Prospectus

Rathbone High Quality Bond Fund

Rathbones
Look forward

Prospectus

This document constitutes the Prospectus for Rathbone High Quality Bond Fund (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 (Act).

This Prospectus is dated and is valid as at 28 April 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 The Company is not bound by any out-of-date Prospectus when it has issued a new Prospectus and potential investors should check that they have the most recently published Prospectus.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 Company 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.

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

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 accounted for by the Company;
"ACD"	Rathbone Unit Trust Management Limited, the Authorised Corporate Director of the Company;
"Approved Bank"	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 High Quality Bond Fund;
"Dealing Day"	Any Business Day;
"Depositary"	NatWest Trustee and Depositary Services Limited, the depositary of the Company;
"Depositary Agreement"	The Depositary Agreement made between the Company, the ACD and the Depositary dated 9 November 2018 as maybe amended from time to time;
"EEA"	European Economic Area;
"Efficient Portfolio Management"	The meaning given in the FCA Regulations;
"Eligible Institution"	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 Financial Services and Markets Act 2000, as may be amended or updated from time to time;
"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 accounted for by the Company;
"Instrument"	The instrument of incorporation of the Company, as amended or updated from time to time;
"Large Deal"	Unless otherwise defined, any deal worth 1% or more of the size of the Company or any deal in excess of £15,000 or equivalent in any other currency accepted from time to time by the ACD, or any other amount considered by the ACD, in its absolute discretion to constitute a "large deal" in accordance with the FCA Regulations;
"Net Asset Value or NAV"	The value of the Scheme Property of the Company less the liabilities of the Company as calculated in accordance with the Instrumen;
"OEIC Regulations"	The Open-Ended Investment Companies Regulations 2001;
"PRA"	The Prudential Regulation Authority;
"Prospectus"	This prospectus of the Company as amended or updated from time to time;
"Registrar"	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 entrusted to the Depositary for safe-keeping, as required by the FCA Regulations;
"Securities Financing Transactions or SFTs"	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;

"Securities Financing Transactions Regulation"	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"	Where the context dictates, a share in the Company as may be in issue from time to time;
"Share Class"	A particular class of shares as described in Section 3 and Annexure 1;
"Shareholder"	Where the context dictates, a holder of shares in the Company;
"Smaller Denomination"	A smaller denomination share as described in Section 3.1;
"Total Return Swap"	Total return swaps as defined by the Securities Financing Transactions Regulation;
"UCITS"	Undertakings for collective investment in transferable securities that are established in accordance with the UCITS Directive;
"UCITS Directive"	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 a stand-alone open-ended investment company with variable capital ICVC, incorporated in England and Wales under registered number IC002299 and authorised by the FCA with effect from 7 November 2018.

1.2 The Company is an ICVC.

1.3 The Company's product reference number is PRN: 825372.

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. The value of the Scheme Property attributable to prices of shares of and payments made in respect of the Company shall be calculated or made in the base currency of the Company.

1.6 The maximum share capital of the Company is currently £100,000,000,000 and the minimum is £100. 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 scheme".

2 Company Structure

2.1 As explained above the Company is a stand-alone scheme and is a UCITS scheme.

2.2 Investment of the Scheme Property must comply with the COLL Sourcebook and the investment objective and policy of the Company. Details of the Company's investment objective and policy, are set out in Annexure 1.

2.3 A detailed statement of the general investment and borrowing restrictions in respect of the Company is set out in Annexure 2. The eligible securities markets and eligible derivatives markets on which the Company may invest are set out in Annexure 3.

3 Shares

3.1 Shares will be issued in larger and smaller denominations. There are 100 smaller denomination shares to each larger denomination share. Smaller denomination shares represent what, in other terms, might be called fractions of a larger share and have proportionate rights.

3.2 The Share Classes presently available are set out in the details in Annexure 1. Further Share Classes may be made available in due course, as the ACD may decide.

3.3 The minimum initial investment for each Share Class is set out in Annexure 1. These limits may be waived at the discretion of the ACD.

3.4 Whether a Share Class is available as Income Shares and/or Accumulation Shares is set out in Annexure 1.

3.5 Each share class may attract different charges and expenses and so monies may be deducted from share classes in different proportions. In these circumstances the proportionate interests of the share classes in relation to the Scheme Property will be adjusted accordingly.

3.6 When available, shareholders are entitled (subject to certain restrictions) to switch all or part of their shares in a Share Class for shares in another Share Class. Details of this switching facility and the restrictions are set out in paragraph 15.

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:

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

RP Stockton, MS Warren, J Lowe and JR Chillingworth hold positions as Directors or Non-Executive Directors of other Financial Services businesses.

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 £202,223
Paid up £202,223

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 Blue Chip Income and Growth Fund
Rathbone Core Investment Fund for Charities
Rathbone Dragon Trust
Rathbone Ethical Bond Fund
Rathbone Global Opportunities Fund
Rathbone Global Sustainability Fund
Rathbone Heritage Fund
Rathbone Income Fund
Rathbone Multi Asset Portfolio
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 Pharaoh Fund
Rathbone Quercus Fund
Rathbone Sherwood Fund
Rathbone Sussex Fund

4.2 Terms of appointment

4.2.1 The ACD was appointed by an agreement between the Company and the ACD dated 14 November 2018 (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 in paragraph 34 of 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 authorised corporate director of the Company with the ability to delegate certain functions to third parties.

4.3.2 The ACD is responsible for the investment management function in respect of the Company which includes portfolio management and risk management.

4.3.3 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. Administrative functions are delegated to HSBC Bank Plc (trading as HSBC Securities Services); SS&C Financial Services International Limited and SS&C Financial Services Europe Limited.

4.3.4 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 ACD has appointed SS&C Financial Services International Limited as Registrar.

5 Depositary

NatWest Trustee and Depositary Services Limited is the Depositary of the Company. The Depositary is a private limited company incorporated in England and Wales. Subject to the FCA Regulations and the OEIC Regulations, the Depositary 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 Depositary has been made under an agreement dated 9 November 2018 between the Company, the ACD and NatWest Trustee and Depositary Services Limited (the Depositary Agreement).

The Depositary will also provide cash monitoring services in respect of the Company'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 Depositary is the provision of trustee and depositary services.

5.3 Ultimate holding company

Natwest Group Plc, incorporated in Scotland, is the ultimate holding company of the Depositary.

5.4 Delegation to Sub-custodian

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

5.4.2 The Depositary has delegated safekeeping of the Scheme Property to HSBC Bank Plc (Custodian). In turn, the Custodian has delegated the custody of assets in certain markets in which the Company may invest to various sub-delegates (sub-custodians). A list of sub-custodians is given in Annexure 6. Investors should note that the list of sub-custodians is updated only at each Prospectus review. An updated list of sub-custodians is maintained by Rathbone Unit Trust Management at 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

5.5.1 The Depositary has been appointed as the depositary of the UCITS by virtue of the Depositary Agreement and is a Bank authorised by the Regulator to act as depositary of a UCITS.

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

5.5.3 Under the Depositary Agreement the Depositary will be liable to the Company for any loss of financial instruments held in custody or for any liabilities incurred by the Company as a result of the Depositary's negligent or intentional failure to fulfil its obligations.

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

5.5.5 It also provides that the Depositary 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.

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

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

5.6 Conflicts of interest

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

5.6.2 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 and/or other funds managed by the ACD or other funds for which the Depositary acts as the depositary, trustee or custodian. The Depositary will, however, have regard in such event to its obligations under the Depositary Agreement and the FCA Regulations and, in particular, will use reasonable endeavours to ensure that the performance of its duties will not be impaired by any such involvement it may have and that any conflicts which may arise will be resolved fairly and in the best interests of Shareholders collectively so far as practicable, having regard to its obligations to other clients.

5.6.3 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 Depositary, 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

7.1 The ACD has appointed HSBC Bank plc (trading as HSBC Securities Services) and SS&C Financial Services International Limited and SS&C Financial Services Europe Limited to act as Administrators to the Company to carry out fund accounting and pricing services.

7.2 The ACD has appointed to act SS&C Financial Services International Limited as Registrar to the Company.

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

The register of shareholders is maintained by the Registrar at its office at 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 will not have any direct contractual rights against the service providers of the Company appointed from time to time.

11 Conflicts of interest

The ACD, the Depositary, the Administrators 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. 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 0330123 3810 between 9.00am and 5.00pm on any Business Day or by electronic means (i.e. straight-through-processing (STP) providers, where available). 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.

13.1.3 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.

13.1.4 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.

13.1.5 The ACD will not 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 will show the number of shares held by the recipient in respect of which the distribution is made. Individual statements of a Shareholder's (or, when shares are jointly held, the first named holder's) shares will also be issued at any time on request by the registered holder.

13.3 Minimum subscriptions and holdings

13.3.1 The minimum initial and subsequent subscription levels, and minimum holdings, are set out in Annexure 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, 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 (i.e. straight-through-processing (STP) providers, where available).

14.2 Documents the seller will receive

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:

14.2.1 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

14.2.2 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 to be redeemed is less than any minimum redemption amount set out in Annexure 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 a portion of the 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 a portion of the Scheme Property (or the proceeds of sale of the relevant 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 an in specie redemption 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 FCAs 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 the FCA Regulations.

(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 Regulations.

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 Depositary 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 14.5.1 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.

14.6 Initial offer

There will be no initial offer period. The initial price of a share is £1 (shares will not be sold or issued in any other currency). Please note that if in the reasonable opinion of the ACD, the operation of the Company is not viable at any time, the ACD may, subject to compliance with the FCA Regulations and subject to the agreement of the Depositary, wind up the Company or consider any other alternative as may be appropriate in the circumstances.

15 Switching

15.1 A Shareholder may, at any time switch all or some of his shares of one Share Class (old shares) for shares of another Share Class (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 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 for the applicable Share Class, 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 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.

15.4 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.

15.5 A switch of shares between different Share Classes will not be deemed to be a realisation for the purposes of capital gains taxation.

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

16 Dealing charges

16.1 Initial charge

The ACD may impose a charge on the sale of shares to investors. At present, no initial charge is levied. An increase in the maximum initial charge can only be made in accordance with FCA Regulations.

16.2 Redemption charge

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

16.2.2 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.

16.2.3 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.

17 Other dealing information

17.1 Dilution levy

17.1.1 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 Instrument is summarised later in this Prospectus. The actual cost of purchasing or selling investments may be higher or lower than the mid-market value used in calculating the share price – for example, due to dealing charges, or through dealing at prices other than the mid-market price. Under certain circumstances (for example, large volumes of deals) this may have an adverse effect on the Shareholders' interest. In order to prevent this effect, called "dilution", the ACD has the power to charge a "dilution levy" on the sale and/or redemption of shares. As a dilution levy is not currently charged (except on Large Deals), the cost of purchasing or selling investments subsequent to Shareholder dealing will be borne by the Company 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 Company and will become part of the property of the Company.

17.1.2 The dilution levy will be calculated by reference to the estimated costs of dealing in the underlying investments, including any dealing spreads, commission and transfer taxes. The estimated rate or range of such levy will be 0.5%.

17.1.3 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:

(a) Where, over a dealing period, the Company has experienced a large level of net sales or redemptions relative to its size;

(b) on Large Deals; or

(c) 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%.

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 notice to Shareholders and amending the Prospectus 60 days before the change to the dilution policy is to take effect.

18 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.

19 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.

20 Suspension of dealings in shares in the Company

20.1 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.

20.2 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.

20.3 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:

20.3.1 draws Shareholders' particular attention to the exceptional circumstance which resulted in the suspension;

20.3.2 is clear, fair and not misleading; and

20.3.3 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.

20.4 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.

20.5 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.

21 Governing law

21.1 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, 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.

21.2 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.

22 Valuation of shares in the Company

22.1 The price of a share in the Company is calculated by reference to the Net Asset Value of the Company. The Net Asset Value per share of the Company is currently calculated at the time set out in Annexure 1.

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

23 Calculation of the Net Asset Value

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

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

23.2.1 property which is not cash (or other assets dealt with below) or a contingent liability transaction shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:

(a) units or shares in a collective investment scheme:

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

(ii) 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

(iii) 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;

(b) any other transferable security:

(i) if a single price for buying and selling the security is quoted, at that price; or

(ii) if separate buying and selling prices are quoted, the average of those two prices; or

(iii) 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;

(c) property other than that described in paragraphs (a) and (b) above at a value which, in the opinion of the ACD, represents a fair and reasonable mid-market price;

23.2.2 cash and amounts held in current, margin and deposit accounts and in other time-related deposits shall be valued at their nominal values;

23.2.3 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;

23.2.4 property which is a contingent liability transaction shall be treated as follows:

(a) f 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;

(b) 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;

(c) if the property is an off-exchange derivative, it will be included at a valuation method agreed between the ACD and Depositary; and

(d) 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).

23.3 In determining the value of the Scheme Property, all instructions given to issue or cancel shares shall be assumed to have been carried out (and any cash paid or received) whether or not this is the case.

23.4 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.

23.5 Futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under the preceding paragraph.

23.6 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.

23.7 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 and value added tax will be deducted.

23.8 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.

23.9 The principal amount of any outstanding borrowings whenever repayable and any accrued but unpaid interest on borrowings will be deducted.

23.10 An estimated amount for accrued claims for tax of whatever nature which may be recoverable will be added.

23.11 Any other credits or amounts due to be paid into the Scheme Property will be added.

23.12 a sum representing any interest or any income accrued due or deemed to have accrued but not received.

24 Price per share in the Company

24.1 The price per share of will be calculated by dividing the Net Asset Value of the Company by the number of shares 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 are further divided into classes, the ACD shall determine the method of allocating the Net Asset Value 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 Company, 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.

24.2 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.

25 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.

26 Publication of prices

The most recent retail class price of shares will be published online at fundlistings.com, bloomberg.com, investmentuk.org and rathbonefunds.com. Prices can also be obtained by calling 0330 123 3810.

27 Investor profile

27.1 Whether an investment in the Company is appropriate will depend on the investor's own requirements and attitude to risk. The Company is designed for both retail and institutional investors who:

27.1.1 are seeking some income whilst maintaining their capital, who wish to have exposure to high quality corporate bonds;

27.1.2 investors should be comfortable with a three year investment period; and

27.1.3 who understand and are willing to take risks involved in investing in the Company (as detailed under "Risk Factors" set out in paragraph 29 of the Prospectus).

28 Receiving financial instrument communication

The ACD, in accordance with the FCA Regulations, 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 Regulations. The ACD may keep records of all business transactions for at least five years.

29. Risk factors

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

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.

29.1 General risks

Past performance should not be seen as an indication of future performance. 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 the Company will actually be achieved.

Shares in the Company should generally be regarded as a medium-term investment.

29.2 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.

29.3 Warrants risk

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

29.4 Interest Rate Fluctuations

Interest rate fluctuations are likely to affect the capital value of investments within bond funds. When long term interest rates use the capital value of shares in bond funds it is likely to fall and vice versa. The effect will be more apparent in funds which invest in long dated securities.

29.5 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.

29.6 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.

29.7 New issue risk

The Company may invest 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.

29.8 Derivatives and volatility

The Company may use derivative instruments for the purposes of Efficient Portfolio Management.

The use of derivatives for Efficient Portfolio Management should not lead to an increase in the risk profile of the Company.

To the extent the Company 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 Company's investment objective and policy, provided that the appointment of such counterparties comply with Annexure 2, paragraph 16.8. 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 Company'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.

29.9 Foreign currency risk

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

29.10 Pricing and valuation risk

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

Furthermore, the Company will compute the Net Asset Value 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.

29.11 Emerging countries and developing markets risk

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

29.12 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.

29.13 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 the Company will be the difference between the price of the original contract and the price of the replacement contract, or, in the case where the contract is not replaced the absolute value of the contract at the time it is voided. Furthermore, in some markets Delivery versus Payment may not be possible in which case the absolute value of the contract is at risk if the Company meets its settlement obligations but the counterparty fails before meeting its obligations.

29.14 Tax risk

Tax laws, currently in place, may change in the future which could affect the Net Asset Value and therefore the shareholder's investments. Refer to paragraph 38 headed "Taxation" for further details.

29.15 Inflation risk

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

29.16 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.

29.17 Market risk

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

29.18 Charges to capital

All fees and expenses to be paid out of Scheme Property are allocated to capital instead of against income. This treatment of such fees and expenses will increase the amount of income available for distribution to shareholders, but may erode capital and constrain capital growth.

29.19 Liabilities of the Company

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

30 Risk management process and liquidity management

30.1.1 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 is or may be exposed and its contribution to the overall risk profile of the Company and which includes the use of appropriate stress testing procedures.

30.1.2 The ACD has established a liquidity management policy which enables it to identify, monitor and manage the liquidity risks of the Company and to ensure the liquidity profile of the investments of the Company 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. The liquidity management systems and procedures include appropriate escalation measures to address anticipated or actual liquidity shortages or other distressed situations of the Company. In summary, the liquidity management policy monitors the profile of investments 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 Company's liquidity risk in exceptional and extraordinary circumstances.

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

30.1.4 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 in paragraph 13.

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

(a) the quantitative limits applying in the risk management of the Company;

(b) the methods used in relation to paragraph (a); and

(c) any recent development of the risks and yields of the main categories of investment.

30.1.6 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 will be provided to Shareholders without undue delay.

30.2 Professional liability risks

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

31 Leverage risk

While leverage presents opportunities for increasing the Company's total return, 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, 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 Company that would be greater than if leverage were not employed by the Company.

32 International tax compliance

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

32.1.2 Similar reporting requirements may also apply to the Company in respect of shareholders who are not solely UK tax resident following laws enacted for the OECD Common Reporting Standard for Automatic Exchange of Financial Account Information (CRS).

32.1.3 Accordingly, Shareholders should note that:

(a) they may be asked to provide additional information (including information regarding their tax residence) to the ACD to enable the to satisfy these obligations;

(b) the ACD may be required to report these details to HMRC; and

(c) HMRC may subsequently exchange this information with other governments or tax authorities in other jurisdictions.

32.1.4 Institutional Unitholders may be required to provide a Global Intermediary Identifications Number (GIIN).

32.1.5 Failure to provide requested information may subject a Shareholder to liability for any resulting withholding taxes, tax information reporting and/or mandatory redemption, transfer or other termination of the Shareholder's interest in its shares.

33 Fees and expenses

33.1 General

33.1.1 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 documents and the fees of the professional advisers to the Company in connection with the offer will be borne by the Company.

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

(a) any fees and expenses payable to the ACD, the Depositary and the Administrators;

(b) broker's commission (where such payment may be made in accordance with the FCA Regulations), fiscal charges (including Stamp Duty and/or Stamp Duty Reserve Tax) and other disbursements which are necessarily incurred in effecting transactions for the Company and normally shown in contract notes, confirmation notes and difference accounts as appropriate;

(c) fees and expenses in respect of establishing and maintaining the register of shareholders (as defined in the FCA Regulations). The Registrar's fee is currently subject to the fee cap specified in paragraph 3 of Annexure 1.

(d) any costs incurred in modifying the Instrument including costs incurred in respect of meetings of Shareholders convened for purposes which include modifying the Instrument, where the modification is necessary to implement changes in the law or as a direct consequence of any change in the law, or is expedient having regard to any change in the law made by or under any fiscal enactment and which the ACD agrees is in the interest of Shareholders, or to remove obsolete provisions from the Instrument;

(e) any costs incurred in or about the listing of shares in the Company on any Stock Exchange, and the creation, conversion and cancellation of shares;

(f) any costs incurred in publishing the price of the shares;

(g) any costs incurred in producing and dispatching any payments made by the Company, or the yearly and half-yearly reports of the Company;

(h) any fees, expenses or disbursements of any legal or other professional adviser of the Company;

(i) any costs incurred in taking out and maintaining any insurance policy in relation to the Company;

(j) 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;

(k) liabilities on unitisation, amalgamation or reconstruction including certain liabilities arising after transfer of property to the Company in consideration for the issue of shares as more fully detailed in the FCA Regulations;

(l) interest on permitted borrowings and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings;

(m) taxation and duties payable in respect of the property of the Company or the issue or redemption of shares;

(n) the audit fees of the Auditors (including VAT) and any expenses of the Auditors;

(o) 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 Company are or may be marketed;

(p) 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;

(q) any payments otherwise due by virtue of the FCA Regulations; and

(r) any value added or similar tax relating to any charge or expense set out herein.

33.1.3 VAT is payable on these charges where appropriate.

33.1.4 In accordance with the FCA Regulations, the ACD, when executing orders or placing orders with other entities in relation to financial instruments for execution on behalf of the Company, must not accept and retain any fees, commission or monetary benefits from a third party (Thirds Party Payments). If the ACD receives any Third Party Payments, the ACD 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.

33.1.5 The ACD will not enter into commission arrangements prohibited by the FCA Regulations. In addition, the ACD 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 Company, except those which are capable of enhancing the quality of the service provided to the Company, and which are of a scale and nature such that they could not be judged to impair the ACD's compliance with its duty to act honestly, fairly and professionally in the best interests of the Company.

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

33.1.7 All fees and expenses to be paid out of Scheme Property are allocated to capital instead of against income. **This treatment of such fees and expenses will increase the amount of income available for distribution to shareholders, but may erode capital and constrain capital growth**.

34 Charges payable to the ACD

34.1 In payment for carrying out its duties and responsibilities the ACD is entitled to take out of the Company an annual management charge.

34.2 The annual management charge accrues daily and is payable monthly in arrears on the first Dealing Day of each month. The current management charges are set out in Annexure 1.

34.3 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.

34.4 The ACD may not increase the current rate or amount of its remuneration payable out of the Scheme Property or the initial charge unless, not less than 60 days before the 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.

35 Administrators' fees

The fees and expenses of the Administrators in respect of their role as Administrator (plus any VAT thereon) are paid out Scheme Property. Such fees will accrue daily and are payable monthly in arrears on the first Dealing Day of each month. The maximum amount of such fees and expenses chargeable to Scheme Property are currently in line with the fee cap specified in paragraph 3 of Annexure 1.

36 Depositary's fees

36.1 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.

36.2 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%).

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

36.4 In addition to the fees set out above, the Depositary may receive payment out of the Scheme Property in respect of 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 £250 (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% to 0.5% and accrue and are payable as agreed from time to time by the ACD and the Depositary.

36.5 The Depositary will also be paid by the Company out of the Scheme Property, 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.

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

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

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

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

37 Shareholder meetings and voting rights

37.1 Requisitions of meetings

37.1.1 The Company does not hold annual general meetings. The ACD may requisition a general meeting at any time.

37.1.2 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.

37.2 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.

37.3 Voting rights

37.3.1 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.

37.3.2 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.

37.3.3 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.

37.3.4 Except where the FCA Regulations or the Instrument require an extraordinary resolution (which requires 75% 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.

37.3.5 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.

37.3.6 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.

37.4 Class meetings

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

37.5 Variation of class rights

The rights attached to a class can be varied in accordance with COLL by a resolution passed at a meeting of Shareholders of that Share Class by a 75% majority of those votes validly cast for and against such resolution.

38 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 to individual and corporate investors who are the absolute beneficial owners of shares 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.

38.1 Taxation of the Company

The Company is a stand-alone Open-Ended Investment Company.

Tax on income

38.1.1 The Company be liable to UK Corporation Tax on the income (converted where appropriate into sterling), from its 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.

38.1.2 Provided the Company 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.

38.1.3 The Company is 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 Company intends that distributions will be made in this way.

38.1.4 The treatment of distributions as interest distributions for UK tax purposes should be deductible for Corporation Tax purposes against its UK taxable income and will be paid to all investors without deduction of income tax.

38.1.5 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%.

Tax on capital gains

38.1.6 The Company is generally exempt from United Kingdom tax on capital gains realised on the disposal of investments (including interest-paying securities and derivative contracts) held by the Company.

38.2 Withholding tax liability and indemnity

38.2.1 To the extent the Company is subject to withholding tax as a result of:

(a) a Shareholder failing (or delaying) to provide relevant information to the ACD;

(b) a Shareholder failing (or delaying) to enter into a direct agreement with the United States IRS where required; or

(c) the Company 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 the Company 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 Company 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 Administrators, will be obliged to make any additional payments to the Shareholder in respect of such withholding or deduction.

38.2.2 Shareholders should consult their own tax advisors regarding the possible implications of these rules on their investments in the Company.

38.2.3 Each investor agrees to indemnify the ACD and its delegates/agents including the Administrators 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.

38.3 Taxation of Shareholders

Income distributions

38.3.1 The Company will pay interest distributions (which will be automatically retained by the Company in the case of Accumulation Shares). No tax is deducted from interest distributions whether payable to UK resident or non-UK resident Shareholders.

38.3.2 Since 6 April 2016, individual UK taxpayers have been entitled to a personal savings allowance in each tax year. For basic rate taxpayers, the first £1,000 of interest distributions (and interest) are free of tax. For higher rate taxpayers, the allowance is £500, and for additional rate taxpayers the amount is nil. Where a UK resident individual Shareholder receives total interest and interest distributions in excess of their personal savings allowances then they will be liable to pay income tax at their marginal rates (normally 20% for basic rate taxpayers, 40% for higher rate and 45% for additional rate taxpayers) on the excess amount.

38.3.3 Shareholders chargeable to United Kingdom corporation tax must account for their shareholding in the Company (including distributions received) in accordance with the loan relationships regime.

Capital gains

38.3.4 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 shares. 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 10% where the individual's total taxable gains and income are less than the upper limit of the Income Tax basic rate band and 20% 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), will not normally be liable to Capital Gains Tax on disposal of their shares.

38.3.5 Shareholders subject to United Kingdom corporation tax must treat their shareholding as a creditor loan relationship subject to a fair value basis of accounting. Movements in the value of the shares will be subject to Corporation Tax on an annual basis irrespective of whether a disposal has occurred.

38.3.6 Shareholders who are 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

38.3.7 A gift by a Shareholder of his shareholding 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 in the UK 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.

38.4 Stamp Duty Reserve Tax

38.4.1 Stamp Duty Reserve Tax (SDRT) has ceased to be chargeable on dealings in shares in an open-ended investment company such as the Company. As such, SDRT will no longer apply on dealings of shares in the Company. 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 the Scheme Property and charged to capital.

38.4.2 It should be noted that in the event of either of the below occurring SDRT may still be triggered and where applicable be charged to the investor:

(a) third party transfers of shares; or

(b) non-pro rata in specie redemptions.

39 Income equalisation

39.1 Income equalisation, as explained below, shall apply in relation to the Company.

39.2 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.

39.3 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.

40 Winding up of the Company

40.1.1 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.

40.1.2 Where the Company is to be wound up under the FCA Regulations, such winding up may only be commenced following approval by the FCA. The FCA may only give such approval if the ACD provides a statement (following an investigation into the affairs of the Company) either that the Company will be able to meet its liabilities within 12 months of the date of the statement or that the Company will be unable to do so. The Company may not be wound up under the FCA Regulations if there is a vacancy in the position of ACD at the relevant time.

40.1.3 The Company may be wound up under the FCA Regulations:

(a) if an extraordinary resolution to that effect is passed by shareholders; or

(b) if the period (if any) fixed for the duration of the Company by the Instrument expires, or an event (if any) occurs on the occurrence of which the Instrument provides that the Company is to be wound up (for example, if the share capital of the Company is below its prescribed minimum); or

(c) on the date stated in any agreement by the FCA in response to a request from the ACD for the winding up of the Company; or

(d) on the effective date of a duly approved scheme of arrangement which is to result in the Company ceasing to hold any Scheme Property.

40.1.4 On the occurrence of any of the above:

(a) the FCA Regulations relating to pricing and dealing and investment and borrowing will cease to apply to the Company;

(b) the Company will cease to issue and cancel shares in the Company and the ACD shall cease to sell or redeem shares or arrange for the Company to issue or cancel them for the Company;

(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; and

(e) the corporate status and powers of the Company and, subject to the provisions of paragraphs 40.1.4(a) and 40.1.4(d) above, the powers of the ACD shall remain until the Company is dissolved.

40.1.5 The ACD shall, as soon as practicable after the Company falls to be wound up, realise the assets and meet the liabilities of the Company and, after paying out or retaining adequate provision for all liabilities properly payable and retaining provision for the costs of winding up, arrange for the Depositary to make one or more interim distributions out of the proceeds remaining (if any) to shareholders proportionately to their rights to participate in the Scheme Property of the Company. When the ACD has caused all of the Scheme Property to be realised and all of the liabilities of the Company to be discharged, 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.

40.1.6 As soon as reasonably practicable after completion of the winding up of the Company, the ACD shall notify the FCA.

40.1.7 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.

40.1.8 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.

40.1.9 Following the completion of a winding up of the Company, the ACD must prepare a final account showing how the winding up took place and how the Scheme Property was distributed. The auditors of the Company shall make a report in respect of the final account stating their opinion as to whether the final account has been properly prepared. This final account and the auditors' report must be sent to the FCA, to each Shareholder and, in the case of the winding up of the Company, to the Registrar of Companies within two months of the termination of the winding up.

41 General information

41.1 Accounting periods

The annual accounting period of the Company ends each year on 30 April (the accounting reference date) commencing with first annual accounting period ending on 30 April 2019.

Interim accounting periods end each year on 31 October commencing with the first interim accounting date on 31 October 2019.

41.2 Income distributions and allocations

41.2.1 The income distribution/allocation dates are 30 June, 30 September, 31 December and 31 March.

41.2.2 In respect of Income Shares, distributions of income are made quarterly by cheque or direct to a shareholder's duly nominated bank account on or before the income distribution date in respect of the income available for distribution in the relevant period.

41.2.3 In respect of Accumulation Shares, as at each allocation date the ACD will reinvest the income allocated, which will be reflected in the price of Accumulation Shares.

41.2.4 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.

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

41.3 Annual reports and information made available to shareholders

41.3.1 Annual reports of the Company will be published within four months of the end of each annual accounting period ending on 30 April and half-yearly reports will be published within two months of the end of the interim accounting period ending on 31 October; however no half-yearly reports will be published in the Company's first accounting period.

41.3.2 Annual and half-yearly reports will be made available free of charge on request to the ACD, and shall be available, without charge, for inspection by the public during normal working hours at the ACD's place of business set out in Annexure 7.

41.3.3 In addition, other policies and procedures are available from the ACD including, but not limited to, policies regarding conflicts of interest and order execution.

41.4 Documents of the Company

41.4.1 The following documents may be inspected free of charge between 9am 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:

(a) the most recent annual and half-yearly reports of the Company; and

(b) the most recent Prospectus and the Instrument.

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

41.4.3 Copies of the ACD agreement or any contract of service between the Company and its directors can be obtained free or charge on request from the ACD.

41.5 Notices to shareholders

41.5.1 Notices and documents to be sent to Shareholders will be sent by first class post to the address on the register of Shareholders, or by electronic medium, in accordance with the FCA Rules.

41.5.2 Notwithstanding the above, where shares are jointly held by two or more persons, in accordance with the FCA Rules certain documents may be sent by first class post only to the first named Shareholder to its address on the register of shareholders.

41.6 Fair treatment of investors

41.6.1 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.

41.6.2 The ACD has established fair and transparent pricing models and valuation systems and procedures for the assets of the Company and endeavours to ensure that there are no undue costs being charged to the Shareholders.

41.6.3 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.

41.7 Amending the Prospectus

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

41.8 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.

41.9 Remuneration Policy

The ACD'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 Regulations. 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:

(a) the ACD;

(b) each UCITS managed; and

(c) 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:

(i) assessment process is based on the long-term performance of each UCITS and its investment risks; and

(ii) 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 ACD's website at rathbonefunds.com, and a paper copy of the website information will be made available free of charge upon request.

41.10 Best Execution

The ACD has controls in place to provide Shareholders with the best possible result in accordance with its best execution policy which is available on the ACD's website at rathbonefunds.com

41.11 Historical Performance

Historical performance data relating to the Company is set out at Annexure 4.

41.12 Contact details

Contact details for the Company, the ACD, the Depositary and other parties involved in the management and/or administration of the Company can be found at Annexure 7.

Annexure 1

Investment objectives, policies and other details of the Company

Investment of the assets of the Company must comply with the FCA Regulations and its own investment objective and policy. A detailed statement of the investment and borrowing restrictions applicable to the Company is contained in Annexure 2. A list of the eligible securities and derivatives markets on which the Company may invest is contained in Annexure 3.

1 Investment objective

The objective of the fund is to preserve capital and pay an income by delivering a greater total return than the Bank of England's Base Rate + 0.5%, after fees, over any rolling three-year period.

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

We use the Bank of England's Base Rate + 0.5% as a target for our fund's return because we aim to provide a return in excess of what you would receive in a UK savings account. This is an investment product, not a cash savings account. Your capital is at risk.

Investment policy

To meet the objective, the fund manager will invest at least 80% of the fund in government and corporate bonds with high credit ratings (AAA to A-). The remaining 20% of the fund is invested in investment grade government and corporate bonds with lower credit ratings (BBB+ to BBB-) or bonds with no rating at all. Up to 10% of the fund can be invested directly in contingent convertible bonds. If a bond's rating falls below BBB-, otherwise known as high yield, the fund manager will sell it within six months.

The fund may invest globally but at least 80% of the portfolio will be invested in sterling denominated assets or hedged back to sterling.

Derivatives may be used by the fund for the purposes of efficient portfolio management and hedging.

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.

The fund manager will assess credit ratings of Standard & Poor's, Moody's and Fitch. When credit ratings differ, fund managers will consider the average rating. If the average falls between two notches, the lower credit rating will be applied. Credit rating definitions are as follows:

Moody's	S&P	Fitch	Credit worthiness	
Aaa	AAA	AAA	Prime An obligor has EXTREMELY STRONG capacity to meet its financial commitments	Investment-grade
Aa1	AA+	AA+	High grade An obligor has VERY STRONG capacity to meet its financial commitments It differs from the highest-rated obligors only to a small degree	
Aa2	AA	AA		
Aa3	AA–	AA–		
A1	A+	A+	Upper medium grade An obligor has STRONG capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in higher-rated categories	
A2	A	A		
A3	A–	A–		
Baa1	BBB+	BBB+	Lower medium grade An obligor has ADEQUATE capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments	
Baa2	BBB	BBB		
Baa3	BBB–	BBB–		
Ba1, Ba2, Ba3, B1, B2, B3, Caa1, Caa2, Caa3, Ca, C	BB+, BB, BB- B+, B, B-, CCC+, CCC, CCC-, CC ,C , D	BB+, BB, BB- B+, B, B-, CCC, DDD,DD,D	Non-investment grade An obligor ranges from LESS VULNERABLE to HIGHLY VULNERABLE	Non-investment grade AKA high-yield bonds AKA junk bonds

2 Share classes

	S-Class Shares	I-Class Shares
Available for investment?	Yes	Yes
Classes of shares available	S-Class Income Shares S-Class Accumulation Shares	I-Class Income Shares I-Class Accumulation Shares
Currency of denomination	Sterling	Sterling
Initial price of shares	£1	£1
Minimum initial investment*	£100,000,000 or Manager's Discretion	£1,000
Minimum subsequent investment*	£500	£500
Minimum holding*	None	None
Minimum withdrawal*	None	None
Initial charge*	0%	0%
Redemption charge*	0%	0%
ACD's annual management charge	0.20%	0.35%
OCF	Charges other than the ACD's annual management charge, not including transaction costs or the cost of holding any third party products, will be capped at 0.15% of the value of Scheme Property per annum. The ACD's annual management charge, transaction costs and any costs associated with holding third party products will be borne by the Company. Any other charges above 0.15% of the value of Scheme Property per annum will be borne by the Manager. Please note that while the ACD does not intend to use third party products, the Company may hold such products (as set out in the investment policy above.) Costs for this such investments will be calculated and published as directed in accordance with prevailing regulation.	
Valuation Point	Noon on each Dealing Day	
Distribution dates	30 June 30 September 31 December 31 March	

*Minimum initial and subsequent investment amounts, minimum holding and redemption requirements and the initial and redemption charges may be waived by the ACD at its discretion

3 Changes to investment objective and policy

Changes to the investment objective and policy of the Company will normally require approval by Shareholders at a general meeting of the Company if the change alters the nature or risk profile of the Company, or on giving 60 days' notice to Shareholders where these do not alter the nature or risk profile of the Company. In exceptional circumstances, changes may be made to the investment objective and policy of the Company with no minimum period of notice where these are for clarification purposes only. In all cases, changes may only be made to the investment objective and policy of the Company following notification to the FCA pursuant to the Act and confirmation from the FCA that these changes will not affect the ongoing authorisation of the Company.

4 Securities Financing Transactions and Total Return Swaps

The disclosures in relation to the Securities Financing Transactions Regulation are found in Annexure 5.

Annexure 2

Investment and borrowing powers of the Company

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 schemes).

1.1 Investment restrictions

1.1.1 The Company will be invested with the aim of achieving the investment objective of the Company but subject to the limits on investment set out in the FCA Regulations and the Company's investment policy (as set out in Annexure 1).

1.1.2 Generally the Company will invest in the investments to which it is dedicated including approved securities which are transferable securities admitted to or dealt on a regulated market or in a market in an EEA state which is regulated, operates regularly and is open to the public, units in collective investment schemes, warrants, money-market instruments and deposits.

1.1.3 The investment objective and policy of the Company are subject to the limits on investment in 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 the Company, the Company'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 The Company may invest in a transferable security only to the extent that the transferable security fulfils the following criteria:

(a) the potential loss which the Company 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 shares at the request of any qualifying shareholder; and

(b) to be negotiable.

2.3 Closed ended funds constituting transferable securities

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

2.3.1 where the closed ended fund is constituted as an investment company or a unit trust:

(a) it is subject to corporate governance mechanisms applied to companies; and

(b) 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

2.3.2 where the closed ended fund is constituted under the law of contract:

(a) it is subject to corporate governance mechanisms equivalent to those applied to companies; and

(b) 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 The Company may invest in any other investment which shall be taken to be a transferable security for the purposes of investment by the Company 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 the Company can invest.

2.4.2 Where an investment in paragraph 2.4.1 contains an embedded derivative component, the requirements of this Annexure 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 the Company must be:

4.1.1 admitted to or dealt in on an eligible market (as described in paragraph 5.2.1 or paragraph 5.3); or

4.1.2 dealt in on an eligible market (as described in paragraph 5.2.2); or

4.1.3 for an approved money-market instrument not admitted to or dealt in on an eligible market within paragraph 6; or

4.1.4 recently issued transferable securities provided that:

(a) the terms of issue include an undertaking that application will be made to be admitted to an eligible market; and

(b) such admission is secured within a year of issue.

4.2 The Company may invest up to 10% in transferable securities or money-market instruments other than those referred to in paragraph 4.1.

4.3 However, the ability to hold up to 10% of the Scheme Property in ineligible assets under paragraph 4.2 above is subject to the following limitations:

4.3.1 for a qualifying money-market fund (as defined in the FCA Regulations), the 10% 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;

4.3.2 for a short-term money-market fund or a money-market fund (as defined in the FCA Regulations), the 10% 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 the Company 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% restriction in paragraph 4.2 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:

5.2.1 a regulated market (as defined in the FCA Regulations); or

5.2.2 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:

5.3.1 the ACD after consultation with and notification to the Depositary decides that market is appropriate for investment of, or dealing in the Scheme Property;

5.3.2 the market is included in a list in the Prospectus; and

5.3.3 the Depositary has taken reasonable care to determine that:

(a) adequate custody arrangements can be provided for the investment dealt in on that market; and

(b) all reasonable steps have been taken by the ACD in deciding whether that market is eligible.

5.4 In paragraph 5.3.1, 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 Company are set out in Annexure 3.

6 Money-market instruments with a regulated issuer

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

6.1.1 the issue or the issuer is regulated for the purposes of protecting investors and savings; and

6.1.2 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:

6.2.1 the instrument is an approved money-market instrument;

6.2.2 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

6.2.3 the instrument is freely transferable.

7 Issuers and guarantors of money-market instruments

7.1 The Company 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;

(f) a public international body to which one or more EEA states belong; or

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) 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 7.1.3(b) if it is subject to and complies with prudential rules, and fulfils one or more of the following criteria:

7.2.1 it is located in the EEA;

7.2.2 it is located in an OECD country belonging to the Group of Ten;

7.2.3 it has at least one investment grade rating;

7.2.4 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 5.210EG; 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:

8.1.1 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;

8.1.2 updates of that information on a regular basis and whenever a significant event occurs; and

8.1.3 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:

8.2.1 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;

8.2.2 updates of that information on a regular basis and whenever a significant event occurs; and

8.2.3 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: general

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% in value of the Scheme Property can consist of deposits with a single body.

9.3 Not more than 5% in value of the Scheme Property can consist of transferable securities or approved money-market instruments issued by a single body.

9.4 The limit of 5% in paragraph 9.3 is raised to 10% in respect of up to 40% in value of the Scheme Property. Covered bonds (as defined in the FCA Regulations) need not be taken into account for the purpose of applying the limit of 40%.

9.5 The limit of 5% paragraph 9.3 is raised to 25% in value of the Scheme Property in respect of covered bonds, provided that where more than 5% of the Scheme Property is invested in covered bonds issued by a single body, the total value of covered bonds must not exceed 80% 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% in value of the Scheme Property. This limit is raised to 10% where the counterparty is an Approved Bank.

9.8 Not more than 20% 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 10% in value of the Scheme 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% 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 the Company 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 UCITS scheme with the same counterparty, provided:

10.3.1 it is able legally to enforce netting agreements with the counterparty on behalf of the Company; and

10.3.2 the netting agreements in paragraph 10.3.1 do not apply to any other exposures the Company may have with that same counterparty.

10.4 The ACD may reduce the exposure of the property of the Scheme Property 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 10.7 when it passes collateral to the counterparty to an OTC derivative transaction on behalf of the Company.

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 Company.

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 Spread: government and public securities

11.1 Where no more than 35% 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 A Fund may invest more than 35% of its Scheme Property in government and public securities issued by or on behalf of or guaranteed by a single named issuer which may be one of the following: the governments of Australia, Canada, Japan, New Zealand, Norway, Switzerland, United States of America, United Kingdom, Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the Netherlands provided that:

11.2.1 the ACD has before any such investment is made consulted with the Depositary and as a result considers that the issuer of such securities is one which is appropriate in accordance with the investment objectives of the authorised Fund;

11.2.2 no more than 30% in value of the Scheme Property consists of such securities of any one issue;

11.2.3 the Scheme Property of a Fund includes such securities issued by that or another issuer, of at least six different issues;

11.2.4 the disclosures in the Prospectus required by the FCA have been made.

12 Collective Investment Schemes

12.1 Up to 10% in value of the Scheme Property of the Company may be invested in units in other collective investment schemes. This may include collective investment schemes managed by the ACD, or an associate of the ACD, subject to the rules contained in COLL Rule 5.2.16. Investment may only be made in other collective investment schemes whose maximum annual management charge does not exceed 5%. Any schemes in which the Company invests need to comply with the conditions necessary for them to:

12.1.1 enjoy the rights conferred by the UCITS Directive; or

12.1.2 be recognised under the provision of section 272 of the Financial Services and Market Act 2000 that is authorised by the supervisory authorities of Guernsey, Jersey or the Isle of Man (provided the requirements of article 50(1)(e) of the UCITS Directive are met); or

12.1.3 be authorised as a non-UCITS retail scheme (provided that the requirements of article 50(1)(e) of the UCITS Directive are met); or

12.1.4 be authorised in another EEA state (provided that the requirements of article 50(1)(e) of the UCITS Directive are met); or

12.1.5 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 rules

(provided that the requirements of article 50(1)(e) of the UCITS Directive are met).

12.2 Investee schemes must also comply with the rules relating to investment in other group schemes contained in COLL and themselves be schemes which have terms which prohibit more than 10% of their assets consisting of units in other collective investment schemes.

12.3 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.

12.4 When an investment is made, the amount referred to in paragraph 12.3 is either:

12.4.1 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

12.4.2 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.

12.5 When a disposal is made, the amount referred to in paragraph 12.3 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.

12.6 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.

12.7 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 reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by the Company at the time when payment is required without contravening the COLL Sourcebook in the FCA Regulations.

14 Deposits

Up to 20% in value of the Scheme Property of the Company can consist of deposits with a single body. The Company may only invest in deposits with an Approved Bank and which are repayable on demand, or have the right to be withdrawn, and maturing in no more than 12 months.

15 Derivatives and forward transactions

15.1 The Company may use, under certain conditions, options and futures on indices and interest rates, for the purposes of Efficient Portfolio Management. The use of derivatives for Efficient Portfolio Management is not intended to increase the risk profile of the Company.

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 Company 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 other investments. 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 Company 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 Company may be generated with no, or with an acceptably low level of, risk if the ACD reasonably believes that the Company is certain (or certain barring events which are not reasonably foreseeable) to derive a benefit from the transaction, and in this context the Company 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 Company 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 Company 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 the Company invests in an index-based derivative provided the relevant index falls within the FCA Regulations at COLL 5.2.20AR 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 16.8 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: permitted transferable securities; permitted approved money-market instruments; permitted deposits; permitted derivatives; permitted collective investment scheme units; certain financial indices; interest rates; foreign exchange rates and currencies; and

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.

16.4 A derivatives transaction must not cause the Company 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.

16.5 Any forward transaction must be with an Eligible Institution or an Approved Bank.

16.6 A derivative includes an instrument which fulfils the following criteria:

16.6.1 it allows the transfer of the credit risk of the underlying independently from the other risks associated with that underlying;

16.6.2 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;

16.6.3 in the case of an OTC derivative, it complies with the requirements in COLL 5.2.23 R (OTC transactions in derivatives);

16.6.4 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.

16.7 The Company may not undertake transactions in derivatives of commodities.

16.8 OTC transactions in under this paragraph 16.8 must be:

16.8.1 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;

16.8.2 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;

16.8.3 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

16.8.4 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.

16.9 For the purposes paragraph 16.8.2 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.

16.10 For the purposes of paragraph 16.8 the ACD must:

16.10.1 establish, implement, and maintain arrangements and procedures which ensure appropriate, transparent and fair valuation of the exposure of the Company to OTC derivatives; and

16.10.2 ensure that the fair value of OTC derivatives is subject to adequate, accurate and independent assessment.

16.11 The arrangements and procedures referred to in paragraph 16.10 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, the index 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 Company is permitted to invest, its composition is at least diversified in accordance with the requirements with respect to spread and concentration set out in this Annexure; and

17.2.3 where it is composed of assets in which the Company cannot invest, it is diversified in a way which is equivalent to the diversification achieved by the requirements with respect to spread and concentration set out in this Annexure.

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 Company when assessing compliance with the requirements on cover for transactions in derivatives and forward transactions set out in this Annexure.

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%, 10% and 40% ratios as set out in paragraphs 9.3 and 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

A derivative or forward transaction which will or could lead to the delivery of property for the account of the Company may be entered into only if:

18.1 that property can be held for the account of the Company; and

18.2 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 the Company 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 Company by delivery of property or the assignment of rights; and

19.2 the property and rights at paragraph 19.1 are owned by the Company at the time of the agreement.

Annexure 3

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% 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 deal 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
Iceland	–	The Iceland Stock 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 Stock 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

Annexure 4

Historical performance

Performance	6m	1y	3y	5y	Since launch
Rathbone High Quality Bond Fund	1.11%	3.44%	–	–	3.44%
Target: Bank of England Base Rate +0.5%	0.64%	1.25%	–	–	1.40%

Discrete calendar year performance	2018	2019
Rathbone High Quality Bond Fund	–	3.44%
Target: Bank of England Base Rate +0.5%	–	1.25%

Data source – performance based on I-Class (main units) and S-Class (where I-Class was unavailable); Financial Express, bid to bid net income re-invested, ranked within full sector (main units only) as at 31.12.19. Discrete calendar year performance – data source – Financial Express, to 31.12.19.

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.

The Key Investor Information Document (KIID), the Supplementary Information Document (SID) and Application Forms may be obtained from Rathbone Unit Trust Management Limited.

Annexure 5

Securities Financing Transactions and Total Return Swaps

1 The Company is authorised to enter into SFTs and Total Return Swaps. The Company does not currently enter into any SFTs or Total Return Swaps and the ACD has no intention of permitting the Company to enter into SFTs or Total Return Swaps.

2 If the ACD intends to permit the Company 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:

2.1 a general description of the SFTs and Total Return Swaps used and the rationale for their use;

2.2 overall data for each type of SFT and Total Return Swaps including;

2.2.1 the types of assets that can be subject to SFTs and Total Return Swaps;

2.2.2 the maximum and expected proportion of assets under management that will be subject to each type of SFT and Total Return Swaps;

2.3 the criteria used to select counterparties;

2.4 a description of acceptable collateral;

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;

2.6 a specification of how assets subject to SFTs and Total Return Swaps and collateral received are safe-kept; and

2.7 a description of the policy on sharing of return generated by SFTs and Total Return Swaps.

Annexure 6

Sub-custodian relationships

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

Austria
Bank Austria Creditanstalt AG
1030 Vienna
Vordere Zollamtsstrase 13
Austria

Belgium
(Local Custody)
Fortis Bank (Nederland) NV
Rokin 55
P.O. Box 243
1000 AE Amsterdam
The Netherlands
(Please note the 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

Annexure 7

Directory

The Company and Head Office

Rathbone Pharaoh Fund
8 Finsbury Circus
London
EC2M 7AZ

Authorised Corporate Director and Investment Adviser

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

Administrators

HSBC Bank Plc (trading as HSBC Securities Services)
8 Canada Square
London
E14 5HQ

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

Registrar

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

Depositary

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

Custodian

HSBC Bank Plc
8 Canada Square
London
E14 5HQ

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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A member of the Investment Association

A member of the Rathbone Group. Registered No. 02376568

Rathbones
Look forward

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