

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

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

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**PROSPECTUS OF THE  
LF INVESTMENT FUND<sup>1</sup>**

**SUB-FUND LF EQUITY INCOME FUND<sup>2 3</sup>**

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**(AN OPEN-ENDED INVESTMENT COMPANY WITH VARIABLE CAPITAL  
INCORPORATED WITH LIMITED LIABILITY AND REGISTERED IN ENGLAND  
AND WALES UNDER REGISTERED NUMBER IC001010)**

**THIS DOCUMENT CONSTITUTES THE PROSPECTUS FOR LF INVESTMENT FUND WHICH HAS BEEN PREPARED IN ACCORDANCE WITH THE COLLECTIVE INVESTMENT SCHEMES SOURCEBOOK AND IS DATED AND VALID AS AT 30 NOVEMBER 2024.**

COPIES OF THIS PROSPECTUS HAVE BEEN SENT TO THE FINANCIAL CONDUCT AUTHORITY AND THE DEPOSITARY.

VCN: 3042A

<sup>1</sup> PLEASE NOTE: LF Investment Fund was formerly called LF Woodford Investment Fund.

<sup>2</sup> PLEASE NOTE: LF Equity Income Fund was formerly called LF Woodford Equity Income Fund

<sup>3</sup> PLEASE NOTE: LF Equity Income Fund commenced its winding up on 18 January 2020

## **THIS PROSPECTUS IS IMPORTANT**

### **IF YOU ARE IN ANY DOUBT AS TO THE MEANING OF ANY INFORMATION CONTAINED IN THIS PROSPECTUS, YOU SHOULD CONSULT THE ACD OR YOUR INDEPENDENT FINANCIAL ADVISER.**

This is the prospectus of LF Investment Fund, an authorised open-ended investment company with variable capital.

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 The Company is not bound by any out of date prospectus when it has issued a new prospectus or an addendum to the prospectus and investors should check that they have the most recently published prospectus and addendum (if any). Copies of this Prospectus have been sent to the Financial Conduct Authority ("FCA") and the Depositary.

Link Fund Solutions Limited, as the Authorised Corporate Director of the Company, is 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 in this document does not contain any untrue or misleading statements or omit any matters required by the Open-Ended Investment Companies Regulations 2001 and COLL to be included in it.

This Prospectus is intended for distribution in the United Kingdom. The distribution of this Prospectus and the offering of Shares in certain jurisdiction may be restricted. Potential investors in receipt of this Prospectus should observe such restrictions and investigate and comply with the legal requirements within their own jurisdiction for any taxation or exchange control legislation affecting them personally, including the obtaining of any necessary governmental or other consents and the observation of any other formalities. This Prospectus does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is unlawful or in which the person making such offer or solicitation is not qualified so to do, or to anyone to whom it is unlawful to make such an offer or solicitation.

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

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

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

This Prospectus has been issued for the purpose of section 21 of the Financial Services and Markets Act 2000 by Link Fund Solutions Limited.

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

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

The Depositary is not a person responsible for the information contained in this Prospectus and accordingly does not accept any responsibility therefore under the Regulations or otherwise.

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

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1. **DIRECTORY**

**Authorised Corporate Director**

Link Fund Solutions Limited  
Central Square  
29 Wellington Street  
Leeds  
LS1 4DL  
Telephone: 03459 22 00 44

(authorised and regulated by the FCA with firm reference number 119197) **Registered and Head Office**

**of the Company**

LF Equity Income Fund  
Link Fund Solutions Limited  
Central Square  
29 Wellington Street  
Leeds  
LS1 4DL

**Depositary**

Northern Trust Global Services SE (UK branch)  
50 Bank Street  
Canary Wharf  
London  
E14 5NT

(authorised and regulated by the FCA with firm reference number 226284) **Auditors**

Grant Thornton UK LLP  
30 Finsbury Square  
London  
EC2P 2YU

**Registrar and Administrator**

Northern Trust Global Services SE (UK branch)  
50 Bank Street  
Canary Wharf  
London  
E14 5NT

(authorised and regulated by the FCA with firm reference number 226284) **Investor contact Details**

Telephone Number: 0333 300 0381  
Fax Number: 0207 643 3776  
Email address: [equityincome@linkgroup.co.uk](mailto:equityincome@linkgroup.co.uk)

Postal Address: PO BOX 3733, Royal Wootton Bassett, Swindon SN4 4BG

## 2. INTERPRETATION

In this Prospectus the words and expressions set out in the first column below shall have the meanings set opposite them unless the context requires otherwise. Words and expressions contained in this Prospectus but not defined herein shall have the same meanings as in the Act or Regulations (as defined below) unless the contrary is stated. The definitions are as follows:

<b>ACD</b>	the authorised corporate director holding office from time to time pursuant to the Regulations being Link Fund Solutions Limited at the date of this Prospectus;
<b>Act</b>	The Financial Services and Markets Act 2000;
<b>Administrator(s)</b>	Northern Trust Global Services SE (UK branch) or such other person appointed from time to time to be an administrator of a Fund, the administrator provides administration services to the Fund which includes Dealing and Registration;
<b>Auditor</b>	Grant Thornton UK LLP or such other entity as is appointed auditor of the Company from time to time.
<b>Business Day</b>	Monday to Friday excluding UK public and bank holidays or any day on which the London Stock Exchange is not open;
<b>Collective Investment Schemes Sourcebook or COLL</b>	the rules contained in the Collective Investment Schemes sourcebook published by the FCA as part of the FCA Handbook made under the Act;
<b>Conversion</b>	the exchange of Shares in one Class for Shares of another Class in the same Fund and the act of so exchanging and "Convert" shall be construed accordingly;
<b>Company</b>	LF Investment Fund;
<b>Dealing Day</b>	each Business Day, on which dealing in the Fund occurs;
<b>Depository</b>	Northern Trust Global Services SE (UK branch) or such other the person appointed from time to time to be the depository of the Company in accordance with Regulations;
<b>Eligible Markets</b>	those markets set out in Appendix 1 to this Prospectus;
<b>FCA</b>	The Financial Conduct Authority, 12 Endeavour Square, London E20 1JN
<b>FCA Handbook</b>	the handbook of rules and guidance published by the FCA as amended from time to time;
<b>Fund</b>	any sub Fund of the Company. Each Fund forms part of the property of the Company but is pooled separately and invested in accordance with the investment policy applicable to such Fund;

<b>Fund Accountant(s)</b>	The Northern Trust Global Services SE (UK branch) or such other person appointed from time to time to be the fund accountant of a Fund;
<b>Instrument of Incorporation</b>	the instrument of incorporation of the Company as amended from time to time;
<b>Investment Manager</b>	a party appointed by the ACD to provide investment management services in respect of a Fund(s) from time to time and as set out in Section 7 of the Prospectus, or where the ACD undertakes this role itself, the ACD;
<b>ISA</b>	an Individual Savings Account in accordance with the provisions of the Individual Savings Account Regulations 1998 (as amended);
<b>Key Investor Information Document</b>	the Fund publishes a Key Investor Information Document (a "KIID") for each Share Class of each Sub-fund which contains information to help investors understand the nature and the risks of investing in the Sub-fund. A KIID must be provided to investors prior to subscribing for Shares so they can make an informed decision about whether to invest.
<b>OEIC Regulations</b>	the Open Ended Investment Companies Regulations 2001 (as amended from time to time);
<b>Prospectus</b>	means this prospectus as amended from time to time;
<b>Regulations</b>	the OEIC Regulations and COLL;
<b>Scheme Property</b>	The property of a Fund, as defined in the FCA Handbook;
<b>Shares</b>	a share in the capital of the Company relating to a single Fund;
<b>Shareholders</b>	a holder of Shares;
<b>"The International Tax Compliance Regulations"</b>	The International Tax Compliance Regulations – means SI 878/2015 implementing obligations arising under the following agreements and arrangements: European Union Council Directive 2011/16/EU (sometimes known as "the DAC"); the Multilateral Competent Authority Agreement on the Automatic exchange of Financial Account Information signed by the government of the UK on 29th October 2014 in relation to agreements with various jurisdictions to improve International tax compliance based on the standard for automatic exchange of financial account information developed by the Organisation for Economic Co-Operation and Development (sometimes known as "the CRS"); and the agreement reached between the government of the UK and the government of the USA to improve tax compliance (sometimes known as "the FATCA Agreement")
<b>UCITS Directive</b>	a Council Directive of 20 December 1985 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (as amended);



<b>UCITS Scheme</b>	a collective investment scheme authorised by the FCA in accordance with the UCITS Directive; and
<b>US or United States</b>	the United States of America (including the States and the District of Columbia) and any of its territories, possessions and other areas subject to its jurisdiction.
<b>US Persons</b>	a person who falls within the definition of "US Person" as defined in rule 902 of regulation S of the United States Securities Act 1933 and shall include additionally any person that is not a "Non-United States Person" within the meaning of United States Commodity Futures Trading Commission Regulation 4.7.

### **3. CONSTITUTION**

- 3.1 The Company is an investment company with variable capital incorporated under the OEIC Regulations. It is a UCITS Scheme and also an umbrella company for the purposes of the OEIC Regulations. The Company is incorporated in England and Wales with registered number IC001010. The head office of the Company is at Central Square, 29 Wellington Street, Leeds. LS1 4DL. This is also the address for the service on the Company of notices or other documents required or authorised to be served on it.
- 3.2 The Company shall issue Shares in the following Fund:
- LF Equity Income Fund
- 3.3 The property attributable to a Fund and any other future Fund within the Company is managed as if such fund belonged to the UCITS Scheme category as specified in COLL. Subject to the terms set out in this Prospectus, holders of shares in a Fund are entitled to receive (or, in the case of accumulation shares, to have re-invested) the net income derived from a Fund and to redeem their shares at a price linked to the value of the property of a Fund. Shareholders do not have any proprietary interest in the underlying assets of any Fund. The Shareholders will not be liable for the debts of the Company. A Shareholder is not liable to make any further payment to the Company after they have paid the price on purchase of the Shares.
- 3.4 Each Fund is a segregated portfolio of assets and, accordingly, the assets of any Fund belong exclusively to that Fund and shall not be used or made available to discharge (directly or indirectly) the liabilities of, or claims against, any other person or body, including the Company and any other Fund and shall not be available for any such purpose. Whilst the provisions of the OEIC Regulations provide for segregated liability between Funds, the concept of segregated liability is relatively new. Accordingly, where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known whether a foreign court would give effect to the segregated liability and cross-investment provisions contained in the OEIC Regulations. Therefore, it is not possible to be certain whether the assets of a Fund will always be completely insulated from the liabilities of another Fund in every circumstance.
- 3.5 Subject to the above, to the extent that any Scheme Property, or any assets to be received as part of the Scheme Property, or any costs, charges or expenses to be paid out of the Scheme Property, are not attributable to one Fund only, the ACD will allocate such Scheme Property, assets, costs, charges or expenses between a Fund in a manner which is fair to all Shareholders.
- 3.6 The base currency for the Company is pounds sterling. The maximum size of the Company's capital is £100,000,000,000 and the minimum size is £1.

- 3.7 The Company is an umbrella company authorised as a UCITS Scheme for the purposes of the COLL and, as at the date of this Prospectus, consists of one fund, the LF Equity Income Fund. The Company was authorised by an order made by the FCA with effect from the 7 May 2014. Please note that approval by the FCA in this context does not in any way indicate or suggest endorsement or approval of the Company as an investment. The FCA's Product Reference Number ("PRN") for the Company is 620961. The product reference number for the LF Equity Income Fund is 635902. The operation of the Company is governed by the Regulations, the Instrument of Incorporation and this Prospectus.
- 3.8 The Fund will generally invest in "approved securities", which are transferable securities which are admitted to, or dealt in on, an eligible market as defined for the purposes of the COLL Sourcebook. The eligible securities markets (in addition to those established in EEA member states) and eligible derivatives markets for the Fund are as set out in Appendix I. A detailed statement of the general investment and borrowing restrictions in respect of the Fund is set out in paragraph 31 "Investment and Borrowing Powers".

#### **4. INVESTMENT OBJECTIVES AND POLICIES**

The property of this Fund will be invested with the aim of achieving the stated investment objective. The Fund will be managed in accordance with the Regulations and within the constraints as summarised in Section 31 of this Prospectus.

Where subsequent amendments to the Investment Policy are deemed by the ACD to be significant, the ACD shall notify Shareholders of any such significant change by the giving of 60 days' notice prior to such change being implemented.

##### **4.1 LF Equity Income Fund Investment Objective and Policy**

The aim of this Fund is to provide a reasonable level of income together with capital growth. This will be achieved by investing primarily in UK listed companies. The Fund may also invest in unlisted companies and overseas entities. The Fund may also invest in other transferable securities, money market instruments, warrants, collective investment schemes and deposits.

The Investment Manager may also make use of derivatives for investment purposes (gaining both long and short exposure to the underlying assets) and for efficient portfolio management. It is not anticipated that such use of derivatives will have significant adverse effect on the risk profile of this Fund.

##### **4.2 Comparator Benchmarks**

FTSE All Share Total Return Index and IA UK All Companies Equity Sector

##### **4.3 Information Regarding Benchmarks**

The Fund's performance may be compared against the following benchmarks (referred to as 'comparator benchmarks'): The FTSE All Share Total Return Index is representative of the universe of assets in which the Fund may invest and may assist investors in evaluating the Fund's performance against UK equity returns. The Fund also uses the IA UK All Companies Equity Sector as a comparator as investors may find it useful to compare the performance of the Fund with the performance of a group of the Fund's peers. Many funds sold in the UK are grouped into sectors by the Investment Association (the trade body that represents UK investment managers). This comparator benchmark has been selected as we consider it assists investors in evaluating the Fund's performance against the performance of other funds invested in similar assets. The Fund is not constrained by the benchmarks and may take positions that differ significantly from the benchmarks.

#### 4.4 Further Funds

Subject to the Instrument of Incorporation and COLL, the ACD may establish additional Funds from time to time.

### 5. RISK FACTORS

Investors should bear in mind that all investment carries risk and in particular should be aware of the following:

- 5.1 The investments of the Fund are subject to normal market fluctuations and other risks inherent in investing in securities. There can be no assurance that any appreciation in the value of investments will occur. The value of investments and the income derived from them may fall as well as rise and Shareholders may not recoup the original amount they invest in the Company. There is no certainty that the investment objective of the Fund will actually be achieved and no warranty or representation is given to this effect. The level of any yield for a Sub-fund may be subject to fluctuations and is not guaranteed.

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

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

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

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

- 5.3 The levels of income generated by a Fund will vary and are not guaranteed.

- 5.4 Where charges are taken from the Fund's capital, this will increase the amount of income available for distribution; however, this will erode capital and may constrain capital growth.

- 5.5 The Investment Manager may employ derivatives including forward transactions for the purposes of Efficient Portfolio Management (including hedging) with the aim of reducing the risk profile of the Trust, reducing the costs or generating additional Capital or income.

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

- 5.6 The Investment Manager may also employ derivatives including forward transactions for investment purposes in the pursuit of the investment objectives and in accordance with its risk management policy. Should the ACD and the Investment Manager invest in derivatives and forward transactions

for investment purposes, the net asset value of the Fund(s) may at times be volatile (in the absence of compensating investment techniques) and the risk profile of the Fund(s) may change.

- 5.7 Although subject to additional regulation, COLL permits a Fund to use derivatives to effectively short sell (agree to deliver the relevant asset without holding it in the scheme) under certain conditions. If a Fund uses derivatives to create short exposure, while there is the potential for a gain to be made when the underlying securities are falling in value there is also the risk of loss when the underlying is rising in value. The implication of such exposure is that a Fund's performance will be less closely related to the performance of the type of assets in which it will ordinarily invest.
- 5.8 A Sub-fund may suffer a reduction in the value of its scheme property due to dealing costs incurred when buying and selling investments. To offset this dilution effect the ACD may require the payment of a dilution levy in addition to the price of Shares when bought or as a deduction when sold. The ACD may enter into collateral arrangements with counterparties in respect of derivative transactions undertaken on behalf of a Fund. Whilst the use of such collateral arrangements is required to comply with the investment and borrowing powers applicable to UCITS schemes in COLL in respect of the use of collateral, investors should note that under the terms of such arrangements the counterparties in question will rank ahead of the Shareholders as creditors to the Scheme Property in the event of default.
- 5.9 The ACD on behalf of the Fund may enter into transactions in over-the-counter markets, which will expose the Fund to the credit of its counterparties and their ability to satisfy the terms for such contracts. For example, the ACD on behalf of the Fund may enter into agreements or use other derivative techniques, each of which expose the Fund to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of a bankruptcy or insolvency of a counterparty, the Fund could experience delays in liquidating the position and significant losses, including declines in the value of its investment during the period in which the Fund seeks to enforce its rights, inability to realise any gains on its investments during such period and fees and expenses incurred in enforcing its rights. There is also a possibility that the above agreements and derivative techniques are terminated due, for instance, to bankruptcy, supervening illegality or change in the tax or accounting laws relative to those at the time the agreement was originated. In such circumstances, Shareholders may be unable to cover any losses incurred.
- 5.10 The LF Equity Income Fund may invest in derivatives, forward transactions and warrants for investment purposes; this means that for regulatory purposes it will be regarded as a high volatility fund. However, any derivative techniques used and investment in warrants will have the overall intention of reducing the volatility of returns, reflecting the investment policy for the Fund generally.
- 5.11 Funds investing in overseas securities are exposed to, and may hold, currencies other than the operational currency of the Sub-fund (GBP). As a result, exchange rate movements may cause the GBP value of investments to decrease or increase.
- 5.12 Depending on the types of assets the Fund invests in, there may be occasions where there is an increased risk that a position cannot be liquidated in a timely manner at a reasonable price.
- 5.13 The Fund will be exposed to a credit risk on parties with whom it trades and will also bear the risk of settlement default.
- 5.14 If a government or regulator introduces new laws, regulations or there are changes in economic, technological or political conditions, this could affect market sentiment, which could have a negative effect on the value of securities or Funds that a Fund invests in.
- 5.15 The real value of any returns that a Shareholder may receive from the Fund could be affected by interest rates and inflation over time.

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

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

- 5.17 Shareholders are reminded that in certain circumstances their right to redeem Shares may be suspended. Please see paragraph 20 “Suspension of Dealings in the Company or a Fund” for full details.

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

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

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

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

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

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

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

- 5.21 Typical Investor: A Fund may be marketed to all classes of investor. However, a typical investor should understand and appreciate the risks associated with investing in shares in a Fund.

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

## 6. THE AUTHORISED CORPORATE DIRECTOR

The ACD of the Company is Link Fund Solutions Limited. The ACD is a private company limited by shares, incorporated in England and Wales on 21 November 1973. The registered office of the ACD is at Central Square, 29 Wellington Street, Leeds. LS1 4DL and its principal place of business is Central Square, 29 Wellington Street, Leeds. LS1 4DL. The amount of the ACD's issued and paid up share capital is £1,247,636. The ACD's ultimate holding company is Mitsubishi UFG Financial Group, a company incorporated in Japan and listed the Japanese Stock Exchange.

- 6.1 The ACD is authorised and regulated by the FCA.
- 6.2 The ACD may provide investment services to other clients and funds and to companies in which the Company may invest in accordance with the Regulations.
- 6.3 When managing investments of the Company, the ACD will not be obliged to make use of information which in doing so would be a breach of duty or confidence to any other person or which comes to the notice of an employee or agent of the ACD but properly does not come to the notice of an individual managing the assets of the Company.
- 6.4 The directors of Link Fund Solutions Limited are:

- N Boyling
- A Reid
- A Stuart

Messrs Reid and Stuart are Non-Executive Directors of the ACD and in the case of Mr Reid, he also acts as the chairman of the board. Mr Stuart is also engaged in other business activities not connected with the business of the ACD. Such business activities are not considered to be of significance to the business of the ACD. Any material conflicts are managed appropriately and reviewed regularly.

No other director is engaged in any significant business activity not connected with the business of the ACD or other subsidiaries of Link Administration Holdings Limited.

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

Pursuant to the ACD Agreement, the ACD manages and administers the affairs of the Company in accordance with the Regulations, the Instrument of Incorporation and this Prospectus. The ACD Agreement incorporates detailed provisions relating to the ACD's responsibilities.

The ACD Agreement may be terminated by the Company on not less than twelve months' written notice or earlier upon the happening of certain specified events.

The ACD Agreement contains detailed provisions relating to the responsibilities of the ACD and excludes it from any liability to the Company or any Shareholder for any act or omission except in the case of negligence, wilful default, breach of duty or breach of trust in relation to the Company on its part. The ACD Agreement provides indemnities to the ACD to the extent allowed by the Regulations and other than for matters arising by reason of its negligence, wilful default, breach of duty or breach of trust in the performance of its duties and obligations. Subject to certain limited exceptions set out in the Regulations, the ACD may retain the services of any person to assist it in the performance of its functions.

Details of the fees payable to the ACD are set out in section 25 below.

The ACD is also under no obligation to account to the Depositary, the Company or the Shareholders for any profit it makes on the issue or re-issue or cancellation of Shares which it has redeemed.

The Company has no directors other than the ACD. The ACD is the manager of certain AUTs and open-ended investment companies details of which are set out in Appendix 2.

- 6.6 The ACD has, pursuant to the ACD Agreement, delegated the performance of administration and fund accounting functions for the LF Equity Income Fund to Northern Trust Global Services SE (UK branch).
- 6.7 The ACD is required to have a Remuneration Code (“the Code”) relating to the way in which it remunerates its staff. The Code is designed to ensure that firms have risk-focused remuneration policies which are consistent with and promote effective risk management and do not expose the ACD or the funds it operates to excessive risk.

Full details of the Code are available on the website of the ACD: [www.linkfundsolutions.co.uk](http://www.linkfundsolutions.co.uk). This sets out a description of how remuneration and benefits are calculated and the identities of persons responsible for awarding the remuneration and benefits. A paper copy of that website information will be made available free of charge on request from the ACD.

## **7. INVESTMENT MANAGEMENT SERVICES**

- 7.1 As at the date of the Prospectus, the ACD has not delegated investment management services to a third party and retains this function in-house.

## **8. THE DEPOSITARY**

- 8.1 The Company's depositary is Northern Trust Global Services SE (UK branch).
- 8.2 The ACD has appointed the Depositary to act as depositary for the purposes of the Company being a UCITS Scheme.
- 8.3 The Depositary is a European public limited liability company registered on 1 March 2019 with registered number B232281. Northern Trust Global Services SE's registered office is 6, Rue Lou Hemmer L-1748 Senningerberg, Luxembourg and the Depositary's principal place of business is at 50 Bank Street, London E14 5NT, United Kingdom.
- 8.4 Northern Trust Global Services SE is authorised as a credit institution in Luxembourg under Chapter 1 of Part 1 of the Luxembourg law of 5 April 1993 on the financial sector. It is subject to supervision by the European Central Bank and the Luxembourg Commission de Surveillance du Secteur Financier and is regulated by the Financial Conduct Authority in the conduct of its Depositary activities.
- 8.5 The Depositary's ultimate holding company is Northern Trust Corporation, a company which is incorporated in the State of Delaware, United States of America, with its headquarters at 50 South La Salle Street, Chicago, Illinois.
- 8.6 The Depositary is responsible for the safekeeping of the Scheme Property, monitoring the cash flows of the Company, and must ensure that certain processes carried out by the ACD are performed in accordance with the Regulations, the Instrument of Incorporation and the Prospectus.
- 8.7 The Depositary is permitted to delegate (and authorise its delegate to sub-delegate) the safekeeping of Scheme Property.

- 8.8 The Depositary has delegated safekeeping of the Scheme Property to Northern Trust Company London Branch (the "Custodian"). In turn, the Custodian has sub-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 Appendix 4. Shareholders should note that, except in the event of material changes requiring a prompt update of this Prospectus, the list of Sub-Custodians is updated only at each Prospectus review.
- 8.9 Up-to-date information regarding the Depositary, its duties, the delegation of its safekeeping functions and its conflicts of interest will be made available to shareholders on request.
- 8.10 The ACD is required to enter into a written contract with the Depositary to evidence its appointment as depositary of the Company. The Depositary was appointed as depositary of the Company under an agreement (the "Depositary Agreement"). The ACD and the Depositary entered into an amended and restated Depositary Agreement dated 18 March 2016, pursuant to which the ACD and the Depositary agree to carry out various functions in order to comply with, and facilitate compliance with, the requirements of the Regulations. Details of the Depositary's remuneration are set out in the section headed "**The Fees, Charges and Expenses of the Depositary**".
- 8.11 The Depositary Agreement is terminable on receipt of six months' written notice given by either party. The Depositary may not retire voluntarily except on the appointment of a new depositary.

## **9. THE ADMINISTRATOR AND FUND ACCOUNTANT**

- 9.1 The ACD has appointed Northern Trust Global Services SE (UK branch) as administrator and Fund Accountant for the Fund.
- 9.2 The Administrator and Fund Accountant is a European public limited liability company, registered on 1 March 2019 with registered number B232281. Northern Trust Global Services SE's registered office is 6, Rue Lou Hemmer L-1748 Senningerberg, Luxembourg and the principal place of business is at 50 Bank Street, London E14 5NT, United Kingdom. The ultimate holding company is Northern Trust Corporation, a company which is incorporated in the State of Delaware, United States of America, with its headquarters at 50 South La Salle Street, Chicago, Illinois.
- 9.3 Contact details are as follows:
- Northern Trust Global Services SE (UK branch)  
50 Bank Street  
Canary Wharf  
London E14 5NT  
Tel: 020 79822000

## **10. AUDITORS**

The auditors of the Company are Grant Thornton UK LLP of 30 Finsbury Square, London EC2P 2YU. Full audited report and accounts on the Company will be prepared annually.

## **11. NO LIABILITY TO ACCOUNT**

Neither the ACD, Depositary, Fund Accountants, Administrators, Investment Manager, nor any other person involved with the establishment and/or operation of the Company are liable to account to each other or to the Shareholders or former shareholders of the Company for any profits or benefits they may make or receive which are made, derived from or in connection with:

- 11.1 dealings in the shares of the Company;
- 11.2 any transaction in the underlying property of the Company; or



11.3 the supply of services to the Company.

## 12. SHARES IN THE COMPANY

12.1 Under the Company's Instrument of Incorporation, the Company is permitted to issue income and accumulation shares in relation to each of the Funds. The details of the share classes currently available in relation to the Fund are set out below:

Fund	Share Class	Suitable for:
LF Equity Income Fund	A Sterling Accumulation	Retail Investors
	A Sterling Income	Retail Investors
	C Sterling Accumulation	Institutional Investors
	C Sterling Income	Institutional Investors
	Z Sterling Accumulation	Institutional Investors
	Z Sterling Income	Institutional Investors
	X Sterling Accumulation	Institutional Investors
	X Sterling Income	Institutional Investors
	F Sterling Accumulation	This class is only available for investment by the Woodford Feeder Fund (Ireland) and the Group Self Invested Pension Plan of Woodford Investment Management Limited

12.2 Each share is deemed to represent one undivided unit of entitlement in the property of a Fund. Where both income and accumulation shares are in existence in relation to a Fund, the number of undivided units of entitlement in the property of a Fund represented by each accumulation share increases as income is accumulated.

12.3 Any income arising in respect of an income share attributable to the Fund shall be determined and distributed as summarised in section 23 "Distributions" below

12.4 Any income arising in relation to an accumulation share will be credited automatically to capital which will be reflected in the price of such accumulation share.

12.5 Where both income and accumulation shares are in existence in relation to a Fund, the income of a Fund is allocated as between income shares and accumulation shares according to the respective units of entitlement in the property of a Fund represented by the accumulation shares and income shares in existence at the end of the relevant accounting period.

12.6 The rights attaching to the shares of all classes may be expressed in two denominations and, in each of these classes, the proportion of a larger denomination share represented by a smaller denomination share shall be one thousandth of the larger denomination in other terms shares are issued to three decimal places.

- 12.7 Further classes of share may be established from time to time by the ACD with the approval of the FCA, the agreement of the Depositary and in accordance with the Instrument of Incorporation. On the introduction of any new Fund or class, a revised prospectus will be prepared, setting out the details of each new Fund or class.
- 12.8 The currency in each new class of shares is denominated and/or valued will be determined at the date of creation and set out in the prospectus issued in respect of the new class of shares.
- 12.9 The Company is permitted to offer a regular savings facility and a regular capital withdrawal facility.

### **13. REGISTER**

- 13.1 The Administrator acts as registrar of the Company. A register of Shareholders is maintained by the administrator at its registered office where it can be inspected by Shareholders during normal office hours.
- 13.2 No certificates will be issued in respect of a holding of shares and should any shareholder require evidence of title to shares the registrar will, upon such proof of identity and the payment of such fee (if any) as the registrar may reasonably require, supply the shareholder with a certified copy of the relevant entry in the register relating to the shareholder's holding of shares.
- 13.3 Shareholders should notify the registrar in writing of any change to their name or address.
- 13.4 No bearer shares are issued.

### **14. VALUATIONS**

- 14.1 Each share linked to a Fund represents a proportional share of the overall property attributable to such Fund. Therefore, the value of a share attributable to a Fund is calculated, in broad outline, by calculating the net value of the property attributable to a Fund, and dividing that value (or that part of that value attributed to shares of the class in question) by the number of shares (of the class in question) in issue.
- 14.2 Valuations are normally carried out on each Dealing Day. The valuation point for a Fund is 12 noon on each Dealing Day.
- 14.3 The ACD may carry out additional valuations if it considers it desirable to do so. Valuations will not be made during a period of suspension of dealings (see "Suspension of Dealings" below). The ACD is required to notify the Depositary if it carries out an additional valuation.
- 14.4 The property attributable to a Fund is, for all purposes, valued on the following basis (which is set out in full in the Company's Instrument of Incorporation):
- 14.4.1 Units or shares in collective investment schemes will be valued at their quoted price if a single buying and selling price is quoted or if separate bid and offer prices are quoted, the average is calculated by reference to prices before application of any initial or exit charges. Where no price (or no recent price) exists or the ACD considers that the price obtained is unreliable, the asset concerned will be attributed a value which in the ACD's opinion is fair and reasonable.
  - 14.4.2 Exchange traded derivatives will be valued at their quoted price if a single price for buying and selling the exchange-traded derivatives is quoted, or if a separate buying and selling price are quoted, at the average of the two prices.
  - 14.4.3 Over-the-counter derivative contracts will be valued in accordance with the method of valuation as shall have been agreed between the ACD and the Depositary.

- 14.4.4 Any other investments will be valued at their quoted price (if a single buying and selling price is quoted) or if separate buying and selling prices are quoted, at the average of the two prices, or if, in the opinion of the ACD, the price 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.
  - 14.4.5 Cash and amounts held in current and deposit accounts and other time-related deposits are valued at their nominal value.
  - 14.4.6 Deductions are made for anticipated tax liabilities and for an estimated amount of other liabilities payable out of the property of a Fund and for outstanding borrowings together with accrued but unpaid interest.
  - 14.4.7 Amounts are added in respect of estimated, recoverable tax and any other amounts due to be paid into a Fund, including interest accrued or deemed to accrue.
- 14.5 For the above purposes, instructions given to issue or cancel shares are assumed to have been carried out (and any cash paid or received) and uncompleted arrangements for the unconditional sale or purchase of property are (with certain exceptions) assumed to have been completed and all consequential action taken.
- 14.6 Each Fund has credited to it the proceeds of all shares attributed to it, together with the assets in which such proceeds are invested or reinvested and all income, earnings, profits, or assets deriving from such investments. All liabilities and expenses attributable to a Fund are charged to it.
- 14.7 The Company is required to allocate (and the ACD may from time to time reallocate) any assets, costs, charges or expenses which are not attributable to a particular Fund against all the Funds in a manner which is fair to the Shareholders generally.
- 14.8 Where the ACD has reasonable grounds to believe that:
- 14.8.1 no reasonable price exists for a security at a valuation point; or
  - 14.8.2 the most recent price available does not reflect the ACD's best estimate of the value of a security at a valuation point;
- it will value an investment at a price which, in its opinion, reflects a fair and reasonable price for that investment (the fair value price).
- 14.9 The circumstance which may give rise to a fair value price being used includes where there has been no recent trade in the security concerned or where there has been the occurrence of a significant event since the most recent closure of the market where the price of the security is taken.

## **15. PRICES OF SHARES**

### **15.1 General**

Shares in the Company are "single priced". This means that subject to the dilution adjustment referred to below, if applicable, the price of a share for both buying and selling purposes will be the same and determined by reference to a particular valuation point. The price of a share is calculated at or about the valuation point each Dealing Day (to at least four significant figures) by:

- 15.1.1 taking the value of the property attributable to the Fund and therefore all shares (of the relevant class) in issue (on the basis of the units of entitlement in the property of a Fund attributable to that class at the most recent valuation of the Fund); and

15.1.2 dividing the result by the number of shares of the relevant class in issue immediately before the valuation concerned.

## 15.2 Publication of Prices

The prices of shares for each class in each Fund will be posted on every dealing day on the website of the ACD: [www.linkfundsolutions.co.uk](http://www.linkfundsolutions.co.uk). Prices can also be obtained by telephoning the Administrator at the telephone number set out on page 6.

Neither the Company nor the ACD is responsible for any errors in publication or for non-publication. The ACD issues and redeems shares on a forward pricing basis, not on the basis of the published prices.

## 16. DILUTION ADJUSTMENT

16.1 The actual cost of purchasing or selling assets and investments in a Fund may vary due to dealing charges, taxes, and any spread between buying and selling prices of the underlying investments of a Fund. These costs could have an adverse effect on the value of the Fund, known as “dilution”. In order to mitigate the effect of dilution the ACD may at its discretion adjust the sale and purchase price of Shares to take into account the possible effects of dilution to arrive at the price of the Shares. This practise is known as making a “dilution adjustment”. The power to make a dilution adjustment may only be exercised for the purpose of reducing dilution in a Fund. If the price of the Shares does contain a dilution adjustment, such dilution adjustment will be paid into the Fund and will become part of the property of the Fund thus mitigating the effects of dilution that would otherwise constrain the future growth of the Fund.

16.2 The ACD reserves the right to make a dilution adjustment every Dealing Day. The dilution adjustment is calculated using the estimated dealing costs of the Fund’s underlying investments and taking into consideration any dealing spreads, commission and transfer taxes.

16.3 The discount or premium to NAY per Share will depend on the volume of subscriptions or redemptions of Shares and the ACD is not currently able to predict the likely frequency of such events. The ACD may in its discretion make a dilution adjustment if, in its opinion, the existing Shareholders, in the case of subscriptions, or remaining Shareholders, in the case of redemptions, might otherwise be adversely affected, and making a dilution adjustment is, so far as practicable, fair to all Shareholders and potential Shareholders. In particular, the dilution adjustment may be made in relation to a Fund in the following circumstances:

- where the Fund is expanding or contracting;
- where the Fund is experiencing a large net subscription position or a large redemption position relative to its size on any Dealing Day;
- in any other case where the ACD is of the opinion that the interests of Shareholders requires the imposition of a dilution adjustment.

16.4 A Fund is regarded as expanding where, based on the daily movements in and out of the Fund, the Fund has experienced a net inflow of money over a period of time. A Fund is regarded as contracting where, over a period of time, the Fund has experienced a net outflow. A Fund is regarded as level where it is considered to be neither expanding nor contracting based on the above criteria.

16.5 Where a Fund is expanding, the ACD will normally swing the price to “offer” (i.e. increase the price by the premium rate detailed above), however in the event of net outflows on a given Dealing Day the ACD may leave the price at “mid” or swing the price to “bid” (i.e. reduce the price by the discount rate detailed above) if the outflows are of significant size relative to the size of the Fund.

- 16.6 Where a Fund is contracting, the ACD will normally swing the price to “bid”, however in the event of net inflows on a given Dealing Day the ACD may leave the price at “mid” or swing the price to “offer” if the inflows are of significant size relative to the size of the Fund.
- 16.7 On the occasions when a dilution adjustment is not applied if a Fund is in a net subscription position or a net redemption position, there may be an adverse impact on the assets of the Fund attributable to each underlying Share, although the ACD does not consider this to be likely to be material in relation to the potential future growth in value of a Share. As dilution is directly related to the inflows and outflows of monies from a Fund it is not possible to accurately predict whether dilution will occur at any future point in time. Consequently it is also not possible to accurately predict how frequently the ACD will need to make a dilution adjustment.
- 16.8 The dilution adjustment will be applied to the Net Asset Value per Share in each Class resulting in a figure calculated up to four decimal places. The final digit in this figure will then be rounded either up or down in accordance with standard mathematical principles resulting in the final price for the Shares. The most recent dilution adjustment figures can be obtained from the ACD on request.
- 16.9 In normal market conditions and under the current tax regime in the UK, the dilution adjustment is, based on projections, likely to be in the range of NAV -1% to NAV +1% and on a daily basis
- 16.10 It is the ACD’s opinion that it is likely that dilution adjustment will be made. The ACD opinion is based on projected dealing volumes.

## **17. DEALING, ISSUE, REDEMPTION AND EXCHANGE OF SHARES**

### **17.1 General**

Requests for the purchase, redemption and exchange of shares are normally dealt with by the issue or cancellation of such shares by the Company. However, in certain circumstances, the ACD may deal with such requests by selling shares to and/or repurchasing them from the applicant as appropriate. In other words, the ACD is entitled to hold shares for its own account and to satisfy requests for the sale of shares from its own holding (this is generally referred to as the ACD dealing from its "box"). The ACD is required to procure the issue or cancellation of shares by the Company where necessary to meet any obligations to sell or redeem shares. Shares will be issued, redeemed, sold or repurchased at the price calculated by reference to the valuation point following receipt of the request (on a forward basis).

The ACD may not sell a share at a higher price, or redeem a share at a lower price from its "box" (in both cases before application of any dilution adjustment, as applicable) than the price notified to the Depositary in respect of the valuation point concerned.

The ACD is under no obligation to account to the Company or to Shareholders for any profit it makes on the issue of shares or on the reissue or cancellation of shares which it has redeemed from its "box" and will not do so.

### **17.2 Dealing**

The ACD will accept instructions to purchase, redeem or exchange shares in writing by post, fax (or by electronic messaging where there is a prior agreement in place with the ACD as further detailed below).

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

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

The ACD will also accept instructions by telephone. Where permitted, telephone instructions may be accepted between 9.00 am and 5.00 pm on any Business Day.

All dealings are at forward prices, such that instructions accepted on a Business Day prior to 12 noon will be priced at the 12 noon valuation point on the same day, instructions received after 12 noon on any Business Day will be priced at the 12 noon valuation point on the next Business Day.

Dealing instructions in a Fund should be addressed as follows:

By Post; PO BOX 3733, Royal Wootton Bassett, Swindon SN4 4BG By

Telephone: 0333 300 0381

By Facsimile: 0207 643 3776

### 17.3 Electronic dealing

Investors, with the agreement of the ACD, may buy or sell shares via electronic messaging services such as EMX or SWIFT. Instructions to redeem shares via such electronic methods constitute renunciation of shares where an existing coverall agreement is in place.

The ACD may accept instructions to effect a transfer or renunciation of title to shares on the basis of an authority communicated by electronic means where there is a prior agreement between the ACD and the person making the communication as to (i) the electronic media by which such communications may be delivered; and (ii) how such communications will be identified as conveying the necessary authority. The ACD can request an assurance from any person who may give such authority on behalf of the shareholder that they have obtained the required appointment in writing from the shareholder.

### 17.4 Issue/Subscriptions

Applications for the Class A shares linked to any Fund may be made by any person. Applications for Class C, Class Z, Class X Shares linked to any Fund may only be made by persons who have terms of business or arrangements with Woodford Investment Management Limited or their duly appointed delegate.

Applications may be made by completing an application form which should be sent with payment (within four Business Days of the dealing as directed above under "Dealings"). Application forms are available from the ACD and the Administrator.

Application instructions are irrevocable. Subject to its obligations under COLL, the ACD reserves the right to reject any application in whole or in part. In that event, cleared application monies or any balance will be returned to the applicant by electronic transfer at the applicant's risk.

The ACD reserves the right to charge interest at 4% above the prevailing Bank of England base rate on the value of any payment received later than the fourth business day following the relevant valuation point (see "Dealings" above). No interest will be paid on funds held prior to investment. Shares that have not been paid for cannot be redeemed.

As a result of legislation in force in the UK to prevent money laundering, the ACD is responsible for compliance with anti-money laundering regulations. In order to implement these regulations, in certain circumstances investors may be asked to provide proof of identity when buying, redeeming or transferring Shares. When transferring Shares the transferee will be asked to provide proof of identity. Until satisfactory proof of identity is provided, the ACD reserves the right to refuse to issue Shares, pay the proceeds of a redemption of Shares, or pay income on Shares to the investor. In the case of a purchase of Shares where the investor is not willing or is unable to provide the information requested within a reasonable period, the ACD also reserves the right to sell the Shares purchased and return the proceeds to the account from which the subscription was made. These proceeds may be less than the original investment.

Applications will not be acknowledged but a contract note will be sent on or before the Business Day next following the relevant Dealing Day. Certificates will not be issued.

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

All payments for shares in a Fund should be received by the ACD, within four Business Days of the relevant Dealing Day.

If an Applicant defaults in making any payment in money or transfer of property due to the ACD in respect of the sale or issue of shares, the Company will be entitled to make any necessary amendment to the register and the ACD will become entitled to the shares in place of the Applicant (subject, in case of an issue of shares, to the ACD's payment of the purchase price to the Company). The ACD may, at its discretion, delay arranging for the issue of the shares until payment has been received.

#### 17.5 In Specie Application

The ACD may, by special arrangement and at its discretion, agree to arrange for the issue of Shares in exchange for assets other than cash but only if the Depositary is satisfied that acquisition of the assets in exchange for the other Shares to be issued is not likely to result in any material prejudice to the interests of Shareholders of the Fund concerned.

#### 17.6 Minimum Holding and Purchase

In respect of shares in each Fund, the minimum value of shares which any one person may purchase initially, and must thereafter hold in the Fund, is:

<b>Share Class:</b>	<b>Minimum initial investment and holding amount:</b>
A Sterling Accumulation	£150,000
A Sterling Income	£150,000
C Sterling Accumulation	£50,000,000
C Sterling Income	£50,000,000
Z Sterling Accumulation	£500,000,000
Z Sterling Income	£500,000,000
X Sterling Accumulation	£1,000,000

X Sterling Income	£1,000,000
F Sterling Accumulation	Nil

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

The minimum value of shares which may be the subject of any additional investment transaction is:

<b>Share Class:</b>	<b>Minimum additional investment amount:</b>
A Sterling Accumulation	£1,000
A Sterling Income	£1,000
C Sterling Accumulation	Nil
C Sterling Income	Nil
Z Sterling Accumulation	Nil
Z Sterling Income	Nil
X Sterling Accumulation	Nil
X Sterling Income	Nil
F Sterling Accumulation	Nil

However, the ACD may, by special arrangement and at its discretion, agree on an individual basis a lower amount in relation to the minimum transaction sizes.

#### 17.7 Redemptions

Shares in each Fund may be redeemed on any Dealing Day. The ACD will accept instructions to redeem shares in the same manner as set out under "Dealing" above. Fax or telephone instructions must be subsequently confirmed in writing to the Administrator prior to redemption proceeds being remitted. Redemption instructions are irrevocable. The contact details of the Administrator are at "17.2 Dealing", above.

A redemption contract note will be sent on or before the next Business Day following the relevant Dealing Day. Where the total consideration for the transaction would include a fraction of one penny it will be rounded up or down to the nearest penny. There may also be deducted, if the consideration is to be remitted abroad, the cost of remitting the proceeds (if any). The redemption proceeds will be paid by electronic transfer not later than the close of business on the fourth Business Day after the later of the following times:

- 17.7.1 the valuation point immediately following the receipt by the ACD of the request to redeem the shares; or



17.7.2 the time when the ACD has received all duly executed instruments and authorisations which effect (or enable the ACD to effect) transfer of title to the shares. Neither the Company nor the ACD is required to make payment in respect of a redemption of shares where the money due on the earlier issue of those shares has not yet been received or where the ACD considers it necessary to carry out or complete identification procedures in relation to the holder or another person pursuant to a statutory, regulatory or European Community obligation (such as the UK's Money Laundering Regulations).

#### 17.8 In Specie Redemption

Where a shareholder requests redemption of a number of shares, the ACD at its discretion may, where it considers that deal to be substantial in relation to the total size of a Fund or in some way detrimental to the Fund, by serving a notice of election on the shareholder not later than the close of business on the second Business Day following the day of receipt of the request, elect that the shareholder shall not be paid the redemption price of his shares but instead there shall be a transfer to that holder of property of the relevant Fund having the appropriate value. Where such a notice is so served on a shareholder, the shareholder may serve a further notice on the ACD not later than the close of business on the fourth Business Day following the day of receipt by the shareholder of the first mentioned notice requiring the ACD, instead of arranging for a transfer of property, to arrange for a sale of that property and the payment to the shareholder of the proceeds of that sale. The Depositary must take reasonable care to ensure that the property concerned would not be likely to result in any material prejudice to the interests of Shareholders. The Company may retain out of the property to be transferred (or the proceeds of sale) property or cash of value or amount equivalent to any Dilution adjustment to be paid in relation to the cancellation of the shares.

If a Shareholder redeems Shares in specie in return for an appropriate value of assets out of the Company, there will be no Stamp Duty Reserve Tax 'SDRT' on UK equities provided the Shareholder receives a proportionate part of each holding. Otherwise the Shareholder will be liable to SDRT at 0.5% on the value of any UK equities transferred.

#### 17.9 Minimum Redemption and Holding

Where the value of an individual holding of shares would, in consequence of a request for redemption/cancellation, fall below the minimum holding set out above, such request may be treated as a request for redemption/ cancellation of all the shares of such class held by such shareholder. The value of shares for this purpose is calculated by reference to the current price. However the ACD may, by special arrangement and at its discretion, agree on an individual basis a lower amount in relation to the minimum redemption size.

### 18. CONVERTING

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

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

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

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

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

If a partial Conversion would result in the Shareholder holding a number of Original Shares or New Shares of a value which is less than the minimum holding in the Class concerned, the ACD may, if it thinks fit, exchange the whole of the applicant's holding of Original Shares to New Shares or refuse to effect any Conversion of the Original Shares.

Save as otherwise specifically set out, the general provisions on procedures relating to redemption will apply equally to a Conversion. Written instructions must be received by the ACD before the Valuation Point on a Dealing Day to be dealt with at the prices at the Valuation Point on that Dealing Day or at such other Valuation Point as the ACD at the request of the Shareholder giving the relevant instruction may agree. Requests to Convert received after a Valuation Point will be held over until the next day which is a Dealing Day for the Company.

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

The ACD is permitted to impose a charge where a Shareholder Converts their Shares. The charge on Conversions is payable by the Shareholder to the ACD.

There is currently no charge payable on a Conversion.

**A Shareholder who Converts Shares in one Class for Shares in any other Class will not be given a right by law to withdraw from or cancel the transaction.**

## **19. SUSPENSION OF DEALINGS IN THE COMPANY OR A FUND**

- 19.1 The ACD may, with the prior agreement of the Depositary, and must without delay if the Depositary so requires, temporarily suspend the issue, cancellation, sale and redemption of Shares in the Company where due to exceptional circumstances it is in the interests of all the Shareholders of that Fund.
- 19.2 The ACD and the Depositary must ensure that the suspension is only allowed to continue for as long as is justified having regard to the interests of Shareholders.
- 19.3 The ACD will notify Shareholders as soon as is practicable after the commencement of the suspension, including details of the exceptional circumstances which have led to the suspension, in a clear, fair and not misleading way and giving Shareholders details of how to find further information about the suspensions.
- 19.4 Where such suspension takes place, the ACD will publish, on its website or other general means, sufficient details to keep Shareholders appropriately informed about the suspension, including, if known, its possible duration.
- 19.5 During the suspension none of the obligations in COLL 6.2 (Dealing) will apply but the ACD will comply with as much of COLL 6.3 (Valuation and Pricing) during the period of suspension as is practicable in light of the suspension.
- 19.6 Suspension will cease as soon as practicable after the exceptional circumstances leading to the suspension have ceased but the ACD and the Depositary will formally review the suspension at least every 28 days and will inform the FCA of the review and any change to the information given to Shareholders.

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

## **20. MARKET TIMING AND LATE TRADING POLICY**

- 20.1 The ACD may refuse to accept a new subscription or a conversion if it has reasonable grounds for refusing to accept a subscription or conversion. In particular, the ACD may exercise this discretion if it believes the shareholder has been or intends to engage in market timing activities.
- 20.2 For these purposes, market timing activities include investment techniques which involve short term trading in and out of shares generally to take advantage of variation in the price of shares between the valuation point of the Company. Short term trading of this nature may often be detrimental to long term Shareholders, In particular the frequency of dealing may lead to additional dealing costs which can affect long term performance.
- 20.3 Late Trading is not permitted. "Late Trading" is defined as the acceptance of a subscription, redemption or conversion order received after a Fund's applicable valuation point for that Dealing Day. As such, orders will not be accepted using the price established at the valuation point for that Dealing Day if orders are received after that time. Late Trading will not include a situation in which the ACD is satisfied that orders which are received after the valuation point have been made by investors before then (e.g. where the transmission of an order via electronic mean has been delayed for technical reasons).

## **21. MANDATORY REDEMPTION OF SHARES**

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

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

- (a) are owned directly or beneficially in breach of any law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory; or
- (b) would result in the Company incurring any liability to taxation which the Company would not be able to recoup itself or suffering any other adverse consequence (including a requirement to register under any securities or investment or similar laws or governmental regulation of any country or territory); or
- (c) are held in any manner by virtue of which the Shareholder or Shareholders in question is/are not qualified to hold such Shares or if it reasonably believes this to be the case;

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

Shares, he shall be deemed upon the expiry of that 30 day period to have given a request in writing for the redemption or cancellation (at the discretion of the ACD) of all the affected Shares.

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

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

## **22. DISTRIBUTIONS**

### **22.1 General**

The annual accounting periods for the Company and of a Fund end on 30 September<sup>1</sup> (the "accounting reference date"). The half-yearly interim accounting period ends on 31 March<sup>2</sup> (the "half-yearly interim accounting reference date").

The ACD may operate a policy of smoothing income distributions over the annual accounting period such that all distributable income due to be paid will have been paid by the annual distribution date each year subject to the provisions on the determination of distributable income referred to below.

Distribution statements and tax certificates will be sent to the Shareholders. Payment for the amount of the distribution will, where applicable, be paid by electronic transfer to the bank account details the ACD has on file or the distribution will be reinvested, at the ACD's discretion. In the event a Shareholder redeems their holdings in full between the income allocation date and income payment date and is set up to have their income distribution reinvested, any distribution monies due will be paid to the same bank account details used to remit the Shareholder's redemption proceeds.

Allocation of income to holders of accumulation shares will be effected by transferring to the capital property of each relevant class as at the end of the relevant distribution period and be reflected in the value of the shares on the first Business Day following that distribution period.

All distributions unclaimed for a period of six years after having become due for payment shall be forfeited and shall revert to the Company. The payment of any unclaimed distribution, interest or other sum payable by the Company on or in respect of a share into a separate account shall not constitute the Company a trustee thereof.

Allocations and distributions of income will be made on a quarterly basis in arrears on 30 June, 30 September, 31 December and 31 March, (and additionally in 2020 on 17 January 2020) and will be paid (income shares) or accumulated (accumulation shares) on or before the last Business Day of the second month after the relevant quarter (and additionally for the additional 17 January 2020 interim accounting date, on or before 17 March 2020) e.g. payment at the end of November reflects income received in a Fund for the quarter year to the end of September. Payment or accumulation (as appropriate) will be made as soon as practicable following finalisation of the relevant accounts. By way of clarification investors should note that where distributable income is reinvested in the relevant Fund, no charges are applied to such reinvestment.

<sup>1</sup> With effect from 30 November 2024, this was previously 31 March

<sup>2</sup> With effect from 30 November 2024, this was previously 30 September.

The first income allocation will be the 30 September 2014 with distribution of income on or before the 30 November 2014.

## 22.2 Determination of Distributable Income

As at the end of each annual and interim accounting period, the ACD must arrange for the Depositary to transfer the income payable for distribution attributable to a Fund to the distribution account.

In this context, income payable for distribution generally means all sums considered by the ACD, in each case after consultation with the Company's auditors, to be in the nature of income received or receivable for the account of and in respect of the property attributable to the relevant Fund, but excluding any amount (if any) for the time being standing to the credit of the distribution account.

The ACD need not comply with the above provisions if the average of the allocations of income to the Shareholders of the relevant Fund would be less than £25 or such other amount agreed between the ACD and the Depositary. In that case, such amounts may be carried forward to the next interim accounting period and will be regarded as received at the start of that period. Otherwise, such sums may be credited to capital as determined by the ACD.

On or before each annual or interim income distribution date, the ACD must calculate the amount available for income distribution for the immediately preceding interim accounting period and must inform the Depositary of such amount.

The amount available for income distribution is calculated by taking the aggregate of the income property received or receivable for the account of the relevant Fund in respect of the relevant period, deducting the charges and expenses of the Company paid or payable out of the income property in respect of that period and adding the ACD's best estimate of any relief from tax on those charges and expenses. Further adjustments may be made as the ACD considers appropriate (after consultation with the Auditors) in relation to taxation and the proportion of the prices received or paid for shares that relate to income (taking account of any provisions in the Instrument of Incorporation constituting the scheme relating to income equalisation), potential income which is unlikely to be received until 12 months after the relevant allocation date, income which should not be accounted for on an accrual basis because of lack of information about how it accrues, any transfer between the income and the capital account (regarding payments from capital or income) and making any other adjustments which the ACD considers appropriate (after consultation with the auditors).

In relation to income shares, on or before each relevant income distribution date, the ACD will instruct the depositary to enable it to distribute the income allocated to income shares among the holders of such shares and the ACD in proportion to the number of such shares held, or treated as held, by them respectively at the end of the relevant period.

The amount of income allocated to accumulation shares becomes part of the capital property and to the extent that shares of any other class (such as income shares) were in issue in relation to the relevant period, the interests of holders of accumulation shares in that amount must be satisfied by an adjustment at the end of the relevant period in the proportion of the Scheme Property to which the price of an accumulation share is related. This ensures that the price of an accumulation share remains unchanged despite the transfer of income to capital property.

In calculating the amount to be distributed, the ACD must deduct any amounts previously allocated by way of interim allocation of income for that annual accounting period and deduct and carry forward in the income account such amount as is necessary to adjust the allocation of income to the nearest one hundredth of a penny per income share or such lesser fraction as the ACD may determine.

## 23. INCOME EQUALISATION

An allocation of income (whether annual or interim) to be made in respect of each share issued or sold by the ACD during an accounting period in respect of which that income allocation is made may include a capital sum (the **income equalisation**) representing the ACD's best estimate of the amount of income included in the price of that share.

The amount of income equalisation in respect of any share may be the actual amount of income included in the issue price of the share in question or it may be an amount arrived at by taking the aggregate of the ACD's best estimate of the amounts of income included in the share price of shares of that class issued or sold in the annual or interim accounting period in question and dividing that aggregate by the number of those shares and applying the resultant average to each of the shares in question.

## 24. INITIAL AND PERIODIC CHARGES

### 24.1 Initial Charge

The ACD may impose a charge on the purchase of shares in each class calculated as a percentage of the amount invested by a potential shareholder. The ACD may waive or discount the initial charge at its discretion. The initial charge (which is deducted from subscription monies) is payable by the shareholder to the ACD.

Currently, there will be no initial charge for any investment in a Fund.

### 24.2 Periodic Charge

In payment for carrying out its duties and responsibilities the ACD is entitled to take an annual fee out of the Scheme Property of each Sub-fund as set out below.

The amount due for each month will be calculated by the ACD based upon the sum of the daily fee calculations in that calendar month. The amount due for each month will be calculated by the ACD at the beginning of the next calendar month. The amount due is payable as soon as practicable and in any event no later than the following calendar month. Where the periodic charge is paid out of the capital property of the Company it may constrain capital growth. The ACD may increase the rate of such charge by giving 60 days' notice to Shareholders and amending this Prospectus. The rate of periodic charge is set out below.

The current charges are as follows:

<b>Fund</b>	<b>Share Class</b>	<b>Periodic Charge:</b>
LF Equity Income Fund	A Sterling Accumulation	1.00% pa
	A Sterling Income	1.00% pa
	C Sterling Accumulation	0.75% pa
	C Sterling Income	0.75% pa
	Z Sterling Accumulation	0.65% pa

	Z Sterling Income	0.65% pa
	X Sterling Accumulation	1.50% pa
	X Sterling Income	1.50% pa
	F Sterling Accumulation	0% pa

Such charges exclude Value Added Tax to the extent it is payable. Any increase in the above rates will be dealt with in accordance with the Regulations.

The first accrual will be in respect of the period from the day on which the first valuation of a Fund is made to the following month end. The periodic charge will cease to be payable (in relation to a Fund) on the date of commencement of its termination, and (in relation to the Company as a whole) on the date of the commencement of its winding up or, if earlier, the date of the termination of the ACD's appointment as such. The amount(s) accruing due on the last relevant valuation date before the event concerned will be adjusted accordingly.

#### 24.3 Expenses

Included within the periodic charge will be the following:

- 24.3.1 Fees of the ACD;
- 24.3.2 Fees of the Investment Manager;
- 24.3.3 Fees of the Depositary;
- 24.3.4 Fees of the Administrator;
- 24.3.5 Fees of the Custodian; and
- 24.3.6 Fees of the Auditor.

The periodic charge does not include the other expenses payable out of the Company listed at paragraph 26 below.

#### 24.4 Charges to Capital and Income

Fund charges, costs and expenses (including the ACD's periodic charge and portfolio transaction, charges and other operating costs) attributable to the LF Equity Income Fund will be charged to capital. This may constrain the capital growth of a Fund.

#### 24.5 Rebate of Periodic Charge

The ACD may at its sole discretion rebate its periodic charges in respect of any application for, or holding of, shares. Similarly the Company may rebate or waive its charges in relation to any exchange of shares.

The provision of benefits described above will not result in any additional cost to the Company or a Fund.

The ACD will make disclosures to the Company in relation to inducements as required under applicable FCA rules.

24.6 ACD Research Costs

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

**25. OTHER PAYMENTS OF THE COMPANY**

The following expenses (being the actual amounts incurred) may also be payable by the Company out of its assets at the discretion of the ACD:

- 25.1 broker's commissions, fiscal charges and other disbursements which are necessarily incurred in effecting transactions for a Fund;
- 25.2 interest on and other charges relating to permitted borrowings;
- 25.3 taxation and other duties payable by the Company;
- 25.4 any costs incurred in respect of any meeting of Shareholders including, by way of clarification, meetings convened on a requisition by holders not including the ACD or an associate of the ACD;
- 25.5 any fee and any proper expenses of any professional advisers retained by the Company or by the ACD in relation to the Company or any Fund;
- 25.6 any payments permitted under COLL 6.7.15R; and
- 25.7 VAT on any fees, charges or expenses will be added to such fees, charges or expenses and will be payable by the Company.

Expenses not directly attributable to a particular Fund will be allocated proportionately between all Funds on a pro-rata basis based on net asset value of a Fund, although the ACD has the discretion to allocate such fees and expenses in a manner which it considers fair to Shareholders generally.

In addition to the above, the Company or each Fund (as the case may be) may, so far as COLL allows, also pay out of the Scheme Property all relevant costs, charges, fees and expenses including those listed below. However, the ACD's current policy is that these items are borne by the ACD and not the Company or each Fund. Should this policy change such that any or all of the below listed costs, charges, fees and expenses are charged to the Company or each Fund, then the ACD will first give affected shareholders 60 days' notice of that change. The relevant additional costs, charges, fees and expenses are as follows:

- 25.8 any costs incurred in authorising any Fund and any share class to any Fund at and after initial establishment. Such costs will be apportioned to the appropriate Fund or share class on a monthly basis to the end of the first accounting year;
- 25.9 fees and expenses in respect of establishing and maintaining the register of Shareholders, including any sub-registers kept for the purpose of the administration of ISAs, are payable quarterly out of the Scheme Property of a Fund;
- 25.10 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;



- 25.11 any costs incurred by the Company in publishing the price of the Shares in a national or other newspaper or any other form of media;
- 25.12 any costs incurred in producing, collating, fulfilment, printing, postage and dispatching tax vouchers and any payments made by the Company;
- 25.13 any costs incurred in preparing, translating, producing (including fulfilment, printing and postage), distributing and modifying, any instrument of incorporation any prospectus, any Key Investor Information Document (KIID) (apart from the cost of distributing the KIID), or reports, accounts, statements, contract notes and other like documentation or any other relevant document required under the Regulations;
- 25.14 any costs incurred as a result of periodic updates of or changes to any prospectus, KIID or instrument of incorporation;
- 25.15 any costs incurred in taking out and maintaining an insurance policy in relation to the Company and its Directors;
- 25.16 the audit fees of the Auditor (including VAT) and any expenses of the Auditor;
- 25.17 the fees of the FCA, in accordance with the FCA's Fee Manual, together with any corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which shares in the Company are or may be marketed;
- 25.18 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;
- 25.19 any expense incurred in conducting risk management Value at Risk (VaR) monitoring and reporting;
- 25.20 any payments otherwise due by virtue of a change to the Regulations; and
- 25.21 any value added or similar tax relating to any charge or expense set out herein.

## **26. TAXATION**

### **26.1 General**

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

### **26.2 The Fund**

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

The Fund is generally exempt from United Kingdom tax on capital gains realised on the disposal of its investments (including interest-paying securities and derivatives) held within it. However,

any gains realised on disposing of holdings in non-reporting offshore funds are charged to tax as income and not capital.

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

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

## 26.3 Shareholders

### 26.3.1 Income

Where the Sub-fund pays a dividend distribution (which will be automatically retained in the Fund in the case of accumulation Shares) no tax credit is attached to the dividend distribution.

Individuals liable to income tax at the basic, higher or additional rate may have a further liability to tax depending on the availability of other allowances and reliefs including the annual Dividend Allowance.

#### **Interest**

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

### 26.3.2 Income Equalisation

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

### 26.3.3 Tax Vouchers

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

The ACD reserves the right to charge an administration fee of £10 if a duplicate copy is required. To obtain a duplicate copy you will need to submit your request in writing, along with payment, to Northern Trust Global Services SE (UK branch), 50 Bank Street, Canary Wharf, London E14 5NT.

### 26.3.4 Capital Gains

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

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

#### 26.3.5 The International Tax Compliance Regulations

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

To be compliant with these regulations the Company must collect information about each Shareholder's tax residence and in certain circumstances provide information about Shareholders' Shareholdings to HM Revenue & Customs (HMRC). HMRC may in turn share this information with overseas tax authorities.

Therefore, where a Shareholder fails to provide the information required by the Company to comply with its obligations to HMRC this may result in the ACD taking appropriate action against the Shareholder, including invoking the compulsory transfer and redemption provisions set out in paragraph 22

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

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

## **27. REPORTS AND ACCOUNTS**

27.1 The annual accounting period of the Company ends on 30 September<sup>3</sup>.

27.2 The annual report of the Company will be published on or before the end of January and the half-yearly report on or before the end of May in each year. Copies of the annual report and half-yearly report may be inspected at, and copies obtained free of charge from, the ACD at its operating address. These reports may also be inspected at the Depositary's office during normal office hours.

## **28. ANNUAL GENERAL MEETING**

28.1 The OEIC Regulations allow for the Company to dispense with the requirement to hold Annual General Meetings. The ACD has therefore decided the Company will not hold Annual General Meetings. All resolutions will be voted upon at an Extraordinary General Meeting.

28.2 A copy of the ACD Agreement between the Company and the ACD is available to Shareholders on request to the ACD.

## **29. VOTING**

29.1 General

<sup>3</sup> With effect from 30 November 2024, this was previously 31 March

Entitlement to receive notice of a particular meeting or adjourned meeting and to vote at such a meeting is determined by reference to those persons who are holders of shares in the Company on the date seven days before the notice is sent ("the cutoff date"), but excluding any persons who are known not to be holders at the date of the meeting or other relevant date.

At a meeting of Shareholders, on a show of hands every holder who (being an individual) is present in person or by proxy or, if a corporation, is present by a properly authorised representative, has one vote. On a poll votes may be given either personally or by proxy and the voting rights attached to a share are such proportion of the total voting rights attached to all shares in issue as the price of the share bears to the aggregate price of shares in issue on the cut-off date. A Shareholder entitled to more than one vote need not, if they vote, use all their votes or cast all the votes they use in the same way. A vote will be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by the chairman, by the Depositary or by two Shareholders present or by proxy.

An instrument appointing a proxy may be in any usual or common form or in any other form approved by the ACD. It should be in writing under the hand of the appointor or his attorney or, if the appointor is a corporation, either under the common seal, executed as a Deed or under the hand of a duly authorised officer or attorney. A person appointed to act as a proxy need not be a holder.

The quorum at a meeting of holders is two Shareholders present in person or by proxy or (in the case of a corporation) by a duly authorised representative. If a quorum is not present within half an hour of the time appointed the meeting will (if requisitioned by Shareholders) be dissolved and in any other case will be adjourned. If at such adjourned meeting a quorum is not present within 15 minutes from the appointed time, one person entitled to count in a quorum will be a quorum.

A corporation, being a holder, may by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of holders and the person so authorised is entitled to exercise the same powers on behalf of the corporation which he represents as the corporation could exercise if it were an individual holder.

In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority is determined by the order in which the names stand in the register of holders.

The ACD is entitled to attend any meeting but, except in relation to third party shares, is not entitled to vote or be counted in the quorum and any shares it holds are treated as not being in issue for the purpose of such meeting. An associate of the ACD is entitled to attend any meeting and may be counted in the quorum, but may not vote except in relation to third party shares. For this purpose third party shares are shares held on behalf of or jointly with a person who, if himself the registered shareholder, would be entitled to vote, and from whom the ACD or the associate (as relevant) has received voting instructions.

## 29.2 Powers of a Shareholders' Meeting

The ACD must, by way of an extraordinary resolution, (i.e. a resolution notified and proposed as such and passed by a majority of not less than three-quarters of the votes validly cast), obtain prior approval from the Shareholders (or, where applicable, class of Shareholders) for any proposed change to the Company or a Fund which, in accordance with COLL, is a fundamental change. Such a fundamental change is likely to include:-

29.2.1 certain changes to the investment objective and policy of a Fund;

29.2.2 the removal of the ACD by Shareholders; and

29.2.3 any proposal for a scheme of arrangement.

Other provisions of the Company's Instrument of Incorporation and the Prospectus may be changed by the ACD without the sanction of a Shareholders' meeting in accordance with the COLL.

### 29.3 Class Rights

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

## 30. INVESTMENT AND BORROWING POWERS

The Company may exercise, in respect of a Fund, the full authority and powers permitted by COLL applicable to a UCITS scheme. However, this is subject to the applicable investment limits and restrictions set out in COLL, the Company's Instrument of Incorporation, this Prospectus and a Fund's investment objective and policy.

In accordance with the investment policy applicable to the Fund, a Fund shall primarily invest in transferable securities, cash and near cash, deposits, money market instrument, units in collective investment schemes and derivatives and forward transactions as appropriate.

### 30.1 Transferable securities

30.1.1 Up to 100% of the Scheme Property attributable to a Fund may consist of transferable securities (as defined in COLL) which are admitted to or dealt in on an Eligible Market (as set out in Appendix 1). Not more than 10% in value of the Scheme Property of a Fund may consist of transferable securities, which do not fall within (a) to (g) below or of approved money market instruments, which do not fall within COLL 5.2.10 AR(1) (i.e. as described in paragraph 31.6 of "Approved Money Market Instruments" below).

30.1.2 Transferable securities and money market instruments held within a Fund must be:

- (a) admitted to or dealt on an eligible market as described below; or
- (b) dealt in on a market in an EEA State which is regulated, operates regularly and is open to the public; or
- (c) admitted to or dealt in on an eligible market which has been designated an eligible market by the ACD in consultation with the Depositary (as described below); or
- (d) a money-market instrument within COLL 5.2.10 AR(1) (is as described in paragraph 31.6 of "Approved Money Market Instruments" below); or
- (e) recently issued transferable securities provided that:
- (f) the terms of issue include an undertaking that application will be made to be admitted to an eligible market; and
- (g) such admission is secured within a year of issue.

30.1.3 Not more than 5% in value of the Scheme Property attributable to a Fund may consist of transferable securities (or certificates representing such securities) or approved

money market instrument (referred to below) issued by any single body. This limit may be raised to 10% in respect of up to 40% in value of the Scheme Property attributable to a Fund (covered bonds need not be taken into account for the purposes of applying the limit of 40%).

- 30.1.4 Not more than 20% in value of the Scheme Property attributable to a Fund is to consist of transferable securities and approved money market instruments issued by the same group.
- 30.1.5 Securities on which any sum is unpaid may be held provided that it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by the relevant fund at any time when the payment is required without contravening COLL.
- 30.1.6 A Fund may invest in a transferable security only to the extent that the transferable security fulfils the following criteria:
- (a) the potential loss which a Fund may incur with respect to holding the transferable security is limited to the amount paid for it;
  - (b) its liquidity does not compromise the ability of the ACD to comply with its obligation to redeem Shares at the request of any qualifying Shareholder under the COLL Sourcebook;
  - (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, 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.
- 30.1.7 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 not to compromise the ability of the ACD to comply with its obligation to redeem Shares at the request of any qualifying Shareholder and to be negotiable.

30.1.8 A unit or share in a closed-end fund shall be taken to be a transferable security for the purposes of investment by a Fund, provided it fulfils the criteria for transferable securities set out in paragraph 31.1.6 and either:

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

30.1.9A Fund may invest in any other investment which shall be taken to be a transferable security for the purposes of investment by a Fund provided the investment fulfils the criteria for transferable securities set out in paragraph 31.1.6 above and is backed by or linked to the performance of other assets, which may differ from those in which a Fund can invest.

## 30.2 Collective investment schemes

The LF Equity Income Fund will not invest more than 10% of the Scheme Property in aggregate in units or shares of collective investment schemes.

30.2.1 The second scheme must fall within one of the following categories:

- (a) A scheme which satisfies the conditions necessary for it to enjoy the rights conferred by the UCITS Directive; or
- (b) A scheme which is recognised under the provisions of section 270 of the Financial Services and Markets Act 2000 (schemes authorised in designated countries or territories); or
- (c) A scheme which is authorised as a non-UCITS retail scheme (as defined in COLL) and in respect of which the requirements of article 50(1)(e) of the UCITS Directive are met; or
- (d) A scheme which is authorised in another EEA State (and in respect of which the requirements of article 50(1)(e) of the UCITS Directive are met); or
- (e) A scheme which is authorised by the competent authority of an OECD member country (other than another EEA State) which has:
  - (i) signed the IOSCO Multilateral Memorandum of Understanding; and
  - (ii) approved the Scheme's management company, rules and depositary/custody arrangements.

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

30.2.2 The second scheme must comply, where relevant, with those COLL provisions regarding investment in other group schemes and associated schemes (referred to below); and

30.2.3 the second scheme must have terms which prohibit more than 10% in value of the scheme property consisting of units or shares in collective investment schemes.

The Company may invest in shares or units of collective investment schemes which are managed or operated by (or, in the case of companies incorporated under the OEIC Regulations, have as their authorised corporate director) the ACD or an associate of the ACD. However, if the Company invests in units or shares in another collective investment scheme managed or operated by the ACD or by an associate of the ACD, the ACD must pay into the property of the Company before the close of the business on the fourth Business Day after the agreement to invest or dispose of units or shares:

- on investment – if the ACD pays more for the units or shares issued to it than the then prevailing creation price, the full amount of the difference or, if this is not known, the maximum permitted amount of any charge which may be made by the issuer on the issue of the units; and
- on a disposal – any amount charged by the issuer on the redemption of such units or shares.

The ACD intends to negotiate with fund managers a waiver or significant reduction of any initial charges which may be payable by the Company on investment in a collective investment scheme.

Subject to the restrictions set out above, a Fund may invest in shares in another Fund of the Company (the "Second Fund") subject to the following requirements: (i) the Second Fund does not hold shares in any other Fund; (ii) the requirements set out above in relation to investment in associated Funds are complied with.

30.2.4 LF Equity Income Fund is not a feeder UCITS and is not permitted to hold units in a feeder UCITS.

### 30.3 UCITS schemes: permitted types of Scheme Property

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

- 30.3.1 transferable securities;
- 30.3.2 approved money-market instruments;
- 30.3.3 units or shares in collective investment schemes;
- 30.3.4 derivatives and forward transactions; and
- 30.3.5 deposits.

### 30.4 Cash and near cash

30.4.1 Up to 100% of the Scheme Property attributable to a Fund may consist of cash or near cash to enable:

- (a) the pursuit of a Fund's investment objectives;
- (b) the redemption of shares;



- (c) the efficient management of a Fund in accordance with its objectives or any other purposes which may reasonably be regarded as ancillary to the objectives of a Fund; or
- (d) other purposes which may be reasonably regarded as ancillary to the investment objectives of a Fund.

30.4.2 Liquidity may be at the upper end of, or even exceed this range under certain circumstances such as where large market movements and/or an exceptional number of redemptions are anticipated or a Fund is in receipt of large cash sums upon the creation of shares or realisation of investments.

30.4.3 Cash forming part of the property of a Fund may be placed in any current or deposit account with the Depositary, the ACD or any investment manager or any associate of any of them provided it is an eligible institution or approved bank and the arrangements are at least as favourable to a Fund concerned as would be those of any comparable arrangements effected on normal commercial terms negotiated at arm's length between two independent parties.

### 30.5 Government and public securities

31.5.1 The following section applies in respect of a transferable security or an approved money-market instrument ("such securities") that is issued by:

31.5.1.1 an EEA State;

31.5.1.2 a local authority of an EEA State;

31.5.1.3 a non-EEA State; or

31.5.1.4 a public international body to which one or more EEA States belong.

31.5.2 Up to 100% of the Scheme Property attributable to a Fund may consist of government and public securities provided no more than 35% in value of the Scheme Property attributable to such Fund is invested in such securities issued by any one body. There is no limit on the amount which may be invested in such securities or in any one issue.

### 30.6 Approved Money Market Instruments

30.6.1 Up to 100% of the Scheme Property attributable to a Fund may consist of approved money market instruments normally dealt in on the money market, are liquid and whose value can be accurately determined at any time.

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

(a) has a maturity at issuance of up to and including 397 days;

(b) has a residual maturity of up to and including 397 days;

(c) undergoes regular yield adjustments in line with money market conditions at least every 397 days; or

(d) has a risk profile, including credit and interest rate risks, corresponding to that of an instrument which has a maturity as set out above in 31.6.2(a) or 31.6.2(b) or is subject to yield adjustments as set out in 31.6.2(c).

- 30.6.3 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.
- 30.6.4 A money-market instrument shall be regarded as having a value which can be accurately determined at any time if accurate and reliable valuations systems, which fulfil the following criteria, are available:
- (a) enabling the ACD to calculate a net asset value in accordance with the value at which the instrument held in a Fund could be exchanged between knowledgeable willing parties in an arm's length transaction;
  - (b) based either on market data or on valuation models including systems based on amortised costs; and
  - (c) 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.
- 30.6.5 In addition to instruments admitted to or dealt in on an eligible market, a Fund may invest in an approved money-market instrument provided it fulfils the following requirements:
- (a) the issue or the issuer is regulated for the purpose of protecting investors and savings; and
  - (b) the instrument is issued or guaranteed in accordance with paragraph 31.6.7 below.
- 30.6.6 The issue or the issuer of a money-market instrument, other than one dealt in on an eligible market, shall be regarded as regulated for the purpose of protecting investors and savings if:
- (a) the instrument is an approved money-market instrument;
  - (b) appropriate information is available for the instrument (including information which allows an appropriate assessment of the credit risks related to investment in it), in accordance with paragraphs 31.6.9, 31.6.10 and 31.6.11 below; and
  - (c) the instrument is freely transferable.
- 30.6.7 A Fund may invest in an approved money-market instrument if it is:
- (a) issued or guaranteed by any one of the following:
    - (i) a central authority of an EEA State or, if the EEA State is a federal state, one of the members making up the federation;
    - (ii) a regional or local authority of an EEA State;
    - (iii) the European Central Bank or a central bank of an EEA State;
    - (iv) the European Union or the European Investment Bank;

- (v) a non-EEA State or, in the case of a federal state, one of the members making up the federation;
  - (vi) a public international body to which one or more EEA States belong; or
- (b) issued by a body, any securities of which are dealt in on an eligible market; or
- (c) issued or guaranteed by an establishment which is:
- (i) subject to prudential supervision in accordance with criteria defined by EU law; or
  - (ii) subject to and complies with prudential rules considered by the FCA to be at least as stringent as those laid down by EU law.
- 30.6.8 An establishment shall be considered to satisfy the requirement in paragraph 31.6.7.(c)(ii) if it is subject to and complies with prudential rules, and fulfils one or more of the following criteria:
- (a) it is located in the European Economic Area;
  - (b) it is located in an OECD country belonging to the Group of Ten;
  - (c) it has at least investment grade rating;
  - (d) on the basis of an in-depth analysis of the issuer, it can be demonstrated that the prudential rules applicable to that issuer are at least as stringent as those laid down by EU law.
- 30.6.9 In the case of an approved money-market instrument within paragraphs 31.6.7(b) or issued by a body of the type referred to in COLL 5.2.10EG, or which is issued by an authority within paragraph 31.6.7(a)(ii) or a public international body within paragraph 31.6.7(a)(vi) but is not guaranteed by a central authority within 31.6.7(a)(i), the following information must be available:
- (a) information on both the issue or the issuance programme, and the legal and financial situation of the issuer prior to the issue of the instrument, verified by appropriately qualified third parties not subject to instructions from the issuer;
  - (b) updates of that information on a regular basis and whenever a significant event occurs; and
  - (c) available and reliable statistics on the issue or the issuance programme.
- 30.6.10 In the case of an approved money-market instrument issued or guaranteed by an establishment within paragraph 31.6.7(c), the following information must be available:
- (a) information on the issue or the issuance programme or on the legal and financial situation of the issuer prior to the issue of the instrument;
  - (b) updates of that information on a regular basis and whenever a significant event occurs; and

- (c) available and reliable statistics on the issue or the issuance programme, or other data enabling an appropriate assessment of the credit risks related to investment in those instruments.

30.6.11 In the case of an approved money-market instrument:

- (a) within paragraphs 31.6.7(a)(i), 31.6.7(a)(iv) or 31.6.7(a)(v); or
- (b) which is issued by an authority within paragraph 31.6.7(a)(ii) or a public international body within paragraph 31.6.7(a)(vi) and is guaranteed by a central authority within paragraph 31.6.7(a)(i); or
- (c) 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.

### 30.7 Derivatives: General

The Investment Manager may employ derivatives for Investment Purposes ('IP'), in the pursuit of its investment objectives as stated in the Prospectus and in accordance with the Risk Management Policy (RMP) – The RMP is available on request from the Authorised Corporate Director.

Due to the relatively simple derivative strategies that may be used by the Sub-fund, the Authorised Corporate Director will treat the Sub-fund as an 'Investment Purposes without VaR' fund and monitor its risk using the commitment approach. The leverage, as measured using this approach, cannot exceed 100% of the net asset value of the Sub-fund's property.

The commitment approach measures the exposure generated by a derivative position, as the market value of assets which have the equivalent economic risks and rewards of the derivative position.

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

The use of derivatives and forward transactions for investment purposes may cause the Sub-fund's risk profile to change.

However, it is the Investment Manager's intention that the Sub-fund, owing to its portfolio composition, or the portfolio management techniques used, will not have volatility over and above the general market volatility of the markets of their underlying investments.

The Investment Manager may also employ derivatives for the purposes of hedging with the aim of reducing the risk profile of the Sub-funds, or reducing costs, or generating additional capital or income, in accordance with Efficient Portfolio Management ("EPM"). It is not intended that the use of derivatives and forward transactions for EPM purposes will cause the Sub-fund's risk profile to increase.

A transaction in derivatives or a forward transaction must not be effected for a Fund unless the transaction is of a kind specified under the heading "Permitted Transactions (derivatives and forwards)", and the transaction is covered, as required under the heading "Cover for transactions in derivatives and forward transactions".

Where a Fund invests in derivatives, the exposure to the underlying assets must not exceed the limits set out in COLL in relation to spread (COLL 5.2.11R Spread: general, COLL 5.2.12R Spread: government and public securities) except for index based derivatives where the rules below apply.

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

A transferable security or an approved money-market instrument will embed a derivative if it contains a component which fulfils the following criteria:

- 30.7.1 by virtue of that component some or all of the cash flows that otherwise would be required by the transferable security or approved money-market instrument which functions as host contract can be modified according to a specified interest rate, financial instrument price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, and therefore vary in a way similar to a stand-alone derivative;
- 30.7.2 its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and
- 30.7.3 it has a significant impact on the risk profile and pricing of the transferable security or approved money-market instrument.

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.

Where a Fund invests in an index based derivative, provided the relevant index falls within COLL 5.2.33R (Relevant Indices) the underlying constituents of the index do not have to be taken into account for the purposes of COLL 5.2.11R and COLL 5.2.12R.

## 30.8 Efficient Portfolio Management

- 30.8.1 The Company may use Scheme Property to enter into transactions for the purposes of EPM. Permitted EPM transactions include transactions in derivatives dealt or traded on an eligible derivatives market or over-the-counter. Where permitted, EPM techniques may also involve the Company entering into stock lending transactions or reverse repurchase agreements. The ACD must ensure in entering into EPM transactions that the transaction is economically appropriate to (i) the reduction of the relevant risks (whether in the price of investments, interest rates or exchange rates) or (ii) the reduction of the relevant costs and/or (iii) the generation of additional capital or income for the scheme with a risk level which is consistent with the risk profile of the scheme and the risk diversification rules laid down in the FCA's COLL sourcebook.
- 30.8.2 There is no guarantee that the Company will achieve the objective for which any EPM transaction was undertaken. To the extent that derivative instruments are utilised for hedging purposes (reduction of the risk profile of the Company), the risk of loss to the Company may be increased where the value of the derivative instrument and the value of the security or position which it is hedging prove to be insufficiently correlated. EPM transactions (save to the extent that derivatives are traded on exchange) may involve a risk that a counterparty will wholly or partially fail to honour its contractual obligations.
- 30.8.3 In order to mitigate that risk of counterparty default, the counterparties to these transactions may be required to provide collateral to suitably cover their obligations to the Company. In the event of default by the counterparty, it will forfeit its collateral on the transaction. However, there is a risk that the collateral, especially where it is in the form of securities, when realised will not raise sufficient cash to settle the counterparty's liability to the Company. Securities lending transactions may, in the event of a default by the counterparty, result in the securities lent being recovered late or only in part. This may result in loss for the Company.

- 30.8.4 To assist in managing these types of risks, the ACD has a collateral management policy which sets criteria around the types of eligible collateral the /Company may accept. A copy of this is available from the ACD on request.
- 30.8.5 Investors should note that EPM transactions may be effected in relation to the Company in circumstances where the ACD or Investment Manager has, either directly or indirectly, an interest which may potentially involve a conflict of their obligations to the Company. Where a conflict cannot be avoided, the ACD and Investment Manager will have regard to their responsibility to act in the best interests of the Company and its investors. The ACD and Investment Manager will ensure that the /Company and its investors are treated fairly and that such transactions are effected on terms which are not less favourable to the Company than if the potential conflict had not existed. For further information in relation to conflicts of interest, please see the 'conflicts of interest' section of this prospectus.
- 30.8.6 All revenues arising from EPM transactions (including stock lending and repurchase and reverse repurchase arrangements, if any) will be returned to the /Company, net of direct and indirect operational costs and fees.
- 30.9 Permitted transactions (derivatives and forwards)
- 30.9.1 A transaction in a derivative must be:
- (a) in an approved derivative; or
  - (b) be one which complies with the section headed "OTC transactions in derivatives".
- 30.9.2 A transaction in a derivative must have the underlying consisting of any one or more of the following to which the scheme is dedicated;
- (a) transferable securities;
  - (b) approved money market instruments;
  - (c) deposits;
  - (d) derivatives;
  - (e) collective investment schemes;
  - (f) financial indices;
  - (g) interest rates;
  - (h) foreign exchange rates; and
  - (i) currencies.
- 30.9.3 A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market. A list of the current eligible derivatives markets for each Fund is set out in Appendix I. Further derivatives markets may be added to the list following consultation with the Depositary in accordance with COLL.

- 30.9.4 A transaction in a derivative must not cause a Fund to diverge from its investment objectives as stated in the Instrument constituting the scheme and the most recently published version of this Prospectus.
- 30.9.5 Any forward transaction must be with an Eligible Institution (as defined in COLL) or an Approved Bank (as defined in COLL).
- 30.9.6 A derivative includes an instrument which fulfils the following criteria:
- (a) it allows the transfer of the credit risk of the underlying independently from the other risks associated with that underlying;
  - (b) it does not result in the delivery or the transfer of assets other than those referred to in COLL 5.2.6AR (see the section above "UCITS schemes: permitted types of Scheme Property") including cash;
  - (c) in the case of an OTC derivative, it complies with the requirements in COLL 5.2.23 R (see the section below "OTC transactions in derivatives"); and
  - (d) its risks are adequately captured by the risk management process of the authorised fund manager, and by its internal control mechanisms in the case of risks of asymmetry of information between the authorised fund manager 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.
- 30.9.7 A UCITS scheme may not undertake transactions in derivatives on commodities.
- 30.10 Financial indices underlying derivatives
- 30.10.1 The financial indices referred to are those which satisfy the following criteria:
- (a) the index is sufficiently diversified;
  - (b) the index represents an adequate benchmark for the market to which it refers;
  - (c) the index is published in an appropriate manner; and
  - (d) otherwise complies with the requirements of the ESMA Guidelines on ETFs and other UCITS Issues (ESMA/2012/832EN).
- 30.10.2 A financial index is sufficiently diversified if:
- (a) 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;
  - (b) where it is composed of assets in which a Fund is permitted to invest, its composition is at least diversified in accordance with the requirements with respect to spread and concentration set out in this section; and
  - (c) where it is composed of assets in which a Fund cannot invest, it is diversified in a way which is equivalent to the diversification achieved by the requirements with respect to spread and concentration set out in this section.
- 30.10.3 A financial index represents an adequate benchmark for the market to which it refers if:

- (a) it measures the performance of a representative group of underlyings in a relevant and appropriate way;
- (b) 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
- (c) the underlyings are sufficiently liquid, allowing users to replicate it if necessary.

30.10.4 A financial index is published in an appropriate manner if:

- (a) 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
- (b) 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.

30.10.5 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 COLL 5.2.20R (2), be regarded as a combination of those underlyings.

#### 30.11 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 that property can be held for the account of the Company, and the ACD having taken reasonable care determines that delivery of the property under the transaction will not occur or will not lead to a breach of the rules in the COLL Sourcebook.

#### 30.12 Requirement to cover sales

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

#### 30.13 OTC transactions in derivatives

30.13.1 Any transaction in an OTC derivative under COLL 5.2.20R (1)(b) (see section above "Permitted transactions (derivatives and forwards)") must be:

- (a) in a future or an option or a contract for differences;
- (b) with an approved counterparty; A counterparty to a transaction in derivatives is approved only if the counterparty is an Eligible Institution or an Approved Bank; or a person whose permission (including any requirements or limitations), as published in the FCA Register or whose Home State authorisation, permits it to enter into the transaction as principal off-exchange;
- (c) on approved terms; the terms of the transaction in derivatives are approved only if, the ACD carries out at least daily a reliable and verifiable valuation in respect of that transaction corresponding to its fair value and which does not rely only on market quotations by the counterparty; and that the ACD can enter into one or more further transactions to sell, liquidate or close out that transaction at any time, at its fair value;



- (d) 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:
  - (i) on the basis of an up-to-date market value which the ACD and the Depositary have agreed is reliable; or
  - (ii) if the value referred to in (i) is not available, on the basis of a pricing model which the ACD and the Depositary have agreed uses an adequate recognised methodology; and
- (e) 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:
  - (i) 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
  - (ii) a department within the ACD which is independent from the department in charge of managing a Fund and which is adequately equipped for such a purpose.

30.13.2 For the purposes of 31.13.1(c) above, "fair value" is the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

#### 30.14 Valuation of OTC derivatives

30.14.1 For the purposes of paragraph (c) under the section headed "OTC transactions in derivatives", the ACD must:

- (a) establish, implement and maintain arrangements and procedures which ensure appropriate, transparent and fair valuation of the exposures of a Fund to OTC derivatives; and
- (b) ensure that the fair value of OTC derivatives is subject to adequate, accurate and independent assessment.

30.14.2 Where the arrangements and procedures referred to above involve the performance of certain activities by third parties, the ACD must comply with the requirements in SYSC 8.1.13R (Additional requirements for a management company) and COLL 6.6A.4R (4) to (6) (Due diligence requirements of AFMs of UCITS schemes).

30.14.3 The arrangements and procedures referred to above must be:

- (a) adequate and proportionate to the nature and complexity of the OTC derivative concerned; and
- (b) Adequately documented.

#### 30.15 Risk management:

30.15.1 The ACD must use a risk management process (including a risk management policy) in accordance with COLL 6.12 as reviewed by the Depositary and filed with the FCA enabling it to monitor and measure at any time the risk of a Fund's positions and their contribution to the overall risk profile of a Fund.

30.15.2 The following details of the risk management process must be regularly notified to the FCA by the ACD in advance of the use of the process as above and at least on an annual basis:

(i) a true and fair view of the types of derivatives and forwards to be used within a Fund together with their underlying risks and any relevant quantitative limits; and

(ii) the methods for estimating risks in derivatives and forwards.

30.15.3 The ACD must notify the FCA in advance of any material alteration to the details in 31.15.2(i) or 31.15.2(ii) above.

### 30.16 Derivative Exposure

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

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

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

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

### 30.17 Cover for investments in derivatives and forward transactions

A Fund may invest in derivatives and forwards as part of its investment policy provided the global exposure relating to derivatives and forwards held in a Fund does not exceed the net value of the Scheme Property and its global exposure to the underlying assets does not exceed in aggregate the investment limits laid down in the section headed "Spread – general" below.

### 30.18 Deposits

Up to 100% of the Scheme Property attributable to a Fund may consist of deposits (as defined in COLL) but only if it:

30.18.1 is with an approved bank;

30.18.2 is repayable on demand or has the right to be withdrawn; and

30.18.3 matures in no more than 12 months.

30.19 Immovable and movable property

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

30.20 Spread – general

This rule on spread does not apply in respect of a transferable security or an approved money-market instrument to which COLL 5.2.12R (Spread: government and public securities) applies.

30.20.1 In applying any of the restrictions referred to above, not more than 20% in the value of the Scheme Property is to consist of any combination of two or more of the following:

- (a) transferable securities (including covered bonds) or approved money market instruments issued by; or
- (b) deposits made with; or
- (c) exposures from over the counter derivatives transactions made with a single body.

30.20.2 In applying any limit to transferable securities or approved money market instruments, any certificates representing certain securities are to be treated as equivalent to the underlying security.

30.20.3 The exposure to any one counterparty in an over the counter derivative transaction must not exceed 5% in value of the Scheme Property. This limit may be raised to 10% where the counterparty is an approved bank as defined in COLL.

30.20.4 The limit of 5% is raised to 25% in value of the Scheme Property of a Fund in respect of covered bonds provided that when a Fund invests more than 5% in covered bonds issued by a single body, the total value of covered bonds held must not exceed 80% in value of the Scheme Property.

30.21 Counterparty risk and issuer concentration (derivatives and forwards)

30.21.1 The ACD must ensure that counterparty risk arising from an OTC derivative is subject to the limits set out in COLL 5.2.11R(7) and COLL 5.2.11R(10).

30.21.2 When calculating the exposure of a Fund to a counterparty in accordance with the limits in COLL 5.2.11R(7) the ACD must use the positive mark-to-market value of the OTC derivative contract with that counterparty.

30.21.3 An ACD may net the OTC derivative positions of a Fund with the same counterparty, provided it is able legally to enforce netting agreements with the counterparty on behalf of a Fund and the netting agreements concerned do not apply to any other exposures a Fund may have with that same counterparty.

30.21.4 The ACD may reduce the exposure of a Fund's property to a counterparty of an OTC derivative 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. The ACD must take collateral into account in calculating exposure to counterparty risk in accordance with the limits in COLL 5.2.11R(7) when it passes collateral to an OTC counterparty on behalf

of a Fund. Collateral passed in accordance with the foregoing 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 that Fund.

30.21.5 The ACD must calculate the issuer concentration limits referred to in COLL 5.2.11R on the basis of the underlying exposure created through the use of OTC derivatives pursuant to the commitment approach.

30.21.6 In relation to the exposure arising from OTC derivatives as referred to in COLL 5.2.11R(10) the ACD must include any exposure to OTC derivative counterparty risk in the calculation.

## 30.22 Concentration

The Company must not at any time hold:

30.22.1 more than 10% of the transferable securities issued by a body corporate which do not carry rights to vote on any matter at a general meeting of that body;

30.22.2 more than 10% of the debt securities issued by one issuer;

30.22.3 more than 25% of the units or shares in a collective investment scheme;

30.22.4 more than 10% of the money market instrument issued by a single body.

## 30.23 Significant Influence

The Company may only acquire transferable securities issued by a body corporate carrying rights to vote at a general meeting of that body provided that before the acquisition the aggregate number of such securities held by the Company does not allow it to exercise 20% or more of the votes cast at a general meeting of that body and the acquisition will not give the Company such power.

## 30.24 Borrowing

Subject to the Company's Instrument of Incorporation and COLL (as it relates to UCITS schemes), the Company may borrow money for the purposes of achieving the objectives of a Fund on terms that such borrowings are to be repaid out of the Scheme Property of the relevant Fund. The ACD does not anticipate significant use of this borrowing power. Such borrowing may only be made from an eligible

institution or approved bank (as defined in COLL) and must be on a temporary basis only. No period of borrowing may exceed three months without the prior consent of the Depositary (which may give such consent only on conditions as appear to the Depositary appropriate to ensure that the borrowing does not cease to be on a temporary basis). The borrowing of a Fund must not, on any Business Day, exceed 10 per cent of the value of the property of the relevant Fund. As well as applying to borrowing in a conventional manner, the 10 per cent limit applies to any other arrangement designed to achieve a temporary injection of money into the property of a Fund in the expectation that such will be repaid. For example, by way of a combination of derivatives which produces an effect similar to borrowings.

The above provisions on borrowing do not apply to "back to back" borrowing for hedging purposes, being an arrangement under which an amount of currency is borrowed from an eligible institution and an amount in another currency at least equal to the amount of currency borrowed is kept on deposit with the lender (or his agent or nominee).

Borrowings may be made from the Depositary, the ACD or any investment manager or any associate of any of them provided that such lender is an eligible institution or approved bank and the

arrangements are at least as favourable to a Fund concerned as would be those of any comparable arrangements effected on normal commercial terms negotiated at arm's length between two independent parties.

### 30.25 Calculation of global exposure

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

30.25.2 The ACD must calculate the global exposure of any Fund either as:

- (a) the incremental exposure and leverage generated through the use of derivatives and forward transactions (including embedded derivatives as referred to in the section above headed "Derivatives: general"), which may not exceed 100% of the net value of a Fund's property; or
- (b) the market risk of a Fund.

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

30.25.4 The ACD must calculate the global exposure of a Fund by using:

- (a) commitment approach; or
- (b) the value at risk approach.

30.25.5 The ACD must ensure that the method selected above is appropriate, taking into account:

- (a) the investment strategy pursued by a Fund;
- (b) types and complexities of the derivatives and forward transactions used; and
- (c) the proportion of a Fund's property comprising derivatives and forward transactions.

30.25.6 Where a Fund employs techniques and instruments including repo contracts or stock lending transactions in accordance with the section headed "Stock lending" in order to generate additional leverage or exposure to market risk, the ACD must take those transactions into consideration when calculating global exposure.

### 30.26 Stock lending

30.26.1 The Company or the depositary may enter into a stock lending arrangement of the kind described in section 263B of the Taxation of Chargeable Gains Act 1992 but only if:

- (a) all the terms of the agreement under which securities are to be reacquired by the Depositary for the account of the Company are in a form which is acceptable to the Depositary and are in accordance with good market practice;
- (b) the counterparty is an authorised person or a person authorised by a home state regulator; and
- (c) collateral is obtained to secure the obligation of the counterparty under the terms referred to in (a) above. Collateral must be acceptable to the Depositary,

adequate and sufficiently immediate and otherwise must comply with the requirements of ESMA's Guidelines on ETFs and other UCITS issues (ESMA/2012/832EN).

- 30.26.2 The stock lending permitted by this section may be exercised by a Fund when it reasonably appears to a Fund to be appropriate to do so with a view to generating additional income with an acceptable degree of risk.
- 30.26.3 The Depositary must ensure that the value of the collateral at all times is at least equal to the value of the securities transferred by the Depositary. This duty may be regarded as satisfied in respect of collateral the validity of which is about to expire or has expired where the Depositary takes reasonable care to determine that sufficient collateral will again be transferred at the latest by the close of business on the day of expiry.
- 30.26.4 Any agreement for transfer at a future date of securities or of collateral (or of the equivalent of either) may be regarded, for the purposes of valuation under the COLL Sourcebook, as an unconditional agreement for the sale or transfer of property, whether or not the property is part of the property of a Fund.
- 30.26.5 There is no limit on the value of the Scheme Property of a Fund which may be the subject of stock lending transactions or repo contracts.
- 30.26.6 The ACD should ensure that it is able at any time to recall any security that has been lent out or terminate any securities lending agreement into which it has entered.
- 30.26.7 Where a reverse repurchase agreement is entered into in relation to a Fund, the ACD should ensure that it is able at any time to recall the full amount of cash or to terminate the reverse repurchase agreement on either an accrued basis or a mark-to-market basis. When the cash is recallable at any time on a mark-to-market basis, the mark-to-market value of the reverse repurchase agreement should be used for the calculation of the NAY of a Fund.
- 30.26.8 For a repurchase agreement entered into in relation to a Fund, the ACD should ensure that it is able at any time to recall any securities subject to the repurchase agreement or to terminate the repurchase agreement into which it has entered. Fixed-term repurchase and reverse repurchase agreements that do not exceed seven days should be considered as arrangements on terms that allow the assets to be recalled at any time by the ACD.
- 30.27 Reinvestment of collateral
- 30.27.1 Non-cash collateral received by the Company should not be sold, reinvested or pledged.
- 30.27.2 Cash collateral received by the Company in relation to a Fund should only be:
- (a) placed on deposit with eligible credit institutions prescribed in Article 50(f) of the UCITS Directive;
  - (b) invested in high-quality government bonds;
  - (c) used for the purpose of reverse repurchase transactions provided the transactions are with credit institutions subject to prudential supervision and the UCITS is able to recall at any time the full amount of cash on accrued basis; or
  - (d) invested in short-term money market Fund as defined in the CESR Guidelines on a Common Definition of European Money Market Fund (CESR/10-049).

30.27.3 Re-invested cash collateral should be diversified in accordance with the diversification requirements applicable to non-cash collateral set out in ESMA's Guidelines on ETFs and other UCITS issues (ESMA/2012/832EN).

## **31. TRANSFER OF SHARES**

- 31.1 A shareholder is entitled (subject to as mentioned below) to transfer shares by an instrument of transfer in any usual or common form or in any other form approved by the ACD. However, the ACD in its discretion may also accept electronic transfers in a format specified by the ACD. The ACD is not obliged to accept a transfer if it would result in the holder, or the transferee, holding less than the minimum holding of shares of the class in question or the recipient being determined as not eligible to hold the transferred shares. The instrument of transfer, duly stamped if it is required to be stamped, must be lodged with the ACD by writing to the relevant address for registration. The transferor remains the holder until the name of the transferee has been entered in the register.
- 31.2 The ACD may require the payment of such reasonable fee as the ACD may determine for the registration of any grant of probate, letters of administration or any other documents relating to or affecting the title to any share.

## **32. WINDING UP OF THE COMPANY AND TERMINATION OF FUND**

- 32.1 The Company or a Fund will not be wound up except as an unregistered company under Part V of the Insolvency Act 1986 or under the COLL Sourcebook. A Fund may otherwise only be terminated under the COLL Sourcebook.
- 32.2 Winding up of the Company or termination of a Fund under COLL is only permitted with the approval of the FCA and if a statement has been lodged with the FCA by the ACD confirming that the Company or a Fund will be able to meet all its liabilities within twelve months of the date of the statement (a **solvency statement**). The Company may not be wound up or a Fund terminated under the COLL Sourcebook if there is a vacancy in the position of ACD at the relevant time.
- 32.3 Subject to the foregoing, the Company or the relevant Fund will be wound up or terminated (as appropriate) under COLL:
- 32.3.1 if an extraordinary resolution of Shareholders of either the Company or a Fund (as appropriate) to that effect is passed; or
  - 32.3.2 when the period (if any) fixed for the duration of the Company or a particular Fund by the Instrument of Incorporation expires, or any event occurs on the occurrence of which the Instrument of Incorporation provides that the Company or a particular Fund is to be wound up or terminated (for example, if the Share capital of the Company or (in relation to any Fund) the Net Asset Value of a Fund is below £1 million, or if a change in the laws or regulations of any country means that, in the ACD's opinion, it is desirable to terminate a Fund; or
  - 32.3.3 on the date stated in any agreement by the FCA to a request by the ACD for the revocation of the authorisation order in respect of the Company or for the termination of the relevant Fund; or
  - 32.3.4 on the effective date of a duly approved scheme of arrangement which is to result in a Fund ceasing to hold any Scheme Property; or
  - 32.3.5 in the case of a Fund on the effective date of a duly approved scheme of arrangement which is to result in a Fund ceasing to hold any Scheme Property; or

- 32.3.6 on the date when all the Funds fall within 33.3.5 above or have otherwise ceased to hold any Scheme Property, notwithstanding the Scheme may have assets and liabilities that are not attributable to any particular Fund.
- 32.4 On the occurrence of any of the above:
- 32.4.1 COLL 6.2 (Dealing), COLL 6.3 (Valuation and Pricing) and COLL 5 (Investment and borrowing powers) will cease to apply to the Company or the relevant Fund;
- 32.4.2 the Company will cease to issue and cancel shares in the Company or the relevant Fund and the ACD shall cease to sell or redeem shares or arrange
- for the Company to issue or cancel them for the Company or the relevant Fund;
- 32.4.3 no transfer of a share shall be registered and no other change to the Register of Shareholders shall be made without the sanction of the ACD;
- 32.4.4 where the Company is being wound up or a Fund terminated, the Company or a Fund shall cease to carry on its business except in so far as it is beneficial for the winding up of the Company or for the termination of a Fund; or
- 32.4.5 the corporate status and powers of the Company and subject to the above listed issues, the powers of the Depositary shall continue until the Company is dissolved.
- 32.5 The ACD shall, as soon as practicable after the Company or a Fund falls to be wound up or terminated, realise the assets and meet the liabilities of the Company or a Fund and, after paying out or retaining adequate provision for all liabilities properly payable and retaining provision for the costs of the winding up or the termination, arrange for the Depositary to make one or more interim distributions out of the proceeds to Shareholders proportionately to their rights to participate in the Scheme Property. If the ACD has not previously notified Shareholders of the proposal to wind up the Company or terminate a Fund, the ACD shall, as soon as practicable after the commencement of winding up of the Company or the termination of a Fund, give written notice of the commencement to Shareholders. When the ACD has caused all of the Scheme Property to be realised and all of the liabilities of the Company or the particular Fund to be realised, the ACD shall arrange for the Depositary to make a final distribution to Shareholders on or prior to the date on which the final account is sent to Shareholders of any balance remaining in proportion to their holdings in the Company or the particular Fund.
- 32.6 As soon as reasonably practicable after completion of the winding up of the Company or of the termination of the particular Fund, the Depositary shall notify the FCA that the winding up or termination has been completed.
- 32.7 On completion of a winding up of the Company or the termination of a Fund, the Company will be dissolved or a Fund will be terminated and any money (including unclaimed distributions) still standing to the account of the Company or a Fund, will be paid into court by the ACD within one month of the dissolution or the termination.
- 32.8 Following the completion of a winding up of the Company or a termination of a Fund, the ACD must prepare a final account showing how the winding up or termination took place and how the Scheme Property was distributed. The auditors of the Company shall make a report in respect of the final account stating their opinion as to whether the final account has been properly prepared. This final account and the auditors' report must be sent to the FCA and to each shareholder (or the first named of joint shareholders) on it within four months of the completion of the winding up or termination.



### **33. OTHER INFORMATION**

#### **33.1 Delegation**

The ACD and the Depositary, subject to exceptions specified in the COLL, may retain (or arrange for the Company to retain) the services of other persons to assist them in the performance of their respective functions and, in relation to certain functions, the ACD or the Depositary (as applicable) will not be liable for the actions of the persons so appointed provided certain provisions of the COLL apply.

#### **33.2 Conflicts of Interest**

The Depositary or any associate of the Depositary, or of the Investment Manager may (subject to COLL) hold money on deposit from, lend money to, or engage in stock lending transactions in relation to the Company, so long as the services concerned are provided on arm's length terms.

The Depositary, the ACD, or the Investment Manager or any associate of any of them may sell or deal in the sale of property to the Company or purchase property from the Company provided the applicable provisions of the COLL apply and are observed.

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

Subject to compliance with COLL the ACD may be party to or interested in any contract, arrangement or transaction to which the Company is a party or in which it is interested. The ACD is entitled in its own discretion to determine the terms of its appointment as such, and consequently to amend the terms of the ACD Agreement referred to under "The Authorised Corporate Director" above.

The Depositary, the ACD, or the Investment Manager or any associate of any of them will not be liable to account to the Company or any other person, including the holders of shares or any of them, for any profit or benefit made or derived from or in connection with:

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

The ACD, the Investment Manager and other companies within the ACD's and/or any Investment Manager's group may, from time to time, act as investment manager or advisers to other funds or sub-funds which follow similar investment objectives to those of the Fund. It is therefore possible that the ACD and/or Investment Manager may in the course of their business have potential conflicts of interest with the Company or a particular Fund or that a conflict exists between the Company and other Funds managed by the ACD or the Investment Manager. The ACD and the Investment Manager maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps to prevent such conflicts from adversely affecting the interests of the Fund.

The ACD and the Investment Manager will take all appropriate steps to identify and prevent or manage such conflicts and each of the ACD and the Investment Manager will have regard in such event to its obligations under the ACD Agreement and the

Investment Management Agreement respectively and, in particular, to its obligation to act in the best interests of the Company so far as practicable, having regard to its obligations to other clients, when undertaking any investment business where potential conflicts of interest may arise. Where a conflict of interest cannot be avoided, the ACD and the Investment Manager will ensure that the Company and other collective investment schemes they manage are fairly treated.

The ACD acknowledges that there may be some situations where the organisational or administrative arrangements in place for the management of conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the Company or its Shareholders will be prevented. Should any such situations arise the ACD will, as a last resort if the conflict(s) cannot be avoided disclose these to Shareholders in the report and accounts or otherwise an appropriate format.

Details of the ACD's conflicts of interest policy are available on the ACD's website at [www.linkfundsolutions.co.uk](http://www.linkfundsolutions.co.uk).

The ACD has delegated certain administrative functions to Northern Trust Global Services SE (UK branch), including registrar, fund accounting, valuation, calculation and transfer agency services. Northern Trust Global Services SE (UK branch) has functionally and hierarchically separated the performance of its depositary functions from its administration tasks delegated to it by the ACD.

The Depositary and/or the Custodian may delegate the safekeeping of the Scheme Property to an entity in the same corporate group as the Depositary and/or the Custodian. If such delegation occurs, the Depositary shall ensure that policies and procedures are in place to identify all conflicts of interests arising and shall take all reasonable steps to avoid such conflicts of interests. Where such conflicts of interests cannot be avoided, the Depositary and the Custodian will ensure that such conflicts of interests are managed, monitored and disclosed in order to prevent adverse effects on the interests of the Company and its shareholders.

Where a link exists, for example where one party can exercise significant influence over the management of the other, between the Depositary and any shareholders in the Company, the Depositary shall take all reasonable steps to avoid conflicts of interests arising, and ensure that it complies with the applicable regulations for a UCITS Scheme.

### 33.3 Liability and Indemnity

With the exception mentioned below:

33.3.1 The ACD, the Depositary and the Auditors are each entitled under the Instrument of Incorporation of the Company to be indemnified against any loss, damage or liability incurred by them in or about the execution of their respective powers and duties in relation to the Company; and

33.3.2 the ACD and the Depositary are, under the terms of their respective agreements with the Company, exempted from any liability for any loss or damage suffered by the Company.

The above provisions will not, however, apply in the case of:

33.3.3 any liability which would otherwise attach to the ACD or the Auditors in respect of any negligence, default, breach of duty or breach of trust in relation to the Company; or

33.3.4 any liability on the part of the Depositary for any failure to exercise due care and diligence in the discharge of its functions.

### 33.4 Strategy for the exercise of voting rights

The ACD has a strategy for determining when and how voting rights attached to ownership of property of a Fund are to be exercised for the benefit of that Fund. A summary of this strategy is available from the ACD on request. Details of the actions taken on the basis of this strategy in relation to each Fund are available from the ACD on request.

### 33.5 Best Execution

The ACD expects the Investment Manager to act in the best interest of the Company when executing decisions to deal on behalf of the Company. The ACD's order execution policy sets out the factors, such as price and costs, which the ACD will consider, and which the ACD expects the Investment Manager to consider, as applicable when effecting transactions and placing orders in relation to the Company. This policy has been developed in accordance with the ACD's obligations under the Regulations to ensure that when decisions to deal on behalf of the Company are executed all sufficient steps are taken to obtain the best possible result for the Company..

Details of the order execution policy are available on the ACD's website at [www.linkfundsolutions.co.uk](http://www.linkfundsolutions.co.uk)

### 33.6 Collateral management

To the extent a Fund enters into arrangements involving the receipt of collateral, the ACD will have in place a collateral management policy in compliance with the requirements of the ESMA Guidelines on ETFs and other UCITS issues which will define eligible types of collateral which a Fund may receive to mitigate counterparty exposure and other applicable risks (including any applicable haircuts).

## 34. GENERAL

Complaints may be brought in writing to Northern Trust Global Services SE (UK branch), 50 Bank Street, Canary Wharf, London E14 5NT.

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

In the event of the ACD being unable to meet its liabilities to Shareholders, details about rights to compensation can be found at [www.fscs.org.uk](http://www.fscs.org.uk).

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

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

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Shares in a Fund are not listed or dealt in on any investment exchange.

The Financial Services Compensation Scheme Limited has been established under the rules of the FCA as a "rescue fund" for certain clients of firms authorised and regulated by the FCA which have gone out of business. The ACD will supply you with further details of the scheme on written request to its operating address. Alternatively, you can visit the scheme's website at [www.fscs.org.uk](http://www.fscs.org.uk) or by writing to the Financial Services Compensation Scheme, PO Box 300, Mitcheldean GL17 1DY.

### 34.1 Telephone Recordings

Please note that the ACD and the Investment Manager will take all reasonable steps to record telephone conversations, and keep a copy of electronic communications, that relate to instructions to deal in the Company or the management of the assets of the Company. The ACD may also record calls for security, training and monitoring purposes, to confirm Shareholders' instructions and for any other regulatory reason. Recordings will be retained for a period of at least five years from the date of such recording or, where requested by a competent authority, for a period of seven years.

### 34.2 Cancellation rights

A notice of an applicant's right to cancel the agreement to purchase shares will be forwarded, where this is required by rules made under the Act.

When the investment is a lump sum investment (or the first payment, being larger than the second payment, in a regular payment savings plan) an applicant who is entitled to cancel and does so will not get a full refund of the money paid by him if the purchase price of the shares falls before the cancellation notice is received by the ACD, because an amount equal to such fall (the **Shortfall**) will be deducted from the refund he would otherwise receive. Where the purchase price has not yet been paid the applicant will be required to pay the amount of the Shortfall to the ACD. The deduction does not apply where the service of the notice of the right to cancel precedes the entering into of the agreement. Cancellation rights must be exercised by posting a cancellation notice to the ACD on or before the 14th calendar day after the date of receipt of the notice of the right to cancel.

### 34.3 Documents and information available

Copies of the following documents are available for all purchasers of shares on request, free of charge from the ACD at Central Square, 29 Wellington Street, Leeds. LS1 4DL

- 34.3.1 Latest version of the key investor information document, additional investor information document and Prospectus;
- 34.3.2 Latest version of the Instrument of Incorporation which constitutes the Company and a Fund;
- 34.3.3 Latest annual and half-yearly reports applying to each of a Fund;
- 34.3.4 Supplementary information relating to the quantitative limits which apply to the risk management of the Company and a Fund, the methods used for the purposes of such risk management and any recent developments which relate to the risk of the main categories of investment which apply to the Company and Fund (known as the Risk Management Policy); and
- 34.3.5 The ACD Agreement.

The above documents are also available for inspection on any Business Day during normal business hours at the offices of the ACD.

### 34.4 This Prospectus

This Prospectus describes the constitution and operation of the Company at the date of this Prospectus. In the event of any materially significant change in the matters stated herein or any materially significant new matter arising which ought to be stated herein this Prospectus will be revised. Investors should check with the ACD that this is the latest version and that there have been no revisions or updates.

## APPENDIX I - ELIGIBLE MARKETS

### Eligible Securities Markets:

All regulated markets (as defined in the glossary to the FCA Handbook) or markets established in an EEA State which are regulated, operate regularly and are open to the public.

Each Sub-fund may also deal through the securities markets indicated below:

<b>Country</b>	<b>Market</b>
<b>Australia</b>	Australian Securities Exchange
<b>Canada</b>	Toronto Stock Exchange TSX Venture Exchange
<b>The Channel Islands</b>	The International Stock Exchange
<b>Hong Kong</b>	Hong Kong Exchanges and Clearing Limited
<b>Japan</b>	Tokyo Stock Exchange
<b>Philippines</b>	Philippine Stock Exchange
<b>Korea</b>	Korea Exchange
<b>Mexico</b>	Mexican Stock Exchange
<b>Singapore</b>	Singapore Exchange
<b>South Africa</b>	JSE Limited
<b>Switzerland</b>	SIX Swiss Exchange
<b>Taiwan</b>	Taiwan Stock Exchange Taipei Exchange
<b>The United States of America</b>	New York Stock Exchange NASDAQ Stock Market

### Eligible Derivatives Markets:

An Eligible Derivatives Market is any of the following markets:

<b>Country</b>	<b>Market</b>
Australia	Australia Securities Exchange
Canada	Montreal Exchange

<b>Country</b>	<b>Market</b>
Hong Kong	Hong Kong Exchanges and Clearing Limited
Japan	Osaka Securities Exchange Tokyo Stock Exchange
New Zealand	NZX Limited
Singapore	Singapore Exchange
Switzerland	SIX Swiss Exchange
United States	NYSE American Options Chicago Board of Trade Cboe Options Exchange Chicago Mercantile Exchange ICE Futures US New York Mercantile Exchange NASDAQ PHLX

## **APPENDIX 2**

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

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

LF Arch Cru Investment Funds

LF Arch Cru Diversified Funds

## **APPENDIX 3 HISTORICAL PERFORMANCE**

### **Annual Performance data**

THE FUND IS IN WIND UP AND IS NO LONGER AVAILABLE FOR INVESTMENT



## APPENDIX 4 LIST OF SUB-CUSTODIANS

The Custodian may delegate the custody of assets to the following Sub-Custodians:

1. Jurisdiction	2. Subcustodian	3. Subcustodian Delegate
<b>Argentina</b>	Citibank N.A., Buenos Aires Branch	
<b>Australia</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Australia Limited
<b>Austria</b>	UniCredit Bank Austria AG	
<b>Bangladesh</b>	Standard Chartered Bank	
<b>Belgium</b>	Deutsche Bank AG	
<b>Bermuda</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Bermuda Limited
<b>Bosnia and Herzegovina (Federation of Bosnia-Herzegovina)</b>	Raiffeisen Bank International AG	Raiffeisen Bank Bosnia DD BiH
<b>Bosnia and Herzegovina (Republic of Srpska)</b>	Raiffeisen Bank International AG	Raiffeisen Bank Bosnia DD BiH
<b>Botswana</b>	Standard Chartered Bank Botswana Limited	
<b>Brazil</b>	Citibank N.A., Brazilian Branch	Citibank Distribuidora de Titulos e Valores Mobiliarios S.A ("DTVM")

<b>Bulgaria</b>	Citibank Europe plc, Bulgaria Branch	
<b>Canada</b>	The Northern Trust Company, Canada	
<b>Canada*</b>	Royal Bank of Canada	
<b>Chile</b>	Citibank N.A.	Banco de Chile
<b>China B Share</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank (China) Company Limited
<b>Clearstream</b>	Clearstream Banking S.A.,	
<b>Colombia</b>	Cititrust Columbia S.A. Sociedad Fiduciaria	
<b>Costa Rica</b>	Banco Nacional de Costa Rica	
<b>Croatia</b>	UniCredit Bank Austria AG	Zagrebacka Banka d.d.
<b>Cyprus</b>	Citibank Europe PLC	
<b>Czech Republic</b>	UniCredit Bank Czech Republic and Slovenia, a.s.	
<b>Denmark</b>	Nordea Bank Abp	
<b>Egypt</b>	Citibank N.A., Cairo Branch	
<b>Estonia</b>	Swedbank AS	

<b>Eswatini</b> (formerly Swaziland)	Standard Bank Swaziland Ltd	
<b>Finland</b>	Nordea Bank Abp	
<b>France</b>	The Northern Trust Company	
<b>Germany</b>	Deutsche Bank AG	
<b>Ghana</b>	Standard Chartered Bank Ghana Limited	
<b>Greece</b>	Citibank Europe PLC	
<b>Hong Kong</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Hong Kong (Stock Connect Shanghai/Shenshen)</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Hungary</b>	UniCredit Bank Hungary Zrt.	
<b>Iceland</b>	Landsbankinn hf	
<b>India</b>	Citibank N.A.	
<b>Indonesia</b>	Standard Chartered Bank	
<b>Ireland</b>	Euroclear UK and Ireland Limited (Northern Trust self-custody)*	
<b>Israel</b>	Bank Leumi Le-Israel B.M.	

<b>Italy</b>	Deutsche Bank SpA	
<b>Japan</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Jordan</b>	Standard Chartered Bank	
<b>Kazakhstan</b>	Citibank Kazakhstan JSC	
<b>Kenya</b>	Standard Chartered Bank Kenya Limited	
<b>Kuwait</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited
<b>Latvia</b>	Swedbank AS	
<b>Lithuania</b>	AB SEB bankas	
<b>Luxembourg</b>	Euroclear Bank S.A./N.V.	
<b>Malaysia</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Malaysia Berhad
<b>Mauritius</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Mexico</b>	Banco Nacional de Mexico S.A. integrante del Grupo Financiero Banamex	
<b>Morocco</b>	Société Générale Marocaine de Banques	
<b>Namibia</b>	Standard Bank Namibia Ltd	

<b>Netherlands</b>	Deutsche Bank AG	
<b>New Zealand</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Nigeria</b>	Stanbic IBTC Bank Plc	
<b>Norway</b>	Nordea Bank Abp	
<b>Oman</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Oman S.A.O.G
<b>Pakistan</b>	Citibank N.A., Karachi Branch	
<b>Panama</b>	Citibank N.A., Panama Branch	
<b>Peru</b>	Citibank del Peru S.A.	
<b>Philippines</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Poland</b>	Bank Polska Kasa Opieki Spółka Akcyjna,	
<b>Portugal</b>	BNP Paribas Securities Services	
<b>Qatar</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited
<b>Romania</b>	Citibank Europe PLC	
<b>Russia</b>	AO Citibank	

<b>Saudi Arabia</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Saudi Arabia
<b>Serbia</b>	UniCredit Bank Austria A.G.	UniCredit Bank Serbia JSC
<b>Singapore</b>	DBS Bank Ltd	
<b>Slovakia</b>	Citibank Europe PLC	
<b>Slovenia</b>	UniCredit Banka Slovenija d.d.	
<b>South Africa</b>	The Standard Bank of South Africa Limited	
<b>South Korea</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Spain</b>	Deutsche Bank SAE	
<b>Sri Lanka</b>	Standard Chartered Bank	
<b>Sweden</b>	Svenska Handelsbanken AB (publ)	
<b>Switzerland</b>	Credit Suisse (Switzerland) Ltd	
<b>Taiwan</b>	Bank of Taiwan	
<b>Tanzania</b>	Standard Chartered Bank (Mauritius) Limited	Standard Chartered Bank Tanzania Limited
<b>Thailand</b>	Citibank N.A., Bangkok Branch	

<b>Tunisia</b>	Union Internationale De Banques	
<b>Turkey</b>	Deutsche Bank AG & Deutsche Bank AS	
<b>Uganda</b>	Standard Chartered Bank Uganda Limited	
<b>United Arab Emirates (ADX)</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited (DIFC) Branch
<b>United Arab Emirates (DFM)</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited (DIFC) Branch
<b>United Arab Emirates (NASDAQ)</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited (DIFC) Branch
<b>United Kingdom</b>	Euroclear UK and Ireland Limited (Northern Trust self-custody)	
<b>United States</b>	The Northern Trust Company	
<b>Uruguay</b>	Banco Itau Uruguay S.A.	
<b>Vietnam</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank (Vietnam) Ltd
<b>Zambia</b>	Standard Chartered Bank Zambia PLC	

\*The Royal Bank of Canada serves as Northern Trust's Sub-Custodian for securities not eligible for settlement in Canada's local central securities depository.