs 9 and 10 in Appendix III.

5.12 **Counterparty Risk in contracts for differences ('CFDs')**

Counterparty risk is associated with the financial stability or solvency of the counterparty to a contract. In the context of contracts for differences ("CFD") contracts, if the counterparty to a contract fails to meet their financial obligations, the CFD may have little or no value regardless of the underlying instrument. This means that a CFD investor could potentially incur severe or total losses, even if the underlying instrument moves in the desired direction.

5.13 **Emerging Markets**

Emerging markets tend to be more volatile than more established markets and therefore Shareholders' money is at greater risk. Risk factors such as local political and economic conditions should also be considered.

The reliability of trading and settlement systems in some emerging markets may not be equal to that available in more developed markets, which may result in delays in realising investments within the Company. A counterparty may not pay or deliver on time or as expected.

Lack of liquidity or efficiency in certain stock markets or foreign exchange markets in certain emerging markets may mean that from time to time the Portfolio Manager may experience more difficulty in purchasing or selling securities than it would in a more developed market.

Given the possible lack of a regulatory structure it is possible that securities in which investments are made may be found to be fraudulent. As a result, it is possible that loss may be suffered.

The currencies of certain emerging countries prevent the undertaking of currency hedging techniques.

Some emerging markets may restrict the access of foreign investors to securities. As a result, certain securities may not always be available to the Company because the maximum permitted number of an investment by foreign Shareholders has been reached. In addition, the outward remittance by foreign investors of their share of net profits, capital and dividends may be restricted or require governmental approval.

Accounting, auditing and financial reporting standards, practices and disclosure requirements applicable to companies in emerging markets differ from those applicable in more developed markets in respect of the nature, quality and timeliness of the information disclosed to Shareholders and, accordingly, investment possibilities may be difficult to properly assess.

5.14 **Smaller Companies**

Investment in smaller companies can be higher risk than investment in well established blue chip companies. Funds investing significantly in smaller companies can be subject to more volatility due to the limited marketability of the underlying asset.

5.15 **Liquidity**

Depending on the types of assets the Company invests in, there may be occasions where there is an increased risk that a position cannot be liquidated in a timely manner at a reasonable price.

5.16 **Higher Volatility and Concentrated Portfolios**

The Company may hold a limited number of investments. Should one or more of those investments decline or be adversely affected, it may have a greater effect on the Company's value than if a larger number of investments were held. This may lead to a high turnover of stocks in the Company.

The Company may invest in one particular type of asset, industry, or geographical preference (e.g. the technology or oil sectors). Such concentration can give rise to higher risk than a fund which has spread its investments more broadly.

5.17 **Counterparty and Settlement**

The Company will be exposed to a credit risk on parties with whom it trades and will also bear the risk of settlement default.

5.18 **Custody**

There may be a risk of a loss where the assets of the Company are held in custody that could result from insolvency, negligence or fraudulent action of the custodian or sub-custodian.

5.19 **Tax**

Tax laws currently in place may change in the future which could affect the value of Shareholder's investments. See the section headed 'Taxation' for further details about taxation of the Company.

Currently, the Company relies extensively on tax treaties between the United Kingdom and other countries to reduce domestic rates of withholding tax being applied on income arising where the Company holds underlying assets in those countries. A risk exists that these treaties may change or that tax authorities may change their position on the application of a relevant tax treaty. As a consequence, any such change (i.e. the imposition of, or increase in, withholding tax in that foreign jurisdiction) may result in higher rates of tax being applied to income from underlying investments and this may have a negative effect on the returns to the Company and Shareholders.

In addition, under some treaties the rate of withholding tax applied to the Company may be affected by the tax profiles of Shareholders in the Company. This is because such treaties may require a majority of Shareholders in the Company to be resident in either the UK or another specified jurisdiction as a condition of relief. Failing to satisfy this test may also result in increased withholding tax and therefore a negative effect on the returns to the Company and Shareholders.

5.20 **Inflation and Interest Rates Risk**

The real value of any returns that a Shareholder may receive from the Company could be affected by interest rates and inflation over time.

5.21 **Unlisted Investments**

Unlisted investments are generally not publicly traded. As there may be no open market for a particular security it may be difficult to sell and cause liquidity issues.

The lack of an open market may also restrict the establishment of a fair value for an unlisted investment when compared to an equivalent listed investment.

5.22 **Local, Regional and Global Events**

Local, regional and global events, such as natural or environmental disasters, including earthquakes, fires, floods, hurricanes, tsunamis, and other severe weather-related phenomena; widespread disease, including pandemics and epidemics; and war, acts of terrorism, political and social unrest have been and can be highly disruptive to economies and markets, adversely impacting individual companies, sectors, industries, markets, currencies, interest and inflation rates, credit ratings, investor sentiment, and other factors affecting the value of the Company's investments. Given the increasing interdependence among global economies and markets, adverse conditions in one country, market, or region are increasingly likely to adversely affect markets, issuers, and/or foreign exchange rates in other countries. These disruptions could prevent the Company from executing advantageous investment decisions in a timely manner and could negatively impact the Company's ability to achieve its investment objective. Any such event(s) could have a significant adverse impact on the value and risk profile of the Company.

6. **MANAGEMENT AND ADMINISTRATION**

6.1 **Regulatory status**

The ACD, the Depositary and the Portfolio Manager are authorised and regulated by the Financial Conduct Authority of 12 Endeavour Square, London E20 1JN. The Depositary is also regulated by the Prudential Regulatory Authority.

6.2 **Authorised Corporate Director**

6.2.1 **General**

The ACD of the Company is Waystone Management (UK) Limited, a limited company incorporated in England and Wales on 7 January 1999 with registered number 03692681. The head office and registered office of the ACD are at 3rd Floor Central Square, 29 Wellington Street, Leeds, United Kingdom, LS1 4DL. As at the date of this Prospectus, the amount of the ACD's authorised share capital is £1,941,686 of ordinary £1 shares of which £1,941,686 is allotted and fully paid up.

The executive directors of the ACD are as follows:

A M Berry
R E Wheeler
V Karalekas
K Midl – effective 9th October 2023

The non-executive directors of the ACD are as follows:

T K Madigan
S White
E Tracey – effective 9th October 2023

The ACD is responsible for managing and administering the Company's affairs in compliance with the COLL Sourcebook and the FUND 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 and the FUND Sourcebook.

It has therefore delegated to the Portfolio Manager the function of portfolio management and advisory services in relation to the assets of the Company (as further explained in paragraph 6.4 below). The ACD has also delegated to the Registrar certain functions relating to the register (as further explained in paragraph 6.5 below). It has also delegated to The Bank of New

York Mellon (International) Limited to provide fund accounting services for the Company (as explained in paragraph 6.6).

The FCA's remuneration requirements have been implemented primarily to ensure that relevant members of staff are not incentivised, by way of their remuneration package, to take excessive risks when managing funds. The ACD has approved and adopted a remuneration policy (the "Remuneration Policy") which explains how the ACD complies with such requirements and which staff are covered. Details of the up-to-date Remuneration Policy, including a description of how remuneration and benefits are calculated and the identities of the persons responsible for awarding such remuneration and benefits can be accessed from the following website: www.waystone.com. A paper copy of these details is also available free of charge from the ACD upon request.

6.2.2 **Terms of Appointment**

The appointment of the ACD has been made under an agreement 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.

The ACD Agreement may be terminated by the Company on not less than twelve months written notice or earlier upon the happening of certain specified events. The ACD Agreement contains detailed provisions relating to the responsibilities of the ACD and excludes it from any liability to the Company or any Shareholder for any act or omission except in the case of negligence, wilful default, breach of duty or breach of trust in relation to the Company on its part. The ACD Agreement provides indemnities to the ACD to the extent allowed by the Regulations and other than for matters arising by reason of its negligence, wilful default, breach of duty or breach of trust in the performance of its duties and obligations. Subject to certain limited exceptions set out in the Regulations, the ACD may retain the services of any person to assist it in the performance of its functions.

Details of the fees payable to the ACD are set out in paragraph 7.2 "Charges payable to the ACD" below.

The ACD 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 Company has no directors other than the ACD. The ACD is the manager of certain AUTs and 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 The Bank of New York Mellon (International) Limited (registered no. 03236121).

The ACD has appointed the Depositary to act as depositary for the purposes of the Company being a Non-UCITS retail Scheme.

The Depositary is a private limited company incorporated in England and Wales on 9 August 1996. Its ultimate holding company is The Bank of New York Mellon Corporation, a public company incorporated in the United States.

The Depositary's registered and head office is at 160 Queen Victoria Street, London EC4V 4LA. The Depositary is authorised by the Prudential Regulation Authority and is dual-regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

6.3.2 **Duties of the Depositary**

The Depositary is responsible for the safekeeping of the Scheme Property, monitoring the cash flows of the Company, and must ensure that certain processes carried out by the ACD are performed in accordance with the Regulations, the Instrument of Incorporation and the Prospectus.

6.3.3 **Delegation of safekeeping functions**

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

The Depositary has delegated safekeeping of the Scheme Property to The Bank of New York Mellon SA/NV and The Bank of New York Mellon (the "Global Sub-Custodian"). In turn, the Global Sub-Custodian has sub-delegated the custody of assets in certain markets in which the Company may invest to various sub-delegates ("Sub-Custodians").

6.3.4 **Terms of Appointment**

The ACD is required to enter into a written contract with the Depositary to evidence its appointment as depositary of the Company. The Depositary is appointed as depositary of the Company under an agreement entered into between the ACD, the Company and BNY Mellon Trust & Depositary (UK) Limited and as novated in favour of the Depositary with effect from 15 December 2017 (as amended and further novated from time to time), pursuant to which the ACD and the Depositary agree to carry out various functions in order to comply with, and facilitate compliance with, the requirements of the Regulations.

6.4 **The Portfolio Manager**

6.4.1 **General**

The ACD has appointed Gresham House Asset Management Limited to provide portfolio management and related advisory services to the ACD pursuant to an agreement effective from 30 November 2018 (the "Investment Management Agreement"). The Portfolio Manager is authorised and regulated by the Financial Conduct Authority. The Portfolio Manager has the authority to make investment decisions on behalf of the Company and the ACD.

The Portfolio Manager's registered office is at 5 New Street Square, London EC4A 3TW.

6.4.2 **Terms of Appointment:**

The terms of the Investment Management Agreement between the ACD and the Portfolio Manager include the provision of discretionary investment management within the investment objectives, discretion to place purchase and sale orders with regulated dealers and on the exercise of voting rights relating to such investments (in accordance with the ACD's voting strategy) and on the marketing of Units (subject to the approval of the ACD). The agreement is terminable on receipt of six months written notice given by either party or immediately, where the ACD decides that termination is in the interests of Shareholders.

Under the Investment Management Agreement, the ACD provides indemnities to the Portfolio Manager, (except in the case of any matter arising in connection with its fraud, gross negligence or wilful default). The ACD may be entitled under the indemnities in the ACD Agreement to recover from the Company amounts paid by the ACD under the indemnities in the Investment Management Agreement.

The principal activity of the Portfolio Manager is the provision of investment management services.

The Portfolio Manager will receive a fee paid by the ACD out of its remuneration received each month from the Company.

6.5 The Registrar

6.5.1 General

On behalf of the Company the ACD has also appointed Waystone Transfer Agency Solutions (UK) Limited to act as Registrar and provide administration services to the Company.

The registered office of the Registrar is 3rd Floor Central Square, 29 Wellington Street, Leeds, United Kingdom, LS1 4DL.

The Register is kept and maintained at 3rd Floor Central Square, 29 Wellington Street, Leeds, United Kingdom, LS1 4DL.

6.5.2 Register of Shareholders

The Register will be maintained by the Registrar at the address of its office as noted above, and may be inspected at that address or the principal place of business of the ACD during normal business hours by any Shareholder or any Shareholder's duly authorised agent.

6.6 The Fund Accountant

The ACD has appointed The Bank of New York Mellon (International) Limited to provide fund accounting services to the Company.

The Fund Accountant is a private company limited by shares incorporated in England and Wales on 9 August 1996. Its ultimate holding company is The Bank of New York Mellon Corporation, a public company incorporated in the United States.

The registered and head office of the Fund Accountant is at 160 Queen Victoria Street, London, EC4V 4LA. The Fund Accountant is authorised by the Prudential Regulation Authority and is dual-regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

6.7 The Auditors

The auditors of the Company are KPMG LLP whose address is St Vincent Plaza, 319 St Vincent Street, Glasgow G2 5AS 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 applicable accounting standards, the Regulations and the Instrument of Incorporation.

6.8 Conflicts of Interest

6.8.1 General

The Depositary, the ACD and the Portfolio Manager (each of which is a "Service Provider") or any associate of them may (subject to the COLL Sourcebook) hold money on deposit from, lend money to, or engage in stock lending transactions in relation to, the Company, so long as the services concerned are provided on arm's length terms (as set out in the COLL Sourcebook) and in the case of holding money on deposit or lending money the Service Provider is an eligible institution or approved bank.

The Service Providers or any associate of any of them may sell or deal in the sale of property to the Company or purchase property from the Company provided the applicable provisions of the COLL Sourcebook apply and are observed.

Subject to compliance with the COLL Sourcebook, where relevant, the Service Providers may be party to or interested in any contract, arrangement or transaction to which the Company is a party or in which it is interested.

The Service Providers or any associate of any of them will not be liable to account to the Company or any other person, including the holders of Shares, for any profit or benefit made or derived from or in connection with:

- (a) their acting as agent for the Company in the sale or purchase of property to or from the Company;
- (b) their part in any transaction or the supply of services permitted by the COLL Sourcebook; or
- (c) their dealing in property equivalent to any owned by (or dealt in for the account of) the Company.

6.8.2 ACD

The ACD, the Portfolio Manager and other companies within the ACD's and/or the Portfolio Manager's group may, from time to time, act as portfolio manager or adviser to other funds or sub-funds which follow similar investment objectives to those of the Company. It is therefore possible that the ACD and/or Portfolio Manager may in the course of their business

have potential conflicts of interest with the Company or that a conflict exists between the Company and other funds managed by the ACD or the Portfolio Manager.

The ACD and the Portfolio Manager will take all appropriate steps to identify and prevent or manage such conflicts and each of the ACD and the Portfolio Manager will have regard in such event to their obligations under the ACD Agreement and the Investment Management Agreement respectively and, in particular, to its obligation to act in the best interests of the Company so far as practicable, having regard to their respective obligations to other clients, when undertaking any investment business where potential conflicts of interest may arise. Where a conflict of interest cannot be avoided, the ACD and the Portfolio Manager will ensure that the Company and other collective investment schemes managed by them are fairly treated.

The ACD acknowledges that there may be some occasions 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(s) cannot be avoided disclose these to Shareholders in an appropriate format.

The ACD's conflicts of interest policy is available for inspection at the office of the ACD. The Portfolio Manager's conflicts of interest policy is available on request from the Portfolio Manager.

6.8.3 **Depositary**

For the purposes of this section, the following definitions shall apply:

"link" means a situation in which two or more natural or legal persons are either linked by a direct or indirect holding in an undertaking which represents 10% or more of the capital or of the voting rights or which makes it possible to exercise a significant influence over the management of the undertaking in which that holding subsists.

"group link" means a situation in which two or more undertakings or entities belong to the same group within the

meaning of section 399 of the Companies Act 2006, Article 2(11) of Directive 2013/34/EU or international accounting standards adopted in accordance with Regulation (EC) No. 1606/2002.

The ACD may delegate certain administrative functions to an entity within the same corporate group as the Depositary. If the ACD does so, the Depositary shall ensure that policies and procedures are in place to identify all conflicts of interests arising and shall take all reasonable steps to avoid such conflicts of interests.

At present the ACD delegates certain administrative functions to The Bank of New York Mellon (International) Limited. A group link exists where the ACD has delegated certain administrative functions, including but not limited to Fund Accounting, to The Bank of New York Mellon (International) Limited or another entity within the same corporate group as the Depositary.

Where such group link exists, the Depositary and the ACD will ensure that such conflicts of interests are managed, monitored and disclosed in order to prevent adverse effects on the interests of the Company and its Shareholders.

The Depositary may delegate the safekeeping of the Scheme Property to an entity in the same corporate group as the Depositary and a group link exists where the Depositary has delegated, or where any Global Sub-Custodian has sub-delegated, the safekeeping of the Scheme Property to an entity within the same corporate group.

The Depositary shall ensure that policies and procedures are in place to identify all conflicts of interests arising and shall take all reasonable steps to avoid such conflicts of interests. Where such conflicts of interests cannot be avoided, the Depositary will ensure that such conflicts of interests are managed, monitored and disclosed in order to prevent adverse effects on the interests of the Company and its Shareholders.

Where a link exists, for example where one party can exercise significant influence over the management of the other, between the Depositary and any Shareholders in the Company, the Depositary shall take all reasonable steps to

avoid conflicts of interests arising, and ensure that it complies with the applicable regulations for a Non-UCITS Retail Scheme.

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

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 ACD. The direct establishment costs of each Share Class created after this Prospectus is superseded may be borne by the relevant Class or by the ACD at its discretion.

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

- 7.1.1 the fees and expenses payable to the ACD, to the Portfolio Manager and to the Depositary;
- 7.1.2 broker's commission, fiscal charges transaction charges and other disbursements which are necessarily incurred in effecting transactions for the Company and normally shown in contract notes, confirmation notes and difference accounts as appropriate;
- 7.1.3 fees and expenses in respect of establishing and maintaining the Register and any sub-register of Shareholders;
- 7.1.4 any costs incurred in or about the listing of Shares in the Company on any Stock Exchange, and the creation, conversion and cancellation of Shares;
- 7.1.5 any costs incurred in producing and dispatching any payments made by the Company, or the yearly and half-yearly reports of the Company, or the Prospectus;
- 7.1.6 any fees, expenses or disbursements of any legal or other professional adviser of the Company, including those incurred on the establishment of the Company;
- 7.1.7 any costs incurred in taking out and maintaining any insurance policy in relation to the Company;
- 7.1.8 any costs incurred in respect of meetings of Shareholders convened for any purpose including those convened on a requisition by Shareholders not including the ACD or an associate of the ACD;

- 7.1.9 liabilities on unitisation, amalgamation or reconstruction including certain liabilities arising after transfer of property to the Company in consideration for the issue of Shares as more fully detailed in the FCA Handbook;
- 7.1.10 interest on borrowings and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings;
- 7.1.11 taxation and duties payable in respect of the Scheme Property of the Company or the issue or redemption of Shares;
- 7.1.12 the audit fees of the Auditors (including VAT) and any expenses of the Auditors;
- 7.1.13 the fees of the FCA, in accordance with the chapter of the FCA Handbook entitled "Fees Manual", together with any corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which Shares in the Company are or may be marketed;
- 7.1.14 the Depository's expenses, as detailed below;
- 7.1.15 any expense incurred in relation to company secretarial duties including the cost of maintenance of minute books and other documentation required to be maintained by the Company and any expenses incurred in distributing information regarding the prices of Shares to Shareholders e.g. any costs incurred by the Company in publishing the price of the Shares in a national or other newspaper or any other form of media;
- 7.1.16 any costs incurred as permitted by COLL in preparing, translating, producing (including printing), distributing and modifying the instrument of incorporation, the Prospectus, the Non-UCITS Retail Scheme (NURS) Key Investor Information Document (apart from the costs of distributing the Key Investor Information Document) or reports, accounts, statements, contract notes and other like documentation or any other relevant document required under the Regulations; and
- 7.1.17 any payments otherwise due by virtue of the FCA Handbook.

The ACD is also entitled to be paid by the Company out of the Scheme Property any expenses incurred by the ACD or its delegates of the kinds described above.

Expenses are allocated between capital and income in accordance with the Regulations. However, the approach is set out in Appendix I. Where expenses are deducted in the first instance from income if and only if this is insufficient, deductions will be made from capital. If deductions were made from capital, this would result in capital erosion and constrain growth.

7.2 Charges Payable to the ACD

7.2.1 Annual Management Charge

In payment for carrying out its duties and responsibilities the ACD is entitled to take an annual fee out of the Scheme Property as set out in Appendix I.

The annual management charge will accrue on a daily basis in arrears by reference to the Net Asset Value of the Company on the immediately preceding Valuation Point and taking into account any subsequent changes to the Company capital due to the creation or cancellation of shares. The amount due for each month is payable on the last Dealing Day of each month. The current annual management charges for the Company (expressed as a percentage per annum of the Net Asset Value of the Company) are set out in Appendix I.

The ACD may increase the rate of such charge by giving 60 days' notice to Shareholders and amending this Prospectus. The ACD is responsible for the payment of the fees of the Portfolio Manager.

7.2.2 Expenses

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

VAT is payable on the charges or expenses mentioned above, where appropriate.

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.

The ACD may not increase the current rate or amount of its remuneration payable out of the Scheme Property or the initial charge unless, not less than 60 days before the introduction or increase, the ACD gives notice in writing of the introduction or increase and the date of its commencement to all Shareholders at their registered address and has revised and made

available the Prospectus to reflect the introduction or new rate and the date of its commencement.

7.3 Registration fees

The Registrar shall receive a fee out of the Scheme Property for providing registration services. Such fee is a quarterly fee. The current fees payable to the Registrar are as follows (plus any applicable VAT): £17.50 per annum per Shareholder with a minimum payment of £3,500 per annum and £15.00 per manual Shareholder transaction. The rates for straight through processing per Shareholder transactions are £4.70 for Calastone and £6.00 for EMX.

7.4 Depositary's fee and expenses

The Depositary is entitled to receive out of Scheme Property by way of remuneration a periodic charge, which will be calculated and accrue daily and be paid monthly as soon as practicable after the end of each month, and certain additional charges and expenses. The rate of the Depositary's periodic charge in respect of the Company will be such rate or rates as agreed from time to time between the ACD and the Depositary in accordance with COLL. The current rate of the Depositary's periodic charge in respect of the Company is:

| Value of the Company: | Fee |
|------------------------------|------------|
| £0 - £100 million | 0.03% |
| £100 million - £150 million | 0.0175% |
| £150 million - £1 billion | 0.01% |
| £1 billion - £2 billion | 0.005% |
| £2 billion and above | 0.0025% |

of the value of the Scheme Property, subject to a minimum of £12,500 plus VAT per annum. In addition VAT on the amount of the periodic charge will be paid out of Scheme Property.

In the event of the termination of the Company, the Depositary shall continue to be entitled to a periodic charge in respect of the Company for the period up to and including the day on which the final distribution in the termination of the Company shall be made or, in the case of a termination following the passing of an extraordinary resolution approving a scheme of arrangement, up to and including the final day on which the Depositary is responsible for the safekeeping of the Scheme Property. Such periodic charge will be calculated, be subject to the same 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 of the Company commences, the value of the Scheme Property shall be its Net Asset Value determined at the beginning of each such day.

The Depositary Agreement between the Company and the Depositary provides that in addition to a periodic charge the Depositary may also be paid by way of remuneration custody fees where it acts as custodian and other transaction and bank charges. At present the Depositary acts as global custodian and delegates the function of custody of the Scheme Property to The Bank of New York Mellon SA/NV and The Bank of New York Mellon.

The remuneration for acting as custodian is calculated at such rate and/or amount as the ACD and the Depositary may agree from time to time.

The current remuneration ranges from between 0.002% per annum to 0.41% per annum of the value of the Scheme Property, plus VAT (if any) calculated at an ad valorem rate determined by the territory or country in which the assets of the Company are held. The current range of transaction charges is between £4 and £67.50 per transaction plus VAT (if any). Charges for principal investment markets are:

| | Transaction charge per trade | Custody charge % per annum |
|----------------|------------------------------|----------------------------|
| UK | £4 | 0.002 |
| United States | £4 | 0.002 |
| UK Collectives | £15 | 0.0025 |
| Japan | £9 | 0.005 |

Custody and transaction charges will be 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. Such expenses include, but are not restricted to:

- (i) delivery of stock to the Depositary or custodian;
- (ii) custody of assets;
- (iii) collection and distribution of income and capital;
- (iv) submission of tax returns;
- (v) handling tax claims;
- (vi) preparation of the Depositary's annual report;
- (vi) arranging insurance;

- (vii) calling Shareholder meetings and otherwise communicating with Shareholders;
- (viii) dealing with distribution warrants;
- (ix) taking professional advice;
- (x) conducting legal proceedings;
- (xi) such other duties as the Depositary is permitted or required by law to perform.

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

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

7.5 **Portfolio Manager's fee**

The Portfolio Manager's fees and expenses (plus VAT thereon) for providing investment management services will be paid by the ACD out of its remuneration under the ACD Agreement.

Further details of the ACD Agreement are summarised in paragraph 6.2.2 "Terms of Appointment" above.

7.6 **Research Costs**

It is not intended that the ACD receives any third party research on behalf of the Company. Any third party research received by the Portfolio Manager, for or on behalf of, the Company will be paid for by the Portfolio Manager.

8. **INSTRUMENT OF INCORPORATION**

The Instrument of Incorporation is available for inspection at the ACD's offices at 3rd Floor Central Square, 29 Wellington Street, Leeds, United Kingdom, LS1 4DL.

9. **SHAREHOLDER MEETINGS AND VOTING RIGHTS**

9.1 **Class and Company meetings**

The Company has dispensed with the holding of annual general meetings.

The provisions below, unless the context otherwise requires, apply to Class meetings as they apply to general meetings of the Company. References to Shares shall be to the Shares of the Class concerned and the Shareholders and value and prices of such Shares.

9.2 **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.

9.3 **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.

9.4 **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 shall be such proportion of the voting rights attached to all the Shares in issue (in the Company or the Class as the case may be) as the price of the Shares bears to the aggregate price(s) of all the Shares in issue (of the Company or the Class as appropriate), at the date seven Business Days before the notice of meeting is sent out (such date to be decided by the ACD).

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

In the case of joint Shareholders, the vote of the most senior Shareholder 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 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 on the date seven Business Days before the notice of the relevant meeting was deemed to have been served but excludes holders who are known to the ACD not to be Shareholders at the time of the meeting.

10. TAXATION

10.1 General

The information below is a general guide based on current United Kingdom law and HM Revenue & Customs practice, which are subject to change. It summarises the tax position of the Company and of investors who are United Kingdom resident individuals and hold Shares as investments. The regime for taxation of income and capital gains received by individual investors depends on the tax law applicable to their personal 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 corporation tax in the United Kingdom or to tax in a jurisdiction other than the United Kingdom, are recommended to take professional advice.

10.2 The Company

The Company will be treated as a separate open-ended investment company for United Kingdom tax purposes.

The Company is generally exempt from United Kingdom tax on capital gains realised on the disposal of its investments (including interest-paying securities and derivatives) held within it. However, any gains realised on disposing of holdings in non-reporting offshore funds are charged to tax as income and not capital.

Any dividend received by the Company (whether directly or through another United Kingdom authorised investment fund) will generally be exempt from corporation tax. The Company will be subject to corporation tax on most other types of income but after deducting allowable management expenses and where relevant the interest distributions. Where the Company suffers foreign withholding tax on exempt income, this will generally be an irrecoverable tax expense.

The Company will make dividend distributions except where more than 60% of its property has been invested throughout the distribution period in qualifying assets (broadly interest paying assets), in which case it may make interest distributions.

10.3 Shareholders

10.3.1 Income

Where the Company pays a dividend distribution (which will be automatically retained in the Company in the case of accumulation Shares). No Tax credit is attached to the dividend distribution. Individuals liable to income tax at the basic, higher or additional rate may have a further liability to tax depending on the availability of other allowances and reliefs including the annual Dividend Allowance.

10.3.2 **Interest**

Where the Company pays an interest distribution (which will be automatically retained in the Company in the case of accumulation Shares) this is paid without the deduction of income tax. Individuals liable to income tax at basic, higher or additional rate may have a further liability to tax depending on the availability of other allowances and reliefs including the annual Personal Savings Allowance.

10.3.3 **Income Equalisation**

The first income allocation received by a Shareholder after buying Shares may include an amount of income equalisation, which will be shown on the issued tax voucher. This is effectively a repayment of the income equalisation paid by the Shareholder as part of the purchase price. It is a return of capital, and is not taxable. Rather it should be deducted from the acquisition cost of the Shares for capital gains tax purposes.

10.3.4 **Tax Vouchers**

A tax voucher will be issued in line with the income distribution dates set out in Appendix 1. This voucher should be retained for tax purposes as evidence for HM Revenue & Customs (HMRC).

The ACD reserves the right to charge an administration fee of £10 if a duplicate copy is required. To obtain a duplicate copy you will need to submit your request in writing, along with payment, to Waystone Management (UK) Limited, Distributions Team, at the address of the Registrar.

10.3.5 **Capital Gains**

Shareholders may be liable to capital gains tax on gains arising from the redemption, transfer or other disposal of Shares. The rate of tax, and available reliefs, will be as applicable from time to time.

An exchange of Shares between classes within a Company is generally not treated as a disposal for this purpose.

10.3.5 **The International Tax Compliance Regulations**

The Company is required to comply with The International Tax Compliance Regulations. The regulations transpose into UK law rules and obligations derived from European Union law and inter-governmental agreements entered into by the UK which are aimed at increasing transparency and reducing tax evasion.

To be compliant with these regulations the Company must collect information about each Shareholder's tax residence and in certain circumstances provide

information about Shareholders' Shareholdings to HMRC. HMRC may in turn share this information with overseas tax authorities.

Therefore, where a Shareholder fails to provide the information required by the Company to comply with its obligations to HMRC this may result in the ACD taking appropriate action against the Shareholder, including invoking the compulsory transfer and redemption provisions set out in paragraph 3.7.

The ACD intends to procure compliance with the regulations but cannot give an assurance that this will be achieved.

The underlying laws and agreements are a complex area of tax law and investors should consult their professional advisers on the implications these regulations may have for them.

11. **WINDING UP OF THE COMPANY**

The Company will not be wound up except as an unregistered company under Part V of the Insolvency Act 1986 or under the COLL Sourcebook.

Where the Company to be wound up 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) either that the Company will be able to meet its liabilities within 12 months of the date of the statement or that the Company will be unable to do so. The Company may not be wound up under the COLL Sourcebook if there is a vacancy in the position of ACD at the relevant time.

The Company shall be wound up under the COLL Sourcebook:

- 11.1 if an extraordinary resolution to that effect is passed by Shareholders; or
- 11.2 when the period (if any) fixed for the duration of the Company by the Instrument of Incorporation expires, or any event arises on the occurrence of which the Instrument of Incorporation provides that the Company is to be wound up; or
- 11.3 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.

On the occurrence of any of the above:

- 11.4 COLL 6.2 (Dealing), COLL 6.3 (Valuation and Pricing) and COLL 5 (Investment and borrowing powers) will cease to apply to the Company;
- 11.5 the Company will cease to issue and cancel Shares in the Company and the ACD shall cease to sell or redeem Shares or arrange for the Company to issue or cancel them for the Company;
- 11.6 no transfer of a Share shall be registered and no other change to the Register shall be made without the sanction of the ACD;
- 11.7 where the Company is being wound up, the Company shall cease to carry on its business except in so far as it is beneficial for the winding up of the Company; and
- 11.8 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 falls to be wound up, realise the assets and meet the liabilities of the Company and, after paying out or retaining

adequate provision for all liabilities properly payable and retaining provision for the costs of the winding up, 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, the ACD shall, as soon as practicable after the commencement of winding up of the Company, 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 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.

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

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

Following the completion of a winding up, the ACD must prepare a final account showing how the winding up took place and how the Scheme Property was distributed. The auditors of the Company shall make a report in respect of the final account stating their opinion as to whether the final account has been properly prepared. This final account and the auditor's 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.

12. **GENERAL INFORMATION**

12.1 **Accounting Periods**

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

12.2 **Notice to Shareholders**

All notices or other documents sent by the ACD to a Shareholder will be sent by normal post to the last address notified in writing to the Company by the Shareholder.

12.3 **Income Allocations**

The income allocation dates of the Company are set out in Appendix I. Income is allocated in respect of the income available at each accounting date.

Income shall be accumulated on or before the annual income allocation date of 30 April and on or before the interim allocation date of 31 August.

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

12.4 **Annual Reports**

Annual reports of the Company will be published within four months of the end of each annual accounting period and half-yearly reports will be published within two months of the end of each half-yearly interim accounting period.

12.5 **Documents of the Company**

Copies of this Prospectus, Instrument of incorporation, and

the most recent annual and half-yearly long reports may be inspected at, and obtained from, the ACD at 3rd Floor Central Square, 29 Wellington Street, Leeds, United Kingdom, LS1 4DL during normal business hours on any Business Day, in addition to being available at www.waystone.com. The Registrar will also provide upon request, copies of the ACD Agreement between the ACD and the Company. Upon written request the ACD will provide further information relating to:

- 12.5.1 the quantitative limits applying to the risk management of the Company;
- 12.5.2 the methods used in relation to the risk management of the Company; and
- 12.5.3 any recent developments of the risk and yields of the main categories of the Company's investments.

12.6 **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:

- 12.6.1 the ACD Agreement between the Company and the ACD; and
- 12.6.2 the Depositary Agreement between the Company, the Depositary and the ACD.

Details of the above contracts are set out in Paragraph 6 "Management and Administration".

12.7 **Telephone Recordings**

Please note that the ACD and the Portfolio Manager will take all reasonable steps to record telephone conversations, and keep a copy of electronic

communications, that relate to instructions to deal in the Company or the management of the assets of the Company. Telephone calls may be recorded for security or regulatory purposes and may be monitored under Waystone Management (UK) Limited's quality control procedures.

12.8 **Complaints**

Complaints may be brought in writing to Waystone Management (UK) Limited, PO Box 389, Darlington DL1 9UF, or by email to wtas-investorservices@waystone.com or by telephone to 0345 922 0044.

All complaints will be handled in accordance with the ACD's internal complaint handling procedures. A copy of the ACD's guide to making a complaint is available on request.

In the event that an unsatisfactory response is provided, you can refer your complaint to the Financial Ombudsman Service at: The Financial Ombudsman Service, Exchange Tower, London, E14 9SR. Information about the Financial Ombudsman can be found on its website at www.financial-ombudsman.org.uk.

In the event of the ACD being unable to meet its liabilities to Shareholders, details about rights to compensation can be found at www.fscs.org.uk.

12.9 **Strategy for the exercise of voting rights**

The ACD has a strategy for determining when and how voting rights attached to ownership of the Scheme Property are to be exercised for the benefit of the Company. A summary of this strategy is available from the ACD on request or on the ACD's website at www.waystone.com. Voting records and further details of the actions taken on the basis of this strategy in relation to the Company are available free of charge from the ACD on request.

12.10 **Best Execution**

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 FCA Rules to obtain the best possible result for the Company. Details of the best execution policy are available from the ACD on request.

12.11 **Information available to Shareholders**

12.11.1 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:

- 12.11.2 the percentage of the Company'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;
 - 12.11.3 the current risk profile of the Company, and information on the risk management systems used by the ACD to manage those risks;
 - 12.11.4 the total amount of leverage employed by the Company calculated in accordance with the gross and commitment methods; and
 - 12.11.5 any material changes to the information above.
- 12.11.6 It is intended that Shareholders will be notified promptly of any material changes to the liquidity management systems and procedures such as the suspension of redemptions, or similar special liquidity arrangements. It is intended that any changes to the maximum level of leverage which the Company may employ will be provided to Shareholders without undue delay.

12.12 **Changes to the Company**

Where any changes are proposed to be made to the Company the ACD will assess, with input from the Depositary, whether the change is fundamental, significant or notifiable in accordance with COLL 4.3. Changes to the investment objective and investment policy will usually be significant or fundamental, unless those changes are only for clarification purposes and do not result in any change in how the Company is managed. Certain changes to the Company may require approval by the FCA in advance.

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 Section 9.

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.

12.13 **Professional liability risks**

The ACD covers potential professional liability risks arising from its activities as the Company's AIFM through additional own funds.

12.14 **Fair treatment of investors**

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

- 12.14.1 acting in the best interest of the Company and of the investors;
- 12.14.2 executing the investment decisions taken for the account of the Company in accordance with the investment objective, the investment policy and the risk profile of the Company;
- 12.14.3 ensuring that the interests of any group of investors are not placed above the interests of any other group of investors;
- 12.14.4 ensuring that fair, correct and transparent pricing models and valuation systems are used;
- 12.14.5 preventing undue costs being charged to the Company and investors;
- 12.14.6 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
- 12.14.7 recognising and dealing with complaints fairly.

12.15 **Preferential Treatment**

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 Company 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.

12.16 **Shareholders' rights**

- 12.16.1 Shareholders are entitled to participate in the Company on the basis set out in this prospectus (as amended from time to time). Paragraphs 12.8 ("Complaints"), 9 ("Shareholder Meetings and Voting Rights"), 12.4 ("Annual Reports") and 12.5 ("Documents of the Company") of this prospectus set out important rights about Shareholders' participation in the Company.
- 12.16.2 Shareholders may have no direct rights against the service providers to the Company as set out in Paragraph 6 "Management and administration".
- 12.16.3 The ACD must ensure that this Prospectus does not contain any untrue or misleading statement or omit any matter required to be disclosed in the Prospectus by the FUND Sourcebook or the COLL Sourcebook. To the extent that a Shareholder incurs loss as a consequence of an untrue or misleading statement or omission, the ACD may be liable to compensate that Shareholder subject to the ACD having failed to exercise reasonable care to determine that the statement was true and not misleading or that the omission was appropriate, in accordance with the FCA Handbook.
- 12.16.4 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.
- 12.16.5 Shareholders who are concerned about their rights in respect of the Company should seek legal advice.

12.17 **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.

12.19 **Value Assessment**

In accordance with current Financial Conduct Authority rules, we are required to carry out an annual assessment on whether the Company provides value to investors. The assessment of value looks at a number of criteria relating to investment performance, costs and quality of service and will determine whether the Company offers value to investors compared with the market or whether corrective action is required.

A report detailing the findings of the value assessment will be published on the ACD's website at www.waystone.com.

12.20 **Provision of Investment Advice**

All information concerning the Company and about investing in Shares is available from the ACD at 3rd Floor Central Square, 29 Wellington Street, Leeds, United Kingdom, LS1 4DL. The ACD is not authorised to give investment advice and persons requiring such advice should consult a professional adviser. All applications for Shares are made solely on the basis of the current prospectus of the Company, and Shareholders should ensure that they have the most up to date version.

APPENDIX I

COMPANY DETAILS

| | |
|------------------------------|--|
| Name: | WS Gresham House UK Micro Cap Fund |
| Type of scheme: | Non-UCITS retail scheme |
| Investment Objective: | <p>To achieve capital growth over any five year period, after all costs and charges have been taken.</p> <p>Capital invested is at risk and there is no guarantee the objective will be achieved over any time period.</p> |
| Investment Policy: | <p>To invest directly at least 70% of the scheme property by value in the shares of UK companies. The Portfolio Manager views UK companies to be those that are incorporated or domiciled in the UK; and listed or traded on a UK stock exchange.</p> <p>The Company will invest directly and/or indirectly at least 60% of the scheme assets by value, in a combination of UK companies that are either listed/traded on the Alternative Investment Market (AIM), or that have a market capitalisation of £250 million and below. The Company may also invest directly and/or indirectly in shares of UK companies, which have a market capitalisation above £250 million; unlisted UK companies (limited to 10% of</p> |

the scheme assets by value); non-UK companies, and corporate bonds. The Company may also hold money market instruments, deposits and cash.

As part of the equities exposure the Company may also invest in Real Estate Investment Trusts (REITs).

Investments in collective investment schemes is limited to 10%.

The Company can invest across different industry sectors without limitation.

The Company may gain exposure to these assets directly by investing in securities issued by companies and governments, and indirectly by investing in other transferable securities (such as depositary receipts) and collective investment schemes (open and closed ended). Indirect investments may include instruments managed or advised by the ACD or the Portfolio Manager or their associates.

The Company may use derivatives for Efficient Portfolio Management purposes.

The minimum investment amount and ranges referenced above will not apply under extraordinary market conditions, in which circumstances the Company may invest in asset classes other than those in which it normally invests in order to mitigate its exposure to market risk. Examples of extraordinary market conditions include economic, political unrest or instability, world events leading to market instability, or any events which give rise to high downside risk. During such periods, the

Company may temporarily invest up to 100% of its total assets in cash and cash equivalents.

Investment Strategy:

The portfolio is constructed using a bottom-up stock selection approach. The Portfolio Manager will identify companies, which in their opinion have strong financial performance, established management teams, a sound market position and future growth potential. The Company is not constrained by any index or sector weightings and as a result biases towards certain sectors may arise in the portfolio from time to time.

Comparator Benchmark:

IA UK Smaller Companies sector

Information Regarding The Company's performance may be compared against IA UK Smaller Companies sector. The ACD believes that this is an appropriate comparator for the Company given the investment objective and policy of the Company. Many funds sold in the UK are grouped into sectors by the Investment Association (the trade body that represents UK investment managers), to help investors to compare funds with broadly similar characteristics. The comparator benchmark has been selected as we consider it assists investors in evaluating the Company's performance against the performance of other funds invested in similar assets.

Final Accounting Date: 31 December

Interim Accounting Date: 30 June

Income Allocation Dates: 30 April (annual), 31 August (interim)

Share Classes Available: See Share Class Details below

| Allocation of Charges: | Income* | Capital |
|-------------------------------|----------------|----------------|
| AMC: | 100% | No |
| Ongoing Operating Costs: | 100% | No |
| Dealing and Registration: | 100% | No |
| Depositary: | 100% | No |
| Custody: | 100% | No |

| | | |
|---|--|------|
| Portfolio Transactions (Broker's Commission): | No | 100% |
| Past Performance: | Past performance information is set out in Appendix V. | |
| Valuation Point: | 12.00 noon (London time). | |

* If at the end of an accounting period, there is insufficient income to meet those expenses payable from income, the shortfall may be allocated to the capital of the Company.

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

- (a) under the Gross Method is 3.1:1; and
- (b) under the Commitment Method is 1.1:1.

Investor profile

Whether an investment in the Company is appropriate for you will depend on your own requirements and attitude to risk. The Company is designed for investors who should:

- ✓ wish to achieve capital growth from investment mainly in the shares of UK micro-cap companies;
- ✓ have a lump sum to invest or be able to make regular investment payments;
- ✓ be able to accept investment losses;
- ✓ plan to invest for at least five years in the knowledge that their return may suffer if they disinvest in the shorter-term and understand that the value of their investment may be subject to large changes in value, both up and down.

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

SHARE CLASS DETAILS:

| Fund | | | | Investment minima* | | | Charges | | |
|--|------------------------|----------|----------------------|----------------------------|-------------------------------|----------------------------|----------------|-------------------|--------------------------|
| | Class | Currency | Regular Savings Plan | Minimum initial investment | Minimum subsequent investment | Minimum holding investment | Initial Charge | Redemption Charge | Annual Management Charge |
| WS Gresham House Micro Fund UK Cap | A Acc | GBP | Not available | £100,000 | £10,000 | £10,000 | 5% | Nil | 0.9% |
| | C Institutional Acc | GBP | Not available | £10,000 | £1,000 | £10,000 | 2.5% | Nil | 0.9% |
| | C Institutional Income | GBP | Not available | £10,000 | £1,000 | £10,000 | 2.5% | Nil | 0.9% |

| | | | | | | | | |
|----------|-----|---------------|-------------|--------|-------------|------|-----|-------|
| D Acc | GBP | Not available | £20,000,000 | £1,000 | £20,000,000 | 2.5% | Nil | 0.75% |
| D Income | GBP | Not available | £20,000,000 | £1,000 | £20,000,000 | 2.5% | Nil | 0.75% |
| | | | | | | | | |

* The ACD may waive the minimum levels at its discretion.

APPENDIX II

ELIGIBLE MARKETS

Eligible Securities Markets and Eligible Derivatives Markets:

Where permitted by its objective and policy, the Company may deal in any securities, derivatives or money market instruments on any market that is:

- a) a regulated market (as defined in the glossary to the FCA Handbook); or
- b) a market in the UK or an EEA State which is regulated, operates regularly and is open to the public; or
- c) a market which the ACD, after consultation with the Depositary, decides is appropriate for investment of or dealing in the Scheme Property, is listed below and the Depositary has taken reasonable care to determine that (i) adequate custody arrangements can be provided for the investment dealt in on that market; and (ii) all reasonable steps have been taken by the ACD in deciding whether the market is eligible (see Appendix III for more detail).

For the purposes of "b" above, the ACD may trade in bonds and other securities issued by non-UK institutions, on the UK OTC Market. Additionally, for "c" above, the markets listed below have been deemed appropriate.

In addition, up to 10% in value of the Company may be invested in transferable securities and/or money market instruments which are not listed on these markets.

| COUNTRIES | ELIGIBLE SECURITIES MARKETS |
|------------------|--|
| AUSTRALIA | Australian Securities Exchange |
| BRAZIL | B3 |
| CANADA | Toronto Stock Exchange |
| CANADA | TSX Venture Exchange |
| CHILE | Santiago Stock Exchange |
| CHINA | Shanghai Stock Exchange |
| CHINA | Shenzhen Stock Exchange |
| COLOMBIA | Colombian Securities Exchange |
| GHANA | Ghana Stock Exchange |
| HONG KONG | Hong Kong Exchanges and Clearing Limited |
| INDONESIA | Indonesia Stock Exchange |
| INDIA | BSE Ltd |
| INDIA | National Stock Exchange of India Ltd |

| | |
|---------------------------------|---------------------------------|
| ISRAEL | Tel Aviv Stock Exchange |
| JAPAN | Tokyo Stock Exchange |
| JORDAN | Amman Stock Exchange |
| KOREA | Korea Exchange |
| KUWAIT | Boursa Kuwait |
| MALAYSIA | Bursa Malaysia |
| MAURITIUS | The Stock Exchange of Mauritius |
| MEXICO | Mexican Stock Exchange |
| NEW ZEALAND | NZX Limited |
| | |
| PHILIPPINES | Philippine Stock Exchange |
| QATAR | Qatar Stock Exchange |
| SINGAPORE | Singapore Exchange |
| SOUTH AFRICA | JSE Limited |
| SRI LANKA | Colombo Stock Exchange |
| SWITZERLAND | SIX Swiss Exchange |
| TAIWAN | Taipei Exchange |
| TAIWAN | Taiwan Stock Exchange |
| THAILAND | The Stock Exchange of Thailand |
| TURKEY | Borsa Istanbul |
| UNITED ARAB EMIRATES | NASDAQ Dubai |
| UNITED STATES OF AMERICA | NYSE Chicago |
| UNITED STATES OF AMERICA | NYSE Arca Equities |
| UNITED STATES OF AMERICA | NASDAQ Stock Market |
| UNITED STATES OF AMERICA | New York Stock Exchange |
| UNITED STATES OF AMERICA | NYSE American |
| VIETNAM | Hanoi Stock Exchange |

| COUNTRIES | ELIGIBLE DERIVATIVES MARKETS |
|------------------|-------------------------------------|
| AUSTRALIA | Australian Securities Exchange |
| AUSTRIA | Wiener Borse AG |
| BELGIUM | Euronext Brussels |
| BRAZIL | B3 |
| CANADA | Montreal Exchange |

| | |
|---------------------------------|--|
| CZECH REPUBLIC | Prague Stock Exchange |
| DENMARK | NASDAQ Copenhagen A/S |
| FINLAND | NASDAQ Helsinki Ltd |
| FRANCE | Euronext Paris |
| GERMANY | Frankfurt Stock Exchange |
| GERMANY | Eurex Deutschland |
| GREECE | Athens Exchange |
| HONG KONG | Hong Kong Exchanges and Clearing Limited |
| HUNGARY | Budapest Stock Exchange |
| ISRAEL | Tel Aviv Stock Exchange |
| ITALY | Borsa Italiana - Italian Derivatives Market (IDEM) |
| JAPAN | Tokyo Stock Exchange |
| JAPAN | Osaka Exchange |
| KOREA | Korea Exchange |
| LUXEMBOURG | Luxembourg Stock Exchange |
| MALAYSIA | Bursa Malaysia |
| MEXICO | Mexican Derivatives Exchange |
| NETHERLANDS | Euronext Amsterdam |
| NORWAY | Oslo Bors |
| POLAND | Warsaw Stock Exchange |
| PORTUGAL | Euronext Lisbon |
| SOUTH AFRICA | JSE Limited |
| SPAIN | MEFF |
| SWEDEN | NASDAQ Stockholm AB |
| SWITZERLAND | SIX Swiss Exchange |
| UNITED ARAB EMIRATES | NASDAQ Dubai |
| UNITED KINGDOM | ICE Futures Europe |
| UNITED KINGDOM | London Stock Exchange |
| UNITED KINGDOM | London Metal Exchange |
| UNITED STATES AMERICA of | New York Mercantile Exchange |
| UNITED STATES AMERICA of | Chicago Board of Trade |
| UNITED STATES AMERICA of | Cboe Options Exchange |
| UNITED STATES AMERICA of | Chicago Mercantile Exchange |
| UNITED STATES AMERICA of | ICE Futures US |
| UNITED STATES AMERICA of | NYSE Arca Options |

| | | |
|------------------------------|-----------|-----------------------|
| UNITED STATES AMERICA | of | NASDAQ PHLX |
| UNITED STATES AMERICA | of | NYSE American Options |

APPENDIX III

INVESTMENT AND BORROWING POWERS OF THE COMPANY

1. General

The Scheme Property will be invested with the aim of achieving the investment objective but subject to the limits set out in the Company's 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. These limits apply as summarised below.

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

The Company will not maintain an interest in any immovable property or moveable property for the direct pursuit of the ICVC's business.

1.1 Prudent spread of risk

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

1.2 Cover

1.2.1 Where COLL 5 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 Company under any other of those rules has also to be provided for.

1.2.2 Where a rule in COLL 5 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 Company 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.

2. **Non-UCITS Retail schemes - general**

2.1 Subject to the investment objective and policy of the Company, the Scheme Property 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; and

2.1.5 permitted deposits;

2.2 Transferable securities and money-market instruments held must (subject to paragraph 2.2.4 of this Appendix) be:

2.2.1 admitted to or dealt in on an eligible market as described under paragraphs 3.3 and 3.4 below;

2.2.2 approved money-market instruments not admitted or dealt in on an eligible market below which satisfy the requirement of paragraph 8 (Investment in money market instruments) of this Appendix;

2.2.3 recently issued transferable securities provided that:

2.2.3.1 the terms of issue include an undertaking that application will be made to be admitted on an eligible market; and

2.2.3.2 such admission is secured within a year of issue.

2.2.4 subject to a limit of 10% in value of the Scheme Property be:

2.2.4.1 transferable securities which are not within 2.2.1 to 2.2.3; 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 by the Company must also satisfy the criteria in COLL 5.2.7AR (UCITS schemes: permitted types of Scheme Property), COLL 5.2.7CR (Closed ended funds constituting transferable securities) and COLL 5.2.7ER (Transferable securities linked to other assets) for the purposes of investment by a UK UCITS.
- 2.4 Up to 5% of the Scheme Property may be invested in warrants, which may only be held if it is reasonably foreseeable there will be no change to the Scheme Property between the acquisition of the warrant and its exercise and the rights conferred by the proposed warrant and all other warrants forming part of the Scheme Property at the time of the acquisition of the proposed warrant will be exercised and that the exercise of the rights conferred by the warrants will not contravene the FCA Handbook. Securities on which any sum is unpaid may be held provided that it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by the Company at any time when the payment is required without contravening the FCA Handbook. A warrant may not be included in the Scheme Property unless it is listed on an eligible securities market.

3. **Eligible markets regime: purpose**

- 3.1 This section specifies criteria as to the nature of the markets in which property of a Non-UCITS retail scheme may be invested.
- 3.2 Where a market ceases to be eligible, investments on that market cease to be approved securities. The 10% restriction on investing in non-approved securities applies and exceeding this limit because a market ceases to be eligible will generally be regarded as a breach beyond the control of the ACD.
- 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;
 - 3.3.2 a market in the UK or an EEA State which is regulated, operates regularly and is open to the public; or
 - 3.3.3 any market within 3.4 below.
- 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;

- 3.4.2 the market is included in a list in the Prospectus; and
- 3.4.3 the Depository 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 transferable security or an approved money-market instrument to which COLL 5.6.8R (Spread: government and public securities) applies.
 - 4.2 Not more than 20% in value of the Scheme Property is to consist of deposits with a single body.
 - 4.3 Not more than 10% in value of the Scheme Property is to consist of transferable securities or money-market instruments issued by any single body subject to COLL 5.6.23R (Schemes replicating an index).
 - 4.4 The limit of 10% in paragraph 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 COLL 5 provides that not more than 35% in value of the Scheme Property is to consist of the units or shares of any one collective investment scheme. However, as per paragraph 6.1, investment in collective investment schemes is restricted to no more than a 10% aggregate limit in value of the Scheme Property of the Company.
 - 4.7 The exposure to any one counterparty in an OTC derivative transaction must not exceed 10% in value of the Scheme Property.
 - 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 a Company 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 Part Three, Title II, Chapter 6, Section 7 (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:

- 5.1.1 the UK;
- 5.1.2 a local authority of the UK;
- 5.1.3 an EEA State;

- 5.1.4 a local authority of an EEA State;
 - 5.1.5 a non-EEA State; or
 - 5.1.6 a public international body to which the UK or one or more EEA States belong.
- 5.2 The requirements in COLL 5.2.12 R (Spread: government and public securities) apply to investment in such securities by a non-UCITS retail scheme, except for COLL 5.2.12R(3)(d), which applies to such a scheme only to the extent that it concerns the most recently published prospectus of the scheme.
- 5.3 Where no more than 35% in value of the Scheme Property is invested in such securities issued by any one body, there is no limit on the amount which may be invested in such securities or in any one issue.
- 5.4 The Company may invest more than 35% in value of the Scheme Property in such securities issued by any one body provided that:
- 5.4.1 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 objective of the Company;
 - 5.4.2 no more than 30% in value of the Scheme Property consists of such securities of any one issue;
 - 5.4.3 the Scheme Property includes such securities issued by that or another issuer, of at least six different issues;
 - 5.4.4 the disclosures in COLL 3.2.6R(8) (Table: contents of the instrument constituting the fund) and COLL 4.2.5R(3)(i) (Table: contents of the prospectus) have been made.
- 5.5 In giving effect to the foregoing object more than 35% of the Scheme Property may be invested in Government and public securities issued by or on behalf of or guaranteed by one issuer, which may be one of the following: government of the United Kingdom and Northern Ireland and a member State of the European Union or EEA (i.e. Austria, Belgium, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lichtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, United Kingdom); or by or on behalf of; the Governments of Switzerland or the United States of America;

6. **Investment in collective investment schemes**

6.1 Up to 10% of the value of the Scheme Property may be invested in units or shares in other collective investment schemes ("Second Scheme") provided that the Second Scheme satisfies all of the requirements of paragraphs 6.1.1 to 6.1.5. Investment may only be made in Second Schemes whose maximum annual management charge does not exceed 5%.

6.1.1 The Second Scheme must:

6.1.1.1 satisfy the conditions necessary for it to enjoy the rights conferred by the UK UCITS Rules or, in the case of an EEA UCITS Scheme, the UCITS Directive; or

6.1.1.2 be authorised as a non-UCITS retail scheme; or

6.1.1.3 be a recognised scheme under the provisions of s.264 or s.272 of the Financial Conduct and Markets Act 2000 that is authorised by the supervisory authorities of Guernsey, Jersey or the Isle of Man (provided the requirements of COLL 5.2.13R are met); 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 6.1.1.1 to 6.1.1.4 and in respect of which no more than 10% in value of the Scheme Property (including any transferable securities which are not approved securities) is invested.

6.1.2 The Second Scheme 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 unless COLL 5.6.10AR applies.

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 and section 4 (Spread: general) above apply to each sub-fund as if it were a separate scheme.

6.2 The Company 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 or one of its Associates.

6.3 Investment may only be made in other collective investment schemes managed by the ACD or an Associate of the ACD if the Prospectus of the Company clearly states that the Company may enter into such investments and the rules on double charging contained in COLL 5 are complied with.

6.4 Where the Company invests in or disposes of Shares in a Second Scheme 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 the Company by the close of business on the fourth business day the amount of any initial charge in respect of a purchase, and in the case of a sale, any charge made for the disposal.

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 Company, at the time when payment is required, without contravening the rules in COLL 5.

8. Investment in money-market instruments

8.1 The Company may invest up to 100% in money-market instruments which are within the provisions of 2.2 above or 8.2 below and subject to the limit of 10% referred to in 2.2.4 above, which are normally dealt in or on the money-market, are liquid and whose value can be accurately determined at any time.

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

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

- 8.2.2 the instrument is issued or guaranteed in accordance with COLL 5.2.10BR.
- 8.3 The issue or the issuer of a money-market instrument, other than one dealt in on an eligible market, shall be regarded as regulated for the purpose of protecting investors and savings if:
 - 8.3.1 the instrument is an approved money-market instrument;
 - 8.3.2 appropriate information is available for the instrument (including Information which allows an appropriate assessment of the credit risks related to investment in it), in accordance with COLL 5.2.10CR (Appropriate information for money-market instruments); and
 - 8.3.3 the instrument is freely transferable.

9. **Derivatives: general**

The Portfolio Manager may employ derivatives for the purposes of Efficient Portfolio Management ('EPM') in accordance with the Risk Management Policy (RMP) – The RMP is available on request from the Authorised Corporate Director.

Where the Company employs derivatives for EPM or hedging purposes its global exposure will be calculated using the commitment approach on a daily basis.

The commitment approach measures the exposure generated by a derivative and must be based on an exact conversion of the financial derivative position into the market value of an equivalent position in the underlying asset of that derivative.

The sum of the absolute value of all these equivalent positions, after allowing for netting and hedging, is then the leverage generated by the Company's derivatives positions. This leverage level must comply with the RMP.

It is not intended that the use of derivatives and forward transactions for EPM purposes will cause the Company's risk profile to increase.

On 60 days' prior notice to Shareholders, transactions in derivatives may also be used for investment purposes in meeting the investment objective of the Company. In pursuing the Company's investment objective the Portfolio Manager may make use of a variety of instruments in accordance with COLL 5 and in

accordance with its risk management policy. It is not intended that the use of derivatives in this way will cause the net asset value of the Company to have high volatility or otherwise cause their existing risk profile to change, however, the risk profile of the Company may be higher than it would otherwise have been as a consequence of the use of derivatives (Please see Risk Factors for further details).

- 9.1 A transaction in derivatives or a forward transaction must not be effected unless the transaction is of a kind specified in 11 (Permitted transactions (derivatives and forwards)) below; and the transaction is covered, as required by section 19 (Cover for investments in derivatives and forward transactions).
- 9.2 Where the Company invests in derivatives, the exposure to the underlying assets must not exceed the limits set out in COLL 5 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 in 9.6 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 calculating any limit in 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 the Company 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.

9.7 The relaxation in 9.6 above is subject to the ACD taking account of COLL 5.6.3 (Prudent spread of risk) set out in section 1.1 above.

10. **Efficient Portfolio Management (EPM)**

10.1 The Portfolio Manager may use Scheme Property to enter into transactions for the purposes of EPM. Permitted EPM transactions include transactions in derivatives dealt or traded on an eligible derivatives market or over-the-counter. Where permitted, EPM techniques may also involve the Company entering into stock lending transactions or reverse repurchase agreements. The ACD must ensure in entering into EPM transactions that the transaction is economically appropriate to (i) the reduction of the relevant risks (whether in the price of investments, interest rates or exchange rates) or (ii) the reduction of the relevant costs and/or (iii) the generation of additional capital or income for the scheme with a risk level which is consistent with the risk profile of the scheme and the risk diversification rules laid down in the COLL 5.

10.2 There is no guarantee that the Company will achieve the objective for which any EPM transaction was undertaken. To the extent that derivative instruments are utilised for hedging purposes (reduction of the risk profile of the Company), the risk of loss to the Company may be increased where the value of the derivative instrument and the value of the security or position which it is hedging prove to be insufficiently correlated. EPM transactions (save to the extent that derivatives are traded on exchange) may involve a risk that a counterparty will wholly or partially fail to honour its contractual obligations.

10.3 In order to mitigate that risk of counterparty default, the counterparties to these transactions may be required to provide collateral to suitably cover their obligations to the Company. In the event of default by the counterparty, it will forfeit its collateral on the transaction. However, there is a risk that the collateral, especially where it is in the form of securities, when realised will not raise sufficient cash to settle the counterparty's liability to the Company. Securities lending transactions may, in the event of a default by the counterparty, result in the securities lent being recovered late or only in part. This may result in loss for the Company.

- 10.4 To assist in managing these types of risks, the ACD has a collateral management policy which sets criteria around the types of eligible collateral the Company may accept. A copy of this is available from the ACD on request.
- 10.5 Investors should note that EPM transactions may be effected in relation to the Company in circumstances where the ACD or Portfolio Manager has, either directly or indirectly, an interest which may potentially involve a conflict of their obligations to the Company. Where a conflict cannot be avoided, the ACD and Portfolio Manager will have regard to their responsibility to act in the best interests of the Company and its Shareholders. The ACD and Portfolio Manager will ensure that the Company and its Shareholders are treated fairly and that such transactions are effected on terms which are not less favourable to the Company than if the potential conflict had not existed. For further information in relation to conflicts of interest, please see the 'conflicts of interest' section (paragraph 6.8) of this prospectus.
- 10.6 All revenues arising from EPM transactions (including stock lending and repurchase and reverse repurchase arrangements, if any) will be returned to the Company, net of direct and indirect operational costs and fees.
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 section 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 the Company is dedicated:
- 11.2.1 transferable securities;
 - 11.2.2 money-market instruments;
 - 11.2.3 permitted deposits;
 - 11.2.4 derivatives and forward transactions permitted under this section;
 - 11.2.5 collective investment scheme units permitted under section 6 (Investment in collective investment schemes);

- 11.2.6 permitted immovables;
 - 11.2.7 gold;
 - 11.2.8 financial indices which satisfy the criteria in COLL 5.2.20AR (Financial indices underlying derivatives) set out in section 12 below;
 - 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 (relating to spread) above.
- 11.4 A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market. A list of the current eligible derivatives markets is set out in Appendix II. Further derivatives markets may be added following consultation with the Depositary in accordance with COLL.
- 11.5 A transaction in a derivative must not cause the Company to diverge from its investment objective 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 (as defined in the Glossary to the FCA Handbook).
- 11.8 The ACD must ensure compliance with COLL 5.3.3AR (Cover for investment in derivative and forward transactions), 5.3.3BR and 5.3.3CR (Daily calculation of global exposure) set out in section 19 below.

12. **Financial indices underlying derivatives**

- 12.1 The financial indices referred to in paragraph 11.2.8 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 the Company 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 the Company 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 section 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 the Company may be entered into only if that property can be held for the account of the Company, 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 COLL 5.

14. Requirement to cover sales

14.1 No agreement by or on behalf of the Company 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 the Company by delivery of property or the assignment (or, in Scotland, assignation) of rights, and the property and rights above are owned by the Company at the time of the agreement. This requirement does not apply to a deposit.

Guidance on Requirement to cover sales

14.2 The requirement in 14.1 above could be met where:

14.2.1 the risks of the underlying financial instrument of a derivative can be appropriately represented by another financial instrument and the underlying financial instrument is highly liquid; or

14.2.2 the ACD or the Depositary has the right to settle the derivative in cash and cover exists from within the Scheme Property of a Company, which falls within one of the following asset classes:

14.2.2.1 cash;

14.2.2.2 liquid debt instruments (e.g. government bonds of first credit rating) with appropriate safeguards (in particular haircuts); or

14.2.2.3 other highly liquid assets having regard to their correlation with the underlying of the financial derivative instruments, subject to appropriate safeguards (e.g. haircuts where relevant).

14.3 In the asset classes referred to in 14.2, an asset may be considered as liquid where the instrument can be converted into cash in no more than seven

business days at a price closely corresponding to the current valuation of the financial instrument on its own market.

15. OTC transactions in derivatives

15.1 Any transaction in an OTC derivative under section 11 must be:

15.1.1 in a future or an option or a contract for differences

15.1.2 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 defined in the Glossary to the FCA Handbook) ; 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; a CCP that is authorised in that capacity for the purposes of EMIR; a CCP that is recognised in that capacity in accordance with the process set out in article 25 of EMIR; or to the extent not already covered above, a CCP supervised in a jurisdiction that has implemented the relevant reforms on over-the-counter derivatives and is identified as having done so by the Financial Stability Board in its summary report on progress in implementation of G20 financial regulatory reforms dated 25 June 2019

15.1.3 on approved terms; the terms of the transaction in derivatives are approved only if, the ACD

15.1.3.1 carries out, at least daily, a reliable and verifiable valuation in respect of that transaction corresponding to its fair value and which does not rely only on market quotations by the counterparty; and

15.1.3.2 can enter into one or more further transaction to sell, liquidate or close out that transaction at any time, at a fair value; and

15.1.4 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:

- 15.1.4.1 on the basis of an up-to-date market value which the ACD and the Depositary have agreed is reliable; or
 - 15.1.4.2 if the value referred to in paragraph 15.1.4.1 is not available, on the basis of a pricing model which the ACD and the Depositary have agreed uses an adequate recognised methodology; and
 - 15.1.5 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:
 - 15.1.5.1 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
 - 15.1.5.2 a department within the ACD which is independent from the department in charge of managing the Scheme Property of the Company 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**
- 16.1 The ACD uses a risk management process, enabling it to monitor and measure as frequently as appropriate the risk of the Company's positions and their contribution to the overall risk profile of the Company.
- 17. **Investments in deposits**
- 17.1 The Company 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 The Company may invest in derivatives and forward transactions as long as the exposure to which it 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 the Company 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, the Company must hold Scheme Property sufficient in value or amount to match the exposure arising from a derivative obligation to which the Company is committed. Detailed requirements for cover are set out below.
- 18.3 A future is to be regarded as an obligation to which the Company 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 the Company 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. **Cover for investment in derivatives and forward transactions**
- 19.1 The Company may invest in derivatives and forward transactions as long as the exposure to which it 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.
- 19.2 Cover ensures that the Company 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, the Company must hold Scheme Property sufficient in value or amount to match the exposure arising from a derivative obligation to which it is committed. Detailed requirements for cover are set out below.
- 19.3 A future is to be regarded as an obligation to which the Company 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 the Company 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).
- 19.4 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.

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

19.6 The ACD must calculate its global exposure on at least a daily basis.

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

20. **Borrowing**

20.1 Cash obtained from borrowing, and borrowing which the ACD reasonably regards an Eligible Institution or an Approved Bank to be committed to provide, is not available for cover under section 19 above, except where 20.2 applies.

20.2 Where, for the purposes of this section the Company borrows an amount of currency from an Eligible Institution or an Approved Bank; and keeps an amount in another currency, at least equal to such borrowing for the time being on deposit with the lender (or their agent or nominee), then this section applies as if the borrowed currency, and not the deposited currency, were part of the Scheme Property.

21. **Cash and near cash**

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

21.1.1 the pursuit of the investment objective; or

21.1.2 the redemption of Shares; or

21.1.3 efficient management of the Company in accordance with its investment objective; or

21.1.4 other purposes which may reasonably be regarded as ancillary to the investment objective.

22. **General**

22.1 It is envisaged that the Company will normally be fully invested but there may be times that it is appropriate not to be fully invested when the ACD reasonably regards this as necessary in order to enable the redemption of units, efficient management of the Company or any one

purpose which may reasonably be regarded as ancillary to the investment objective.

22.2 Where the Company 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 Company by the close of business on the fourth business day the amount of any initial charge in respect of a purchase, and in the case of a sale, any charge made for the disposal.

22.3 A potential breach of any of these limits does not prevent the exercise of rights conferred by investments held 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.

23. **Underwriting**

23.1 Underwriting and sub underwriting contracts and placings may also, subject to certain conditions set out in COLL 5, be entered into for the account of the Company.

24. **General power to borrow**

24.1 The Company may, subject to COLL 5, borrow money from an Eligible Institution or an Approved Bank for the use 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.

24.2 Borrowing must be on a temporary basis, must not be persistent, and in any event must not exceed three months (in line with the ACD's Borrowing Policy) without the prior consent of the ACD, which may be given only on such conditions as appear appropriate to the ACD to ensure that the borrowing does not cease to be on a temporary basis.

24.3 The ACD must ensure that borrowing does not, on any business day, exceed 10% of the value of the Company and that such borrowing is temporary and not persistent.

24.4 These borrowing restrictions do not apply to "back to back" borrowing for currency hedging purposes (i.e. borrowing permitted in order to reduce or eliminate risk arising by reason of fluctuations in exchange rates).

25. **Restrictions on lending of money**

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

25.2 Acquiring a debenture is not lending for the purposes of paragraph 25.1 nor is the placing of money on deposit or in a current account.

26. **Restrictions on lending of property other than money**

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

26.2 Transactions permitted by paragraph 29 (Stock lending) are not to be regarded as lending for the purposes of paragraph 26.1.

26.3 The Scheme Property must not be mortgaged.

26.4 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.

27. **General power to accept or underwrite placings**

27.1 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.

27.2 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.

27.3 The exposure of the Company to agreements and understandings as set out above, must on any day be covered under section 19 above (Cover for investment in derivatives and forward transactions) 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 COLL 5.

28. Guarantees and indemnities

28.1 The Company or the Depositary for the account of the Company must not provide any guarantee or indemnity in respect of the obligation of any person.

28.2 None of the Scheme Property may be used to discharge any obligation arising under a guarantee or indemnity with respect to the obligation of any person.

28.3 Paragraphs 28.1 and 28.2 do not apply to any indemnity or guarantee given for margin requirements where the derivatives or forward transactions are being used in accordance with COLL 5, and:

28.3.1 an indemnity falling within the provisions of regulation 62(3) (Exemptions from liability to be void) of the OEIC Regulations;

28.3.2 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

28.3.3 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 Company and the holders of units in that scheme become the first Shareholders in the Company.

29. Leverage

29.1 This section explains in what circumstances and how the ACD may use leverage where the investment policy permits its use of leverage, the different leverage calculation methods and maximum level of leverage permitted.

29.2 Leverage when used in this prospectus means the following sources of leverage can be used when managing the Company:

29.2.1 cash borrowing, subject to the restrictions set out in paragraph 20 ("Borrowing") of this Appendix;

- 29.2.2 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”), 19 (“Cover for investments in derivatives and forward transactions”) and 20 (“Borrowing”) of this Annex.
- 29.3 The ACD is required to calculate and monitor the level of leverage, expressed as a ratio between the exposure of the Company and its Net Asset Value (Exposure/NAV), under both the gross method and the commitment method (so where there is no borrowing or derivative usage the leverage ratio would be 1:1).
- 29.4 Under the gross method, the exposure of the Company is calculated as follows:
 - 29.4.1 include the sum of all assets purchased, plus the absolute value of all liabilities;
 - 29.4.2 exclude cash and cash equivalents which are highly liquid investments held in the Base Currency, 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;
 - 29.4.3 derivative instruments are converted into the equivalent position in their underlying assets;
 - 29.4.4 exclude cash borrowings that remain in cash or cash equivalents and where the amounts payable are known;
 - 29.4.5 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
 - 29.4.6 include positions within repurchase or reverse repurchase agreements and securities lending or borrowing or other similar arrangements.
- 29.5 Under the commitment method, the exposure of the Company is calculated as follows:
 - 29.5.1 include the sum of all assets purchased, plus the absolute value of all liabilities;

- 29.5.2 derivative instruments are converted into the equivalent position in their underlying assets;
 - 29.5.3 apply netting and hedging arrangements;
 - 29.5.4 calculate the exposure created through the reinvestment of borrowings where such reinvestment increases the exposure of the Company;
 - 29.5.5 include other arrangements that increase the exposure of the Company.
- 29.6 The maximum level of leverage which the Company may employ, calculated in accordance with the gross and commitment methods, is stated in Appendix 1.
- 29.7 In addition, the total amount of leverage employed will be disclosed in the annual report.

APPENDIX IV

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

The ACD acts as Authorised Corporate Director of the following Open-ended Investment Companies:

Asperior Investment Funds
DMS Investment Funds ICVC III
Packel Global Fund
P E Managed Fund
Purisima Investment Funds
The Abbotsford Fund
The Arbor Fund
The Broden Fund
The Circus Fund
The Davids Fund
The WS Waverton Managed Investment Fund
The Monoux Fund
The Navajo Fund
The New Floco Fund
The New Grande Motte Fund
The New Jaguar Fund
The New Viaduct Fund
The OHP Fund
Trojan Investment Funds
Windrush Fund
WS Aegon Investments ICVC I
WS Aegon Investments ICVC II
WS Bentley Investment Funds
WS Bellevue Funds (UK) OEIC
WS Blue Whale Investment Funds
WS Boyer Global Fund
WS Canada Life Investments Fund
WS Canada Life Investments Fund II
WS Cautela Fund
WS Charteris UK UCITS ICVC
WS Eclectica Funds
WS FEI Umbrella Fund
WS Gresham House Equity Funds
WS Gresham House UK Micro Cap Fund
WS Havelock London Investment Funds
WS IM Investment Funds
WS Investment Funds ICVC VI
WS KH Invicta Fund
WS Kleinwort Hambros Growth Fund
WS Kleinwort Hambros Income Funds Umbrella
WS Kleinwort Hambros Multi Asset Funds Umbrella
WS Lightman Investment Funds
WS Lindsell Train North American Equity Fund
WS Lindsell Train UK Equity Fund
WS Lyrical Value Funds (UK) ICVC
WS Macquarie Investment Funds
WS Montanaro Funds
WS Morant Wright Japan Fund
WS Morant Wright Nippon Yield Fund
WS Multi Asset Funds
WS Odey Funds
WS Odey Investment Funds
WS Prudential Investment Funds (1)
WS Resilient Investment Funds
WS Robin Fund
WS Ruffer Investment Funds
WS Ruffer Managed Funds

WS Sequel Investment Funds ICVC II
WS Verbatim Funds
WS Verbatim Multi-Index Funds
WS Waverton Investment Funds

The ACD acts as Manager of the following Authorised Unit Trusts:

The Drygate Trust
The Holly Fund
The Mermaid Trust
The Newgate Trust
The WS Prudential Qualified Investor Scheme Umbrella Unit Trust
WS Adam Worldwide Fund
WS Catalyst Trust
WS Greenmount Fund
WS KH Feelgood Trust
WS KH Ramogan Trust
WS New Villture Fund
WS Personal Pension Trust
WS Prudential Pacific Markets Trust
WS Stakeholder Pension Scheme
WS Stewart Ivory Investment Markets Fund
WS Waverton Charity Fund

The ACD acts as Manager of the following Authorised Contractual Schemes:

The WS ACCESS Pool Authorised Contractual Scheme
WS Canada Life Authorised Contractual Scheme
WS Robeco ACS Umbrella Fund
WS Wales Pension Partnership (Wales PP) Asset Pooling ACS Umbrella

APPENDIX V

PAST PERFORMANCE

Annual performance data at 31 December 2022

This performance information is based on the net asset value per share, after the deduction of all ongoing charges and portfolio transaction costs, with income reinvested.

Please note that all performance information is at 31 December 2022. For more up-to-date performance information, please contact the ACD.

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|------|-------|------|-------|------|------|-------|
| WS Gresham House UK Micro Cap Fund | 4.6% | 27.3% | 1.5% | 20.4% | 6.5% | 25.4 | -30.1 |

Percentage annual performance, C Institutional Accumulation shares (total return), based on ACD data.

Note: Past performance should not be taken as a guide to the future.

If you have any doubt whether the Company is suitable for you, please contact a professional adviser.

APPENDIX VI

DIRECTORY

The Company and ACD Registered Office

WS Gresham House UK Micro Cap Fund

Waystone Management (UK) Limited
3rd Floor Central Square
29 Wellington Street
Leeds
United Kingdom
LS1 4DL

Telephone Numbers:

For Dealing – **0345 922 0044**

For Prices, Registration and Other Enquiries – **0345 922 0044**

Depository

The Bank of New York Mellon (International) Limited
160 Queen Victoria Street
London
EC4V 4LA

Portfolio Manager

Gresham House Asset Management Limited
5 New Street Square
London
EC4A 3TW

Registrar and Administrator:

Waystone Transfer Agency Solutions (UK) Limited¹
(Principal Place of Business)
3rd Floor Central Square
29 Wellington Street
Leeds
United Kingdom
LS1 4DL

(Postal address for all correspondence)

PO Box 389
Darlington
DL1 9UF

Auditor

KPMG LLP
St Vincent Plaza
319 St Vincent Street
Glasgow
G2 5AS

¹ Link Fund Administrators Limited changed its name to Waystone Transfer Agency Solutions (UK) Limited with effect from 30 September 2024