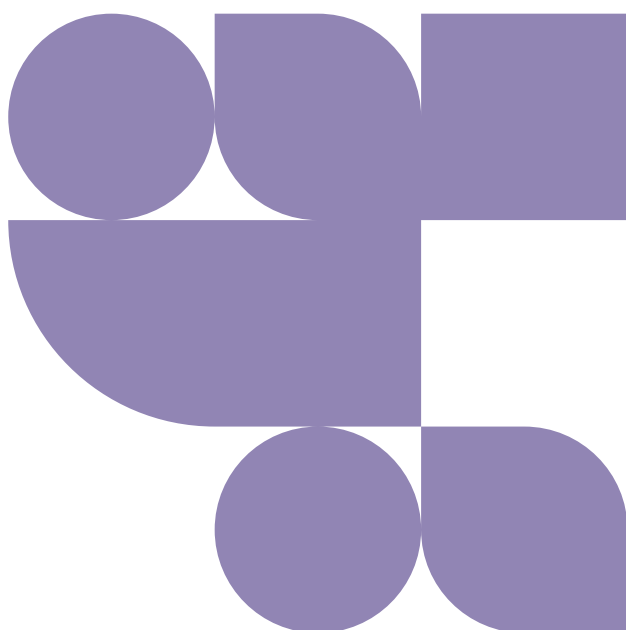


# Prospectus

## Rathbone Multi-Asset Portfolio



For investments in the following funds:

Rathbone Total Return Portfolio

Rathbone Defensive Growth Portfolio

Rathbone Strategic Income Portfolio

Rathbone Strategic Growth Portfolio

Rathbone Dynamic Growth Portfolio

Rathbone Enhanced Growth Portfolio

**Rathbones**  
Look forward

## Prospectus

This document constitutes the Prospectus for Rathbone Multi-Asset Portfolio (the "Company") and has been prepared in accordance with the terms of the rules contained in the Collective Investment Schemes Sourcebook published by the FCA as part of their handbook of rules made under the Financial Services and Markets Act 2000 (the "Act").

This Prospectus is dated and is valid as at 6 October 2020.

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

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

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 The Company is not bound by any out of date Prospectus when it has issued a new Prospectus and potential investors should check that they have the most recently published Prospectus.

Target investors for the funds may be retail or professional investors.

Rathbone Unit Trust Management Limited, the ACD of the Company, is the person responsible for the information contained in this Prospectus. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained herein does not contain any untrue or misleading statement or omit any matters required by the FCA regulations as defined herein to be included in it.

## Definitions

“Accumulation shares”	shares (of whatever class) in the Company as may be in issue from time to time in respect of which income allocated thereto is credited periodically to capital pursuant to the FCA regulations net of any tax deducted or accounted for by the Company;
“ACD”	Rathbone Unit Trust Management Limited, the Authorised Corporate Director of the Company;
“Approved bank”	has the meaning given in the FCA regulations;
“Business day”	any day other than a Saturday, Sunday or any other day which is a public holiday in England;
“Company”	Rathbone Multi-Asset Portfolio;
“Dealing day”	any business day;
“Depository”	NatWest Trustee and Depository Services Limited, the depository of the Company;
“Depository agreement”	means the Depository Agreement made between the Company, the ACD and the Depository;
“EEA”	means European Economic Area;
“Efficient portfolio management”	has the meaning given in the FCA regulations;
“FCA”	Financial Conduct Authority, 12 Endeavour Square, London E20 1JN;
“FCA regulations”	the rules contained in the Collective Investment Schemes Sourcebook published by the FCA as part of their handbook of the rules made under the Act as may be amended or updated from time to time;
“Feeder UCITS”	means as defined in the FCA regulations;
“Income shares”	shares (of whatever class) in the Company as may be in issue from time to time in respect of which income allocated thereto is distributed periodically to the holders thereof pursuant to the FCA regulations net of any tax deducted or accounted for by the Company;
“Large deal”	unless otherwise defined, any deal worth 1 percent or more of the size of the sub-fund or any deal in excess of £15,000 or equivalent in any other currency accepted from time to time by the ACD;
“LIBOR”	London Interbank Offered Rate;
“Master UCITS”	means as defined in the FCA regulations;
“Net Asset Value” or “NAV”	the value of the scheme property of the Company (or of any sub-fund as the context requires) less the liabilities of the Company (or of the sub-fund concerned) as calculated in accordance with the Company’s Instrument of Incorporation;
“OEIC regulations”	the Open-Ended Investment Companies Regulations 2001;
“PRA”	means the Prudential Regulation Authority;
“Registrar”	means the person appointed by the ACD, from time to time, to act as the Registrar to the Company;
“Scheme property”	the property of the Company or a sub-fund (as appropriate) entrusted to the Depository for safe-keeping, as required by the FCA regulations;
“SFTs”	means securities financing transactions including repurchase transactions, securities lending and securities borrowing, buy-sell back transactions, sell-buy back transactions and margin lending transactions as defined by the Securities Financing Transactions Regulation and does not include commodities lending and commodities borrowing;
“Share”	means a share in the Company as maybe in issue from time to time;
“Securities Financing Transactions Regulation”	means Regulation (EU) of the European Parliament and the Council of 25 November 2015 on transparency of securities transactions and of reuse and amending Regulation (EU) No 648/2012 as amended or updated from time to time.
“Share class”	a particular class of shares as described in Section 3;
“Shareholder”	means the holder of shares in the Company or its sub-fund(s);
“Smaller denomination”	a smaller denomination share (on the basis that one hundred smaller denomination shares make one larger “Share” denomination share);

“Sub-fund” or “sub-funds”	a sub-fund of the Company (being part of the scheme property of the Company which is pooled separately) and to which specific assets and liabilities of the Company may be allocated and which is invested in accordance with the investment objective applicable to that sub-fund;
“Total Return Swaps”	means total return swaps as defined by the Securities Financing Transactions Regulation.
“UCITS”	means undertakings for collective investment in transferable securities that are established in accordance with the UCITS directive;
“UCITS directive”	means the European Parliament and Council Directive of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (No 2009/65/EC), as amended;
“Valuation point”	noon on each dealing day and on any other business day as agreed between the Depositary and the ACD.

## 1 The Company

- 1.1 The Company is an open-ended investment company with variable capital, incorporated in England and Wales under registered number IC000749 and authorised by the FCA with effect from 29 May 2009.
- 1.2 The Company is an ICVC.
- 1.3 The Company’s product reference number is 498834.
- 1.4 The Head Office of the Company is at 8 Finsbury Circus, London EC2M 7AZ which is also the address of the place in the United Kingdom for service on the Company of notices or other documents required or authorised to be served on it.
- 1.5 The base currency of the Company is pounds sterling. Investors should note that if the United Kingdom participates in the third stage of European Monetary Union and sterling ceases to exist, the ACD may convert the base currency of the Company from sterling to euros. The ACD in consultation with the Depositary shall determine the best means to effect this conversion. The ACD may in any event issue shares denominated in euros.
- 1.6 The maximum share capital of the Company is currently £100,000,000,000 and the minimum is £25,000. Shares in the Company have no par value and therefore the share capital of the Company at all times equals the Company’s current Net Asset Value.
- 1.7 Shareholders in the Company are not liable for the debts of the Company.
- 1.8 The Company has been established as a UCITS (under the OEIC regulations) and therefore different sub-funds may be formed by the ACD, subject to approval from the FCA. On the establishment of a new sub-fund or share class an updated Prospectus will be prepared setting out the relevant information concerning the new sub-fund. Each sub-fund of the Company would belong to the type of UCITS if it were itself an open-ended investment company in respect of which an authorisation order made by the FCA was in force.

## 2 Company structure

- 2.1 As explained above the Company is a UCITS which complies with Chapter 5 of the FCA regulations and an umbrella company for the purposes of the OEIC regulations. The assets of each sub-fund are treated as separate from those of every other sub-fund and will be invested in accordance with that sub-fund’s own investment objective and policy.
- 2.2 Details of the sub-funds, including their investment objectives and policies and new such objectives and policies as maybe changed are set out in Appendix 1.
- 2.3 Each sub-fund has a specific portfolio of assets and investments, and its own liabilities, and investors should view each sub-fund as a separate investment entity.
- 2.4 The sub-funds are segregated portfolios of assets and accordingly, the assets of a sub-fund belong exclusively to that sub-fund and shall not be used to discharge directly or indirectly the liabilities of, or claims against any other person or body, including the Company, or any other sub-fund, and shall not be available for such purpose.
- 2.5 However, while the provisions of the OEIC regulations provide for segregated liability between sub-funds, the concept of segregated liability is relatively new. Accordingly, where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known how those foreign courts will react to regulations 11A (segregated liability) and 11B (cross-investment) of the OEIC regulations.

- 2.6 Each sub-fund will be charged with the liabilities, expenses, costs and charges of the Company attributable to that sub-fund and within the sub-funds charges will be allocated between share classes in accordance with the terms of issue of those share classes.
- 2.7 Any assets, liabilities, expenses, costs or charges not attributable to a particular sub-fund may be allocated by the ACD in a manner which is fair to shareholders as a whole but they will normally be allocated to all sub-funds pro rata to the value of the net assets of the relevant sub-funds.

### 3 Shares

- 3.1 The share classes presently available for each sub-fund are set out in the details of each sub-fund in Appendix 1. Further share classes may be made available in due course, as the ACD may decide.
- 3.2 The minimum initial investment for each share class is set out in Appendix 1. These limits may be waived at the discretion of the ACD.
- 3.3 Whether a share class is available as income shares and/or accumulation shares is set out in Appendix 1.
- 3.4 Where a sub-fund has different share classes, each share class may attract different charges and expenses and so monies may be deducted from share classes in unequal proportions. In these circumstances the proportionate interests of the share classes within a sub-fund will be adjusted accordingly.
- 3.5 When available, shareholders are entitled (subject to certain restrictions) to switch all or part of their shares in a share class of a sub-fund for shares in another share class within the same sub-fund or for shares of the same or another share class within a different sub-fund. Details of this switching facility and the restrictions are set out in Section 14.

### 4 Management and administration

#### 4.1 Authorised Corporate Director

- 4.1.1 The Authorised Corporate Director of the Company is Rathbone Unit Trust Management Limited which is a private company limited by shares incorporated in England and Wales under the Companies Act 1985. The ACD was incorporated on 26 April 1989. The ultimate holding company of the ACD is Rathbone Brothers Plc which is incorporated in England.

The names of the directors of the ACD and significant activities of each director not connected with the business of the ACD are as follows:

<b>Name</b>	<b>Activity</b>
<b>RP Stockton</b> – Chairman	CEO, Rathbone Brothers Plc
<b>MM Webb</b> – CEO	
<b>JR Chillingworth</b> – CIO	
<b>JM Ardouin</b> – Finance Director	
<b>MS Warren</b> – Non-Executive Director	

- 4.1.2 Registered Office and Head Office:  
The registered office and head office of the ACD is at 8 Finsbury Circus, London EC2M 7AZ.

Share capital:	Issued	£202,233
	Paid up	£202,233

- 4.1.3 The ACD is responsible for managing and administering the Company's affairs in compliance with the FCA regulations.
- 4.1.4 As at the date of this Prospectus the ACD acts as manager of the following regulated collective investment schemes which are authorised unit trusts:
- Rathbone Active Income and Growth Fund
  - Rathbone Core Investment Fund for Charities
  - Rathbone Dragon Trust
  - Rathbone Ethical Bond Fund
  - Rathbone Global Opportunities Fund
  - Rathbone Heritage Fund
  - Rathbone Income Fund
  - Rathbone Spenser Fund
  - Rathbone Strategic Bond Fund
  - Rathbone UK Opportunities Fund
- 4.1.5 As at the date of this Prospectus the ACD also acts as authorised corporate director of the following regulated collective investment schemes which are authorised open ended investment companies:
- Rathbone Alpha Funds
  - Rathbone Global Sustainability Fund
  - Rathbone Pharaoh Fund
  - Rathbone Quercus Fund
  - Rathbone Sherwood Fund
  - Rathbone Sussex Fund

#### **4.2 Terms of appointment**

- 4.2.1 The ACD was originally appointed by an agreement between the Company and the ACD dated 4 June 2009, which was replaced by a new agreement between the ACD and the Company entered into on 6 November 2013 ("the ACD Agreement"). The ACD Agreement provides that the appointment of the ACD may be terminated on six months' written notice by either the ACD or the Company, although in certain circumstances the agreement may be terminated forthwith by notice in writing by the ACD to the Company or the Depositary, or by the Depositary or the Company to the ACD. Copies of the ACD Agreement are available to shareholders upon request. Termination cannot take effect until the FCA has approved the appointment of another authorised corporate director in place of the retiring ACD.
- 4.2.2 The ACD is entitled to any pro rata fees and expenses to the date of termination and any additional expenses necessarily realised in settling or realising any outstanding obligations. No compensation for loss of office is provided for in the ACD Agreement. The ACD Agreement provides indemnities to the ACD other than for matters arising by reason of its negligence, default, breach of duty or breach of trust in the performance of its duties and obligations but only to the extent allowed by the FCA regulations and the OEIC regulations.
- 4.2.3 The ACD is under no obligation to account to the Depositary or the shareholders for any profit it makes on the issue or re-issue of shares or cancellation of shares which it has redeemed. Any fees to which the ACD is entitled are set out later in this Prospectus.

#### **4.3 Duties and responsibilities of the ACD**

- 4.3.1 The ACD has been authorised by the FCA to act as the Manager of the Company with the ability to delegate certain functions to third parties.
- The ACD is responsible for the investment management function in respect of the Company which includes portfolio management and risk management.
- 4.3.2 The ACD shall also provide or procure the provision of such administrative, accounting, consultancy, advisory, secretarial and general management services as are necessary to manage the Company and to enable the Company to comply with the requirements of this Prospectus, the FCA regulations, the OEIC regulations, the Instrument and any other applicable legislation and regulations. All administrative functions, with the exception of registration are delegated to HSBC Bank Plc trading as HSBC Securities Services.
- 4.3.3 The ACD shall provide or procure the provision of the services of a person to act as Registrar of the Company performing all such functions as are usually performed by Registrars. The Manager has appointed SS&C Financial Services International Limited as Registrar.

## 5 Depository

NatWest Trustee and Depository Services Limited is the Depository of the Company. The Depository is a private limited company incorporated in England and Wales. Subject to the FCA regulations and the OEIC regulations, the Depository is responsible for the safekeeping of the property of the Company entrusted to it and has a duty to take reasonable care to ensure that the Company is managed in accordance with the provisions of the FCA regulations relating to the pricing of, and dealing in, shares of the Company and the income of the Company. The appointment of the Depository has been made under an agreement between the Company, the ACD and the Depository.

The Depository will also provide cash monitoring services in respect of the Fund's cash flows and subscriptions.

### 5.1 Registered and Head Office

250 Bishopsgate, London EC2M 4AA.

### 5.2 Principal business activity

The principal business of the Depository is the provision of trustee and depository services.

### 5.3 Ultimate holding company

Natwest Group Plc, incorporated in Scotland. Registered No. 90312.

### 5.4 Delegation to Sub-custodian

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

The Depository has delegated safekeeping of the Scheme Property to HSBC Bank Plc ("the Custodian"). In turn, the Custodian has delegated the custody of assets in certain markets in which the Funds may invest to various sub-delegates ("sub-custodians"). A list of sub-custodians is given in the Appendix contained later in this document. Investors should note that the list of Sub-custodian is updated only at each Prospectus review. An updated list of Sub-custodians is maintained by Rathbone Unit Trust Management at [rathbonefunds.com](http://rathbonefunds.com). The Custodian is authorised by the PRA and regulated by the FCA and the PRA in the conduct of its investment business in the United Kingdom.

### 5.5 Terms of appointment

The Depository was appointed as the depository of the UCITS by virtue of the Instrument of Incorporation and is authorised by the Regulator to act as depository of a UCITS.

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

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

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

It also provides that the Depository will be entitled to an indemnity from the Scheme Property for any loss suffered in the performance or non-performance of its obligations except in the case of fraud, wilful default, negligence or failure to exercise due care and diligence on its part.

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

Details of the fees payable to the Depository are given in this document under the Depository's fee section.

## 5.6 Conflicts of interest

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

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

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

## 5.7 Updated information

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

## 6 Investment adviser

As at the date of this Prospectus, the ACD undertakes management of the assets of the Company and has not appointed any third party adviser to assist it. The ACD nevertheless reserves the right to do so in the future in accordance with its obligations under the FCA regulations.

## 7 Administrator and Registrar

The ACD has appointed SS&C Financial Services International Limited to act as Registrar to the Company, and HSBC Securities Services (UK) Limited to act as administrator to the Company to carry out fund accounting and pricing services.

## 8 Auditor

8.1 The Auditors of the Company are Deloitte LLP.

8.2 The Auditor shall, with respect to the assets of the Company, carry out their duties in accordance with all applicable laws, rules and regulations, including the audit of the accounting information contained in the annual report of the Company.

## 9 Register of shareholders

9.1 The register of shareholders is maintained by the Registrar at its office at SS&C Financial Services International Limited, SS&C House, Saint Nicholas Lane, Basildon, Essex SS15 5FS and may be inspected at that address during normal business hours by any shareholder or any shareholder's duly authorised agent.

## 10 Shareholders' rights against service providers

It should be noted that shareholders will only be able to exercise their rights directly against the Company and/or sub-fund and will not have any direct contractual rights against the service providers of the Company and/or sub-fund appointed from time to time.



## 11 Conflicts of interest

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

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

Each of the parties will use their reasonable endeavours to ensure that the performance of their respective duties will not be impaired by any such involvement.

## 12 Buying, selling and switching shares

The dealing office of the ACD is open from 9.00am until 5.00pm on each business day to receive requests for the issue, redemption and switching of shares, which will be effected at prices determined at the next valuation point on the dealing day following receipt of such request.

## 13 Buying shares

### 13.1 Procedure

13.1.1 Shares can be bought either by sending a completed application form to the ACD, by telephoning the ACD's order desk on 0330 123 3810 between 9.00am and 5.00pm on any business day or by electronic means. Application Forms may be obtained from the ACD.

13.1.2 The ACD has the right to reject, on reasonable grounds relating to the circumstances of the applicant, any application for shares in whole or part, and in this event the ACD will return any money sent, or the balance of such monies, at the risk of the applicant.

The ACD has the right, in relation to large deals, to defer issuing shares until all subscription monies in relation to such deals are received.

13.1.3 Any subscription monies remaining after a whole number of shares has been issued will not be returned to the applicant. Instead, smaller denomination shares will be issued in such circumstances.

13.1.4 The ACD has the right, at its sole discretion and with the consent of the Depositary, to accept in specie payment by applicants for shares.

### 13.2 Documentation

13.2.1 A contract note giving details of the shares purchased and the price used will be issued by the end of the business day following the valuation point by reference to which the purchase price is determined, together with, where appropriate, a notice of the applicant's right to cancel.

13.2.2 Settlement is due on receipt by the purchaser of the contract note.

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

### 13.3 Minimum subscriptions and holdings

13.3.1 The minimum initial and subsequent subscription levels, and minimum holdings, for each sub-fund are set out in Appendix 1. The ACD may at its discretion accept subscriptions lower than the minimum amount.

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

## **14 Selling shares**

### **14.1 Procedure**

- 14.1.1 Every shareholder has the right to require that the Company redeem his shares on any dealing day unless the value of shares which a shareholder wishes to redeem will mean that the shareholder will hold shares with a value less than the required minimum holding for the sub-fund concerned, in which case the shareholder may be required to redeem his entire holding.
- 14.1.2 Requests to redeem shares may be made by telephoning the ACD's order desk on 0330 123 3810 between 9.00am and 5.00pm on any business day, or in writing to the ACD at the address set out at the end of this Prospectus or by electronic means.

### **14.2 Documents the seller will receive:**

- 14.2.1 A contract note giving details of the number and price of shares sold will be sent to the selling shareholder (the first named, in the case of joint shareholders) together (if sufficient written instructions have not already been given) with a form of renunciation for completion and execution by the shareholder (and, in the case of a joint holding, by all the joint holders) not later than the end of the business day following the valuation point by reference to which the redemption price is determined. Cheques in satisfaction of the redemption monies will be issued within four business days of the later of:
  - 14.2.2 receipt by the ACD of the form of renunciation (or other sufficient written instructions) duly signed by all the relevant shareholders and completed as to the appropriate number of shares, together with any other appropriate evidence of title; and
  - 14.2.3 the valuation point following receipt by the ACD of the request to redeem.

### **14.3 Minimum redemption**

Part of a shareholder's holding may be sold but the ACD reserves the right to refuse a redemption request if the value of the shares of any sub-fund to be redeemed is less than any minimum redemption amount set out in Appendix 1.

### **14.4 In specie redemption**

If a shareholder requests the redemption or cancellation of shares, the ACD may in its discretion 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.

Before the proceeds of cancellation of the shares become payable, the ACD will give written notice to the shareholder that scheme property (or the proceeds of sale of that scheme property) will be transferred to that shareholder.

The ACD will select the property to be transferred (or sold) in consultation with the Depositary. They must ensure that the selection is made with a view to achieving no greater advantage or disadvantage to the redeeming shareholder than to continuing shareholders. The Company may retain from that property (or proceeds) the value (or amount) of any Stamp Duty Reserve Tax estimated to be payable on the cancellation of shares.

## 14.5 Client money

- 14.5.1 In accordance with the Client Asset Sourcebook ("CASS") of the Financial Conduct Authority's ("FCA") handbook, the ACD has chosen to operate the delivery versus payment exemption ("DVP Exemption") with regard to investors' subscriptions and redemptions. This exemption, under the FCA's rules, allows the ACD to not treat investor monies as client money in the following two delivery versus payment scenarios:
- (a) Where money is received from an investor in relation to the ACD's obligation to issue shares in accordance with FCA rules.
  - (b) Where money is held by the ACD in the course of shares being redeemed where the proceeds of that redemption are paid to a client within the time specified in the FCA rules.
- By agreeing to subscribe to any Rathbone Unit Trust Management funds, shareholders agree to Rathbone Unit Trust Management using such arrangements. Should Rathbone Unit Trust Management cease at any time to use the DVP Exemption, you will be pre-notified in writing ahead of the relevant cessation date.
- 14.5.2 Where in the scenario described in paragraph 14.5.1 above the ACD has not, by the close of business on the business day following the receipt of money, paid that money to the Depository or to the client as the case may be, then the ACD must stop using the DVP Exemption, for that specific transaction.
- 14.5.3 Any redemption proceeds to be paid by cheque will be paid from a relevant client money account.
- 14.5.4 Where the ACD makes use of the DVP Exemption, it is required to obtain the client's consent, and will retain this for the whole period it operates the DVP Exemption. By subscribing to Rathbone Unit Trust Management funds, shareholders provide their consent.
- 14.5.5 In the scenarios under paragraph 13.5.1 above where money is not treated as client money, such money is not protected and in the event that the ACD should fail, then the money would be at risk.
- 14.5.6 Further, in accordance with the CASS regulations the ACD is obliged to obtain shareholder agreement to use the DVP Exemption within the use of any Commercial Settlement systems we utilise. By subscribing to Rathbone Unit Trust Management funds, shareholders confirm agreement to the use of such systems.
- 14.5.7 In relation to the CASS regulations, by agreeing to purchase shares in any Rathbone Unit Trust Management fund, shareholders agree for the ACD and any applicable third party to establish a contractual agreement to cover the holding of client money by the third party in a client transaction account showing that it is holding the monies on behalf of the ACD's clients.

## 15 Switching

- 15.1 If shares in more than one sub-fund or share class are available, a holder of shares in a fund may at any time switch all or some of his shares of one share class or sub-fund ("old shares") for shares of another share class or sub-fund ("new shares"). The number of new shares issued will be determined by reference to the respective prices of new shares and old shares at the valuation point applicable at the time the old shares are repurchased and the new shares are issued.
- 15.2 Switching may be effected either by telephone on 0330 123 3810 or in writing to the ACD and the shareholder may be required to complete a switching form (which, in the case of joint shareholders must be signed by all the joint holders). Switching forms may be obtained from the ACD.
- 15.3 On the switching of shares of a sub-fund for shares of another sub-fund the Instrument of Incorporation authorises the Company to impose a switching fee. The fee will not exceed an amount equal to the then prevailing initial charge for the class into which shares are being switched. The switching fee is payable to the ACD. Where applicable, there is no fee on a switch between share classes of the same sub-fund.
- 15.4 If the switch would result in the shareholder holding a number of old shares or new shares of a value which is less than the minimum holding in the sub-fund concerned, the ACD may, if it thinks fit, convert the whole of the applicant's holding of old shares to new shares or refuse to effect any switch of the old shares. No switch will be made during any period when the right of shareholders to require the redemption of their shares is suspended. The general provision on procedures relating to redemption will apply equally to a switch. A duly completed switching form must be received by the ACD before the valuation point on a dealing day in the sub-fund or sub-funds concerned to be dealt with at the prices at those valuation points on that dealing day, or at such other date as may be approved by the ACD. Switching requests received after a valuation point will be held over until the next day which is a dealing day in the relevant sub-fund or sub-funds.
- 15.5 The ACD may adjust the number of new shares to be issued to reflect the imposition of any switching fee together with any other charges or levies in respect of the issue or sale of the new shares or repurchase or cancellation of the old shares as may be permitted pursuant to the FCA regulations.
- 15.6 Please note that, under current tax law, a switch of shares in one sub-fund for shares in any other sub-fund is treated as a redemption and sale and will, for persons subject to United Kingdom taxation, be a realisation for the purposes of capital gains taxation although a switch of shares between different share classes in the same sub-fund will not be deemed to be a realisation for the purposes of capital gains taxation.
- 15.7 A shareholder who switches shares in one sub-fund for shares in any other sub-fund will not be given a right by law to withdraw from or cancel the transaction.

## 16 Conversion of shareholdings

Where the ACD considers it is in the best interests of shareholders, the ACD may convert/transfer a shareholder's holding in one class of shares to another class of shares in the same sub-fund. The ACD shall give prior written notice to the shareholders concerned of the proposed conversion/transfer, including details of the new class of shares and reminding shareholders of their rights to redeem.

## 17 Dealing charges

### 17.1 Initial charge

The ACD may impose a charge on the sale of shares to investors. The maximum initial charge permitted is 5 percent of the amount invested by the prospective shareholder. The initial charge is payable to the ACD. Full details of the current initial charge for each sub-fund are set out in Appendix 1. An increase in the maximum initial charge can only be made in accordance with FCA regulations.

### 17.2 Redemption charge

- 17.2.1 The ACD may make a charge on the redemption of shares. At present no redemption charge is levied.
- 17.2.2 The ACD may not introduce a redemption charge on shares unless, not less than 90 days before the introduction, it has given notice in writing to the then current shareholders of that introduction and has revised and made available the Prospectus to reflect the introduction and the date of its commencement.
- 17.2.3 In the event of a change to the rate or method of calculation of a redemption charge, details of the previous rate or method of calculation will be available from the ACD.

## 18 Other dealing information

### 18.1 Dilution levy

- 18.1.1 The basis on which the Company's investments are valued for the purpose of calculating the issue and redemption price of shares as stipulated in the FCA regulations and the Company's Instrument of Incorporation is summarised later in this Prospectus. The actual cost of purchasing or selling a sub-fund's 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 a sub-fund. In order to prevent this effect, called "dilution", the ACD has the power to charge a "dilution levy" on the sale and/or redemption of shares. As a dilution levy is not currently charged (except on large deals, as defined below), the cost of purchasing or selling investments for the sub-funds subsequent to shareholder dealing will be borne by the sub-funds with a consequent effect on future growth. If the ACD decides in future to charge a dilution levy on all deals (and not just on large deals), 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 relevant sub-fund and will become part of the property of the relevant sub-fund.
- 18.1.2 The dilution levy for each sub-fund will be calculated by reference to the estimated costs of dealing in the underlying investments of that sub-fund, including any dealing spreads, commission and transfer taxes.
- 18.1.3 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:
- 18.1.3.1 where over a dealing period a sub-fund has experienced a large level of net sales or redemptions relative to its size;
  - 18.1.3.2 on large deals;
  - 18.1.3.3 where a sub-fund is in continual decline or increase; or
  - 18.1.3.4 in any other case where the ACD is of the opinion that the interests of shareholders require the imposition of a dilution levy.

It is therefore not possible to predict accurately whether dilution would occur 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 0.5 percent.

Except in relation to large deals, the ACD has no plans at present to introduce a dilution levy on the purchase or sale of shares. The ACD may alter its dilution policy either by shareholder consent pursuant to the passing of a resolution to that effect at a properly convened meeting of shareholders and by amending this Prospectus or by giving shareholder's notice and amending the Prospectus 60 days before the change to the dilution policy is to take effect.

## 19 Money laundering

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

## 20 Restrictions and compulsory transfer and redemption

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

## 21 Suspension of dealings in shares in the Company

- 21.1 The ACD may, with the prior agreement of the Depositary or shall, if the Depositary so requires, temporarily suspend the issue, cancellation, purchase and redemption of shares where due to exceptional circumstances it is in the interest of all of the shareholders.
- 21.2 On suspension, the ACD, or the Depositary if it has required the ACD to suspend dealings in units, must immediately inform the FCA, stating the reason for its action and as soon as practicable give written confirmation to the FCA of the suspension and the reasons for it.
- 21.3 The ACD must ensure that a notification of the suspension is made to shareholders as soon as practicable after suspension commences. The ACD must ensure that it:
- 21.3.1 draws shareholders' particular attention to the exceptional circumstance which resulted in the suspension;
  - 21.3.2 is clear, fair and not misleading; and
  - 21.3.3 informs shareholders how to obtain sufficient details (either through the Company's website or by other general means) about the suspension including, if known, its likely duration.
- 21.4 The ACD and the Depositary must formally review the suspension at least every 28 days and inform the FCA of the result of this review with a view to ending the suspension as soon as practicable after the exceptional circumstances have ceased.
- 21.5 Re-calculation of the share price for the purpose of sales and purchases will commence on the next relevant valuation point following the ending of the suspension.

## 22 Governing law

- 22.1 By applying for shares, the relevant shareholder agrees to be bound by this Prospectus. The Company, the Instrument and the Prospectus are governed by the laws of England and Wales. The Company (and each of its sub-funds), the ACD and shareholders will be subject to the exclusive jurisdiction of the courts of England and Wales to settle any dispute or claim arising out of or in connection with shareholder's investment in the Company or any related matter.
- 22.2 According to Council Regulation 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (**Council Regulation**), a judgement given and enforceable in an EU member state shall in principle be recognised in the other EU member states without any special procedure being required and shall generally be enforceable in the other EU member states on the application of any interested parties, save in certain circumstances. EU regulation 1215/2012 of 12 December 2012 which is designed to improve the application of certain provisions of the Council Regulation shall apply from 10 January 2015.

## 23 Valuation of shares in the Company

- 23.1 The price of a share in the Company is calculated by reference to the Net Asset Value of the sub-fund to which it relates. The Net Asset Value per share of a sub-fund is currently calculated at the time set out in Appendix 1.
- 23.2 The ACD may at any time during a business day carry out an additional valuation if the ACD considers it desirable to do so.

## 24 Calculation of the Net Asset Value

- 24.1 The value of the scheme property of the Company or of a sub-fund (as the case may be) shall be the value of its assets less the value of its liabilities determined in accordance with the following provisions.
- 24.2 All the scheme property (including receivables) of the Company (or the sub-fund) is to be included, subject to the following provisions.
- 24.3 Scheme property which is not cash (or other assets dealt with below) or a contingent liability transaction shall be valued as follows:
- 24.3.1 units or shares in a collective investment scheme:
- 24.3.1.1 if a single price for buying and selling units is quoted, at the most recent such price; or
- 24.3.1.2 if separate buying or selling prices are quoted, at the average of the two prices provided the buying price has been reduced by any initial charge included therein and the selling price has been increased by any exit or redemption charge attributable thereto; or
- 24.3.1.3 if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no price exists, at a value which, in the opinion of the ACD, is fair and reasonable;
- 24.3.2 any other transferable security:
- 24.3.2.1 if a single price for buying and selling the security is quoted, at that price; or
- 24.3.2.2 if separate buying and selling prices are quoted, the average of those two prices; or
- 24.3.2.3 if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no price exists, at a value which in the opinion of the ACD reflects a fair and reasonable price for that investment;
- 24.3.3 property other than that described in paragraphs 24.3.1 and 24.3.2 above:
- 22.3.3.1 at a value which, in the opinion of the ACD, represents a fair and reasonable mid-market price.
- 24.4.1 Cash and amounts held in current, margin and deposit accounts and in other time-related deposits shall be valued at their nominal values.
- 24.4.2 Currencies or values in currencies other than sterling shall be converted at the relevant valuation point at a rate of exchange that is not likely to result in any material prejudice to the interests of shareholders or potential shareholders.
- 24.5 Property which is a contingent liability transaction shall be treated as follows:
- 24.5.1 if it is a written option (and the premium for writing the option has become part of the scheme property), the amount of the net valuation of premium receivable shall be deducted;
- 24.5.2 if it is an off-exchange future, it will be included at the net value of closing out in accordance with a valuation method agreed between the ACD and the Depositary;
- 24.5.3 if the property is an off-exchange derivative, it will be included at a valuation method agreed between the ACD and Depositary;
- 24.5.4 if it is any other form of contingent liability transaction, it will be included at the net value of margin on closing out (whether as a positive or negative value).
- 24.6 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.
- 24.7 Agreements for the unconditional sale or purchase of property which are in existence but uncompleted will generally be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and, in the opinion of the ACD, their omission will not materially affect the final net asset amount.
- 24.8 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 the preceding paragraph.
- 24.9 All agreements will be included in the calculation of Net Asset Value which are, or ought reasonably to have been, known to the person valuing the property.

- 24.10 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, Stamp Duty, Stamp Duty Reserve Tax, Advance Corporation Tax and Value Added Tax will be deducted.
- 24.11 An estimated amount for any liabilities payable out of the scheme property and any tax thereon treating periodic items as accruing from day to day will be deducted.
- 24.12 The principal amount of any outstanding borrowings whenever repayable and any accrued but unpaid interest on borrowings will be deducted.
- 24.13 An estimated amount for accrued claims for tax of whatever nature which may be recoverable will be added.
- 24.14 Any other credits or amounts due to be paid into the scheme property will be added.
- 24.15 A sum representing any interest or any income accrued due or deemed to have accrued but not received and any Stamp Duty Reserve Tax provision anticipated to be received will be added.

## **25 Price per share in each sub-fund and each class**

The value per share of a sub-fund will be calculated by dividing the Net Asset Value of the sub-fund by the number of shares in the sub-fund then in issue or deemed to be in issue on a dealing day and rounding the result mathematically as determined by the ACD provided that in the event the shares of any sub-fund are further divided into classes, the ACD shall determine the method of allocating the Net Asset Value of the sub-fund amongst the classes making such adjustments for subscriptions, redemptions, fees, dividends and any other factor differentiating the classes as appropriate. The Net Asset Value of the sub-fund, as allocated between each class, shall be divided by the number of shares of the relevant class which are in issue or deemed to be in issue and rounding the result as determined by the ACD.

The price per share at which shares are sold is the sum of the Net Asset Value of a share and any initial charge. The price per share at which shares are redeemed is the Net Asset Value per share less any applicable redemption charge. In addition, there may, for both purchases and sales, be a dilution levy, as described above.

## **26 Pricing basis**

Shares in the Company will be single priced. The Company deals on a forward pricing basis. A forward price is the price calculated at the next valuation point after the sale or redemption is agreed.

## **27 Publication of prices**

The most recent retail class price of shares will be published in the Financial Times (except Rathbone Strategic Income Portfolio) and online at [fundlistings.com](http://fundlistings.com), [bloomberg.com](http://bloomberg.com), [investmentuk.org](http://investmentuk.org) and [rathbonefunds.com](http://rathbonefunds.com). Prices can also be obtained by calling 0330 123 3810.

## **28 Investor profile**

These sub-funds are marketable to all retail investors.

## **29 Receiving financial instrument communication**

The Manager, in accordance with the FCA Rules, must take all reasonable steps to record telephone conversations and keep a copy of electronic communications where such conversations and communications relate to activities in financial instruments as required by the FCA Rules. The manager may keep records of all business transactions for at least five years.

## **30 Risk factors**

Potential investors should consider the following risk factors before investing in the sub-fund.

The main risks associated with the investment activity of the sub-fund(s) are summarised below. The following statements are intended to summarise some of the risks, but are not exhaustive, nor do they offer advice on the suitability of investments.



### **30.1 General risks**

An investment in one or more of the sub-funds will involve exposure to those risks normally associated with investment in stocks and shares. As such, the price of shares and the income from them can go down as well as up and an investor may not get back the amount he has invested.

There is no assurance that investment objectives of any sub-fund will actually be achieved.

Shares in all the sub-funds should generally be regarded as long-term investments. Details of specific risks that apply to particular sub-funds are set out in Appendix 1.

### **30.2 Equities risk**

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

### **30.3 Warrants risk**

Where a sub-fund is invested in warrants, the price per share may fluctuate more than if that sub-fund was invested in the underlying securities because of the greater volatility of the warrant price.

### **30.4 Bonds and debt instruments (including high yielding securities) risk**

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

### **30.5 Lower rated/unrated securities risk**

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

### **30.6 Collective investment schemes risk**

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

### **30.7 Leveraged companies risk**

Investments may be made in companies or collective investment schemes which borrow funds. Such companies or collective investment schemes may not be subject to any limitations on the amount of their borrowings, and the amount of borrowings that they may have outstanding at any time may be large in comparison to their capital. Furthermore, where a sub-fund is permitted to borrow in order to make investments, shareholders must be aware that they may suffer a greater risk resulting from the decline of the value of the investments made with this borrowing facility and therefore risk exposure will be higher.

### **30.8 New issue risk**

A sub-fund may be invested in initial public offerings, which frequently are smaller companies. Such securities have no trading history and information about these companies may only be available for limited periods. The prices of securities involved in initial public offerings may be subject to greater price volatility than more established securities.

### 30.9 Derivatives and volatility

Derivative instruments may be used in the sub-funds for the purposes of Efficient Portfolio Management.

The use of derivatives for Efficient Portfolio Management should not lead to an increase in risk to the sub-funds.

The investment policy of the Rathbone Multi-Asset Defensive Growth Portfolio and the Rathbone Multi-Asset Dynamic Growth Portfolio does not currently permit the use of derivatives for investment purposes. In the event the fund intends to use derivatives for investment purposes shareholders will be given 60 days' notice.

The investment policy of the Rathbone Multi-Asset Total Return Portfolio, the Rathbone Multi-Asset Strategic Growth Portfolio, the Rathbone Multi-Asset Strategic Income Portfolio and the Rathbone Multi-Asset Enhanced Growth Portfolio permit the use of derivatives for investment purposes.

The NAV of these sub-funds could potentially be more volatile; however, it is the ACD's intention that these sub-funds, owing to the portfolio composition of the portfolio management techniques used, will not have volatility over and above the general market volatility of the markets of the underlying investments.

#### 30.9.1 Futures and options risk

A sub-fund may use, under certain conditions, options and futures on indices and interest rates, for the purposes of Efficient Portfolio Management and investment purposes. The use of derivatives for Efficient Portfolio Management is not intended to increase the risk profile of that sub-fund. Also, a sub-fund may hedge market and currency risks using futures, options and forward exchange contracts. The use of derivatives for investment purposes could make the NAV of the sub-fund potentially more volatile but it is the ACD's intention that these sub-funds, owing to the portfolio composition of the portfolio management techniques used, will not have volatility over and above the general market volatility of the markets of the underlying investments.

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

#### 30.9.2 Collateral

As permitted by the FCA regulations, the ACD may use collateral to reduce the overall exposure of a sub-fund to OTC derivatives. For example, a sub-fund may take collateral from counterparties with whom it has an OTC derivative position, and use that collateral to net off against the exposure it has to the counterparty under that OTC derivative position, for the purposes of complying with counterparty spread limits.

Cash received as collateral from OTC derivatives transactions may be re-invested in shares of units issued by qualifying money market funds, placed on deposit or invested in high quality government bonds.

#### 30.9.3 Total return swaps

A total return swap is a contract whereby one party (e.g. the total return payer) agrees to make a series of payments to another party (e.g. the receiver) based on the change in the market value of the assets underlying such a contract (which can include a security or baskets thereof or eligible index) during the specified period. In exchange, the other party to the contract agrees to make a series of payments calculated by reference to an interest rate and/or some other agreed-upon amount (including the change in market value of other underlying assets). To the relevant extent, a sub-fund may use total return swaps to gain exposure to an asset without owning it or taking physical custody of it. For example, if a sub-fund invests in a total return swap on an underlying security, it will receive the price appreciation of the underlying security in exchange for payment of an agreed-upon fee. A sub-fund may use total return swaps to more efficiently express a view in a given position or to gain/reduce exposure in a more cost effective manner. Total return swaps are typically used on single reference entities. Additionally, total return swaps can be used to hedge existing long positions or exposures. Accordingly, the underlying strategy and composition of the investment portfolio of total return swaps will be consistent with the investment policy of the sub-fund.

To the extent the sub-funds may enter into total return swaps or financial derivative instruments with the same characteristics, the ACD has discretion as to the appointment of counterparties when entering into total return swaps in furtherance of the sub-fund's investment objective and policy, provided that the appointment of such counterparties comply with paragraph Appendix 3, paragraph 16.7. It is not possible to comprehensively list in the Prospectus all the counterparties as they may change from time to time. Any such counterparty so appointed is not expected to assume discretion over the composition or management of the sub-fund's investment portfolio or over the underlying of the financial derivative instrument although the ACD reserves the right to permit the granting of such discretion with the agreement of the relevant Investment Manager.

### **30.10 Foreign currency risk**

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

### **30.11 Pricing and valuation risk**

For quoted investments a valuation price can be obtained from an exchange or similarly verifiable source. However, investment in unquoted and/or illiquid investments which are difficult to value may increase the risk of mispricing.

Furthermore, the Company will compute the Net Asset Value of each sub-fund when some markets are closed for holidays or other reasons. In these and similar cases a verifiable source of market prices will not be available and the ACD may invoke its fair value process which will determine a fair value price for the relevant investments; this fair value process involves assumptions and subjectivity.

### **30.12 Emerging countries and developing markets risk**

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

### **30.13 Investment trust risk**

The share prices of investment trusts and closed-ended funds typically stand at a discount to their Net Asset Value per share. Such discounts may persist for long periods and/or widen. The Net Asset Value of a sub-fund, will reflect the current market value of the shares of the investment trusts and closed-ended funds in which that sub-fund is invested. The shares of certain investment trusts and closed-ended funds in which a sub-fund is invested may be valued in a market at a premium to their own Net Asset Value per share. In such cases the share price of such investment trusts and/or closed-ended funds may eventually decline to a discount of their Net Asset Value per share. Investment trusts and closed-ended funds may borrow or otherwise leverage their exposure to their investments. Investments in such companies will tend to have more volatile results than investment in companies without gearing.

### **30.14 Credit risk**

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

### **30.15 Settlement risk**

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

### **30.16 Tax risk**

Tax laws, currently in place, may change in the future which could affect the Net Asset Value of the sub-fund(s) and therefore the shareholder's investments. Refer to the section headed "Taxation" in the Prospectus for further details.

### 30.17 Inflation risk

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

### 30.18 Political and/or environmental risk

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

### 30.19 Market risk

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

### 30.20 Libor risk

In 2017 the Chief Executive of the United Kingdom's Financial Conduct Authority, the regulator of the London Interbank Offered Rate (LIBOR), announced the intention to phase out the use of LIBOR by the end of 2021. The sub-funds have limited exposure to LIBOR through structured products. There remains uncertainty regarding the future utilisation of LIBOR and the nature of any replacement rate. As such, the potential effect of a transition away from LIBOR on these structured products cannot yet be determined. The unavailability or replacement of LIBOR may affect the value, liquidity or return on certain investments through which the structured products invest and may result in increased costs. Any pricing adjustments resulting from a substitute reference rate may also adversely affect the performance and/or NAV of these structured products. For LIBOR linked securities that do not mature before the end of 2021, the sub-funds expect consent solicitations.

### 30.21 Charges to capital

Where the investment objective of a sub-fund is to treat the generation of income as a higher priority than capital growth, or the generation of income and capital growth have equal priority, all or part of the ACD's annual management charge may be charged against capital instead of against income. This may result in capital erosion and constrain capital growth. At present the ACD's annual management charge is taken from the sub-funds property. Please see Appendix 1 for each sub-fund for whether the ACD's annual management charge is taken from capital or income.

### 30.22 Liabilities of the Company

The sub-funds are segregated portfolios of assets and, accordingly, the assets of a sub-fund belong exclusively to that sub-fund and shall not be used to discharge directly or indirectly the liabilities of, or claims against, any other person or body, including the Company, or any other sub-fund, and shall not be available for any such purpose.

While the provisions of the OEIC regulations provide for segregated liability between the sub-funds, the concept of segregated liability is relatively new. Accordingly, where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known how those foreign courts will react to regulations 11A (segregated liability) and 11B (cross-investment) of the OEIC regulations.

Therefore, it is not possible to be certain the assets of a sub-fund will always be completely insulated from the liabilities of another sub-fund of the Company in every circumstance.

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

## 31 Risk management process and liquidity management

The ACD employs a risk management process which enables it to identify, measure, manage and monitor at any time the relevant risks of the positions to which the Company or any sub-fund is or may be exposed and its contribution to the overall risk profile of the Company and any sub-fund and which includes the use of appropriate stress testing procedures.

The ACD has established a liquidity management policy which enables it to identify, monitor and manage the liquidity risks of the Company and each sub-fund and to ensure the liquidity profile of the investments of the Company and each sub-fund will facilitate compliance with its underlying obligations. The ACD's liquidity policy takes into account the investment strategy, the liquidity profile, redemption policy and other underlying obligations of the Company and its sub-funds. The liquidity management systems and procedures include appropriate escalation measures to address anticipated or actual liquidity shortages or other distressed situations of the Company and its sub-funds. In summary, the liquidity management policy monitors the profile of investments held by each sub-fund and ensures that such investments are appropriate to the redemption policy as set out in this Prospectus. Further, the liquidity management policy includes details on periodic stress testing carried out by the ACD to manage the liquidity risk of each sub-fund in exceptional and extraordinary circumstances.

The liquidity management systems and procedures allow the ACD to apply various tools and arrangements necessary to ensure that the Company and each sub-fund is sufficiently liquid to respond appropriately to redemption requests normally. In normal circumstances, redemption requests will be processed as set out in paragraph 13.

Other arrangements may also be used in response to redemption requests, including the deferral of such redemption requests in certain circumstances will restrict the redemption rights investors benefit from in normal circumstances as set out below under paragraph 19.

Further information regarding the risk management process and liquidity management systems and procedures, including the measures used to assess the sensitivity of the sub-funds' portfolio to the most relevant risks to which each sub-fund is or could be exposed, can be found in the risk management process document which is available upon request from the ACD.

Upon request the ACD will provide information to shareholders relating to:

31.1 the quantitative limits applying in the risk management of a sub-fund; and

31.2 any recent development of the risks and yields of the main categories of investment.

It is intended that Shareholders will be notified of any material changes to the liquidity management systems and procedures employed by the ACD and will be notified immediately if redemptions are suspended. It is intended that any changes to the maximum level of Leverage that may be employed by any Sub-Fund employing Leverage will be provided to Shareholders without undue delay.

### **31.3 Professional liability risks**

The ACD covers its potential liability risks arising from professional liability by holding appropriate professional indemnity insurance.

### **32 Leverage risk**

While leverage presents opportunities for increasing the total return of a sub-fund, it has the effect of potentially increasing losses as well. Accordingly, any event that adversely affects the value of an investment, either directly or indirectly could be magnified to the extent that leverage is employed. The cumulative effect of the use of leverage by a sub-fund or an underlying fund, directly or indirectly, in a market that moves adversely to the investments of the entity employing the leverage, could result in a loss to the sub-fund that would be greater than if leverage were not employed by the sub-fund or such underlying fund.

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

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

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

## 34 EU Savings Directive

On 3 June 2003 the European Union (EU) adopted Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments (the Directive).

UK resident individual share holders who invest directly in shares of the Company or via a UK entity, and corporate investors will not be subject to the Directive.

The Directive requires member states of the European Union to provide to the tax authorities of other member states details of payments of interest or other similar income paid by a paying agent established in the member state. The UK has implemented the Directive. UK paying agents (such as the Company and the sub-funds) are required to report information on savings income they pay to individuals resident and certain entities established in other member states of the EU, and certain third countries and dependent or associated territories. Paying agents make reports annually to HM Revenue & Customs, who pass the information to the tax authority of the country in which the individual is resident or the entity established.

Any dividends distributed by the Company (or any the sub-funds) will be subject to the EU Savings Directive if more than 15 percent of the Company's assets are invested in debt securities. Proceeds realised by shareholders on the disposal of Shares may be subject to such reporting or withholding if more than 25 percent of the sub-fund's assets are invested in debt securities.

The Council of the European Union adopted Directive 2014/48/EU on 24 March 2014, amending Directive 2003/48/EC on the taxation of savings income. The member states are required to transpose new Directive 2014/48/EU into national law by 1 January 2016 and to apply the new requirements with effect from 1 January 2017. The changes made by Directive 2014/48/EU include extending the scope of the EU Savings Directive to payments made to certain entities and legal arrangements and broadening the definition of interest payment to cover income that is equivalent to interest.

## 35 Fees and expenses

### 35.1 General

- 35.1.1 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, the Key Investor Information Document and the fees of the professional advisers to the Company in connection with the offer will be borne by the Company.
- 35.1.2 The Company may pay out of the scheme property charges and expenses incurred by the Company or the sub-fund(s), which will include the following expenses:
- (a) any fees and expenses payable to the ACD, the Depositary and the Administrator;
  - (b) broker's commission (where such payment may be made in accordance with the FCA rules), fiscal charges (including Stamp Duty and/or Stamp Duty Reserve Tax) and other disbursements which are necessarily incurred in effecting transactions for the sub-funds and normally shown in contract notes, confirmation notes and difference accounts as appropriate;
  - (c) fees and expenses in respect of establishing and maintaining the register of shareholders and any sub register of shareholders (as defined in the FCA regulations). The Registrar's fee is £14.13 per annum per shareholder plus VAT;
  - (d) any costs incurred in or about the listing of shares in the sub-fund(s) on any Stock Exchange, and the creation, conversion and cancellation of shares;
  - (e) any costs incurred in publishing the price of the shares in a national or other newspaper;
  - (f) any costs incurred in producing and dispatching any payments made by the sub-fund(s), or the yearly and half-yearly reports of the sub-fund(s);
  - (g) any fees, expenses or disbursements of any legal or other professional adviser of the Company and the sub-fund(s);
  - (h) any costs incurred in taking out and maintaining any insurance policy in relation to the Company;
  - (i) 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;
  - (j) liabilities on unitisation, amalgamation or reconstruction including certain liabilities arising after transfer of property to the sub-funds in consideration for the issue of shares as more fully detailed in the FCA regulations;
  - (k) interest on borrowings and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings;

- (l) taxation and duties payable in respect of the property of the sub-funds or the issue or redemption of shares;
- (m) the audit fees of the Auditors (including VAT) and any expenses of the Auditors;
- (n) the fees charged by the FCA together with any corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which shares in the sub-fund(s) are or may be marketed;
- (o) 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 the sub-fund(s);
- (p) any payments otherwise due by virtue of the FCA regulations; and
- (q) any value added or similar tax relating to any charge or expense set out herein.

35.1.3 VAT is payable on these charges where appropriate.

35.1.4 Expenses are allocated between capital and income in accordance with the FCA regulations.

35.1.5 Where expenses are allocated to capital, this may constrain capital growth.

35.1.6 It is the Manager's policy not to enter into any soft commission arrangements with its brokers for the supply of goods and services, in return for an agreed volume of business.

In accordance with the FCA Rules, the Manager, when executing orders or placing orders with other entities in relation to financial instruments for execution on behalf of the funds, must not accept and retain any fees, commission or monetary benefits from a third party ('Thirds Party Payments'). If the Manager receives any Third Party Payments, the Manager will return the Third Party Payments to the relevant fund as soon as reasonably possible and will inform unitholders of the amount received which will be set out in the annual reports.

The Manager must not accept any non-monetary benefits when executing orders or placing orders with other entities for execution in relation to financial instruments on behalf of the funds, except those which are capable of enhancing the quality of the service provided to the funds, and which are of a scale and nature such that they could not be judged to impair the Manager's compliance with its duty to act honestly, fairly and professionally in the best interests of the funds.

The Manager conducts its own research and/or uses third party providers of research. The Manager will pay for this research out of its own resources.

## 36 Charges payable to the ACD

- 36.1 In payment for carrying out its duties and responsibilities the ACD is entitled to be paid from each sub-fund an annual management charge not exceeding 2 percent per annum of the Net Asset Value of each sub-fund.
- 36.2 Any annual management charge accrues daily and is payable monthly in arrears on the first dealing day of each month. The current management charges for the current share classes available in the sub-funds are set out in Appendix 1.
- 36.3 The ACD is also entitled to all reasonable, properly vouched, out of pocket expenses incurred in the performance of its duties, including Stamp Duty and Stamp Duty Reserve Tax on transactions in shares.
- 36.4 Where the investment objective of a sub-fund is to treat the generation of income as a higher priority than capital growth, or the generation of income and capital growth have equal priority, all or part of the ACD's fee may be charged against capital instead of against income. This will only be done with the approval of the Depositary. This treatment of the ACD's fee will increase the amount of income available for distribution to shareholders in the sub-fund concerned, but may erode capital and constrain capital growth.
- 36.5 If a share class's expenses in any period exceed its income the ACD may take that excess from the capital property attributable to that share class.
- 36.6 The ACD may not introduce a new category of remuneration for its services or increase the current rate or amount of its remuneration payable out of the scheme property or the preliminary charge within the relevant maximum unless, not less than 60 days before the introduction or increase, the ACD gives notice in writing of the introduction or increase and the date of its commencement to all shareholders and has revised and made available the Prospectus to reflect the introduction or new rate and the date of its commencement.
- 36.7 In order to increase its annual management charge above the relevant maximum the ACD would require the approval of an extraordinary resolution of shareholders at a general meeting.

### 37 Administrator's fees

The fees and expenses of the Administrator (plus any VAT thereon) are paid by the Company.

### 38 The Depositary receives for its own account a periodic fee which will accrue daily and is payable monthly in arrears on the first dealing day of each month. The rate of the periodic fee is agreed between the ACD and the Depositary from time to time subject to the rules contained in the FCA regulations.

At the date of this Prospectus the Depositary's fee is calculated as per the table below.

	Indicative Trustee/Depositary Tariff
On the first £300 million value in each fund	0.0175% p.a.
On the next £200 million value in each fund	0.0150% p.a.
On the next £500 million value in each fund	0.0100% p.a.
On the remaining value in each fund	0.0075% p.a.

VAT is to be added to these fees at the standard rate (currently 20%).

These rates can be varied from time to time in accordance with the FCA regulations.

The remuneration payable to the Depositary out of the property attributable to each sub-fund for its services also includes transaction charges and custody charges. Transaction charges vary from country to country, dependent on the markets and the value of the stock involved and are currently subject to a range from £10 to £120 (or equivalent in another currency) per transaction and accrue at the time the transactions are effected and are payable as soon as is reasonably practicable, and in any event not later than the last business day of the month when such charges arose or as otherwise agreed between the Depositary and the ACD. The maximum transaction charge that may be charged by the Depositary is £250 per transaction. Custody charges again vary from country to country depending on the markets and the value of the stock involved and are currently subject to a range from 0.01 percent to 0.5 percent and accrue and are payable as agreed from time to time by the ACD and the Depositary. The maximum custody charge that may be charged by the Depositary is 0.5 percent.

In addition to the fees and charges payable to the Depositary referred to above, the amount payable to the Depositary out of the property attributable to any sub-fund by way of remuneration for its services may include charges in connection with its duties (or the exercise of powers conferred upon it by the OEIC regulations or the FCA regulations) referable to (but not limited to): (i) custody of assets (including overseas custody services); (ii) the acquisition holding and disposal of property; (iii) the collection and distribution to shareholders of dividends, interest and any other income; (iv) the maintenance of distribution accounts; (v) the conversion of foreign currency; (vi) registration of assets in the name of the Depositary or its nominee or agents; (vii) borrowings, stocklending or other permitted transactions; (viii) communications with any parties (including telex, facsimile, SWIFT and electronic mail); (ix) taxation matters; (x) insurance matters; (xi) dealings in derivatives; (xii) costs and charges relating to banking and banking transactions; (xiii) preparation of the Depositary's annual report; (xiv) taking professional advice; (xv) conducting legal proceedings; (xvi) the convening and/or attendance at meetings of shareholders; and (xvii) modification of the Instrument of Incorporation, Prospectus, and negotiation and/or modification of the Depositary Agreement and any other agreement entered into between the Depositary and its delegates.

The Depositary will also be paid by the Company out of the property attributable to each sub-fund, expenses properly incurred in the performance of, or arranging the performance of, functions conferred on it by the Depositary Agreement, the FCA regulations or by the general law.

The Depositary shall be entitled to recover its fees, charges and expenses when the relevant transaction or other dealing is effected or relevant service is provided or as may otherwise be agreed between the Depositary and the Company or the ACD.

On a winding up of the Company, the termination of a sub-fund or the redemption of a class of shares, the Depositary will be entitled to its pro rata fees, charges and expenses to the date of winding up, the termination, or the redemption (as appropriate) and any additional expenses necessarily realised in settling or receiving any outstanding obligations. No compensation for loss of office is provided for in the agreement with the Depositary.

Any Value Added Tax on any fees, charges or expenses payable to the Depositary will be added to such fees, charges or expenses.

Expenses not directly attributable to a particular sub-fund will be allocated between sub-funds. In each such case such expenses and disbursements will also be payable if incurred by any person (including the ACD or any associate or nominee of the Depositary or of the ACD) who has had the relevant duty delegated to it pursuant to the FCA regulations by the Depositary.



## **39 Allocation of fees and expenses between sub-funds**

All the above fees, duties and charges (other than those borne by the ACD) will be charged to the sub-fund in respect of which they were incurred but where an expense is not considered to be attributable to any one sub-fund, the expense will normally be allocated to all sub-funds pro-rata to the value of the net assets of the sub-funds, although the ACD has discretion to allocate these fees and expenses in a manner which it considers fair to shareholders generally.

## **40 Shareholder meetings and voting rights**

### **40.1 Requisitions of meetings**

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

### **40.2 Notice of quorum**

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

### **40.3 Voting rights**

- 39.3.1 At a meeting of shareholders, on a show of hands every shareholder who (being an individual) is present in person or (being a corporation) is present by its representative properly authorised in that regard, has one vote.
- 39.3.2 On a poll vote, a shareholder may vote either in person or by proxy. The voting rights attaching to each share are such proportion of the voting rights attached to all the shares in issue that the price of the share bears to the aggregate price(s) of all the shares in issue at the date seven days before the notice of meeting is deemed to have been served.
- 39.3.3 A shareholder entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.
- 39.3.4 Except where the FCA regulations or the Instrument of Incorporation of the Company require an extraordinary resolution (which requires 75 percent of the votes cast at the meeting to be in favour if the resolution is to be passed) any resolution required by the FCA regulations will be passed by a simple majority of the votes validly cast for and against the resolution.
- 39.3.5 The ACD may not be counted in the quorum for a meeting and neither the ACD nor any associate (as defined in the FCA regulations) 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.
- 39.3.6 "Shareholders" in this context means shareholders on the date seven days before the notice of the relevant meeting was deemed to have been served but excludes holders who are known to the ACD not to be shareholders at the time of the meeting.

#### **40.4 Class and sub-fund meetings**

The above provisions, unless the context otherwise requires, apply to share class meetings and meetings of sub-funds as they apply to general meetings of shareholders.

#### **40.5 Variation of class rights**

The rights attached to a class or sub-fund can be varied in accordance with COLL by a resolution passed at a meeting of shareholders of that share class or sub-fund by a seventy five per cent majority of those votes validly cast for and against such resolution.

### **41 Taxation**

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

The Company is an umbrella Open-Ended Investment Company. Each sub-fund of the Company is treated as a separate entity and taxed accordingly.

This section contains information on the taxation of both an equity fund (equity fund) and a bond fund (bond fund).

A sub-fund will be regarded as a bond fund for a particular distribution period where more than 60% of the market value of its assets consist of "qualifying investments" at all times during that distribution period). The term "qualifying investments" includes, but is not limited to, money placed at interest and securities that are not shares, including but not limited to government and corporate debt securities and certain derivative contracts.

A sub-fund will be regarded as an equity fund for any distribution period in which it is not regarded as a bond fund.

The distribution accounts for each sub-fund for any given distribution period may show that sub-fund's income as being available for distribution as either a dividend or interest distribution and the appropriate type of distribution will depend upon source and composition of the income of the sub-fund for the distribution period in question. Broadly, any sub-fund which invests mainly in interest paying investments may make interest distributions. Other sub-funds may only make dividend distributions.

The tax treatment of any distributions received by any of the sub-funds from any underlying investments in authorised unit trusts or OEICs will follow the same principles as apply to distributions paid to a UK resident company and set out at paragraph 40.1 below.

#### **41.1 Taxation of an equity fund**

##### **Tax on income**

A sub-fund which is an equity fund will be liable to Corporation Tax at a rate equal to the basic rate of Income Tax, currently 20 percent, on its income after relief for expenses (which include any fees payable to the ACD and to the Depositary). Dividends and similar income distributions received from UK resident companies are exempt from Corporation Tax. Dividends and similar income distributions from UK authorised unit trusts and other UK ICVCs are generally exempt from Corporation Tax to the extent the underlying income derives from dividends.

##### **Tax on capital gains**

A sub-fund which is an equity fund is not subject to UK taxation on capital gains arising on the disposal of its investments. If, however, the Company were to be considered to be 'trading' in securities (rather than holding them as investments) under Revenue law, any gains made will be treated as taxable trading income and not exempt.

### Non-UK dividends and relief for foreign withholding taxes

Dividends received from a sub-fund's holdings of non-UK equities are exempt from Corporation Tax, provided that the holding concerned is of non-redeemable ordinary shares and either it is a "portfolio holding" (representing less than 10 percent of the issued share capital of the payer) or the dividend is paid out of "relevant profits" (any distributable profits other than profits resulting from transactions designed to achieve a reduction in UK tax). In addition, dividends will be exempt so long as the payer does not receive a deduction for tax purposes in respect of the amount paid. It is not anticipated that the sub-funds will receive any dividends other than exempt dividends in respect of non-UK shareholdings.

To the extent that an equity sub-fund receives income from, or realises gains on disposal of investments in, foreign countries it may be subject to foreign withholding or other taxation in those jurisdictions. To the extent it relates to income, this foreign tax may be able to be treated as an expense for UK Corporation Tax purposes.

Certain Double Tax Agreements between the UK and other territories make provision for withholding taxes, or higher withholding taxes, to apply to dividends paid in circumstances where a resident of the state receiving the dividend is not charged to tax in respect of it. Chapter 4 of Part 9A of the Corporation Tax Act 2009 therefore provides for the making of an election that a dividend is not exempt, in order to ensure that it is subject to no, or lower rates of, withholding taxes. The ACD therefore reserves the right to make such an election if it results in a greater net receipt for a sub-fund treated, upto certain limits, as a credit against UK Corporation Tax

## 41.2 Taxation of a bond fund

### Tax on income

A sub-fund which is a bond fund will be liable to UK Corporation Tax on income, translated (where appropriate) into sterling, from investments in debt, debt related securities and cash deposits. Such income will be computed according to the generally accepted accounting practice relevant to the Company and will be taxed under the special regime for loan relationships broadly in accordance with its accounting treatment.

Provided a bond sub-fund does not hold such debt investments for the purposes of a trade, the total profits of the above elements will be treated as interest income. Any income distributions received by a bond sub-fund from a holding of UK equities will be exempt from UK Corporation Tax.

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

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

- (i) distributions of interest made by a bond sub-fund should be deductible for Corporation Tax purposes against its UK taxable income; and
- (ii) UK Income Tax, currently at a rate of 20 percent, should be deducted from distributions made by the bond sub-fund and accounted for, by the bond sub-fund, to HMRC. However the obligation to deduct Income Tax from interest distributions does not apply in certain cases, notably where a non-resident beneficial owner of the shares makes a valid declaration ("**NOR declaration**") to the Company in advance of a distribution being made or the distribution is paid to certain categories of qualifying intermediary.

Income (less the aggregate of gross interest distributions for UK Corporation Tax purposes, expenses (including ACD's and Depositary's fees) and non-UK withholding taxes), is subject to UK Corporation Tax at a rate equal to the basic rate of Income Tax (currently 20 percent). It is not expected that the Corporation Tax charge for the bond sub-funds on interest income will be significant.

### Withholding tax liability and indemnity

To the extent the Company or a sub-fund is subject to withholding tax as a result of:

- (i) a shareholder failing (or delaying) to provide relevant information to the ACD;
- (ii) a shareholder failing (or delaying) to enter into a direct agreement with the IRS where required; or
- (iii) the Company (or a sub-fund) becoming liable under FATCA or any legislation or regulation to account for tax in any jurisdiction in the event that a shareholder or beneficial owner of a share receives a distribution, payment or redemption, in respect of their shares or disposes (or be deemed to have disposed) of part or all of their shares in any way.

The ACD may take any action in relation to a shareholder's holding in a sub-fund to ensure that such withholding is economically borne by the relevant shareholder and the ACD and/or its delegate or agent shall be entitled to deduct from the payment arising on a chargeable event an amount equal to the appropriate tax. The action by the ACD may also include, but is not limited to, removal of a non-compliant shareholder from the sub-fund or the ACD or its delegates or agents redeeming or cancelling such number of shares held by the shareholder or such beneficial owner as are required to meet the amount of tax. Neither the ACD nor its delegate or agent, including the administrator, will be obliged to make any additional payments to the shareholder in respect of such withholding or deduction.

Shareholders should consult their own tax advisors regarding the possible implications of these rules on their investments in any sub-fund.

Each investor agrees to indemnify the ACD and its delegates/agents including the Administrator for any loss caused by such investor arising to the ACD and/or its delegates/agents by reason of them becoming liable to account for tax in any jurisdiction on the happening of a chargeable event.

### **Tax on capital gains**

Capital gains (except insofar as treated as Schedule D Case III income gains – see above) accruing to a bond fund will be exempt from UK tax on chargeable gains.

#### **41.3 Stamp Duty Reserve Tax**

Stamp Duty Reserve Tax ("SDRT") has ceased to be chargeable on dealings in shares in an open-ended investment company such as the Company and the sub-funds. As such, SDRT will no longer apply on dealings of shares in the Company or the sub-funds. However, investors should note that should SDRT or a similar tax relating to dealings on shares in an open-ended investment company be reintroduced in the future, all such costs will be paid out of scheme property and charged to capital.

It should be noted that in the event of either of the below occurring within the Company or the sub-funds SDRT may still be triggered and where applicable be charged to the investor:

- (a) third party transfer of shares; or
- (b) non-pro rata in specie redemptions.

#### **41.4 Taxation of a shareholder with respect to investments in an equity fund**

##### **Income distributions**

Accumulations and distributions of income (hereinafter "distributions") comprise income for UK tax purposes. Except for shareholders within the charge to Corporation Tax (as explained below), dividend distributions to UK resident shareholders carry a tax credit equivalent to 10 percent of the aggregate of the distribution and the tax credit (i.e. one-ninth of the amount distributed/accumulated).

UK resident individuals and (the trustees of) certain trusts liable to UK Income Tax will be taxable on the sum of their distributions and associated tax credits but will be entitled to set the tax credits against their UK Income Tax liability. Associated tax credits will satisfy the liability to Income Tax of basic rate taxpayers. Higher rate taxpayers who are individuals will have additional tax to pay, the distribution and associated tax credit being taxed at a special rate of 32.5 percent (or 37.5 percent where the additional rate of tax applies – see below). The tax credit will discharge part of this liability, leaving the shareholder with Income Tax to pay of an amount equal to 25 percent (or, where the additional rate of tax applies, 30.6 percent) of the net distribution. If the total income of a shareholder who is an individual is less than his/her personal allowances, the associated tax credits applicable to dividend distributions cannot be repaid.

The additional rate of Income Tax is 45 percent and the additional rate payable on distributions is 37.5 percent. For additional rate taxpayers this will give an effective rate of tax of 30.6 percent of the net distribution once the associated tax credit has been accounted for.

Individuals with a net adjusted income of over £100,000 will also have their personal allowances reduced by £1 for every £2 of gross income over £100,000. For the tax year 2015/2016 the personal allowance is reduced to nil at the point where an individual's income level reaches £121,200. These limits may change in the future.

From 6 April 2016 the 10 percent dividend tax credit will be abolished for individuals and will be replaced with a new tax-free dividend allowance of £5,000. Any dividend income received in excess of this allowance will be taxed at 7.5 percent to the extent it falls within the taxpayer's basic rate band; 32.5 percent to the extent it falls within their higher rate band; and 38.1 percent to the extent it falls within their additional rate band.

Distributions to shareholders within the charge to Corporation Tax are deemed to comprise two elements:

- (i) where an equity fund's gross income is not wholly derived from franked investment income, part of any distribution will be deemed to be reclassified as an annual payment received by such shareholders after deduction of Income Tax at the lower rate, currently 20 percent ("deemed tax deducted") and not as a dividend distribution. Such shareholders will be subject to Corporation Tax on the grossed-up amount of the annual payments but will be entitled to the repayable deemed tax deducted. This repayment is, however, restricted to the lower of the deemed tax deducted and the shareholder's share of the equity fund's Corporation Tax liability (after double tax relief on overseas income) for the period; and
- (ii) the remainder, which comprises investment income after grossing up the net distribution received for the 10 percent tax credit. Such "franked investment income", as it is known, is exempt from UK Corporation Tax.

Details of the proportions of distributions comprising franked investment income and annual payments will be shown on the tax voucher of the equity fund concerned.

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

Non-resident shareholders will generally not derive any benefit from the tax credit to which UK resident individuals are entitled, however, nor will they generally be liable to UK Income Tax in respect of dividends received.

The UK does not at present require Income Tax to be deducted at source, or otherwise impose any withholding tax, on dividends paid by a UK company to a non-resident company.

### **Capital gains**

Shareholders who are resident in the UK may be liable to UK taxation on capital gains arising from the sale or other disposal, including redemption, of shares. Individuals and certain trusts generally compute their gains by deducting from the net sale proceeds the capital gains base cost in respect of units. The resulting gains may be reduced by capital losses brought forward from previous tax years or losses in the year, and by annual exemptions. The rate of Capital Gains Tax is currently 18 percent where the person's total taxable gains and income are less than the upper limit of the Income Tax basic rate band and 28 percent where total taxable income and gains are above that limit. Exempt shareholders, which include UK charities, UK approved pension funds, ISAs (and their individual investors), would not normally be expected to be liable to Capital Gains Tax on their disposal of shares.

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

Special rules apply to life insurance companies who beneficially own shares in an equity fund.

A shareholder who is not resident in the UK will not normally be liable to UK tax on capital gains realised on the disposal (or deemed disposal) of shares.

### **Inheritance tax**

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

## 41.5 Taxation of a shareholder with respect to investments in a bond fund

### Income distributions

Distributions by a bond fund comprise income for UK tax purposes. Shareholders will be taxable on the gross amount distributed. Except in the case of an exemption from the obligation to deduct Income Tax (for instance, where a valid non resident investors' declaration has been made or the distribution is paid to certain categories of qualifying intermediary), the amount actually received will be net of tax at the basic rate, currently 20 percent, and so the amount subject to tax is, at present, equal to the amount received plus the tax element already withheld.

Shareholders will be treated as already having paid 20 percent Income Tax on the gross amount of the distribution. Individuals liable to basic rate tax will have no further tax to pay. Higher rate taxpayers will have an additional liability equal to a further 20 percent of the gross income distribution (or a further 25 percent of the gross income distribution where the additional rate of tax applies), but those with no liability at all may be able to claim a refund for the amount of the tax withheld. Corporate shareholders within the charge to Corporation Tax will be able to set the Income Tax deducted against tax payments due to HMRC or claim repayment where there are none. Non UK resident shareholders, who have successfully completed the appropriate declarations, may be entitled to receive distributions gross (that is, without any withholding of tax at source).

Exempt shareholders, which include UK charities, UK approved pension funds, ISAs, should be able to recover the tax deducted from the Inland Revenue.

### Capital gains

Shareholders who are resident in the UK may be liable to UK taxation on capital gains arising from the sale or other disposal, including redemption, of shares. Individuals and certain trusts generally compute their gains by deducting from the net sale proceeds the capital gains base cost in respect of units. The resulting gains may be reduced by capital losses brought forward from previous tax years or losses in the year, and by annual exemptions. The rate of Capital Gains Tax is currently 18 percent where the total taxable gains and income are less than the upper limit of the Income Tax basic rate band and 28 percent where gains are above that limit. Exempt shareholders, which include UK charities, UK approved pension funds, ISAs (and their individual investors), ISAs/New ISAs (and their individual investors) would not normally be expected to be liable to Capital Gains Tax on their disposal of shares.

In respect of shareholders subject to Corporation Tax, holdings in the Company will be treated as holdings of loan relationships. Gains will be recognised on a fair value basis (which entails holdings being valued at the end of each accounting period and unrealised gains being recognised/taxed and unrealised losses being recognised/relieved). No indexation allowance is available.

A shareholder who is not resident in the UK will not normally be liable to UK tax on capital gains realised on the disposal (or deemed disposal) of shares relating to a bond fund.

### Inheritance tax

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

## 42 Income equalisation

- 42.1 Income equalisation, as explained below, shall apply to all sub-funds in the Company.
- 42.2 Part of the purchase price of a share reflects the relevant share of accrued income received or to be received by the Company. This capital sum is returned to a shareholder with the first allocation of income in respect of a share issued during an accounting period.
- 42.3 The amount of income equalisation is either the actual amount of income included in the issue price of that share or is calculated by dividing the aggregate of the amounts of income included in the price of shares issued or sold to shareholders in an annual or interim accounting period by the number of those shares and applying the resultant average to each of the shares in question.

## 43 Winding up of the Company or a sub-fund of the Company

- 43.1.1 The Company shall not be wound up except as an unregistered company under Part V of the Insolvency Act 1986 or under the FCA regulations. A sub-fund shall not be wound up except under Part V of the Insolvency Act 1986 (as modified by regulation 33C of the OEIC regulations), as an unregistered company or under the FCA regulations.
- 43.1.2 Where the Company or a sub-fund are to be wound up under the FCA regulations, such winding up may only be commenced following approval by the FCA. The FCA may only give such approval if the ACD provides a statement (following an investigation into the affairs of the Company) either that the Company will be able to meet its liabilities within 12 months of the date of the statement or that the Company will be unable to do so. The Company may not be wound up under the FCA regulations if there is a vacancy in the position of ACD at the relevant time.
- 43.1.3 The Company or a sub-fund may be wound up under the FCA regulations if:
- (a) an extraordinary resolution to that effect is passed by shareholders; or
  - (b) the period (if any) fixed for the duration of the Company or a particular sub-fund by the Instrument of Incorporation expires, or an event (if any) occurs on the occurrence of which the Instrument of Incorporation provides that the Company or a particular sub-fund is to be wound up (for example, if the share capital of the Company is below its prescribed minimum or (in relation to any sub-fund) the Net Asset Value of the sub-fund is less than £50,000, (or equivalent in another currency) or if a change in the laws or regulations of any country means that, in the ACD's opinion, it is desirable to terminate the sub-fund); or
  - (c) on the date of effect stated in any agreement by the FCA to a request by the ACD for the revocation of the authorisation order in respect of the Company or the sub-fund;
- 43.1.4 On the occurrence of any of the above:
- (a) FCA regulations 3.4.1 and Parts 4 and 5 of the FCA regulations relating to pricing and dealing and investment and borrowing will cease to apply to the Company or the sub-fund;
  - (b) The Company will cease to issue and cancel shares in the Company or the sub-fund and the ACD shall cease to sell or redeem shares or arrange for the Company to issue or cancel them for the Company or the sub-fund;
  - (c) No transfer of a share shall be registered and no other change to the register shall be made without the sanction of the ACD;
  - (d) 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;
  - (e) The corporate status and powers of the Company and, subject to the provisions of paragraphs 42.1.4.a and 42.1.4.d above, the powers of the ACD shall remain until the Company is dissolved.
- 43.1.5 The ACD shall, as soon as practicable after the Company or the sub-fund falls to be wound up, realise the assets and meet the liabilities of the Company or the sub-fund and, after paying out or retaining adequate provision for all liabilities properly payable and retaining provision for the costs of winding up, arrange for the Depositary to make one or more interim distributions out of the proceeds remaining (if any) to shareholders proportionately to their rights to participate in the scheme property of the Company or the sub-fund. When the ACD has caused all of the scheme property to be realised and all of the liabilities of the Company or the sub-fund to be realised, the ACD shall arrange for the Depositary to also make a final distribution to shareholders (if any scheme property remains to be distributed) on or prior to the date on which the final account is sent to shareholders of any balance remaining in proportion to their holdings in the Company or the sub-fund.

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

## **44 General information**

### **44.1 Accounting periods**

The annual accounting period of the Company ends each year on 30 September (commencing with first annual accounting period ending on 30 September 2009) (the accounting reference date). Interim accounting periods end each year on 31 December (quarter 1; first date 31 December 2009), 31 March (interim; first date 31 March 2010); and 30 June (quarter 3; first date 30 June 2010), with the exception of the Rathbone Enhanced Growth Portfolio which was launched on 1 August 2011. Rathbone Enhanced Growth Portfolio distributes only twice per year (period end 31 March and 30 September). Rathbone Strategic Income Portfolio which was launched on 1 October 2015 distributes monthly.

### **44.2 Income allocations**

- 44.2.1 Allocations of income are made by cheque or direct to your bank account in respect of the income available for allocation in each accounting period.
- 44.2.2 For accumulation shares the income which would otherwise have been distributed will be retained as part of the capital property of the sub-fund at the end of each accounting period so augmenting the value of such shares. No additional shares are issued for such accumulations of income.
- 44.2.3 A re-investment facility may be available for those sub-funds which do not offer accumulation shares.
- 44.2.4 If a distribution remains unclaimed for a period of six years after it has become due, it will be forfeited and will revert to the Company.
- 44.2.5 The amount available for distribution in any accounting period is calculated by taking the aggregate of the income received or receivable for the account of the relevant sub-fund in respect of that period, and deducting the charges and expenses of the relevant sub-fund paid or payable out of income in respect of that accounting period. The ACD then makes such other adjustments as it considers appropriate (and after consulting the 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.

### **44.3 Annual reports and information made available to shareholders**

- 44.3.1 Annual reports of the Company (both long and short) will be published within four months of the end of each annual accounting period and half-yearly reports (both long and short) will be published within two months of the end of the interim accounting period ending on 31 March; however no half-yearly reports will be published in the Company's first accounting period. Shareholders will be sent the short report for their fund, although the long report will be available free of charge upon request.
- 44.3.2 In addition, other policies and procedures are available from the ACD including, but not limited to, policies regarding conflicts of interest and order execution.

### **44.4 Documents of the Company**

- 44.4.1 The following documents may be inspected free of charge between am and 5.00pm every business day at the offices of the ACD at 8 Finsbury Circus, London EC2M 7AZ, and are also available to be sent to shareholders upon request:
  - 44.4.1.1 the most recent annual and half-yearly long reports of the Company; and
  - 44.4.1.2 the most recent Prospectus and the Instrument of Incorporation (and any amending instrument of incorporation).



44.4.2 The ACD may make a charge at its discretion for copies of documents (other than for the most recent copy of the Prospectus).

44.4.3 Notices and other documents will be sent to the shareholder's registered address.

#### **44.5 Fair treatment of investors**

44.5.1 The ACD has established policies and procedures and made arrangements to ensure the fair treatment of shareholders. Such arrangements include, but are not limited to, ensuring that no one or more shareholders are given preferential treatment over any rights and obligations in relation to their investment in the Company. All rights and obligations to shareholders, including those related to subscription and redemption requests, are set out in this Prospectus.

44.5.2 The ACD has established fair and transparent pricing models and valuation systems and procedures for the assets of the sub-funds and endeavours to ensure that there are no undue costs being charged to the sub-funds and the shareholders.

44.5.3 The ACD has also established procedures to identify, manage and monitor conflicts of interest and, where applicable, disclose those conflicts of interest to prevent them from adversely affecting the interests of the shareholders. The ACD has established a process for recognising and dealing with complaints fairly.

#### **44.6 Amending the Prospectus**

In accordance with the Instrument and the FCA regulations, the Prospectus may be revised from time to time by the ACD.

#### **44.7 Complaints**

Complaints concerning the operation or marketing of the Company may be referred to the compliance officer of the ACD at 8 Finsbury Circus, London EC2M 7AZ or, if preferred, direct to the Financial Ombudsman Service, Exchange Tower, London E14 9SR.

#### **44.8 Remuneration Policy**

The Manager's remuneration policy ("Remuneration Policy") is designed to establish and apply a remuneration code that is consistent with, and will promote sound and effective risk management in compliance with the UCITS V Directive's Remuneration Code as found in SYSC 19E of the FCA Handbook. The Remuneration Policy does not, and must not encourage excessive risk-taking which is inconsistent with the profile of each UCITS, or the prospectus or instrument of incorporation of each UCITS. The Remuneration Policy does not impair the ACD's compliance with its duty to act in the best interests of each UCITS.

The Remuneration Policy will apply to those staff working for the ACD whose professional activities have a material impact on the risk profiles of the ACD or the UCITS under its management.

The ACD must ensure that the Remuneration Policy remains in line with the business strategy, objectives, values and interests of:

- (i) The ACD;
- (ii) Each UCITS managed; and
- (iii) The investors in each UCITS; and includes measures to avoid conflicts of interest.

The assessment of performance is set in a multi-year framework appropriate to any holding period recommended to the investors of each UCITS, to ensure that the:

- (1) Assessment process is based on the long-term performance of each UCITS and its investment risks; and
- (2) Actual payment of performance-related components of remuneration is spread over the same period, and where deferred is held in share linked instruments managed by the ACD.

Remuneration and benefits are agreed and awarded by the Rathbone Brothers Plc Remuneration Committee which operates at a group level and consists of five Non Executive directors.

Up to date details of the matters set out above are available via the company's website at [rathbonefunds.com](http://rathbonefunds.com), and a paper copy of the website information will be made available free of charge upon request.

#### **44.9 Best Execution**

The Manager has controls in place to provide unitholders with the best possible result in accordance with its best execution policy which is available on the Manager's website at [rathbonefunds.com](http://rathbonefunds.com)

## Appendix 1

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### Investment objectives, policies and other details of the sub-funds

Investment of the assets of each of the sub-funds must comply with the FCA regulations and its own investment objective and policy. Details of each sub-fund's investment objective and policy are set out overleaf together with other information including available share classes, charges, minimum investment levels and distribution dates. A detailed statement of the investment and borrowing restrictions applicable to the Company is contained in Appendix 3. A list of the eligible securities and derivatives markets on which the sub-funds may invest is contained in Appendix 4.

### **Securities Financing Transactions and Total Return Swaps**

The disclosures in relation to the Securities Financing Transactions Regulation are found in Appendix 6.

## Rathbone Multi-Asset Total Return Portfolio

Product reference number: 644642

### Investment objective

The objective of the fund is to deliver a greater total return than the Bank of England's Base Rate + 2%, after fees, over any three-year period by investing with our Liquidity Equity Diversifiers (LED) framework. The fund aims to deliver this return with no more than one-third of the volatility of the FTSE Developed stock market index.

There is no guarantee that this investment objective will be achieved over three years, or any other time period.

We aim to deliver this return with no more than one-third of the volatility of the FTSE Developed stock market index. We aim to limit the amount of volatility risk our fund can take because we want our investors to understand the risk they are taking in terms of the global stock market.

### Investment policy

To meet the objective, the fund manager will invest globally in government and corporate bonds with no restriction on their credit quality, equities, collective investment schemes and structured products.

Up to 10% of the fund can be invested directly in contingent convertible bonds.

Derivatives may be used by the fund for investment purposes, efficient portfolio management and hedging. The use of derivatives for investment purposes may increase the volatility of the fund's Net Asset Value and may increase its risk profile.

The fund manager defines restrictions on how much of the fund can be invested in different types of assets based on the LED Framework. The restrictions are set at the discretion of the fund manager and will change over time. The restrictions are reviewed annually and in response to market events. Further details in relation to the current restrictions may be obtained from by contacting Rathbone Unit Trust Management.

The manager may use all investment powers as permitted by the prospectus, outside the ranges described above, to ensure the fund is managed in the best interest of investors in times of market irregularities or stress.

The fund may invest at the fund manager's discretion in other transferable securities, money market instruments, warrants, cash and near cash and deposits and units in collective investment schemes. Use may be made of stock lending, borrowing, cash holdings, hedging and other investment techniques permitted by the FCA Rules.

<b>Classes of shares available</b>	R-Class accumulation shares, R-Class income shares S-Class income shares, S-Class accumulation shares M-Class income shares, M-Class accumulation shares
<b>Currency of denomination</b>	Sterling
<b>Initial price of shares</b>	£1.00
<b>Minimum initial investment</b>	£100,000,000 for R-Class shares £1,000 for S-Class shares Manager's discretion for M-Class
<b>Minimum subsequent investment</b>	£500
<b>Minimum withdrawal</b>	None as long as minimum holding remains
<b>Minimum holding</b>	£1,000 for R-Class shares £1,000 for S-Class shares Manager's discretion for M-Class
<b>ACD's initial charge</b>	There is no initial charge for the S-Class and M-Class
<b>ACD's annual management charge</b>	Maximum 2%; current: R-Class accumulation shares 1.5% R-Class income shares 1.5% S-Class accumulation shares 0.5% S-Class income shares 0.5% M-Class income shares 0.75% M-Class accumulation shares 0.75% Charged to capital
<b>Valuation points</b>	Noon on each dealing day
<b>Distribution dates</b>	31 August, 30 November (final), 28 February, 31 May (interim)

## Rathbone Multi-Asset Defensive Growth Portfolio

Product reference number: 928069

### Investment objective

The objective of the fund is to deliver a greater total return than the Consumer Price Index (CPI) measure of inflation + 2%, after fees, over any rolling five-year period by investing with our Liquidity, Equity-type risk and Diversifiers (LED) framework. The fund aims to deliver this return with no more than half of the volatility of the FTSE Developed stock market Index.

There is no guarantee that this investment objective will be achieved over five years, or any other time period.

We use the CPI + 2% as a target for our fund's return because we aim to grow your investment above inflation. We aim to limit the amount of volatility risk our fund can take because we want our investors to understand the risk they are taking in terms of the global stock market.

### Investment policy

To meet the objective, the fund manager will invest globally in government and corporate bonds with no restriction on their credit quality, equities, collective investment schemes and structured products.

Up to 10% of the fund can be invested directly in contingent convertible bonds.

Derivatives may be used by the fund for the purpose of efficient portfolio management and hedging. The fund does not use derivatives for investment purposes. In the event the fund intends to use derivatives for investment purposes shareholders will be given 60 days notice.

The fund manager defines restrictions on how much of the fund can be invested in different types of assets based on the LED Framework. The restrictions are set at the discretion of the fund manager and will change over time. The restrictions are reviewed annually and in response to market events. Further details in relation to the current restrictions may be obtained by contacting Rathbone Unit Trust Management.

The manager may use all investment powers as permitted by the prospectus, outside the ranges described above, to ensure the fund is managed in the best interest of investors in times of market irregularities or stress.

The fund may invest at the fund manager's discretion in other transferable securities, money market instruments, warrants, cash and near cash and deposits and units in collective investment schemes. Use may be made of stock lending, borrowing, cash holdings, hedging and other investment techniques permitted by the FCA Rules.

<b>Classes of shares available</b>	S-Class income shares S-Class accumulation shares
<b>Currency of denomination</b>	Sterling
<b>Initial price of shares</b>	£1.00
<b>Minimum initial investment</b>	£1,000 for S-Class shares
<b>Minimum subsequent investment</b>	£500
<b>Minimum withdrawal</b>	None as long as minimum holding remains
<b>Minimum holding</b>	£1,000 for S-Class shares
<b>ACD's initial charge</b>	Maximum 5%; current: Accumulation shares 0% Income shares 0% There is no initial charge
<b>ACD's annual management charge</b>	Maximum 2%; current: S-Class accumulation shares 0.5% S-Class income shares 0.5% Charged to capital
<b>Valuation points</b>	Noon on each dealing day
<b>Distribution dates</b>	31 August, 30 November (final), 28 February, 31 May (interim)

## Rathbone Multi-Asset Strategic Income Portfolio

Product reference number: 713900

### Investment objective

The objective of the fund is to deliver an income of 3% or more each year. We also aim to deliver a greater total return than the CPI measure of inflation + 3%, after fees, over any rolling five-year period by investing with our Liquidity Equity Diversifiers (LED) framework. The fund aims to deliver this return with no more than two-thirds of the volatility of the FTSE Developed stock market index.

There is no guarantee that this investment objective will be achieved over five years, or any other time period.

We use the CPI + 3% as a target for our fund's return because we aim to grow your investment above inflation. We aim to limit the amount of volatility risk our fund can take because we want our investors to understand the risk they are taking in terms of the global stock market.

### Investment policy

To meet the objective, the fund manager will invest globally in government and corporate bonds with no restriction on their credit quality, equities, collective investment schemes and structured products.

Up to 10% of the fund can be invested directly in contingent convertible bonds.

Derivatives may be used by the fund for investment purposes, efficient portfolio management and hedging. The use of derivatives for investment purposes may increase the volatility of the fund's Net Asset Value and may increase its risk profile.

The fund manager defines restrictions on how much of the fund can be invested in different types of assets based on the LED Framework. The restrictions are set at the discretion of the fund manager and will change over time. The restrictions are reviewed annually and in response to market events. Further details in relation to the current restrictions may be obtained from by contacting Rathbone Unit Trust Management.

The manager may use all investment powers as permitted by the prospectus, outside the ranges described above, to ensure the fund is managed in the best interest of investors in times of market irregularities or stress.

The fund may invest at the fund manager's discretion in other transferable securities, money market instruments, warrants, cash and near cash and deposits and units in collective investment schemes. Use may be made of stock lending, borrowing, cash holdings, hedging and other investment techniques permitted by the FCA Rules.

<b>Classes of shares available</b>	M-Class income shares, M-Class accumulation shares S-Class income shares S-Class accumulation shares
<b>Currency of denomination</b>	Sterling
<b>Initial price of shares</b>	£1.00
<b>Minimum initial investment</b>	£1,000 for S-Class shares Manager's discretion for M-Class
<b>Minimum subsequent investment</b>	£500
<b>Minimum withdrawal</b>	None as long as minimum holding remains
<b>Minimum holding</b>	£1,000 for S-Class shares Manager's discretion for M-Class
<b>ACD's initial charge</b>	Maximum 5%; current: Accumulation shares 0% Income shares 0% There is no initial charge for the S-Class and M-Class shares
<b>ACD's annual management charge</b>	Maximum 2%; current: S-Class accumulation shares 0.5% S-Class income shares 0.5% M-Class income shares 0.75% M-Class accumulation shares 0.75% Charged to capital
<b>Valuation points</b>	Noon on each dealing day
<b>Distribution dates</b>	Last business day of the month

## Rathbone Multi-Asset Strategic Growth Portfolio

Product reference number: 644643

### Investment objective

The objective of the fund is to deliver a greater total return than the CPI measure of inflation + 3%, after fees, over any rolling five-year period by investing with our Liquidity Equity Diversifiers (LED) framework. The fund aims to deliver this return with no more than two-thirds of the volatility of the FTSE Developed stock market index.

There is no guarantee that this investment objective will be achieved over five years, or any other time period.

We use the CPI + 3% as a target for our fund's return because we aim to grow your investment above inflation. We aim to limit the amount of volatility risk our fund can take because we want our investors to understand the risk they are taking in terms of the global stock market.

### Investment policy

To meet the objective, the fund manager will invest globally in government and corporate bonds with no restriction on their credit quality, equities, collective investment schemes and structured products.

Up to 10% of the fund can be invested directly in contingent convertible bonds.

Derivatives may be used by the fund for investment purposes, efficient portfolio management and hedging. The use of derivatives for investment purposes may increase the volatility of the fund's Net Asset Value and may increase its risk profile.

The fund manager defines restrictions on how much of the fund can be invested in different types of assets based on the LED Framework. The restrictions are set at the discretion of the fund manager and will change over time. The restrictions are reviewed annually and in response to market events. Further details in relation to the current restrictions may be obtained from by contacting Rathbone Unit Trust Management.

The manager may use all investment powers as permitted by the prospectus, outside the ranges described above, to ensure the fund is managed in the best interest of investors in times of market irregularities or stress.

The fund may invest at the fund manager's discretion in other transferable securities, money market instruments, warrants, cash and near cash and deposits and units in collective investment schemes. Use may be made of stock lending, borrowing, cash holdings, hedging and other investment techniques permitted by the FCA Rules.

<b>Classes of shares available</b>	R-Class accumulation shares, R-Class income shares S-Class income shares, S-Class accumulation shares M-Class income shares, M-Class accumulation shares
<b>Currency of denomination</b>	Sterling
<b>Initial price of shares</b>	£1.00
<b>Minimum initial investment</b>	£100,000,000 for R-Class shares £1,000 for S-Class shares Manager's discretion for M-Class
<b>Minimum subsequent investment</b>	£500
<b>Minimum withdrawal</b>	None as long as minimum holding remains
<b>Minimum holding</b>	£1,000 for R-Class shares £1,000 for S-Class shares Manager's discretion for M-Class
<b>ACD's initial charge</b>	There is no initial charge for the S-Class and M-Class
<b>ACD's annual management charge</b>	Maximum 2%; current: R-Class accumulation shares 1.5% R-Class income shares 1.5% S-Class accumulation shares 0.5% S-Class income shares 0.5% M-Class income shares 0.75% M-Class accumulation shares 0.75% Charged to capital
<b>Valuation points</b>	Noon on each dealing day
<b>Distribution dates</b>	31 August, 30 November (final), 28 February, 31 May (interim)

## Rathbone Multi-Asset Dynamic Growth Portfolio

Product reference number: 928070

### Investment objective

The objective of the fund is to deliver a greater total return than the Consumer Price Index (CPI) measure of inflation + 4%, after fees, over any rolling five-year period by investing with our Liquidity, Equity-type risk and Diversifiers (LED) framework. The fund aims to deliver this return with no more than five-sixths of the volatility of the FTSE Developed stock market Index.

There is no guarantee that this investment objective will be achieved over five years, or any other time period.

We use the CPI + 4% as a target for our fund's return because we aim to grow your investment considerably above inflation. We aim to limit the amount of volatility risk our fund can take because we want our investors to understand the risk they are taking in terms of the global stock market.

### Investment policy

To meet the objective, the fund manager will invest globally in government and corporate bonds with no restriction on their credit quality, equities, collective investment schemes and structured products.

Up to 10% of the fund can be invested directly in contingent convertible bonds.

Derivatives may be used by the fund for the purpose of efficient portfolio management and hedging. The fund does not use derivatives for investment purposes. In the event the fund intends to use derivatives for investment purposes shareholders will be given 60 days notice.

The fund manager defines restrictions on how much of the fund can be invested in different types of assets based on the LED Framework. The restrictions are set at the discretion of the fund manager and will change over time. The restrictions are reviewed annually and in response to market events. Further details in relation to the current restrictions may be obtained by contacting Rathbone Unit Trust Management.

The manager may use all investment powers as permitted by the prospectus, outside the ranges described above, to ensure the fund is managed in the best interest of investors in times of market irregularities or stress.

The fund may invest at the fund manager's discretion in other transferable securities, money market instruments, warrants, cash and near cash and deposits and units in collective investment schemes. Use may be made of stock lending, borrowing, cash holdings, hedging and other investment techniques permitted by the FCA Rules.

<b>Classes of shares available</b>	S-Class income shares S-Class accumulation shares
<b>Currency of denomination</b>	Sterling
<b>Initial price of shares</b>	£1.00
<b>Minimum initial investment</b>	£1,000 for S-Class shares
<b>Minimum subsequent investment</b>	£500
<b>Minimum withdrawal</b>	None as long as minimum holding remains
<b>Minimum holding</b>	£1,000 for S-Class shares
<b>ACD's initial charge</b>	Maximum 5%; current: Accumulation shares 0% Income shares 0% There is no initial charge
<b>ACD's annual management charge</b>	Maximum 2%; current: S-Class accumulation shares 0.5% S-Class income shares 0.5% Charged to capital
<b>Valuation points</b>	Noon on each dealing day
<b>Distribution dates</b>	31 August, 30 November (final), 28 February, 31 May (interim)

## Rathbone Multi-Asset Enhanced Growth Portfolio

Product reference number: 644644

### Investment objective

The objective of the fund is to deliver a greater total return than the CPI measure of inflation + 5%, after fees, over any rolling five-year period by investing with our Liquidity Equity Diversifiers (LED) framework. The fund aims to deliver this return with no more volatility than that of the FTSE Developed stock market index.

There is no guarantee that this investment objective will be achieved over five years, or any other time period.

We use the CPI + 5% as a target for our fund's return because we aim to grow your investment significantly above inflation. We aim to limit the amount of volatility risk our fund can take because we want our investors to understand the risk they are taking in terms of the global stock market.

### Investment policy

To meet the objective, the fund manager will invest globally in government and corporate bonds with no restriction on their credit quality, equities, collective investment schemes and structured products.

Up to 10% of the fund can be invested directly in contingent convertible bonds.

Derivatives may be used by the fund for investment purposes, efficient portfolio management and hedging. The use of derivatives for investment purposes may increase the volatility of the fund's Net Asset Value and may increase its risk profile.

The fund manager defines restrictions on how much of the fund can be invested in different types of assets based on the LED Framework. The restrictions are set at the discretion of the fund manager and will change over time. The restrictions are reviewed annually and in response to market events. Further details in relation to the current restrictions may be obtained from by contacting Rathbone Unit Trust Management.

The manager may use all investment powers as permitted by the prospectus, outside the ranges described above, to ensure the fund is managed in the best interest of investors in times of market irregularities or stress.

The fund may invest at the fund manager's discretion in other transferable securities, money market instruments, warrants, cash and near cash and deposits and units in collective investment schemes. Use may be made of stock lending, borrowing, cash holdings, hedging and other investment techniques permitted by the FCA Rules.

<b>Classes of shares available</b>	R-Class accumulation shares S-Class accumulation shares M-Class accumulation shares
<b>Currency of denomination</b>	Sterling
<b>Initial price of shares</b>	£1.00
<b>Minimum initial investment</b>	£100,000,000 for R-Class shares £1,000 for S-Class shares Manager's discretion for M-Class
<b>Minimum subsequent investment</b>	£500
<b>Minimum withdrawal</b>	None as long as minimum holding remains
<b>Minimum holding</b>	£1,000 for R-Class shares £1,000 for S-Class shares Manager's Discretion for M-Class
<b>ACD's initial charge</b>	There is no initial charge for the S-Class and M-Class
<b>ACD's annual management charge</b>	Maximum 2%; current: R-Class accumulation shares 1.5% S-Class accumulation shares 0.5% M-Class accumulation shares 0.75% Charged to income
<b>Valuation points</b>	Noon on each dealing day
<b>Distribution dates</b>	30 November (final), 31 May (interim)



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## Changes to investment objective and policy

### **1 Changes to investment objective and policy for each sub-fund**

- 1.1 The ACD may only alter a sub-fund's investment objective or investment policy in accordance with this paragraph.
- 1.2 Where it is proposed that the investment objective or policy of a sub-fund be altered and the ACD reasonably considers that such an alteration would be considered a "fundamental change" pursuant to the COLL Sourcebook such an alteration may only be made following prior approval from the shareholders by way of an extraordinary resolution.
- 1.3 Where it is proposed that the investment objective or policy of a sub-fund be altered and the ACD reasonably considers that such an alteration would be considered a "significant change" pursuant to the COLL Sourcebook such an alteration may only be made following the provision of 60 days' prior written notice to the shareholders.
- 1.4 By way of guidance, the ACD may consider the change to be "significant" rather than "fundamental" where the proposed alterations:
  - (a) do not alter the risk profile of a sub-fund;
  - (b) there is no change to the nature or purpose of a sub-fund; and
  - (c) the shareholders are not materially prejudiced by the proposed change.
- 1.5 In certain limited circumstances the ACD may decide that very minor changes to the investment policy and/or objective of a sub-fund (for example, those aimed at clarification of the investment objective and/or policy) would be considered a "notifiable change" pursuant to the COLL Sourcebook. Such alterations may be made by providing shareholders with an updated copy of this Prospectus.

## Appendix 2

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### Details on the LED Investment framework

#### **Liquidity**

Assets that the manager expects to be easy to buy and sell during periods of market distress or dislocation, and at a sensible price, such as government bonds, high-quality corporate bonds and cash. The manager also may expect to see these assets be negatively correlated to equities during these periods of stress or dislocation in markets.

#### **Equity-type risk**

Assets that can drive growth in the portfolio, including equities and other securities with a high correlation to equity markets. Along with equities, this category includes riskier corporate bonds, private equity funds, industrial commodities and alternative strategies (hedge funds) with a long bias.

#### **Diversifiers**

Assets that can reduce or offset equity risk during periods of market distress, such as precious metals, unleveraged commercial property funds and some hedge funds.

## Appendix 3

### 1 Investment and borrowing powers of the Company

These restrictions apply to the Company. The general limits on investment and borrowing are set out in Chapter 5.2 of the Collective Investment Schemes Sourcebook (General investment powers and limits for UCITS retail schemes).

#### Investment restrictions

- 1.1 The property of each sub-fund of the Company will be invested with the aim of achieving the investment objective of that sub-fund but subject to the limits on investment set out in the FCA regulations and the sub-fund's investment policy. These limits apply to each sub-fund as summarised below:
- 1.2 Generally the Company will invest in the investments to which it is dedicated including approved securities which are transferable securities admitted to or dealt on a regulated market or in a market in an EEA state which is regulated, operates regularly and is open to the public, units in collective investment schemes, warrants, money market instruments and deposits.
- 1.3 The investment objective and policy of the Company and each sub-fund are subject to the limits on investment under chapter 5 of the FCA regulations applicable to UCITS Retail Schemes, which are summarised below. The ACD must ensure that, taking account of the investment objective and investment policy of each sub-fund, a sub-fund's investments provide a prudent spread of risk.

### 2 Transferable securities

#### 2.1 Types of transferable security

- 2.1.1 A transferable security is an investment which is a share, a debenture, an alternative debenture, a government and public security, a warrant, or a certificate representing certain securities (as such terms are defined in the FCA regulations).
- 2.1.2 An investment is not a transferable security if the title to it cannot be transferred, or can be transferred only with the consent of a third party.
- 2.1.3 In applying paragraph 2.1.2 to an investment which is issued by a body corporate, and which is a share or a debenture (as such terms are defined in the FCA regulations), the need for any consent on the part of the body corporate or any members or debenture holders of it may be ignored.
- 2.1.4 An investment is not a transferable security unless the liability of the holder of it to contribute to the debts of the issuer is limited to any amount for the time being unpaid by the holder of it in respect of the investment.

#### 2.2 Criteria for investment in transferable securities

- 2.2.1 A sub-fund may invest in a transferable security only to the extent that the transferable security fulfils the following criteria:
- (a) the potential loss which a sub-fund may incur with respect to holding the transferable security is limited to the amount paid for it;
  - (b) its liquidity does not compromise the ACD's ability to comply with its obligations to redeem units at the request of any qualifying shareholder;
  - (c) reliable valuation is available for it as follows:
    - (i) in the case of a transferable security admitted to or dealt in on an eligible market (see further paragraph 5 below for an explanation of eligible market) where there are accurate, reliable and regular prices which are either market prices or prices made available by valuation systems independent from issuers;
    - (ii) in the case of a transferable security not admitted to or dealt in on an eligible market, where there is a valuation on a periodic basis which is derived from information from the issuer of the transferable security or from competent investment research;

- (d) appropriate information is available for it as follows:
  - (i) in the case of a transferable security admitted to or dealt in on an eligible market, where there is regular, accurate and comprehensive information available to the market on the transferable security or, where relevant, on the portfolio of the transferable security;
  - (ii) in the case of a transferable security not admitted to or dealt in on an eligible market where there is regular and accurate information available to the ACD on the transferable security or, where relevant, on the portfolio of the transferable security;
- (e) it is negotiable; and
- (f) its risks are adequately captured by the risk management process of the ACD.

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

- (a) not to compromise the ability of the ACD to comply with its obligations to redeem units at the request of any qualifying shareholder; and
- (b) to be negotiable.

### 2.3 Closed end funds constituting transferable securities

A unit in a closed end fund shall be taken to be a transferable security for the purposes of investment by a sub-fund, provided it fulfils the criteria for transferable securities set out in paragraph 2.2 above and either:

- (a) where the closed end fund is constituted as an investment company or a unit trust:
  - (i) it is subject to corporate governance mechanisms applied to companies; and
  - (ii) where another person carries out asset management activity on its behalf that person is subject to national regulation for the purpose of investor protection; or
- (b) where the closed end fund is constituted under the law of contract:
  - (i) it is subject to corporate governance mechanisms equivalent to those applied to companies; and
  - (ii) it is managed by a person who is subject to national regulation for the purpose of investor protection.

### 2.4 Transferable securities linked to other assets

2.4.1 A sub-fund may invest in any other investment which shall be taken to be a transferable security for the purposes of investment by a sub-fund provided the investment:

- (a) fulfils the criteria for transferable securities set out in paragraph 2.2 above; and
- (b) is backed by or linked to the performance of other assets which may differ from those in which a sub-fund can invest.

2.4.2 Where an investment in paragraph 2.4.1 contains an embedded derivative component, the requirements of this Appendix and the FCA regulations with respect to derivatives and forwards will apply to that component.

## 3 Approved money market instruments

3.1 An approved money market instrument is a money market instrument which is normally dealt in on the money market, is liquid and has a value which can be accurately determined at any time.

3.2 A money market instrument shall be regarded as normally dealt in on the money market if it:

- 3.2.1 has a maturity at issuance of up to and including 397 days;
- 3.2.2 has a residual maturity of up to and including 397 days;
- 3.2.3 undergoes regular yield adjustments in line with money market conditions at least every 397 days; or
- 3.2.4 has a risk profile, including credit and interest rate risks, corresponding to that of an instrument which has a maturity as set out in paragraph 3.2.1 or paragraph 3.2.2 or is subject to yield adjustments as set out in paragraph 3.2.3.

- 3.3 A money market instrument shall be regarded as liquid if it can be sold at limited cost in an adequately short time frame, taking into account the obligation of the ACD to redeem shares at the request of any qualifying shareholder.
- 3.4 A money market instrument shall be regarded as having a value which can be accurately determined at any time if accurate and reliable valuation systems, which fulfil the following criteria, are available:
- 3.4.1 enabling the ACD to calculate a Net Asset Value in accordance with the value at which the instrument held in the portfolio could be exchanged between knowledgeable willing parties in an arm's length transaction; and
- 3.4.2 based either on market data or on valuation models including systems based on amortised costs.
- 3.5 A money market instrument that is normally dealt in on the money market and is admitted to or dealt in on an eligible market shall be presumed to be liquid and have a value which can be accurately determined at any time unless there is information available to the ACD that would lead to a different determination.

#### **4 Transferable securities and money market instruments generally to be admitted to or dealt in on an eligible market**

- 4.1 Transferable securities and approved money market instruments held within a sub-fund must be:
- (a) admitted to or dealt in on an eligible market (as described in paragraph 5.2 (a) or paragraph 5.3); or
- (b) dealt in on an eligible market (as described in paragraph 5.2 (b)); or
- (c) for an approved money market instrument not admitted to or dealt in on an eligible market within paragraph 6; or
- (d) recently issued transferable securities provided that the terms of issue include an undertaking that application will be made to be admitted to an eligible market; and such admission is secured within a year of issue.
- 4.2 Approved money market instruments not admitted to or dealt in on an eligible market may be held within a sub-fund where they satisfy the requirements set out in paragraphs 6 or 7 and subject to paragraph 8.
- 4.3 A sub-fund may invest up to 10 percent in transferable securities or money market instruments other than those referred to in paragraph 4.1.
- 4.4 However, the ability to hold up to 10 percent of scheme property in ineligible assets under paragraph 4.3 above is subject to the following limitations:
- 4.4.1 for a qualifying money market fund (as defined in the FCA regulations), the 10 percent restriction is limited to high quality money market instruments with a maturity or residual maturity of not more than 397 days, or regular yield adjustments consistent with such a maturity and with a weighted average maturity of no more than 60 days;
- 4.4.2 for a short-term money market fund or a money market fund (as defined in the FCA regulations), the 10 percent restriction is limited to high quality approved money-market instruments as determined under the FCA regulations at COLL 5.9.6R.

#### **5 Eligible markets regime**

- 5.1 To protect investors the markets in which investments of a sub-fund are dealt in or traded on should be of an adequate quality ("eligible") at the time of acquisition of the investment and until it is sold. Where a market ceases to be eligible, investments on that market cease to be approved securities. The 10 percent restriction in paragraphs 4.2 and 4.3 on investment in non-approved securities applies and exceeding this limit because a market ceases to be eligible will generally be regarded as an inadvertent breach.
- 5.2 A market is eligible for the purposes of the FCA regulations if it is:
- (a) a regulated market (as defined in the FCA regulations); or
- (b) a market in an EEA state which is regulated, operates regularly and is open to the public.
- 5.3 A market not falling within paragraph 5.2 is eligible for the purposes of the FCA regulations if:
- (a) the ACD after consultation with and notification to the Depositary decides that market is appropriate for investment of, or dealing in the sub-fund's property;
- (b) the market is included in a list in the Prospectus; and
- (c) the Depositary has taken reasonable care to determine that adequate custody arrangements can be provided for the investment dealt in on that market; and all reasonable steps have been taken by the ACD in deciding whether that market is eligible.

- 5.4 In paragraph 5.3 (a) a market must not be considered appropriate unless it is regulated, operates regularly, is recognised as a market or exchange or as a self regulating organisation by an overseas regulator, is open to the public, is adequately liquid, and has adequate arrangements for unimpeded transmission of income and capital to or to the order of investors.
- 5.5 The eligible securities and derivatives markets for the sub-funds are set out in Appendix 4.
- 5.6 New eligible securities markets may be added to the existing list only by the passing of a resolution of shareholders at a shareholders' meeting, unless the ACD and the Depositary have agreed in writing that the addition is of minimal significance to the investment policy of the Company or the sub-fund concerned, or the ACD has, not less than 60 days before the intended change, given notice in writing of the proposed change to the Depositary and shareholders and has revised the Prospectus to reflect the intended change and the date of its commencement.

## **6 Money market instruments with a regulated issuer**

- 6.1 In addition to instruments admitted to or dealt in on an eligible market, a sub-fund may invest in an approved money-market instrument provided it fulfils the following requirements:
- (a) the issue or the issuer is regulated for the purposes of protecting investors and savings; and
  - (b) the instrument is issued or guaranteed in accordance with paragraph 7.
- 6.2 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 purposes of protecting investors and savings if:
- (a) the instrument is an approved money market instrument;
  - (b) appropriate information is available for the instrument (including information which allows an appropriate assessment of the credit risks related to investments in it) in accordance with paragraph 8 below; and
  - (c) the instrument is freely transferable.

## **7 Issuers and guarantors of money market instruments**

- 7.1 A sub-fund may invest in an approved money market instrument if it is:
- 7.1.1 issued or guaranteed by any one of the following:
    - (a) a central authority of an EEA state or if the EEA state is a federal state, one of the members making up the federation;
    - (b) a regional or local authority of an EEA state;
    - (c) the European Central Bank or a central bank of an EEA state;
    - (d) the EU or the European Investment Bank;
    - (e) a non EEA state, or in the case of a federal state one of the members making up the federation; or
    - (f) a public international body to which one or more EEA states belong;
  - 7.1.2 issued by a body, any securities of which are dealt in on an eligible market; or
  - 7.1.3 issued or guaranteed by an establishment which is:
    - (a) subject to prudential supervision in accordance with criteria defined by European Union law; or
    - (b) an establishment which is subject to and complies with prudential rules considered by the FCA to be at least as stringent as those laid down by European Union law.
- 7.2 An establishment shall be considered to satisfy the requirement in paragraph 7.1.1(c) if it is subject to and complies with prudential rules, and fulfils one or more of the following criteria:
- (a) it is located in the EEA;
  - (b) it is located in an OECD country belonging to the Group of Ten;
  - (c) it has at least one investment grade rating;
  - (d) on the basis of an in depth analysis of the issuer, it can be demonstrated that the prudential rules applicable to that issuer are at least as stringent as those laid down by European community law.

## 8 Appropriate information for money market instruments

- 8.1 In the case of an approved money market instrument within paragraph 7.1.2 or issued by a body referred to in the FCA regulations at COLL 5.2.10EG; or which is issued by an authority within paragraph 7.1.1(b) or a public international body within paragraph 7.1.1(f), but is not guaranteed by a central authority within paragraph 7.1.1(a), the following information must be available:
- (a) information on both the issue or the issuance programme, and the legal and financial situation of the issuer prior to the issue of the instrument, verified by appropriately qualified third parties not subject to instructions from the issuer;
  - (b) updates of that information on a regular basis and whenever a significant event occurs; and
  - (c) available and reliable statistics on the issue or the issuance programme.
- 8.2 In the case of an approved money market instrument issued or guaranteed by an establishment within paragraph 7.1.3 the following information must be available:
- (a) information on the issue or the issuance programme or on the legal and financial situation of the issuer prior to the issue of the instrument;
  - (b) updates of that information on a regular basis and whenever a significant event occurs; and
  - (c) available and reliable statistics on the issue or the issuance programme, or other data enabling an appropriate assessment of the credit risks related to investment in those instruments.
- 8.3 In the case of an approved money market instrument within paragraph 7.1.1(a), (d) or (e) or which is issued by an authority within paragraph 7.1.1(b) or a public international body within paragraph 7.1.1(f) and is guaranteed by a central authority within paragraph 7.1.1(a) information must be available on the issue or the issuance programme, or on the legal and financial situation of the issuer prior to the issue of the instrument.

## 9 Spread limits

- 9.1 This paragraph, with the exception of paragraph 9.10, does not apply in respect of a transferable security or an approved money market instrument to which paragraph 11 applies. For the purposes of this paragraph a "single body" bears the meaning as set out in the FCA regulations.
- 9.2 Not more than 20 percent in value of a sub-fund's property can consist of deposits with a single body.
- 9.3 Not more than 5 percent in value of a sub-fund's property can consist of transferable securities or approved money market instruments issued by a single body.
- 9.4 The limit of 5 percent in paragraph 9.3 is raised to 10 percent in respect of up to 40 percent in value of the scheme property. Covered bonds need not be taken into account for the purpose of applying the limit of 40 percent.
- 9.5 The limit of 5 percent paragraph 9.3 is raised to 25 percent in value of the scheme property in respect of covered bonds, provided that where more than 5 percent of the scheme property is invested in covered bonds issued by a single body, the total value of covered bonds must not exceed 80 percent in value of the scheme property.
- 9.6 In applying paragraph 9.3 and paragraph 9.4, certificates representing certain securities (as defined in the FCA regulations) are to be treated as equivalent to the underlying security.
- 9.7 The exposure to any one counterparty in an OTC derivative transaction must not exceed 5 percent in value of a sub-fund's property. This limit is raised to 10 percent where the counterparty is an approved bank.
- 9.8 Not more than 20 percent in value of the scheme property is to consist of transferable securities and approved money-market instruments issued by the same group under the FCA regulations at COLL 5.2.11R(2).
- 9.9 Not more than 20 percent in value of a sub-fund's property is to consist of the units of any one collective investment scheme.
- 9.10 In applying the limits in paragraphs 9.2, 9.3, 9.4, 9.6 and 9.7 to investments in a single body and subject to paragraph 9.5, not more than 20 percent in value of the scheme property is to consist of any combination of two or more of the following:
- 9.10.1 transferable securities (including covered bonds) or approved money-market instruments issued by that body; or
  - 9.10.2 deposits made with that body; or
  - 9.10.3 exposures from OTC derivatives transactions made with that body.

## 10 Counterparty risk and issuer concentration

- 10.1 The ACD must ensure that counterparty risk arising from an OTC derivative transaction is subject to the limits in paragraphs 9.7 and 9.10.
- 10.2 When calculating the exposure of a sub-fund to a counterparty in accordance with the limits in paragraph 9.7, the ACD must use the positive mark-to-market value of the OTC derivative contract with that counterparty.
- 10.3 The ACD may net the OTC derivative positions of a sub-fund with the same counterparty, provided:
- 10.3.1 it is able legally to enforce netting agreements with the counterparty on behalf of the sub-fund; and
  - 10.3.2 the netting agreements in paragraph 10.3.1 do not apply to any other exposures the sub-fund may have with that same counterparty.
- 10.4 The ACD may reduce the exposure of the property of the sub-fund to a counterparty to an OTC derivative transaction through the receipt of collateral. Collateral received must be sufficiently liquid so that it can be sold quickly at a price that is close to its pre-sale valuation.
- 10.5 The ACD must take collateral into account in calculating exposure to counterparty risk in accordance with paragraph 9.7 when it passes collateral to the counterparty to an OTC derivative transaction on behalf of the sub-fund.
- 10.6 Collateral passed in accordance with paragraph 10.5 may be taken into account on a net basis only if the ACD is able legally to enforce netting arrangements with this counterparty on behalf of the sub-fund.
- 10.7 The ACD must calculate the issuer concentration limits referred to in paragraph 9 on the basis of the underlying exposure created through the use of OTC derivatives in accordance with the commitment approach.
- 10.8 In relation to exposures arising from OTC derivative transactions, as referred to paragraph 9.10, the ACD must include in the calculation of any counterparty risk relating to the OTC derivative transactions.

## 11 Government and public securities

- 11.1 Where no more than 35 percent in value of the scheme property is invested in:
- 11.1.1 an EEA state;
  - 11.1.2 a local authority of an EEA state;
  - 11.1.3 a non-EEA state; or
  - 11.1.4 a public international body to which one or more EEA states belong.
- issued by any one body, there is no limit on the amount which may be invested in such securities or in any one issue.
- 11.2 **More than 35% of the scheme property in transferable securities and money market instruments issued by or on behalf of or guaranteed by a single named issuer which may be one of the following: the governments or local authorities of the United Kingdom and of a member state of the European Union or EEA (i.e. Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden); or by a public international body to which one or more EEA states belong as listed above; or by or on behalf of the governments of Australia, Canada, Japan, New Zealand, Switzerland or the United States of America.**
- 11.3 The ACD has consulted with the Depositary and considers that the issuers named in paragraph 11.2 above are ones which are appropriate in accordance with the investment objective(s) of the sub-funds set out in Appendix 1. If more than 35 percent in value of the scheme property is invested in government and public securities issued by any one issuer, no more than 30 percent in value of the scheme property may consist of such securities of any one issue and the scheme property must include at least six different issues whether of that or another issuer.



## 12 Collective Investment Schemes

- 12.1 Except where the investment policy of any sub-fund is inconsistent with this, up to 100 percent in value of the scheme property of a sub-fund may be invested in units in other schemes. No more than 20 percent in value of the property of a sub-fund is to consist of the units of any one collective investment scheme.
- 12.2 Investment may be made in another collective investment scheme managed by the ACD or an associate of the ACD.
- 12.3 No more than 30 percent of the scheme property may be invested in second schemes under paragraphs 12.4.2 to 12.4.5. Investment may only be made in second schemes whose maximum annual management charge does not exceed 5%.
- 12.4 Any second scheme must either:
- 12.4.1 satisfy the conditions necessary for it to enjoy the rights conferred by the UCITS Directive (Directive 85/611/EC); or
  - 12.4.2 be a recognised scheme under the provisions of section 272 of the Act that is authorised by the supervisory authorities of Guernsey, Jersey or the Isle of Man (provided the requirements of 50(1)(e) of the UCITS Directive are met);
  - 12.4.3 be authorised as a non-UCITS retail scheme (provided the requirements of article 50(1)(e) of the UCITS Directive are met);
  - 12.4.4 be authorised in another EEA state (provided the requirements of article 50(1)(e) of the UCITS Directive are met; or
  - 12.4.5 be authorised by the competent authority of an OECD member country (other than another EEA state) which has:
    - (a) signed the IOSCO Multilateral Memorandum of Understanding; and
    - (b) approved the scheme's management company, rules and depositary/custody arrangements, provided the requirements of article 50(1)(e) of the UCITS Directive are met.
- And the second scheme must satisfy all of the following conditions:
- 12.4.6 it complies, where relevant with COLL 5.2.15R and COLL 5.2.16R including restrictions designated to avoid double charging; and
  - 12.4.7 it is a scheme which has terms which prohibit more than 10 percent in value of the scheme property consisting of units in collective investment schemes; and
  - 12.4.8 where the "second" scheme is an umbrella, the provisions in paragraphs 12.4.6 and 12.4.7 and paragraph 9 apply to each sub-fund as if it were a separate scheme.
- 12.5 Subject to the limits specified in paragraph 12.1, investment may be made in eligible second schemes, which are managed or operated by the ACD (or one of its associates). However, where such an investment or disposal of units or shares is made and there is a charge in respect of such investment or disposal, the ACD must pay the relevant sub-fund the amount referred to in either paragraph 12.6 or paragraph 12.7 within four business days following the date of the agreement to invest or dispose.
- 12.6 When an investment is made, the amount referred to in paragraph 12.5 is either:
- 12.6.1 any amount by which the consideration paid by sub-fund for the units or shares in the second scheme exceeds the price that would have been paid for the benefit of the second scheme had the units or shares been newly issued or sold by it; or
  - 12.6.2 if such price cannot be ascertained by the ACD, the maximum amount of any charge permitted to be made by the seller of units or shares in the second scheme.
- 12.7 When a disposal is made, the amount referred to in paragraph 12.5 is any charge made for the account of the authorised fund manager or operator of the second scheme (or, in relation to a scheme managed or operated by the ACD) or an associate of any of them in respect of the disposal.
- 12.8 Any addition to or deduction from the consideration paid on the acquisition or disposal of units in the second scheme which is applied for the benefit of the second scheme and is, or is like, a dilution levy made in accordance with COLL 6.3.8R or SDRT provision made in accordance with COLL 6.3.7 is to be treated as part of the price of the units and not as part of any change.
- 12.9 Any charge made in respect of an exchange of units in one sub-fund or separate part of the second scheme for units in another sub-fund or separate part of that scheme is to be included as part of the consideration paid for the units.

### 13 Investment in nil and partly paid securities

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 sub-fund at the time when payment is required without contravening the COLL Sourcebook in the FCA regulations.

### 14 Deposits

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

### 15 Derivatives and forward transactions

- 15.1 **The ACD may enter into transactions involving derivatives (including futures and options) and/or foreign currency transactions in furtherance of the sub-fund's investment objectives. This may affect the sub-fund's volatility and risk profile (so the price of shares may rise or fall more sharply) and its risk profile may change.** The ACD may also enter into such transactions for the purpose of efficient portfolio management (including hedging) in accordance with the FCA regulations if the ACD reasonably believes the transaction to be economically appropriate and to be fully covered (as defined by the regulations).
- 15.2 The FCA regulations contain detailed provisions related to the transactions which may be carried out for efficient portfolio management, how they may be affected and the cover for them. The main provisions are summarised briefly below.
- 15.3 Efficient portfolio management is defined in the FCA regulations as techniques and instruments which relate to transferable securities and approved money market instruments and which fulfil the following criteria:
- 15.3.1 they are economically appropriate in that they are realised in a cost effective way;
  - 15.3.2 they are entered into for one or more of the following specific aims:
    - (a) reduction of risk;
    - (b) reduction of cost;
    - (c) generation of additional capital or income for the sub-fund with a risk level which is consistent with the risk profile of the Company and the risk diversification rules laid down in the FCA regulations.
- 15.4 For transactions undertaken to reduce risk or cost (or both), the ACD must reasonably believe that the transaction (alone or in combination with one or more others) will diminish a risk or cost of a kind or level which it is sensible to reduce. In this context the ACD may, for example, use the technique of 'tactical asset allocation', enabling him to switch exposure through the use of derivatives rather than through the sale and purchase of scheme property. However, where the transaction relates to an actual or potential acquisition of transferable securities, such exposure may not be maintained indefinitely and the ACD must intend that the sub-fund should invest directly in transferable securities within a reasonable time and, unless the position is closed out, ensure that the intention is realised within that reasonable time.
- 15.5 Additional capital or income for the sub-fund may be generated with no, or with an acceptably low level of, risk if the ACD reasonably believes that the sub-fund is certain (or certain barring events which are not reasonably foreseeable) to derive a benefit from the transaction, and in this context the sub-fund may:
- 15.5.1 take advantage of pricing imperfections in relation to the acquisition and disposal (or disposal and acquisition) of rights in relation to the same or equivalent property of a kind that the sub-fund holds or may properly hold;
  - 15.5.2 receive a premium for the writing of a covered call option or a covered put option, even if the benefit is obtained at the expense of surrendering the chance of yet greater benefit; and
  - 15.5.3 use the technique of stocklending under the conditions and limits referred to below.

- 15.6 A transaction in derivatives or a forward transaction cannot be effected for the sub-fund(s) unless:
- 15.6.1 it is a permitted derivatives and forward transaction (broadly a derivative must be effected on or under the rules of any eligible derivatives market and have underlying consisting of any or all of the following; transferable securities, approved money market instruments, deposits, permitted derivatives, permitted collective investment schemes, permitted financial indices, interest rates, foreign exchange rates, currencies); and
  - 15.6.2 it is covered as required by the FCA regulations at COLL 5.3.3AR.
- 15.7 The exposure to the underlying assets must not exceed the limits in paragraph 9 and paragraph 11 except as provided in paragraph 15.11.
- 15.8 Where a transferable security or approved money market instrument embeds a derivative this must be taken into account for the purposes of complying with these investment restrictions.
- 15.9 A transferable security or an approved money market instrument will embed a derivative if it contains a component which fulfils the following criteria:
- 15.9.1 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 standalone derivative;
  - 15.9.2 the economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and
  - 15.9.3 it has a significant impact on the risk profile and pricing of the transferable security or approved money market instrument.
- 15.10 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.
- 15.11 If a sub-fund invests in an index-based derivative provided the relevant index falls within the FCA regulations at COLL 5.6.33R the underlying constituents of the index do not have to be taken into account for the purposes of paragraphs 9 and 11 above, provided the ACD takes account of the requirements in COLL 5.2.3 for a prudent spread of risk.

## **16 Permitted transactions (derivatives and forwards)**

- 16.1 A transaction in a derivative must:
- 16.1.1 be in an approved derivative; or
  - 16.1.2 be an OTC derivative which complies with paragraph 16.7 and:
- 16.2 In addition:
- 16.2.1 the underlying must consist of any or all of the following to which the scheme is dedicated: transferable securities; approved money-market instruments; permitted deposits; permitted derivatives; permitted collective investment scheme units; certain financial indices; interest rates; foreign exchange rates and currencies;
  - 16.2.2 the exposure to the underlying must not exceed the limits set out at paragraphs 9 and 10 above.
- 16.3 A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market. A derivatives transaction must not cause the sub-fund(s) to diverge from its investment objectives as stated in the Instrument and the most recently published Prospectus and must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more transferable securities, approved money market instruments, collective investment scheme units or derivatives.
- 16.4 Any forward transaction must be with an eligible institution or an approved bank.

- 16.5 A derivative includes an instrument which fulfils the following criteria:
- 16.5.1 it allows the transfer of the credit risk of the underlying independently from the other risks associated with that underlying;
  - 16.5.2 it does not result in the delivery or the transfer of assets other than those referred to in COLL 5.2.6A R (UCITS schemes: permitted types of scheme property) including cash;
  - 16.5.3 in the case of an OTC derivative, it complies with the requirements in COLL 5.2.23 R (OTC transactions in derivatives);
  - 16.5.4 its risks are adequately captured by the risk management process of the ACD, and by its internal control mechanisms in the case of risks of asymmetry of information between the ACD and the counterparty to the derivative, resulting from potential access of the counterparty to non-public information on persons whose assets are used as the underlying by that derivative.
- 16.6 A sub-fund may not undertake transactions in derivatives of commodities.
- 16.7 OTC transactions in under this paragraph 16.7 must be:
- 16.7.1 with an approved counterparty; a counterparty to a transaction in derivatives is approved only if the counterparty is:
    - (a) an eligible institution or an approved bank; or
    - (b) a person whose permission, (including any requirements or limitations) as published in the Financial Services register or whose home state authorisation permits it to enter into the transaction as principal off-exchange;
  - 16.7.2 on approved terms, the terms of the transaction in derivatives are approved only if the ACD:
    - (a) 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
    - (b) can enter into one or more further transactions to sell, liquidate or close out that transaction at any time at its fair value;
  - 16.7.3 capable of reliable valuation, a transaction in derivatives is capable of reliable valuation only if the ACD having taken reasonable care determines that, throughout the life of the derivative (if the transaction is entered into), it will be able to value the investment concerned with reasonable accuracy:
    - (a) on the basis of an up to date market value which the ACD and the Depositary have agreed is reliable; or
    - (b) if the value referred to in sub-paragraph (a) is not available, on the basis of a pricing model which the ACD and the Depositary have agreed uses an adequate recognised methodology; and
  - 16.7.4 subject to verifiable valuation; a transaction in derivatives is subject to verifiable valuation only if, throughout the life of the derivative (if the transaction is entered into) verification of the valuation is carried out by:
    - (a) 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
    - (b) a department within the ACD which is independent from the department in charge of managing the scheme property and which is adequately equipped for such a purpose.
- 16.8 For the purposes paragraph 16.7.2 "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.
- 16.9 For the purposes of paragraph 16.7 the ACD must:
- 16.9.1 establish, implement, and maintain arrangements and procedures which ensure appropriate, transparent and fair valuation of the exposure of a sub-fund to OTC derivatives; and
  - 16.9.2 ensure that the fair value of OTC derivatives is subject to adequate, accurate and independent assessment.
- 16.10 The arrangements and procedures referred to in paragraph 16.9 must be adequate and proportionate to the nature and complexity of the OTC derivative concerned and adequately documented.

## 17 Financial indices underlying derivatives

- 17.1 The financial indices referred to in paragraph 16.2.1 are those where the index is sufficiently diversified, it represents an adequate benchmark for the market to which it refers, and the index is published in an appropriate manner.
- 17.2 A financial index is sufficiently diversified if:
- 17.2.1 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;
  - 17.2.2 where it is composed of assets in which the sub-fund is permitted to invest, its composition is at least diversified in accordance with the requirements with respect to spread and concentration set out in this Appendix; and
  - 17.2.3 where it is composed of assets in which the sub-fund cannot invest, it is diversified in a way which is equivalent to the diversification achieved by the requirements with respect to spread and concentration set out in this Appendix.
- 17.3 A financial index represents an adequate benchmark for the market to which it refers if:
- 17.3.1 it measures the performance of a representative group of underlyings in a relevant and appropriate way;
  - 17.3.2 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
  - 17.3.3 the underlyings are sufficiently liquid, allowing users to replicate it if necessary.
- 17.4 A financial index is published in an appropriate manner if:
- 17.4.1 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
  - 17.4.2 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.
- 17.5 Where the composition of underlyings of a transaction in a derivative does not satisfy the requirements for a financial index, the underlyings for that transaction shall where they satisfy the requirements with respect to other underlyings pursuant to paragraph 16.2.1 be regarded as a combination of those underlyings.
- 17.6 If the composition of an index is not sufficiently diversified in order to avoid undue concentration, its underlying assets should be combined with the other assets of the sub-fund when assessing compliance with the requirements on cover for transactions in derivatives and forward transactions set out in this Appendix.
- 17.7 In order to avoid undue concentration, where derivatives on an index composed of assets in which a UCITS scheme cannot invest are used to track or gain high exposure to the index, the index should be at least diversified in a way which is equivalent to the diversification achieved by the requirements with respect to spread and concentration set out in this section.
- 17.8 If derivatives on that index are used for risk-diversification purposes, provided that the exposure of the Company to that index complies with the 5 percent, 10 percent and 40 percent ratios as set out in paragraph 9.4, there is no need to look at the underlying components of that index to ensure that it is sufficiently diversified.

## 18 Transactions for the purchase of property

- 18.1 A derivative or forward transaction which will or could lead to the delivery of property for the account of the sub-fund(s) may be entered into only if:
- 18.1.1 that property can be held for the account of the sub-fund(s); and
  - 18.1.2 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 FCA regulations.

## 19 Requirement to cover sales

No agreement by or on behalf of a sub-fund to dispose of property or rights (except for a deposit) may be made unless:

- 19.1 the obligation to make the disposal and any other similar obligation could immediately be honoured by the sub-fund by delivery of property or the assignment of rights; and
- 19.2 the property and rights at paragraph 19.1 are owned by the sub-fund at the time of the agreement.

## 20 Cover for transactions in derivatives and forward transactions

- 20.1 The ACD must ensure that each sub-fund's global exposure relating to derivatives and forwards transactions held for that sub-fund may not exceed the net value of its scheme property.
- 20.2 The ACD must calculate the sub-fund(s) global exposure on at least a daily basis. For the purposes of this paragraph, exposure must be calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions.

## 21 Significant influence

*(Please note that this section applies at the level of the Company only.)*

- 21.1 The Company must not acquire transferable securities issued by a body corporate and carrying rights to vote (whether or not on substantially all matters) at a general meeting of that body corporate if:
  - 21.1.1 immediately before the acquisition, the aggregate of any such securities held by the Company gives the Company power significantly to influence the conduct of business of that body corporate; or
  - 21.1.2 the acquisition gives the Company that power.
- 21.2 For the purpose of paragraph 21.1 the Company is to be taken to have power significantly to influence the conduct of business of a body corporate if it can, because of the transferable securities held by it, exercise or control the exercise of 20 percent or more of the voting rights in that body corporate (disregarding for this purpose any temporary suspension of voting rights in respect of the transferable securities of that body corporate).

## 22 Concentration limits

*(Please note that this section applies at the level of the Company only.)*

- 22.1 The Company:
  - 22.1.1 must not acquire transferable securities (other than debt securities) which do not carry a right to vote on any matter at a general meeting of the body corporate that issued them; and represent more than 10 percent of those securities issued by that body corporate;
  - 22.1.2 must not acquire more than 10 percent of the debt securities issued by any single body;
  - 22.1.3 must not acquire more than 25 percent of the units in a collective investment scheme; and
  - 22.1.4 must not acquire more than 10 percent of the approved money market instruments issued by any single body.
- 22.2 However, the Company need not comply with the limits in paragraphs 22.1.2, 22.1.3 and 22.1.4 above if, at the time of the acquisition, the net amount in issue of the relevant investment cannot be calculated.

## 23 Schemes replicating an index

- 23.1 A sub-fund may invest up to 20 percent in value of its scheme property in shares and debentures which are issued by the same body where the aim of the investment policy of that sub-fund is to replicate the performance or composition of an index which satisfies the criteria set out in paragraph 24. This limit may be raised for the sub-fund up to 35 percent of the scheme property, but only in respect of one body and where justified by exceptional market conditions.
- 23.2 At present no sub-fund has an investment objective and policy to replicate the performance or composition of an index.

## 24 Relevant indices

- 24.1 The indices referred to in paragraph 23 are those which satisfy the following criteria and the further requirements in COLL 5.2.33 in the FCA regulations. An index must:
- 24.1.1 have a sufficiently diversified composition;
  - 24.1.2 be representative benchmark for the market to which it refers; and
  - 24.1.3 be published in an appropriate manner.

## 25 General

- 25.1 No sub-fund may invest in the shares of another sub-fund of the Company.
- 25.2 Underwriting and sub-underwriting contracts and placings may also, subject to certain conditions set out in the FCA regulations, be entered into for the account of the Company.
- 25.3 Cash or near cash must not be retained in the scheme property of a sub-fund except in order to enable the pursuit of that sub-fund's investment objective; or for redemption of shares in that sub-fund; or efficient management of the sub-fund in accordance with its investment objective or for a purpose which may reasonably be regarded as ancillary to the investment objectives of that sub-fund.
- 25.4 The Company or the Depositary on behalf of the Company must not provide any guarantee or indemnity in respect of the obligation of any person and none of the property of the Company may be used to discharge any obligation arising under a guarantee or indirectly with respect to the obligation of any person.
- 25.5 Paragraph 25.4 does not apply to guarantees or indemnities specified in COLL 5.5.9(3)R.

## 26 Stock lending

The Company shall not enter into stock lending transactions (involving a disposal of securities in a sub-fund and reacquisition of equivalent securities).

## 27 Borrowing powers

- 27.1 The Company may, subject to the FCA regulations, borrow money from an eligible institution or an approved bank for the use of the Company on the terms that the borrowing is to be repayable out of the scheme property.
- 27.2 The ACD must ensure that borrowing does not, on any business day, exceed 10 percent of the value of the scheme property. Borrowing must be on a temporary basis and not persistent and against these criteria the ACD must have regard to:
- 27.2.1 the duration of any period of borrowing, and
  - 27.2.2 the number of occasions on which resort is had to borrowing in any period.
- 27.3 No period of borrowing should exceed three months without the prior consent of the Depositary which may only be given on such conditions as appear appropriate to the Depositary to ensure that borrowing does not cease to be on a temporary basis only.
- 27.4 The ACD must ensure that borrowing does not, on any business day, exceed 10 percent of the value of the scheme property of a sub-fund.
- 27.5 These borrowing restrictions do not apply to "back to back" borrowing to be cover for transactions in derivatives and forward transactions.
- 27.6 The Company will not issue any debenture unless it acknowledges or creates a borrowing that complies with COLL 5.5.4(1) to (6) inclusive.

## 28 Lending restrictions

- 28.1 The Company will not lend any part of the scheme property other than money by way of deposit or otherwise.
- 28.2 The Company will not lend any money which forms part of the scheme property.

However, providing an officer of the Company with money to meet expenditure does not constitute lending for the purposes of this prohibition. Neither acquiring a debenture nor placing money on deposit in a current account constitutes lending.

- 28.3 The scheme property must not be mortgaged.
- 28.4 Where transactions in derivatives or forward transactions are used for the account of a sub-fund in accordance with the FCA regulations, this section does not prevent the Company (or the Depositary at the request of the Company), from:
  - 28.4.1 lending, depositing, pledging or charging the scheme property of that sub-fund for margin requirements; or
  - 28.4.2 transferring scheme property of that sub-fund 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.

## **29 Immovable property**

No sub-fund will maintain an interest in immovable property or tangible movable property.



## Appendix 4

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### List of eligible securities and derivatives markets

All sub-funds may deal through securities markets established in member states of the European Union and the European Economic Area on which transferable securities admitted to official listing in the member state are dealt in or traded. In addition, up to 10 percent in value of any sub-fund may be invested in transferable securities which are not approved securities.

Each sub-fund may also deal in the securities and derivatives markets listed below.

Any market established in an EU or EEA country on which transferable securities admitted to the official list in that country are dealt in or traded.

Australia	– The Australian Stock Exchange
Brazil	– The Sao Paulo Stock Exchange/BOVESPA
Canada	– The TSX Venture Exchange The Montreal Stock Exchange
Hong Kong	– The Hong Kong Exchange
Japan	– The Nagoya Stock Exchange The Osaka Stock Exchange The Tokyo Stock Exchange
Mexico	– The Mexican Stock Exchange
New Zealand	– The New Zealand Stock Exchange NZSE
Singapore	– The Singapore Exchange
South Africa	– The Johannesburg Stock Exchange
South Korea	– The Korea Exchange Incorporated
Switzerland	– The Swiss Stock Exchange SWX
United Kingdom	– The Alternative Investment Market AIM
USA	– The American Stock Exchange The NASDAQ Stock Market The New York Stock Exchange

## Appendix 5

### Discrete calendar year performance

<b>Rathbone Enhanced Growth Portfolio</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
R-Class	10.92%	8.13%	2.27%	14.95%	14.01%	-7.08%	18.83%
S-Class	12.13%	9.23%	3.31%	16.06%	15.15%	-6.44%	20.00%

<b>Rathbone Strategic Growth Portfolio</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
R-Class	10.77%	5.40%	3.04%	10.94%	8.24%	-4.81%	14.10%
S-Class	12.02%	6.48%	4.07%	12.06%	9.32%	-3.97%	15.24%

<b>Rathbone Total Return Portfolio</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
R-Class	4.89%	5.03%	2.40%	5.07%	2.37%	-2.63%	8.14%
S-Class	6.14%	6.00%	3.42%	6.13%	3.32%	-1.71%	9.16%

<b>Rathbone Strategic Income Portfolio</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
S-Class	12.10%	7.27%	-3.64%	12.12%

Source performance data Financial Express, mid to mid, net income re-invested. Discrete calendar year performance data to 31.12.2019.

There is no past performance available yet in respect of Rathbone Multi-Asset Defensive Growth Portfolio and Rathbone Multi-Asset Dynamic Growth Portfolio which both launched on 22 June 2020.

Past performance should not be seen as an indication of future performance. The value of investments and the income from them may go down as well as up and you may not get back your original investment.

## Appendix 6

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### Securities Financing Transactions and Total Return Swaps

#### **1 Securities Financing Transactions and Total Return Swaps**

- 1.1 The Sub-Funds are authorised to enter into SFTs and Total Return Swaps. The Sub-Funds do not currently enter into any SFTs or Total Return Swaps and the ACD has no intention of permitting the Sub-Funds to enter into SFTs or Total Return Swaps.
- 1.2 If the ACD intends to permit the Sub-Funds to enter into SFTs or Total Return Swaps not less than 60 days' written notice will be given to Shareholders and the prospectus will be updated in accordance with the Securities Financing Transactions Regulation to include the following:
  - 1.2.1 a general description of the SFTs and Total Return Swaps used and the rationale for their use;
  - 1.2.2 overall data for each type of SFT and Total Return Swaps including:
    - (a) the types of assets that can be subject to SFTs and Total Return Swaps;
    - (b) the maximum and expected proportion of assets under management that will be subject to each type of SFT and Total Return Swaps;
  - 1.2.3 the criteria used to select counterparties;
  - 1.2.4 a description of acceptable collateral;
  - 1.2.5 description of the risks linked to SFTs and Total Return Swaps as well as risks linked to collateral management and, where applicable, the risks arising from its reuse;
  - 1.2.6 a specification of how assets subject to SFTs and Total Return Swaps and collateral received are safe-kept; and
  - 1.2.7 a description of the policy on sharing of return generated by SFTs and Total Return Swaps.

## Appendix 7

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### Directory

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

Rathbone Multi-Asset Portfolio  
8 Finsbury Circus  
London  
EC2M 7AZ

#### **Authorised Corporate Director and Investment Adviser**

Rathbone Unit Trust Management Limited  
8 Finsbury Circus  
London  
EC2M 7AZ

#### **Administrator**

HSBC Securities Services (UK) Limited  
1-2 Lochside Way  
Edinburgh Park  
Edinburgh  
EH12 9DT

#### **Registrar**

SS&C Financial Services International Limited  
SS&C House  
Saint Nicholas Lane  
Basildon  
Essex  
SS15 5FS

#### **Depository**

Registered and Head Office  
NatWest Trustee and Depository Services Limited  
250 Bishopsgate  
London  
EC2M 4AA

#### **Custodian**

HSBC Bank Plc  
8 Canada Square  
London  
E14 5HQ

## Appendix 8

### Sub-custodian relationships

Australia  
HSBC Bank Australia Limited  
L32, 580 George Street  
SYDNEY 2000  
Australia

Austria  
Bank Austria Creditanstalt AG  
1030 Vienna  
Vordere Zollamtsstrasse 13  
Austria

Belgium  
(Local Custody)  
Fortis Bank (Nederland) NV  
Rokin 55  
P.O. Box 243  
1000 AE Amsterdam  
The Netherlands  
(Please note that the operations platform is located in the Netherlands, however, the assets remain in Belgium).

Brazil  
HSBC Bank Brazil S.A.  
AV. Brig. Farla Lima  
3064 2nd Floor Itaim Bibi  
Sao Paulo  
SP 01451 000  
Brazil

Canada  
Royal Bank of Canada  
1 Place Ville Marie 5th Floor  
East Wing  
Montreal  
QC H3B 1Z3  
Canada

Czech Republic  
HVB Bank Czech Republic A.S.  
Revolucni 7  
POB48  
110 05 Prague 1  
Czech Republic

Denmark  
Danske Bank  
12 Holmens Kanal  
1092 Copenhagen  
Denmark

Estonia  
AS Hansabank  
8 Liivalaia Street  
15040 Tallinn  
Estonia

Finland  
Nordea Bank Finland  
Aleksis Kiven Katu 3-3  
Helsinki  
00020 Nordea  
Finland

France  
Caceis Bank  
1, Place Valhubert  
75013 Paris  
France

Germany  
Deutsche Bank AG  
Domestic Custody Services Germany  
Trust and Securities Services  
Alfred-Herrhausen-Allee 16-24  
D-65760 Eschborn  
Germany

Greece  
HSBC Bank Plc  
Securities Services  
109-111 Messogion Avenue  
Athens 115 26  
Greece

Hong Kong  
Special Administrative Region The Hong Kong & Shanghai  
Banking Corporation Limited  
5/F, Tower 1  
HSBC Centre  
1 Sham Mong Road  
Kowloon  
Hong Kong

Hungary  
Unicredit Bank Hungary ZRT  
6th Floor  
Szabadság Tér 5-6  
H-1054 Budapest  
Hungary

Iceland  
Landsbanki  
Austurstraeti 11  
155 Reykjavik  
Iceland

Italy  
Intesa Sanpaolo SPA  
Piazza Della Scala 6  
20121 Milan  
Italy

Japan  
The Hong Kong & Shanghai Banking Corporation Limited  
HSBC Building  
11-1 Nihonbashi 3 - Chome  
Chuo-Ku  
Tokyo 103-0027  
Japan

Latvia  
SEB Latvijas Unibanka  
Unicentrs  
Valdlauci  
Kekavas Pag.  
LV-1076  
Latvia

Lithuania  
SEB Vilniaus Bankas  
12 Gedimino Avenue  
LT-2600 Vilnius  
Lithuania

Malaysia  
HSBC Bank Malaysia Berhad  
2 Leboh Ampang  
50100 Kuala Lumpur  
Malaysia

Mexico  
Banco Santander, S.A.  
Prol. Paseo de la Reforma 500  
Módulo 102  
Col. Lomas de Santa Fé  
Mexico, D.F. 01210

Netherlands  
Fortis Bank (Netherland) N.V.  
Rokin 55  
1012KK Amsterdam  
or  
P.O.Box 243, 1000 AE Amsterdam  
Netherlands

New Zealand  
The Hong Kong & Shanghai Banking Corporation Limited  
9/F 1 Queen Street  
Po Box 5947  
Wellesley Street  
Auckland  
New Zealand

Norway  
DnB Nor ASA  
STRANDEN 21  
NO - 0021 Oslo  
Norway

Philippines  
The Hong Kong & Shanghai Banking Corporation Limited  
30/F Discovery Suites  
25 ADB Avenue  
Ortigas Centre  
Pasig City  
Manilla  
Philippines

Poland  
ING Bank Slaski S.A.  
Plac Trzech Krzyzy 10/14  
00-499 Warsaw  
Poland

Portugal  
Banco Espirito Santo SAAV. da Liberdade, 195  
1250 -142 Lisbon  
Portugal

Singapore  
The Hong Kong & Shanghai Banking Corporation Limited  
21 Collyer Quay 13-00  
Hong Kong Bank Building  
Singapore 049320

Slovakia  
Ceskoslovenska Obchodna Banka AS  
Custody Services  
Michalska 18  
NAM SNP 29  
815 63 Bratislava  
Slovakia

Slovenia  
Bank Austria Creditanstalt D.D. Ljubljana  
Wolfova 1  
1000 Ljubljana  
Slovenia

South Africa  
Standard Bank  
Financial Asset Services  
25 Sauer Street  
3rd Floor Johannesburg 2001  
South Africa

South Korea  
The Hong Kong & Shanghai Banking Corporation Limited  
CPO Box 6910  
5/F HSBC Building  
#25 1-KA Bongrae-Dong  
Chung-Ku  
Seoul  
South Korea

Spain  
BNP Paribas Securities Services  
Riberia Del Loira  
28-3rd Floor  
28042 Madrid  
Spain

Sweden  
Skandinaviska Enskilda Banken  
Sergels Torg 2  
S 10640 Stockholm  
Sweden

Switzerland  
Credit Suisse  
Paradeplatz 8  
CH-8001  
Zurich  
Switzerland

Taiwan  
The Hong Kong & Shanghai Banking Corporation Limited  
17th Floor  
No. 3-1 Yuan Qu Street  
115 Taipei  
Taiwan

Thailand  
The Hong Kong & Shanghai Banking Corporation Limited  
Corporation Limited, Level 5  
HSBC Building  
968 Rama IV Road  
Bangkok  
Thailand

United States of America  
Brown Brothers Harriman & Co  
140 Broadway  
New York NY 10005  
United States of America

## Appendix 9

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### List of Directors of Rathbone Unit Trust Management Limited

Ardouin, James Matthew  
Chillingworth, Julian Richard  
Lowe, Jacqueline Non- Executive Director  
Stockton, Paul Richard  
Warren, Michael Non-Executive Director  
Webb, Mike Mark



**Rathbone Unit Trust Management Limited**  
8 Finsbury Circus, London EC2M 7AZ  
Tel 020 7399 0000  
Fax 020 7399 0057

**Information line**  
020 7399 0399  
rutm@rathbones.com  
rathbonefunds.com

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