

# Epworth Investment Funds for Charities Prospectus

Valid from: 11 May 2023

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

This document is issued by Epworth Investment Management Limited.  
Epworth Investment Management Limited is authorised and regulated by the Financial Conduct Authority.

# This document

This document is the Prospectus of the Trust. It is valid as at, 11 May 2023.

The Authorised Fund Manager, Epworth Investment Management Limited, is the person responsible for the information contained in this Prospectus. The Authorised Fund Manager has taken all reasonable care to ensure that the information contained in this Prospectus is not untrue or misleading at the date of its publication and that it covers all matters required by the Regulations.

Changes to the Trust may occur after the publication of the Prospectus and a new Prospectus may be published at any time. Investors should check with the Authorised Fund Manager that this is the most recently published Prospectus as the Authorised Fund Manager cannot be bound by an out-of-date prospectus when a new version has been issued.

The Authorised Fund Manager has sent a copy of this Prospectus, and each revision of it, to the FCA, the Charity Commission, and the Depositary.

## **Distribution of this Prospectus overseas**

The Trust is offered only to Eligible Investors in the United Kingdom.

This Prospectus is not an offer or solicitation of investment in any territory other than the United Kingdom and Ireland and distribution of this Prospectus may be prohibited by law in other territories. Anyone seeking to distribute this Prospectus in other territories should inform themselves of local law requirements and comply with them.

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# Glossary

<b>“Administrator”</b>	HSBC Bank Plc, or such other entity as is appointed to act as the administrator, fund accountant and transfer agent to the Trust from time to time
<b>“Advisory Committee”</b>	the advisory committee to each Sub-fund as described at paragraph 5.3
<b>“AIFMD Regime”</b>	the collection of laws and rules commonly referred to as ‘AIFMD’, or as a part of that regime, as implemented in the United Kingdom or as brought into UK law by Brexit legislation, including the FUND Sourcebook
<b>“Application Form”</b>	the application form for the Trust which sets out the terms and conditions for purchasing and holding Units of the Trust
<b>“Authorised Fund Manager” / “Authorised Investment Fund Manager”</b>	Epworth Investment Management Limited and its successors as authorised fund manager for the purposes of the Regulations and “Alternative Investment Fund Manager” or “AIFM” for the purposes of the AIFMD Regime
<b>“Base Currency”</b>	the Base Currency of the Trust is sterling
<b>“Brexit legislation”</b>	the European Union (Withdrawal) Act 2018
<b>“Business Day”</b>	Monday to Friday, excluding UK public and bank holidays, on which UK clearing banks are open for business in London
<b>“Certificate of Eligibility”</b>	a certificate required by the Authorised Fund Manager confirming that a prospective investor is either an Eligible Investor or a Nominee
<b>“Charity Commission”</b>	the Charity Commission for England and Wales
<b>“COLL Sourcebook”</b>	the Collective Investment Schemes sourcebook published by the FCA and forming part of the FCA Handbook
<b>“COLL”</b>	refers to the appropriate chapter or rule in the COLL Sourcebook
<b>“Conversion”</b>	the conversion of Units in one Unit Class to another Unit Class in the same Sub-fund and “Convert” is construed accordingly
<b>“Custodian”</b>	HSBC Bank Plc, or such other person as is appointed to act as the custodian of the Trust Property from time to time
<b>“Dealing Day”</b>	in respect of each Sub-fund and Unit Class, the days specified in Appendix 1
<b>“Delegate Registrar”</b>	HSBC Bank Plc, or such other entity as is appointed to act as delegate registrar to the Trust from time to time
<b>“Depositary”</b>	HSBC Bank Plc, or such other person as is appointed to act as trustee and depositary of the Trust from time to time
<b>“EEA State”</b>	a member state of the European Union and any other state which is within the European Economic Area
<b>“Eligible Investor”</b>	investors permitted to subscribe for Units as described in paragraph 1.5

<b>“FCA Handbook”</b>	the handbook of rules and guidance published by the FCA any other rules made under section 247 of the Act (excluding any guidance or evidential requirements)
<b>“FCA”</b>	the Financial Conduct Authority, or any replacement of successor regulatory body
<b>“FSMA”</b>	the Financial Services and Markets Act 2000, as amended or replaced from time to time
<b>“FUND Sourcebook”</b>	the Investment Funds sourcebook published by the FCA and forming part of the FCA Handbook
<b>“FUND”</b>	refers to the appropriate chapter or rule in the FUND Sourcebook
<b>“Net Asset Value” or “NAV”</b>	the value of the Scheme Property of a Sub-fund (or, as the context requires, of all existing Sub-funds of the Trust) less all the liabilities of that Sub-fund (or of all existing Sub-funds of the Trust) determined in accordance with the Trust Deed
<b>“Nominee”</b>	a person who holds units for an Eligible Investor
<b>“Prospectus”</b>	this document (or any future revised version of it)
<b>“Register”</b>	the register of Unitholders
<b>“Regulations”</b>	the rules in FSMA, the AIFMD Regime, the Charities Act 2011 and the COLL Sourcebook together with any other relevant rules in the FCA Handbook that concern the establishment or operation of unit trusts
<b>“Scheme Property”</b>	the scheme property of a Sub-fund or of all existing Sub-funds (as appropriate)
<b>“Sub-fund”</b>	a sub-fund of the Trust (being Scheme Property which is pooled separately) to which specific assets and liabilities of the Trust may be allocated and which is invested in accordance with the investment objective applicable to such Sub-fund
<b>“Switch”</b>	the switch, where permissible, of Units of one Sub-fund for Units of another Sub-fund
<b>“Trust”</b>	Epworth Investment Funds for Charities
<b>“Trust Deed”</b>	the deed constituting the Trust and the Sub-funds, including all supplemental trust deeds
<b>“Unit”</b>	a unit representing the rights and interests of investors in the Trust
<b>“Unit Class”</b>	a particular class of Unit relating to a particular Sub-fund as detailed in Appendix 1, Part B
<b>“Unitholder(s)”</b>	in relation to a Class or Sub-fund, a holder of Units, or a beneficial interest in Units, of the Trust
<b>“Valuation Point”</b>	the point on a Dealing Day at which the Authorised Fund Manager values the Scheme Property to determine the price at which Units are issued, cancelled or redeemed.  For details of the Valuation Point of a Sub-fund please see Part A of Appendix 1
<b>“VAT”</b>	Value Added Tax

# Directory

## Authorised Fund Manager

**Epworth Investment Management Limited**  
2nd Floor  
9 Bonhill Street  
London  
EC2A 4PE

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## Depositary

**HSBC Bank Plc**  
8 Canada Square  
London  
United Kingdom  
E14 5HQ

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## Administrator, Delegate Registrar, fund accountant and transfer agent

**HSBC Bank Plc**  
8 Canada Square  
London  
United Kingdom  
E14 5HQ

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## Legal advisers

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

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## Auditor

**Buzzacott LLP**  
St Peters House  
130 Wood Street  
London  
EC2V 6DL

## Complaints

### Complaining to us

We do our best to provide a quality service, but if you do have cause for complaint, we will equally do our best to deal with it to your full satisfaction.

As part of this we have established procedures to ensure that any complaints received from former, potential or existing customers are dealt with in a timely and satisfactory manner. Our complaints policy is available on our website.

Please contact us:

Epworth Investment Management Limited  
2nd Floor  
9 Bonhill Street  
London  
EC2A 4PE

Telephone: 020 7496 3636

Email: [complaints@epworthinvestment.co.uk](mailto:complaints@epworthinvestment.co.uk)

### If you're still not happy

If you are not happy with our response for any reason, you may be able to refer the matter to the Financial Ombudsman Service following the issue of our final response to you. Further information may be obtained from

Financial Ombudsman Service  
Exchange Tower  
London  
E14 9SR

Telephone: 0300 123 9 123 or 0800 023 4567

Email: [complaint.info@financial-ombudsman.org.uk](mailto:complaint.info@financial-ombudsman.org.uk)

Website: [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk)

# 1. About the Trust and its structure

## 1.1 Overview

- Legal structure and regulatory status*** The Trust, Epworth Investment Funds for Charities, is an authorised unit trust. The Trust is authorised by the FCA and is registered with the Charity Commission.
- For more information see 1.2 below.
- Sub-funds of the Trust:*** The Trust is structured as an umbrella authorised unit trust in that different Sub-funds may be established from time to time.
- For more information see 1.3 below.
- Eligible Investors:*** Only certain Eligible Investors are permitted to make an investment.
- For more information see 1.5 below.
- The nature of Units and Unit Classes:*** Eligible Investors can subscribe for Units in the Sub-funds which represent their share in the property of that Sub-fund. Units are provided in different Classes.
- For more information see 1.6 and 1.7 below.

## 1.2 Legal structure and regulatory status of the Trust and its Sub-funds

- 1.2.1** The Trust, Epworth Investment Funds for Charities, is an authorised unit trust.
- 1.2.2** The Trust is authorised by the FCA from 5 April 2019 and appears on the financial services register under product reference number (PRN) 839709. The Sub-funds also each have a product reference number which is set out in Appendix 1.
- 1.2.3** The Trust is registered with the Charity Commission as a charity. Its charity registration number is 1182845.
- 1.2.4** For the purposes of the Regulations, the Trust is:
- (a) a Charity Authorised Investment Fund (CAIF)
  - (b) an Alternative Investment Fund (AIF); and
  - (c) a Non-UCITS Retail Scheme (NURS).
- 1.2.5** This means that the Authorised Fund Manager and Depositary must adhere to certain operational and investment requirements prescribed by the FCA and the Sub-funds have a special tax status.
- 1.2.6** The Trust has an unlimited duration but the Trust may be wound up, or its Sub-funds terminated, as described in paragraph 9.

## 1.3 The Sub-funds of the Trust

- 1.3.1** The Trust is structured as an umbrella authorised unit trust in that different Sub-funds may be established from time to time by the Authorised Fund Manager with the approval of the FCA and registration with the Charity Commission.

- 1.3.2** On the introduction of any new Sub-fund, a revised Prospectus will be prepared setting out the relevant details of each Sub-fund.
- 1.3.3** Each Sub-fund has its own portfolio of assets, its own investment objective and policy and other specific attributes. For detailed information about each Sub-fund, see Part A of Appendix 1.
- 1.3.4** The eligible securities markets in which a Sub-fund may invest are set out in Appendix 2. A statement of the general investment and borrowing restrictions in respect of each Sub-fund is set out in Appendix 3.

## **1.4 Segregation of assets and liabilities**

- 1.4.1** The Trust will maintain for each current Sub-fund a separate pool of assets, each invested for the exclusive benefit of the Unitholders in the relevant Sub-fund.
- 1.4.2** The assets of each Sub-fund will be treated as separate from those of every other Sub-fund and will be invested in accordance with the investment objective and investment policy applicable to that Sub-fund. Investment of the assets of each of the Sub-funds must comply with the COLL Sourcebook, the FUND Sourcebook, and the investment objective and policy of the relevant Sub-fund.
- 1.4.3** Each Sub-fund will be charged with the liabilities, expenses, costs and charges of the Trust attributable to that Sub-fund, and within each Sub-fund charges will be allocated between Classes in accordance with the terms of issue of Units of those Classes. The assets of each Sub-fund must not be used to discharge any liabilities of, or meet any claims against, any person other than the Unitholders in that Sub-fund.
- 1.4.4** Any assets, liabilities, expenses, costs or charges not attributable to a particular Sub-fund may be allocated by the Authorised Fund Manager to the Sub-funds in a manner which it believes is fair to the Unitholders generally. This will normally be pro rata to the Net Asset Value of the relevant Sub-funds.

## **1.5 Eligible Investors**

- 1.5.1** The only investors permitted to subscribe for Units are:
  - (a) those who are a 'charity' within the meaning of section 1 of the Charities Act 2011 or paragraph 1(1) Schedule 6, Finance Act 2010; or
  - (b) a Scottish recognised body or a Northern Ireland charity;
  - (c) Nominees acting on behalf of a person in (a).
- 1.5.2** Anyone wishing to subscribe for Units whether on their own behalf or as a Nominee must certify their eligibility in a form required by the Authorised Fund Manager.
- 1.5.3** The Authorised Fund Manager will monitor the charitable status of Unitholders (or beneficial owners in the case of Nominee Unitholders). Investors ceasing to be Eligible Investors must inform the Authorised Fund Manager immediately.
- 1.5.4** The Authorised Fund Manager has the power to compulsorily require a Unitholder to sell their Units where that Unitholder cannot demonstrate that they are eligible or cease to be Eligible Investors or cease to be a Nominee for an Eligible Investor in respect of any Units held. For more information, see paragraph 2.8.

## **1.6 Units**

- 1.6.1** Each unit represents a share in the property of a Sub-fund.



- 1.6.2** Units have no par value. Units of a particular Class (as explained below) in a particular Sub-fund are entitled to participate equally in the profits arising in respect of Sub-fund and in the proceeds of that Sub-fund's termination.
- 1.6.3** Units do not carry preferential or pre-emptive rights to acquire further Units.
- 1.6.4** Unitholders are not liable for the debts of the Sub-fund or Sub-funds in which they are invested.
- 1.6.5** Except as expressly otherwise provided in the Trust Deed, Unitholders are not liable to make any further payment to a Sub-fund after they have paid the purchase price of their Units.

## **1.7** **Classes of Units**

- 1.7.1** Units are provided in different Classes, which have different attributes. The details of the Classes of Units presently available for each Sub-fund, including details of their criteria for eligibility, subscription and fee structure, are set out in Part B of Appendix 1.
- 1.7.2** Classes of Unit may be established from time to time by the Authorised Fund Manager with the agreement of the Depositary and in accordance with the Trust Deed and the Regulations. On the introduction of any new Class, a revised prospectus will be prepared setting out the details of each Class.
- 1.7.3** The currency in which each Class is denominated is set out in this Prospectus.
- 1.7.4** Certain Unit Classes may benefit from currency hedging transactions that aim to reduce the impact of changes between the Class' currency and another reference currency (such as a Sub-fund's Base Currency or the currency of the Sub-fund's investments).
- 1.7.5** Holders of income Units are entitled to be paid the distributable income attributed to such Units on any relevant interim and annual allocation dates.
- 1.7.6** Holders of accumulation Units are not entitled to be paid the income attributed to such Units, but that income is automatically transferred to (and retained as part of) the capital assets of the relevant Sub-fund on the relevant interim and/or annual accounting dates. This is reflected in the price of an accumulation Unit.
- 1.7.7** Unitholders are entitled (subject to certain restrictions, in particular as regards meeting the eligibility criteria) to Convert all or part of their Units in a Class in a Sub-fund for Units of another Class within the same Sub-fund, where available, or to Switch them for Units of any Class within a different Sub-fund of the Trust. Details of these Conversion and Switching facilities and the restrictions are set out in paragraph **2.4** for Switching and paragraph **2.5** in the case of Conversions.

## 2. Buying, redeeming and switching Units

### 2.1 The dealing office

- 2.1.1** The Authorised Fund Manager's dealing office is normally open from 09:00 a.m. to 5:00 p.m. (UK time) to receive requests for the purchase, sale, Conversion and Switching of Units. Requests will only be carried out on a relevant Dealing Day for the Sub-fund in question. The Authorised Fund Manager may vary the dealing office opening times at its discretion.
- 2.1.2** Transfers of title to Units may not be carried out on the authority of an electronic communication though the Authorised Fund Manager may, at its discretion, introduce further methods of dealing in Units in the future.

### 2.2 Buying Units

#### 2.2.1 Procedure

- (a) Units may only be issued by the Authorised Fund Manager to an Eligible Investor or its Nominee.
- (b) Each initial request to purchase Units in a Sub-fund must be accompanied by each of the following documents:
  - (i) an application form; and
  - (ii) any further documents the Authorised Fund Manager requires for operational purposes such as to comply with its Anti Money Laundering policy in 11.2.
- (c) The Authorised Fund Manager may also require an application form for subsequent requests for purchases of Units and may, at its discretion, also require investors to provide the documents listed at (b)(i) and (ii) above on subsequent purchases of Units.
- (d) Valid applications to subscribe for Units will be processed at the Unit price calculated, based on the Net Asset Value per Unit, at the first Valuation Point for which they are eligible following receipt of the application. If the application is received after a cut-off point, it will not be eligible for the next Valuation Point and will instead be held until the subsequent Valuation Point. Where dealing in a Sub-fund has been suspended as set out in paragraph 2.9, the application will not be processed until dealing is recommenced.
- (e) The Authorised Fund Manager, at its discretion, has the right to request, and be in receipt of, cleared funds before processing an application or other instruction to purchase Units.
- (f) Settlement is due within three Business Days of the Valuation Point for applications to purchase Units. An application to purchase Units will only be deemed to have been accepted by the Authorised Fund Manager once it is in receipt of a valid application form, Certificate of Eligibility, and such other documents as the Authorised Fund Manager may require regarding the investor and in particular its tax status and to enable appropriate tax treaty benefits to be available and, if required by the Authorised Fund Manager, cleared funds for the application.
- (g) Settlement must be made by electronic bank transfer to the bank account detailed on the application form.

- (h) The Authorised Fund Manager, at its discretion, has the right to cancel a purchase deal if settlement is overdue (being more than five Business Days from receipt of an application form or other instruction) and any loss arising on such cancellation will be the liability of the applicant. The Authorised Fund Manager is not obliged to issue Units unless it has received cleared funds from an investor.
- (i) A purchase of Units in writing or any other communication media made available is a legally binding contract. Applications to purchase, once made are, except in the case where cancellation rights are applied, irrevocable. Subject to its obligations under the Regulations, the Authorised Fund Manager has the right to reject, on reasonable grounds relating to the circumstances of the applicant, any application for Units in whole or part, and in this event the Authorised Fund Manager will return any money sent, or the balance of such monies, at the risk of the applicant.
- (j) Any subscription monies remaining after a whole number of Units has been issued will not be returned to the applicant. Instead, fractions of Units will be issued. Units are recorded on the Register to 2 decimal places.

#### **2.2.2 Evidence of investment**

- (a) For Units issued on a given Dealing Day, the Administrator will issue a contract note (detailing the number and price of Units issued) no later than the end of the following Business Day.
- (b) The Delegate Registrar may require certain registration details in order to complete the registration of Units.
- (c) The Register is the definitive record of the ownership of Units and share certificates are not issued.
- (d) It is not possible to issue bearer units in an authorised unit trust.

#### **2.2.3 Minimum threshold for buying and holding Units**

- (a) Each Unit Class has a minimum threshold for Dealing and holding further explained in paragraphs 2.3.2, 2.4.2, .5.2 and set out in Part B - Appendix 1.
- (b) The Authorised Fund Manager can reject instructions for buying units where the threshold is not met.
- (c) If a Unitholder's investment falls below the threshold due to a redemption, Conversion, Switch or transfer, the Authorised Fund Manager is entitled to redeem the entire holding (and can choose to do so at any time).
- (d) The Authorised Fund Manager may waive these requirements at its discretion.

#### **2.2.4 Paying for Units with assets**

- (a) Prospective investors wishing to subscribe for Units in specie (paying with assets rather than cash), should contact the Authorised Fund Manager as this can only be facilitated at the Authorised Fund Manager's discretion.
- (b) The Authorised Fund Manager will not issue Units in any Sub-fund in exchange for assets if:
  - (i) those assets are not consistent with the investment objective or policy of that Sub-fund; or
  - (ii) the Authorised Fund Manager or the Depositary determines that the Sub-fund's acquisition of those assets in exchange for the Units may be materially prejudicial to the interests of the Unitholders.

## 2.3 Selling Units

### 2.3.1 Procedure

- (a) Subject to specific exceptions in this Prospectus (such as those in 2.3.6 and 2.9), every Unitholder can sell its Units on any Dealing Day. This is also known as 'redeeming' Units.
- (b) The Administrator will process valid instructions to sell Units at the next Valuation Point, at a price based on the Net Asset Value per Unit.
- (c) Instructions to sell units are legally binding on Unitholders whether made in writing or through any other means of accepted communication.
- (d) The Administrator may be unable to process a sale request until it has received sufficient documentation, anti-money laundering information or outstanding amounts in relation to the Unitholder's account.
- (e) If sufficient written instructions are not received, the Administrator may require the Unitholder (or joint Unitholders) to complete a form of renunciation before the instructions to sell Units can be processed.

### 2.3.2 Documents a redeeming Unitholder will receive

- (a) For Units sold on a given Dealing Day, the Administrator will issue a contract note (detailing the number and price of Units sold) no later than the end of the following Business Day. In the case of joint Unitholders, the contract note will be sent to the first-named Unitholder.
- (b) Payment of the proceeds of sale will be made via electronic transfer in accordance with any instruction received (the Authorised Fund Manager may recover any bank charge levied on such transfers). Instructions to make payments to third parties (other than intermediaries associated with the sale) will not normally be accepted.
- (c) Payment of the proceeds of sale will be made within three Business Days of the later of:
  - (i) receipt by the Authorised Fund Manager of the form of renunciation (or other sufficient written instructions) duly signed and completed by all the relevant Unitholders, together with any other documentation and appropriate evidence of title, and any required anti-money laundering related documentation; and
  - (ii) the Valuation Point following receipt by the Authorised Fund Manager of the request to sell such Units.
- (d) No interest will be paid on funds held whilst the Authorised Fund Manager awaits receipt of all relevant documentation necessary to complete a redemption.
- (e) Units that have not been paid for cannot be sold.

### 2.3.3 Minimum redemption threshold

- (a) Each Unit Class has a minimum threshold for dealing and holding set out in Part B of Appendix 1.

Where a proposed sale of Units would not meet the minimum threshold for selling Units the Authorised Fund Manager can reject such instructions (except in the case of a request from a Unitholder to sell their entire holding).

- (b) If a Unitholder's investment falls below the threshold due to a sale of their units, the Authorised Fund Manager is entitled to require that Unitholder to sell their entire holding (and can choose to do so at any time).
- (c) The Authorised Fund Manager may waive these requirements at its discretion.

#### **2.3.4 Late trading**

- (a) The Authorised Fund Manager does not permit late trading.
- (b) "Late trading" is defined as the acceptance of a purchase, sale, Conversion or Switch order received after a Sub-fund's applicable Valuation Point for that Dealing Day.
- (c) A request for dealing in Units must be received by the cut off point prior to the Valuation Point on a particular Dealing Day in order to be processed on that Dealing Day.
- (d) A dealing request received after this time will be held over and processed on the next Dealing Day, using the Net Asset Value per Unit calculated as at the Valuation Point on that next Dealing Day.
- (e) Late trading will not include a situation in which the Authorised Fund Manager is satisfied that orders which are received after the Valuation Point have been made by investors before then (e.g. where the transmission of an order has been delayed for technical reasons).

#### **2.3.5 Using assets to settle a sale of units**

- (a) If a Unitholder wishes to sell their Units in specie (where the Authorised Fund Manager makes the sale using assets rather than cash), they should contact the Authorised Fund Manager as this can only be facilitated at the Authorised Fund Manager's discretion.
- (b) In the event of a request for an in specie sale, the Authorised Fund Manager and Depositary must ensure that the selection of assets is made with a view to achieving no more advantage or disadvantage to the Unitholder requesting the sale than to the continuing Unitholders.

#### **2.3.6 The Authorised Fund Manager's power to defer sales**

- (a) The Authorised Fund Manager may defer a Unitholder's request to sell their Units at a Valuation Point to the next Valuation Point if the total requests for redemptions represent a value exceeding 10% of the Sub-fund's value.
- (b) Where the deferred sale policy is in effect, the Authorised Fund Manager will defer all Unitholder sales requests for a particular Valuation Point to the next Valuation Point. Requests to sell Units can continue to be deferred in this way over multiple Valuation Points. The Authorised Fund Manager will ensure that all requests to sell Units relating to an earlier Valuation Point are completed before those relating to a later Valuation Point are considered.

### **2.4 Switching**

A Unitholder may Switch all or some of its Units in one Sub-fund ("Original Units") for Units in another Sub-fund ("New Units").

For a Switching instruction to be valid, the Unitholder must be eligible to hold the New Units.

#### **2.4.1 Process**

- (a) Switches take place at a single Valuation Point and the number of the New Units issued to the Unitholder is dependent on the value (and therefore the price) of the Original Units being Switched and the corresponding price of the New Units.
- (b) Valid applications to Switch Units received before the Valuation Point on a Dealing Day will be executed at the Unit price, based on the Net Asset Value per Unit, at the Valuation Point on the same Dealing Day except where dealing in the relevant Sub-fund has been suspended as set out in paragraph 2.9. Switching requests received after a Valuation Point will be held over until the next Dealing Day in each of the relevant Sub-funds or at such other Valuation Points as the Authorised Fund Manager at the request of the Unitholder giving the relevant instruction may agree.
- (c) Save as otherwise specifically set out, the general provisions on procedures relating to requests to sell Units at 2.3.1 will apply equally to a Switch.
- (d) There is no right by law to withdraw or cancel a Switch transaction.
- (e) Details of the switching fee that the Authorised Fund Manager is permitted to take is described in paragraph 6.3.3. The Authorised Fund Manager may adjust the number of New Units to be issued to reflect the application of any charge on Switching together with any other charges or levies in respect of the application for the New Units or redemption of the Original Units as may be permitted under the COLL Sourcebook.

#### **2.4.2 Minimum holding threshold**

- (a) Each Unit Class has a minimum threshold for dealing and holding set out in Part B of Appendix 1.
- (b) If a partial Switch would result in the Unitholder holding a number of Original Units or New Units of a value which is less than the minimum threshold in the Unit Classes concerned, the Authorised Fund Manager may, if it thinks fit:
  - (i) Switch the whole of the applicant's holding of Original Units to New Units (and make a charge on such Switching); or
  - (ii) refuse to effect any Switch of the Original Units.

### **2.5 Conversions**

A Unitholder may Convert their Units in one Unit Class in a Sub-fund for another Unit Class (if any) in the same Sub-fund.

For a Conversion instruction to be valid, the Unitholder must be eligible to hold the New Units.

#### **2.5.1 Process**

- (a) Conversions will be effected by the Authorised Fund Manager recording a change of Class on the Register.
- (b) Conversions take place at a single Valuation Point and the number of the Units issued to the Unitholder is dependent on the value (and therefore the price) of the Units being Converted and the corresponding price of the New Units.
- (c) The number of Units to be issued in the new Class will be calculated relative to the last known price of the Units being Converted and the Units being issued.
- (d) For the avoidance of doubt, each conversion notice relates only to the Conversion of Units of a single Unit Class.

- (e) Details of any conversion fee (none currently applies) that the Authorised Fund Manager is permitted to take is described in paragraph 6.3.3 and the amounts (if any) are set out in Part B of Appendix 1. The Authorised Fund Manager may adjust the number of Units to be issued to reflect the application of any charge on Conversion.

#### **2.5.2 Minimum holding threshold**

- (a) Each Unit Class has a minimum threshold for dealing and holding set out in Appendix 1.
- (b) Where a proposed conversion of Units would result in a Unitholder holding less than the minimum threshold in either Unit Class as set out in the Prospectus from time to time, then the Authorised Fund Manager may (at their discretion) decide either to:
  - (i) treat the Unitholder in question as having served a Conversion notice in respect of their entire holding of Units; or
  - (ii) refuse to give effect to the Conversion notice in question.

### **2.6 Anti-Dilution Adjustment**

The actual cost of buying, selling or switching assets and investments in the Sub-funds may deviate from the mid-market value used in calculating its Unit price, due to dealing charges, taxes, and any spread between buying and selling prices of a Sub-fund's underlying investments. These costs could have an adverse effect on the value of the Sub-funds, known as "dilution".

In order to mitigate the effect of dilution, the Regulations allow the Authorised Fund Manager to adjust the sale and purchase price of Units in the Sub-funds to take into account the possible effects of dilution. This practise is known as making a "dilution adjustment" or operating swinging single pricing. The power to make a dilution adjustment may only be exercised for the purpose of reducing dilution in the Sub-funds.

The price of each Class in each Sub-fund will be calculated separately but any dilution adjustment will, in percentage terms, affect the price of Units of each Class identically.

The Authorised Fund Manager reserves the right to make a dilution adjustment every day. The dilution adjustment is calculated using the estimated dealing costs of a Sub-fund's underlying investments and taking into consideration any dealing spreads, commission and transfer taxes. The need to make a dilution adjustment will depend on the difference between the value of Units being acquired and the value of Units being redeemed as a proportion of the total value of that Sub-fund.

The measurement period will typically be a single day but, where a trend develops so that for a number of days in a row there is a surplus of acquisitions or redemptions on each and every day, the aggregate effect of such acquisitions or redemptions as a proportion of the total relevant Sub-fund value will be considered.

Where a Sub-fund is experiencing net acquisitions of its Units the dilution adjustment would increase the price of Units above their mid-market value. Where a Sub-fund is experiencing net redemptions the dilution adjustment would decrease the price of Units to below their mid-market value.

It is the Authorised Fund Manager's policy to reserve the right to impose a dilution adjustment on purchases, sales and Switches of Units of whatever size and whenever made. In the event that a dilution adjustment is made, it will be applied to all transactions in a Sub-fund during the relevant measurement period and all transactions during the relevant measurement period will be dealt on the same price inclusive of the dilution adjustment.

The Authorised Fund Manager's decision on whether or not to make this adjustment, and at what level this adjustment might be made in a particular case or generally, will not prevent it from making a different decision on future similar transactions.

On the occasions when a dilution adjustment is not applied, if a Sub-fund is experiencing net acquisitions of Units or net redemptions, there may be an adverse impact on the assets of that Sub-fund attributable to each underlying Unit, although the Authorised Fund Manager does not consider this to be likely to be



material in relation to the potential future growth in value of a Unit. As dilution is directly related to the inflows and outflows of monies from a Sub-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 Authorised Fund Manager will need to make a dilution adjustment.

The dilution adjustment will be applied to the mid price for Units resulting in a figure calculated up to 2 decimal places. The final digit in this figure will then be rounded either up or down in accordance with standard mathematical principals resulting in the final price for the Units.

The Sub-funds are new Sub-funds as at the date of this Prospectus - therefore no historic dilution adjustment information can be provided. It is however envisaged (based on future projections) that a dilution adjustment will be applied each day.

The dilution adjustment for any one Sub-fund may vary over time because the dilution adjustment for each Sub-fund will be calculated by reference to the costs of dealing in the underlying investments of that Sub-fund, including any dealing spreads, and these can vary with market conditions. A typical dilution adjustment may range from 5bps to 70bps<sup>1</sup> when buying or selling Units.

## 2.7 Transfers

- 2.7.1** Unitholders are entitled to transfer their Units to another person or body but only if that other person or body is an Eligible Investor and is eligible to invest in the same Unit Class as the transferring Unitholder.
- 2.7.2** All transfers must be in writing in the form of an instrument of transfer approved by the Authorised Fund Manager for this purpose.
- 2.7.3** Completed instruments of transfer must be returned to the Authorised Fund Manager in order for the transfer to be registered by the Authorised Fund Manager.
- 2.7.4** The instrument of transfer requires the transferee to certify that it is an Eligible Investor and such other documents and information as the Authorised Fund Manager may require to ensure that the proposed Unitholder is eligible to invest in the same Class as the transferring Unitholder and to enable the correct tax treatment to be obtained.
- 2.7.5** The Authorised Fund Manager therefore needs to be informed as soon as practicable about any potential transfer, at which time it will let both the transferee and transferor Unitholder know what is required. The Authorised Fund Manager will refuse to register a transfer unless this certification and such other information as it requires is provided to it.

## 2.8 Restrictions and compulsory transfer, conversion and sale

- 2.8.1** The Authorised Fund Manager may compulsorily require a Unitholder to Convert, Switch, sell or may cancel Units where to do so is considered by the Authorised Fund Manager to be in the best interests of Unitholders. The Authorised Fund Manager will give affected Unitholders reasonable written notice before using this power unless the following paragraphs apply.
- 2.8.2** In addition to the Eligible Investor requirements, the Authorised Fund Manager may from time to time impose such restrictions as it may think necessary for the purpose of ensuring that no Units 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 any of the Sub-funds incurring any liability to taxation which it is not able to recoup itself or suffering any other adverse consequence.



**2.8.3** In relation to this, the Authorised Fund Manager has discretion to reject any application for the purchase, sale, transfer, Conversion or Switch of Units.

**2.8.4** If it comes to the notice of the Authorised Fund Manager that any Units (“affected Units”):

- (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;
- (b) would result in the Trust incurring any liability to taxation which the Trust 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 a way which causes the Authorised Fund Manager to reasonably believe the Unitholder is not qualified to hold those units (this being in addition to the Eligible Investor criteria referred to in paragraph 2.1 and any other Class specific criteria),

the Authorised Fund Manager may give notice to the Unitholder(s) of the affected Units requiring the transfer of such Units to a person who is qualified or entitled to own them, subject to the Authorised Fund Manager receiving all relevant information and documents to ensure this is the case or to Convert their holding to another Class if one is available for which the Unitholder meets the tax status and other requirements or that a request in writing be given for the sale of such Units in accordance with the COLL Sourcebook.

**2.8.5** If any Unitholder on whom such a notice is served does not within 30 days after the date of such notice transfer his affected Units to a person qualified to own them or submit a written request for their sale to the Authorised Fund Manager or establish to the satisfaction of the Authorised Fund Manager (whose judgement is final and binding) that he or the beneficial owner is qualified and entitled to own the affected Units, he will be deemed on the expiry of that 30 day period to have given a request in writing for the sale or cancellation (at the discretion of the Authorised Fund Manager) of all the affected Units.

**2.8.6** A Unitholder who becomes aware that it is holding or owns affected Units must immediately, unless he has already received a notice as set out above, either transfer all his affected Units to a person qualified to own them or submit a request in writing to the Authorised Fund Manager for the sale of all his affected Units.

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

## **2.9 Suspension of dealings in the Sub-funds**

**2.9.1** The Authorised Fund Manager may, with the prior agreement of the Depositary, and must without delay if the Depositary requires it, temporarily suspend the issue, cancellation, sale and purchase of Units in any or all of the Sub-funds where, due to exceptional circumstances, it is in the interests of all the Unitholders in the relevant Sub-fund or Sub-funds.

**2.9.2** The Authorised Fund Manager 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 Unitholders.

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

**2.9.4** The Authorised Fund Manager will notify Unitholders 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 Unitholders details of how to find further information about the suspension.

- 2.9.5** Where such suspension takes place, the Authorised Fund Manager will publish on its website or through other general means, sufficient details to keep Unitholders appropriately informed about the suspension, including, if known, its possible duration.
- 2.9.6** During the suspension none of the obligations in COLL 6.2 (Dealing) will apply but the Authorised Fund Manager 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.
- 2.9.7** Suspension will cease as soon as practicable after the exceptional circumstances leading to the suspension have ceased but the Authorised Fund Manager 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 Unitholders.
- 2.9.8** The Authorised Fund Manager may agree during the suspension to deal in Units 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 Units.

## **2.10**     **Market timing**

- 2.10.1** Market timing activities are disruptive to fund management, may lead to additional dealing charges which cause losses or dilution to a Sub-fund and may be detrimental to performance and to the interests of the long-term Unitholders. Accordingly the Authorised Fund Manager may in its absolute discretion reject any application for purchasing, selling or Switching of Units from applicants that it considers to be associated with market timing activities.
- 2.10.2** In general terms, market timing activities are strategies which may include frequent purchases and sales of Units with a view to profiting from anticipated changes in market prices between Valuation Points or arbitraging on the basis of market price changes subsequent to those used in the valuation of a Sub-fund.

## **2.11**     **Governing law**

- 2.11.1** The legal agreement governing this investment (and your deals in units) is made up of the application form and the prospectus. These documents are governed by English law and the courts of England and Wales have exclusive jurisdiction to settle disputes relating to them.
- 2.11.2** Judgements of the courts of England and Wales may be recognised in Denmark, EU member states, Mexico, Montenegro and Singapore (under the Hague Convention) though this may depend when the agreement was entered into. The UK has applied to join the Lugano Convention which would additionally allow judgements to be recognised by the EU (on behalf of the EU member states), Iceland, Norway and Switzerland. The UK recognises the judgements of certain other territories and jurisdictions but, as the UK courts have exclusive jurisdiction, this is not expected to be relevant.

## 3. Valuation of the Trust

### 3.1 General

- 3.1.1** There is only a single price (i.e. the same price for buying and selling) for each Unit Class.
- 3.1.2** The price of a Unit is based on the Net Asset Value of the Sub-fund it relates to - and that Unit's proportionate interest in the property of that Sub-fund.
- 3.1.3** Each Sub-fund is valued at its Valuation Point, on every Dealing Day, on the basis described in Appendix 5.
- 3.1.4** Dealings are on a forward pricing basis. This means that requests to buy or sell Units are carried out at the next Valuation Point following the request.

### 3.2 Special valuations

- 3.2.1** The Authorised Fund Manager can instruct an additional valuation if it thinks that would be desirable and can use the price at that additional valuation as the price for that Dealing Day.
- 3.2.2** The Authorised Fund Manager can instruct additional valuations for the purposes of a scheme of arrangement, or a similar corporate action, and these will not create a Valuation Point for the purposes of dealing.
- 3.2.3** Subject to the Regulations, the Authorised Fund Manager may, in certain circumstances (for example where a significant event has occurred since the closure of a market) substitute a price with a more appropriate price which in its opinion reflects a fair and reasonable price for that investment.

### 3.3 Fair value pricing

- 3.3.1** The Authorised Fund Manager can itself value investments (including hard-to-value investments) at a price which, in its opinion, reflects a fair and reasonable price for that investment (the fair value price) where:
  - (a) it has reasonable grounds to believe that no reliable price exists for a security (including a unit/share in a collective investment scheme) at a Valuation Point; or
  - (b) the most recent price available does not reflect the Authorised Fund Manager's best estimate of the value of the security (including a unit/share in a collective investment scheme) at the Valuation Point.
- 3.3.2** The circumstances which may give rise to a fair value price being used include:
  - (a) no recent trade in the security concerned;
  - (b) suspension of dealings in an underlying collective investment scheme; or
  - (c) the occurrence of a significant event since the most recent closure of the market where the price of the security is taken.
- 3.3.3** In determining whether to use a fair value price, the Authorised Fund Manager will include in its consideration but need not be limited to:
  - (a) the type of authorised fund concerned;

- (b) the securities involved;
- (c) whether the underlying collective investment schemes may already have applied fair value pricing;
- (d) the basis and reliability of the alternative price used; and/or
- (e) the Authorised Fund Manager's policy on the valuation of Scheme Property.

### 3.4 **Publication of prices**

- 3.4.1** The prices of all Unit Classes are available at <https://www.epworthinvestment.co.uk>. The prices of Units are available by calling 0207 496 3631 during normal business hours.
- 3.4.2** As deals are carried out on a forward pricing basis, the prices that appear in these sources will not necessarily be the same as the ones at which investors can currently deal.
- 3.4.3** The Authorised Fund Manager may also, at its sole discretion, decide to publish certain Unit prices on third party websites or in publications but the Authorised Fund Manager does not accept responsibility for the accuracy of the prices published in, or for the non-publication of prices by, these sources for reasons beyond the control of the Authorised Fund Manager

## 4. Risk factors

Potential investors should consider the below risk factors before investing in the Trust (or, in the case of specific risks applying to specific Sub-funds, in those Sub-funds).

This list must not be taken to be comprehensive as there may be new risks that arise in the future which could not have been anticipated in advance.

The risk warnings listed will also apply to different Sub-funds to different degrees, and for a given Sub-fund this degree could increase or reduce through time.

### 4.1 General Risks

The following risks apply to all of the Sub-funds. For information about specific risks, see Paragraph 4.2 below “Specific Risks”.

#### 4.1.1 Market risk

The investments of the Trust are subject to normal market fluctuations and other risks inherent in investing in securities. There can be no assurance that any appreciation in the value of investments will occur. The value of investments and the income derived from them may fall as well as rise and investors may not recoup the original amount they invest in the Trust. There is no certainty that the investment objective of any Sub-fund will actually be achieved and no warranty or representation is given to this effect. Past performance is no guide to the future.

#### 4.1.2 Dilution adjustment

Investors should note that a dilution adjustment may be applied to the price payable on the purchase or sale of their Units (see “Anti-Dilution Adjustment” at paragraph 2.6). Where a dilution adjustment is not applied the Sub-fund in question may incur dilution which may constrain capital growth.

#### 4.1.3 Liabilities of the Trust and the Sub-funds

As explained in paragraph 1.4, each Sub-fund is a segregated portfolio of assets and those assets can only be used to meet the liabilities of, or claims against, that Sub-fund. Whilst the provisions of the COLL Sourcebook provides for segregated liability between Sub-funds, the concept of segregated liability is relatively new. Accordingly, where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known whether a foreign court would give effect to the segregated liability and cross-investment provisions. Therefore, it is not possible to be certain that the assets of a Sub-fund will always be completely separated from the liabilities of another Sub-fund of the Trust in every circumstance.

#### 4.1.4 Suspension of dealings in Units

Investors are reminded that in certain circumstances their right to sell Units (including a sale by way of Switching) may be suspended (see “Suspension of dealings in the Sub-funds” at paragraph 2.9).

#### 4.1.5 Tax risk

The rates of, and any relief from, taxation may change over time. Tax information is set out later in the document. If Unitholders or prospective shareholders have any doubts about their tax position, they should seek professional advice.

#### **4.1.6 Regulatory Risk**

The Trust is resident in the United Kingdom and non-United Kingdom investors should note that the regulatory protections provided by the regulatory authorities in their country of domicile may not apply. Investors should consult their financial advisors for further information on this subject.

#### **4.1.7 Inflation Risk**

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

#### **4.1.8 Holding of assets by the Depositary**

The Depositary has a duty to ensure that it safeguards and administers the Scheme Property in compliance with the Client Assets Sourcebook ("CASS") of the FCA Handbook.

The Depositary is not under a duty to comply with the provisions of the FCA Handbook on handling money received or held for the purpose of buying or selling securities and investments. Moreover, with respect to handling Scheme Property in the course of delivery versus payment transactions through a commercial settlement system ("CSS"), the Scheme Property may not be protected by CASS.

In the event that the Depositary becomes insolvent or otherwise fails, there is a risk of loss or delay in return of any Scheme Property which consists of cash, assets held in a CSS or any other Scheme Property which the Depositary or any of its delegates is not required or has failed to hold in accordance with CASS.

#### **4.1.9 Custodian insolvency**

Each Sub-fund is subject to a number of risks relating to the insolvency, administration, liquidation or other formal protection from creditors ("Insolvency") of the custodian or the sub-custodian with which the assets of the Sub-fund are held.

These risks include without limitation:

- the loss of all cash held with the custodian or the sub-custodian which is not segregated from the cash of the custodian or the sub-custodian or protected by the rules of a regulatory authority relating to client money;
- the loss of all cash which the custodian or the sub-custodian has failed to treat as client money in accordance with procedures (if any) agreed with the Authorised Fund Manager or the rule of a regulatory authority;
- the loss of any securities held on trust ("trust assets") or client money held by or with the custodian or the sub-custodian used to pay for the administrative costs of the Insolvency and/or the process of identifying and transferring the relevant trust assets and/or client money or for other reasons according to the particular circumstances of the Insolvency;
- losses of some or all assets due to the incorrect operation of the accounts by the custodian or the sub-custodian; and losses caused by prolonged delays in receiving transfers of balances and regaining control over the relevant assets.

The Scheme Property of a Sub-fund may be registered in the name of a sub-custodian where, due to the nature of the law or market practice of jurisdictions, it is common market practice, not feasible to do otherwise, or a more efficient manner of holding those investments.

A Sub-fund is subject to similar risks in the event of Insolvency of any sub-custodian or of any third party bank with which client money is held. An Insolvency could cause severe disruption to the trading of the Authorised Fund Manager.

#### **4.1.10 Settlement/registration risk**

A Sub-fund's investments may carry risks associated with failed or delayed settlement of market transactions or failures in the registration and custody of the investments. A failure or delay could result in a Sub-fund suffering losses.

#### **4.1.11 Settlement timing risk**

A Sub-fund's settlement period for subscriptions and redemptions in Units may not always coincide exactly with the settlement periods of the transactions in the Sub-fund's underlying investments. For example, the Sub-fund may not receive cash from a sale of its investments in time to pay proceeds to Unitholders selling units in the Sub-fund. Equally, the settlement period for receiving the cash for a subscription for units in the Sub-fund may be longer than the settlement period for an investment made by the Sub-fund as a result of that subscription. For short periods of time, these 'settlement mismatches' may cause the Sub-fund to become temporarily overdrawn or have more cash than desired. As a result, the Sub-fund may experience short periods where it is not fully exposed to the markets in which it invests or it is paying for an overdraft facility. The scope for settlement mismatches is reduced by coinciding settlement periods but this may not always be possible, depending on the standard settlement cycle for the Scheme Property.

#### **4.1.12 Redemption risk**

All Sub-funds are daily dealing and may experience large redemptions from time to time. There is a risk that the level of redemption may reach a point where the remaining assets in the relevant Sub-fund are insufficient to make proper management of the Sub-fund viable. In these circumstances, the Authorised Fund Manager may, acting in the best interests of remaining unitholders, take steps to terminate the Sub-fund in accordance with the "Winding up of the Trust or termination of a Sub-fund" section of this Prospectus.

#### **4.1.13 Cyber Security Risk**

The Authorised Fund Manager and its service providers are susceptible to operational and information security and related risks of cyber security incidents.

In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber security attacks include, but are not limited to, gaining unauthorised access to digital systems (e.g. through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data or causing operational disruption.

Cyber attacks also may be carried out in a manner that does not require gaining unauthorised access, such as causing denial-of-service attacks on websites (i.e. efforts to make services unavailable to intended users).

Cyber security incidents affecting the Authorised Fund Manager, Administrator or Depositary or other service providers such as financial intermediaries have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, including by interference with the ability to calculate the Net Asset Value per Unit; impediments to trading of a Sub-fund's portfolio; the inability of Unitholders to transact business with a Sub-fund; violations of applicable privacy, data security or other laws; regulatory fines and penalties; reputational damage; reimbursement or other compensation or remediation costs; legal fees; or additional compliance costs.

Similar adverse consequences could result from cyber security incidents affecting issuers of securities in which a Sub-fund invests, counterparties with which the Authorised Fund Manager or a Sub-Investment Manager engages in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions and other parties.

The Authorised Fund Manager itself has in place a cyber security policy which a) describes the procedures under which the directors satisfy themselves with respect to any threat to the



Authorised Fund Manager from a cyber security related event or attack, and b) ensures the Authorised Fund Manager has appropriate safeguards in place to mitigate the risk of a successful cyber-security attack and to minimise the adverse consequences arising from that sort of event or attack.

While information risk management systems and business continuity plans have been developed by the Authorised Fund Manager and the service providers to the Trust which are designed to reduce the risks associated with cyber security, there are inherent limitations in any cyber security risk management systems or business continuity plans, including the possibility that certain risks have not been identified.

#### **4.1.14 Charges to capital**

Where the investment objective of a Sub-fund is to treat the generation of income as a higher priority than capital growth, or the generation of income and capital growth have equal priority, all or part of the Authorised Fund Manager's fee and other expenses may be charged against capital instead of against income. This treatment of the Authorised Fund Manager's fee and other expenses will increase the amount of income available for distribution to Unitholders in the Sub-fund concerned but will constrain capital growth.

## **4.2 Specific Risks**

### **4.2.1 Pricing and liquidity**

Where a Sub-fund has exposure to alternative asset classes there is a risk that the price at which an asset is valued may not be realisable in the event of sale. This could be due to a mis-estimation of the asset's value or due to a lack of liquidity in the relevant market. As a result, at times, the Authorised Fund Manager may have to delay acting on instructions to sell investments, and the proceeds of sale may be materially less than the value implied by the Sub-fund's price.

### **4.2.2 Currency exchange rates**

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

### **4.2.3 Emerging markets**

Investments in emerging markets may be more volatile than investments in more developed markets. Some of these markets may have relatively unstable governments, economies based on only a few industries and securities markets that trade only a limited number of securities. Many emerging markets do not have well developed regulatory systems and disclosure standards may be less stringent than those of developed markets.

The risks of expropriation, nationalisation and social, political and economic instability are greater in emerging markets than in more developed markets.

The following is a brief summary of some of the more common risks associated with emerging markets investment:

#### **(a) Fraudulent securities**

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

#### **(b) Lack of liquidity**

The accumulation and disposal of holdings may be more expensive, time consuming and generally more difficult than in more developed markets. Also, due to the lack of



liquidity, volatility may be higher. Many emerging markets are small, have low trading volumes, low liquidity and significant price volatility.

(c) Currency fluctuations

Significant changes in the currencies of the countries in which investments are made in respect of the currency of denomination of the relevant Sub-fund may occur following the investment in these currencies. These changes may impact the total return of the Sub-fund to a significant degree. In respect of currencies of certain emerging countries, it is not possible to undertake currency hedging techniques.

(d) Settlement and custody risks

Settlement and custody systems in emerging markets are not as well developed as those in developed markets. Standards may not be as high and supervisory and regulatory authorities not as sophisticated. As a result there may be risks that settlement may be delayed and that cash or securities could be disadvantaged.

(e) Investment and remittance restrictions

In some cases, emerging markets may restrict the access of foreign investors to securities. As a result, certain equity securities may not always be available to a Sub-fund because the maximum permitted number of or investment by foreign shareholders has been reached. In addition, the outward remittance by foreign investors of their share of net profits, capital and dividends may be restricted or require governmental approval. The relevant Sub-fund will only invest in markets in which it believes these restrictions to be acceptable. However, there can be no guarantee that additional restrictions will not be imposed.

(f) Accounting

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

#### **4.2.4 Smaller companies**

Sub-funds investing in smaller companies invest in transferable securities which may be less liquid than the securities of larger companies, as a result of inadequate trading volume or restrictions on trading. Securities in smaller companies may possess greater potential for capital appreciation, but also involve risks, such as limited product lines, markets and financial or managerial resources and trading in these securities may be subject to more abrupt price movements than trading in the securities of larger companies.

#### **4.2.5 Sub investment grade bonds**

A Sub-fund may hold sub-investment grade bonds. These bonds have a lower credit rating than investment grade bonds and carry a higher degree of risk.

#### **4.2.6 Overseas bonds and currencies**

From time to time, a Sub-fund may invest in overseas bonds and currencies. These markets may respond to different influences to those that affect the underlying Sub-funds and accordingly carry a higher degree of risk.

#### **4.2.7 Performance risk**

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

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

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

#### **4.2.9 Exchange Traded Sub-funds (“ETFs”)**

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

#### **4.2.10 Investments listed on smaller markets**

The Sub-funds (particularly Epworth UK Equity Fund for Charities) may invest in transferable securities listed on smaller markets that support growing companies (such as AIM).

Investments listed on smaller markets may provide a Sub-fund with different risk/reward opportunities to other investments. However, they are subject to a lower level of regulation compared to larger markets, may exhibit weaker corporate governance and may be able to opt-out of transparency/disclosure requirements. Therefore, while the Authorised Fund Manager conducts research and due diligence on these investments, it may be more difficult to identify information that is relevant to investment decisions and the investments may be subject to more abrupt price movements than those on larger markets.

Investments on smaller markets additionally tend to see lower trading volumes and this may make it more difficult to buy and sell these securities at an attractive price or accurately assess the correct price.

## 5. Management, administration and oversight

### 5.1 Authorised Fund Manager

**Regulatory role:** The Authorised Fund Manager, Epworth Investment Management Limited, is the authorised fund manager of the Trust for the purposes of the Regulations and the alternative investment fund manager (or AIFM) for the purposes of the AIFMD Regime.

The Authorised Fund Manager is responsible for managing and administering the Trust's affairs in compliance with the Regulations.

**Legal structure** The Authorised Fund Manager is a private company limited by shares that was incorporated in England and Wales on 3 May 1995.

**Authorisation** The Authorised Fund Manager is authorised and regulated by the Financial Conduct Authority of 12 Endeavour Square, London E20 1JN.

**Directors<sup>2</sup>** The directors of the Authorised Fund Manager are:

- David Alan Palmer  
(also a director of UK Workplace Solutions Limited)
- Jennie Austin
- Peter Bryan Hobbs  
(also a director of UK Workplace Solutions Ltd and DeVere Group Charitable Foundation)
- Julian De Garis Parker
- John Philip Sanford  
(also a director of Chorley Building Society and Johnnie Johnson Housing Trust)
- Alexandra Cornforth
- Tim Swindell

**Registered Office** 9 Bonhill Street, London, EC2A 4PE

**Issued share capital** £38,000 fully paid

**Professional indemnity cover** The Authorised Fund Manager has opted to hold professional indemnity insurance to cover its professional liability risks in accordance with AIFM Requirements.

### ***Delegates***

The Authorised Fund Manager has authority to enter into contracts on behalf of the Unitholders for the purposes of, or in connection with, the acquisition, management, and/or disposal of property subject to the Trust.

The Authorised Fund Manager may delegate investment management, administration and registrar functions in accordance with the Regulations. However, the Authorised Fund Manager remains responsible for any functions it delegates.

The Authorised Fund Manager has delegated:

- **to the Administrator**, the function of administration, including fund accounting (as further explained in paragraph 5.6); and
- **to the Delegate Registrar**, the function of maintenance of the Register of Unitholders (as further explained in paragraph 5.4). However, the AFM remains responsible for the Register.

## **5.2 Depositary**

### ***Regulatory role***

The Depositary, HSBC Bank Plc, is the trustee and depositary of the Trust for the purposes of the Regulations.

Its duties are summarised under ‘Terms of appointment’ below

### ***Legal structure***

The Depositary is a public limited company incorporated in England and Wales with company registration number 00014259

### ***Authorisation***

HSBC Bank plc is authorised by the Prudential Regulation Authority and regulated by the Prudential Regulation Authority and the Financial Conduct Authority.

### ***Registered office***

The Depositary’s registered and head office is located at 8 Canada Square, London E14 5HQ

### ***Principal business activity***

The principal business activity of the Depositary is the provision of financial services, including trustee and depositary services

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

Pursuant to the agreement dated on or around 30 April 2019 between the Authorised Fund Manager and the Depositary (the “Depositary Services Agreement”) and for the purposes of and in compliance with the AIFMD Regime and the Regulations, the Depositary has been appointed as depositary to the Epworth Investment Funds for Charities.

The Depositary provides services to the Trust as set out in the Depositary Services Agreement and, in doing so, shall comply with the AIFMD Regime, the relevant Regulations and the terms of the Trust Deed.

The Depositary’s duties include the following:-

- (i) Ensuring that each Sub-fund’s cash flows are properly monitored and that all payments made by or on behalf of applicants upon the subscription to Units of each Sub-fund have been received.
- (ii) Safekeeping the assets of each Sub-fund, which includes (i) holding in custody all financial instruments that can be physically delivered to the Depositary; and (ii) verifying the ownership of other assets and maintaining records accordingly.

- (iii) Ensuring that issues, redemptions and cancellations of the Units of each Sub-fund are carried out in accordance with applicable law and the Trust Deed.
- (iv) Ensuring that the value of Units of each Sub-fund is calculated in accordance with the applicable law and the Trust Deed.
- (v) Carrying out the instructions of the Authorised Fund Manager, unless they conflict with applicable law or the Trust Deed.
- (vi) Ensuring that in transactions involving each Sub-fund's assets any consideration is remitted to each Sub-fund's within the usual time limits.
- (vii) Ensuring that each Sub-fund's income is applied in accordance with applicable law and the Trust Deed.

The appointment of the Depositary under the Depositary Services Agreement may be terminated without cause by not less than 180 days' written notice, provided that the Depositary Services Agreement does not terminate until a replacement Depositary has been appointed.

The Depositary may delegate its safekeeping functions subject to the terms of the Depositary Services Agreement.

Unitholders have no personal right to directly enforce any rights or obligations under the Depositary Services Agreement.

In general, the Depositary is liable for losses suffered by each Sub-fund as a result of its negligence or wilful default to properly fulfil its obligations. Subject to the paragraph below, and pursuant to the Depositary Services Agreement, the Depositary will be liable to the Trust Deed for the loss of financial instruments of each Sub-fund which are held in its custody. The Depositary will not be indemnified out of the Property of each Sub-fund for the loss of financial instruments where it is so liable.

The liability of the Depositary will not be affected by the fact that it has delegated safekeeping to a third party save where this liability has been lawfully discharged to a delegate any such discharge will be notified to the Unitholders and consent will be obtained from the Authorised Fund Manager to such delegation and discharge. At the date of this Prospectus, the Depositary has not discharged its liability for the safekeeping of assets in its safekeeping.

The Depositary will not be liable where the loss of financial instruments arises as a result of an external event beyond the reasonable control of the Depositary, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary. The Depositary shall not be liable for any indirect, special or consequential loss.

In the event there are any changes to the Depositary's liability under the AIFMD Regime and the relevant FCA Rules, the Authorised Fund Manager will inform Unitholders of such changes without delay.

From time to time actual or potential conflicts of interest may arise between the Depositary and its delegates, for example, and without prejudice to the generality of the foregoing, where an appointed delegate is an affiliated group company and is providing a product or service to each Sub-fund and has a financial or business interest in such product or service or where an appointed delegate is an affiliated group company which receives remuneration for other related products or services it provides to each Sub-fund. The Depositary maintains a conflict of interest policy to address this.

*Disclosure of conflicts of interest*

In addition, actual or potential conflicts of interest may also arise between each Sub-fund, the Unitholders or the Authorised Fund Manager on the one hand and the Depositary on the other hand. For example, such actual or potential conflict may arise because the Depositary is part of a legal entity or is related to a legal entity which provides other products or services to Fund or the Authorised Fund Manager and from which fees and profits in relation to the provision of those products or services may arise and from which the Depositary may benefit directly or indirectly. In addition, the Depositary may have a financial or business interest in the provision of such products or services, or receives remuneration for related products or services provided to each Sub-fund, or may have other clients whose interests may conflict with those of Fund, the Unitholders or the Authorised Fund Manager.

In particular, HSBC Bank plc may provide foreign exchange services to each Sub-fund for which they are remunerated out of the property of Fund. HSBC Bank plc or any of its affiliates or connected persons may also act as market maker in the investments of Fund; provides broking services to Fund and/or to other funds or companies; acts as financial adviser, banker, derivatives counterparty or otherwise provides services to the issuer of the investments of each Sub-fund; acts in the same transaction as agent for more than one client; has a material interest in the issue of the investments of Fund; or earns profits from or has a financial or business interest in any of these activities.

The Depositary will ensure that any such additional services provided by it or its affiliates are on terms which are not materially less favourable to each Sub-fund than if the conflict or potential conflict had not existed.

The Depositary has a conflict of interest policy in place to identify, manage and monitor on an on-going basis any actual or potential conflict of interest. The Depositary has functionally and hierarchically separated the performance of its depositary tasks from its other potentially conflicting tasks. The system of internal controls, the different reporting lines, the allocation of tasks and the management reporting allow potential conflicts of interest and the Trustee's issues to be properly identified, managed and monitored.

## 5.3 The Advisory Committee

### 5.3.1 Role and responsibilities

- (a) Each Sub-fund will have an independent Advisory Committee which is independent from the Authorised Fund Manager and Depositary. It has a consultative role and is tasked with representing the interests of Unitholders.
- (b) Each Advisory Committee will meet at least twice per year and will consider, and can make representations to the Authorised Fund Manager, in relation to:
  - (i) the appointment of the Authorised Fund Manager's and Depositary's delegates;
  - (ii) the investment objective of the Sub-fund;
  - (iii) the investment policy of the Sub-fund;
  - (iv) the income distribution policy of the Sub-fund; and
  - (v) fees and charges associated with each Class of Units.
- (c) An Advisory Committee is also able to prepare an annual statement regarding the discharge of its responsibilities.

### **5.3.2 Membership**

- (a) As described at 5.3.3, the membership of each Advisory Committee may change from time to time.
- (b) The present members of the Advisory Committees of the Sub-funds are set out below:
  - Chris Sexton
  - Harry Burnham
  - Kevin Norman
- (c) The Advisory Committees and their members are not FCA approved persons nor are they charity trustees.

### **5.3.3 Nomination and termination of an Advisory Committee**

Advisory Committee members will be nominated by the Authorised Fund Manager. Members may retire on providing three months' written notice to the Authorised Fund Manager, and the Authorised Fund Manager may terminate any member's membership on three months' written notice.

### **5.3.4 Fees of the Advisory Committee**

For their services, the members of the Advisory Committee is each paid a fee of up to £5,000 per annum from the Scheme Property in addition to reasonable and proper expenses.

### **5.3.5 Meetings of Advisory Committees**

Meetings of an Advisory Committee will be called by the Authorised Fund Manager at least twice per year. The Advisory Committee may also request in writing that the Authorised Fund Manager call a meeting of the Advisory Committee.

The quorum for any meeting of the advisory committee is two members. Members of the advisory committee may attend committee meetings in person or remotely through live communications such as telephone or video conference or any other medium where the members can hear each other. If any meeting of the Advisory Committee is not quorate, the meeting will be deferred.

## **5.4 The Delegate Registrar**

### **5.4.1 General**

The AFM is the person responsible for the establishment and maintenance of the Register of Shareholders of each of the Sub Funds in accordance with the COLL Sourcebook.

The AFM has delegated this function to the Delegate Registrar who acts as the registrar of the Trust.

### **5.4.2 Register of Unitholders**

- (a) The Register is maintained by the Delegate Registrar at its office at 8 Canada Square, London E14 5HQ and may be inspected at that address during normal business hours by any Unitholder or any Unitholder's duly authorised agent.
- (b) The Delegate Registrar receives remuneration for acting as registrar as set out in paragraph 6.6 below.

## **5.5 The Auditors**

The Auditors of the Trust are Buzzacott LLP, St Peters House, 130 Wood Street, London EC2V 6DL .

## 5.6 **The Administrator**

The Authorised Fund Manager has appointed the Administrator, HSBC Bank Plc, to provide certain administration and fund accountancy services.

The Administrator's registered office is 8 Canada Square, London, United Kingdom E14 5HQ.



## 6. Fees and expenses

### 6.1 Allocation of costs between Sub-funds

- 6.1.1** All the fees, duties and charges (other than those borne by the Authorised Fund Manager) will be charged to the Sub-fund in respect of which they were incurred.
- 6.1.2** Where an expense is not considered attributable to any one Sub-fund, the expense will normally be allocated to all Sub-funds pro rata to the Net Asset Value of the Sub-funds, although the Authorised Fund Manager has discretion to allocate these fees and expenses in a manner which it considers fair to Unitholders generally.
- 6.1.3** Charges will be allocated to income or capital in accordance with Part A of Appendix 1.

### 6.2 The ongoing charges figure (OCF) measure

- 6.2.1** Each Unit Class in a Sub-fund has an ongoing charges figure (or OCF) and this is shown in Appendix 1, Part B. The ongoing charges figure is a standard measure of the operating costs and is intended to allow Unitholders to compare the level of those charges with the level of charges in other funds.
- 6.2.2** The OCF excludes the costs the Sub-fund pays when buying and selling investments such as: dealing spread, broker commissions, transfer taxes and stamp duty incurred by the Sub-funds on transactions. The annual and half-yearly reports of each Sub-fund provide further information on portfolio transaction costs incurred in the relevant reporting period.

### 6.3 Charges payable to the Authorised Fund Manager

#### 6.3.1 Entry fee

- (a) The Authorised Fund Manager may impose a charge payable when a Unitholder buys units. This charge is calculated by reference to the issue price of the Units bought and is paid to the Authorised Fund Manager.
- (b) Any entry fee applicable to Units will be set out in Part B of Appendix 1. Presently no entry fees are charged.
- (c) If an entry fee applies, the Authorised Fund Manager may waive all or part of the entry fee at any time, at its discretion.
- (d) If, at any time, the current entry fee applicable to Units of a Sub-fund is increased, the Authorised Fund Manager is required to give not less than 60 days' prior notice in writing to all Unitholders before such increase may take effect. The Authorised Fund Manager is also required to revise the Prospectus to reflect the new current rate and the date of its commencement.
- (e) Where an entry fee is imposed, a Unitholder who sells its Units after a short period may not (even in the absence of a fall in the value of the relevant investments) receive the amount originally invested. Therefore, the Units should be viewed as medium to long-term investments.

#### 6.3.2 Exit fee

The Authorised Fund Manager does not charge an exit fee.

### **6.3.3 Switching and Conversion fee**

The Authorised Fund Manager does not currently make any charge on either a Conversion of Units or on a Switch of Units between different Sub-funds.

### **6.3.4 Annual Management Charge**

- (a) An Annual Management Charge is payable to the Authorised Fund Manager. This Annual Management Charge accrues daily and is payable monthly on or as soon as practicable after the last day of the calendar month in which it accrues. The Authorised Fund Manager may waive all or part of its Annual Management Charge at any time, at its discretion. The charge will be calculated separately in respect of each Class linked to a Sub-fund, as a percentage rate per annum of the total value of the units of entitlement in the property of the Sub-fund represented by the Class on each day. All non-business accruals are calculated by reference to the Business Day immediately preceding the relevant non-Business Day in question.
- (b) The current Annual Management Charges are set out in Part B of Appendix 1 for each Unit Class.
- (c) Any increase in these rates requires not less than 60 days' prior notice in writing to the Unitholders before such increase may take effect. Also, the Authorised Fund Manager is required to revise the Prospectus to reflect the new current rate and the date of its commencement.
- (d) The first accrual will be in respect of the period from the day on which the first valuation of a Sub-fund is made to the month end and is based upon the first valuation point. The Annual Management Charge will cease to be payable (in relation to a Sub-fund) on the date of commencement of its termination, and (in relation to the Trust as a whole) on the date of the commencement of its winding up or, if earlier, the date of the termination of the Authorised Fund Manager's appointment as such. The amount(s) accruing due on the last relevant valuation date before the event concerned will be adjusted accordingly.
- (e) The Annual Management Charge payable in respect of the Sub-funds listed in this section may be treated as a capital charge and, accordingly, the imposition of such charge may constrain capital growth.

## **6.4 Expenses payable to the Authorised Fund Manager**

The Authorised Fund Manager is entitled to be reimbursed by the Trust for the following (and any VAT on them):

- 6.4.1** the costs of establishing the Trust and any Sub-funds;
- 6.4.2** fees and expenses in respect of establishing and maintaining the Register of Unitholders (and any plan sub-register) and related functions;
- 6.4.3** expenses incurred in acquiring, registering and disposing of investments;
- 6.4.4** expenses incurred in producing, distributing and dispatching income and other payments to Unitholders;
- 6.4.5** fees in respect of the publication and circulation of details of the Net Asset Value and prices;
- 6.4.6** the fees and expenses of the auditors and tax, legal and other professional advisers of the Trust;
- 6.4.7** the costs of convening and holding Unitholder meetings (including meetings of Unitholders in any particular Sub-fund, or any particular Class within a Sub-fund);
- 6.4.8** costs incurred in taking out and maintaining any insurance policy in relation to the Trust;

- 6.4.9** expenses incurred in company secretarial duties, including the cost of minute books and other documentation required to be maintained by the Trust;
- 6.4.10** the costs of preparing, updating and printing this Prospectus, the Key Investor Information Document, the Trust Deed and contract notes and the costs of distributing this Prospectus and the Trust Deed (apart from the costs and expenses of distributing any Key Investor Information Document) and the costs of printing and distributing reports and accounts and any other administrative expenses related to this paragraph;
- 6.4.11** tax and duties payable by the Trust;
- 6.4.12** interest on and charges incurred in borrowings;
- 6.4.13** any amount payable by the Trust under any indemnity provisions contained in the Instrument of Incorporation or any agreement with any functionary of the Trust;
- 6.4.14** fees of the FCA and the corresponding periodic fees of any regulatory authority in a country or territory outside the UK in which Units are or may lawfully be marketed;
- 6.4.15** any payments otherwise due by virtue of changes to the Regulations;
- 6.4.16** costs (apart from promotional payments) in respect of communications with investors;
- 6.4.17** fees of any paying, representative or other agents of the Trust or the Authorised Fund Manager;
- 6.4.18** any costs in modifying legal agreements and any other relevant document required under the Regulations;
- 6.4.19** the fees of any stock lending agent and the fees of the Authorised Fund Manager for arranging any stock lending, subject to giving Unitholders 60 days' prior written notice of the details of these fees;
- 6.4.20** all fees and expenses incurred in relation to the addition and initial organisation of any new Sub-funds, the listing of Units on any stock exchange, any offer of Units (including the preparation, translation, printing and distribution of any prospectus (apart from the costs and expenses of distributing any Key Investor Information Documents) and listing documents) and the creation, conversion and cancellation of Units in a new or existing Sub-fund and any costs and expenses incurred in registering, having recognised or going through any other process in relation to the company or any Sub-fund in any territory outside the UK for the purpose of marketing the Units outside the UK, including any translation costs; and/or
- 6.4.21** royalties, licensing fees and other like payments in relation to the use of intellectual property.

## **6.5 Charges payable to the Depositary and its delegates**

### **6.5.1 The Depositary's fee**

- (a) The Depositary is entitled to receive out of the property of each Sub-fund by way of remuneration, a periodic charge which will accrue and be calculated daily and will be payable monthly in respect of each calendar month as soon as practicable after the month end.
- (b) The Depositary and the Authorised Fund Manager will agree the rate or rates and/or amounts of the Depositary's periodic charge from time to time.

- (c) The Depositary's periodic charge is currently calculated on the Net Asset Value and charged against each of the Sub-funds on the following basis:

Aggregate Net Asset Value of the Trust			Applicable fee per annum
£0	-	£500,000,000	0.0350% of the Net Asset Value
£500,000,001	-	£1,000,000,000	0.0250% of the Net Asset Value
£1,000,000,001	-	£1,500,000,000	0.0135% of the Net Asset Value
£1,500,000,000+			0.0100% of the Net Asset Value

- (d) The Depositary's fee is calculated daily on the Net Asset Value of each Sub-fund on the previous business day. The valuation used for each day which is not a business day will be the value calculated on the previous business day. In addition Value Added Tax on the amount of the periodic charge will be paid out of each Sub-fund.
- (e) There is a minimum annual charge of £10,000 per Sub-fund.
- (f) In the event of the termination of a Sub-fund, the Depositary will continue to be entitled to a periodic charge in respect of that Sub-fund for the period up to and including the day on which the final distribution in the termination of the Sub-fund will be made or, in the case of a termination following the passing of an extraordinary resolution approving the scheme of arrangement, up to and including the final day on which the Depositary is responsible for the safe-keeping of the Scheme Property of the Sub-fund.
- (g) Any periodic charge will be calculated, be subject to the terms, accrue and be paid as described above, except that for the purpose of calculating the periodic charge in respect of any day falling after the day on which the termination day of the Fund commences, the value of the Scheme Property of the Sub-fund will be the Net Asset Value determined at the beginning of the relevant day.

### 6.5.2 Custody fees

The remuneration for the custody functions carried out by the Depositary or its delegates is calculated at a rate, rates and/or amounts as may be agreed from time to time. The current remuneration ranges from between 0.005% per annum to 0.42% per annum of the value of the property of the relevant Sub-fund, plus VAT (if any) represented by the Net Asset Value of the Sub-fund calculated on the last business day of each month.

The valuation used for each day which is not a business day will be the value calculated on the previous business day. The current range of transaction charges is between £5.50 and £83.00 per transaction plus VAT (if any). Custody and transaction charges will be payable monthly out of the property of each Sub-fund in arrears.

### 6.5.3 Depositary's expenses

- (a) The Depositary is entitled to be paid out of the property of the Sub-fund for expenses properly incurred in performing duties imposed on it or exercising powers conferred upon it by the Regulations together with any VAT payable. The relevant duties may include without limitation:
- Delivery of stock to the Depositary or any custodian;
  - Custody of assets;
  - Collection of income;

- Submission of tax returns;
  - Handling tax claims;
  - Preparation of the Depositary's annual report;
  - Such other duties as the Depositary is required by law to perform.
- (b) The Depositary may also be paid the following expenses or disbursements (plus VAT):
- all expenses of registration of assets in the name of the Depositary or its nominees or agents; of acquiring, holding, realising or otherwise dealing with any asset; of custody of documents; of insurance of documents and of collecting income or capital; of opening bank accounts, effecting currency transactions and transmitting money; relating to borrowings or other permitted transactions; of obtaining advice, including legal, accountancy or other advice; of conducting legal proceedings; of communicating with holders, the Manager, the Delegate Registrar or other persons in respect of the Fund; relating to any enquiry by the Depositary into the conduct of the Manager and any report to Unitholders; or otherwise relating to the performance by the Depositary of its duties or the exercise by the Depositary of its powers;
  - all charges of nominees or agents in connection with any of the matters referred to at a. above; and
  - any other costs, disbursements or expenses accepted under the laws of England and Wales from time to time as being properly chargeable by the Depositary. If any person, at the request of the Depositary in accordance with the Regulations, provides services including but not limited to those of a custodian of property of the Fund the expenses and disbursements authorised to be paid to the Depositary out of the property of the Fund may also be paid to any such person approved by the Depositary and the Manager.
- (c) In addition, all expenses permitted by the Regulations and by the Trust Deed to be paid out of the property of the Fund may be so paid. At present, these comprise payments permitted by the Regulations and the following:
- broker's commission, fiscal charges and other disbursements which are:
  - necessary to be incurred in effecting transactions for the scheme, and
  - normally shown in contract notes, confirmation notes and difference accounts as appropriate;
  - interest on any borrowings permitted under the Trust Deed and all charges incurred in negotiating, entering into, varying, carrying into effect with or without variation, maintaining and terminating the borrowing arrangements;
  - taxation and duties payable in respect of the property of the Sub Fund, the Trust Deed or the issue of Units and any stamp duty reserve tax charged in accordance with Schedule 19 of the Finance Act 1999 (or any statutory modification or re-enactment of it);
  - any costs incurred in modifying the Trust Deed constituting the Fund, including costs incurred in respect of meetings of Unitholders convened for that purpose, where the modification is:
    - (i) necessary to implement any change in the law (including changes in the Regulations), and

- (ii) necessary as a direct consequence of any change in the law (including changes in the Regulations), or
- (iii) expedient having regard to any fiscal enactment and which the Managers and the Trustee agree is in the interests of the Unitholders, or
- (iv) to remove obsolete provisions from the Trust Deed constituting the Fund;
- any costs incurred in respect of meetings of Unitholders convened on a requisition by Unitholders not including the Manager or an associate of the Manager;
- the audit fee properly payable to the auditor and any proper expenses of the auditor; and
- the fees of the FCA under Schedule 1, Part III of the Act or the corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which Units in the Fund are or may be marketed.
- (d) Expenses are allocated between capital and income in accordance with the Regulations. Where an expense is treated as a capital expense, this may result in capital erosion or constrain capital growth.

## 6.6 Administration fees

The Administrator and Delegate Registrar are entitled to receive out of the property of each Sub-fund by way of remuneration, the following charges which will accrue and be calculated daily and will be payable monthly in respect of each calendar month as soon as practicable after the month end.

The following fees are subject to an overall minimum of £200,000 per annum

### 6.6.1 Fund accounting and reporting

Aggregate Net Asset Value of the Trust			Applicable fee per annum
£0	-	£100,000,000	0.0275% of the Net Asset Value
£100,000,001	-	£200,000,000	0.0225% of the Net Asset Value
£200,000,001	-	£400,000,000	0.02% of the Net Asset Value
£400,000,000+			0.0150% of the Net Asset Value

The resultant charge is then apportioned between the Sub-funds pro rata to the Net Asset Value of each Sub-fund subject to a minimum annual charge of £10,000 per Sub-fund.

### 6.6.2 Statutory reporting

Content	Fee (£)
CAIF	£7,000
Per Sub-fund	£3,000
Co-ordination of Statutory Reports	£572
Booklet production in agreed publishing format	£1,192

### 6.6.3 Transfer agency

Services provided	Fixed fee (£)
Transaction Fees – Automated	£15 per trade
Transactions Fee – Manual	£35 per trade
Shareholder Account maintenance fee	£25 per Unitholder per annum
Sub Fund maintenance fee	£8,000 per Sub fund per annum

## 7. Unitholder meetings and voting rights

### 7.1 **Class, Trust and Sub-fund meetings**

The provisions below, unless the context otherwise requires, apply to Class meetings and meetings of Sub-funds as they apply to general meetings of the Trust. References to Units are to the units of the Class or Sub-fund concerned and the Unitholders and value and prices of such Units.

### 7.2 **Requisitions of meetings**

#### 7.2.1 **Requisition by the Authorised Fund Manager**

The Authorised Fund Manager may requisition a general meeting at any time.

#### 7.2.2 **Requisition by the Unitholders**

Unitholders may requisition a general meeting of the Trust. A requisition by Unitholders must state the objects of the meeting, be dated, be signed by Unitholders who, at the date of the requisition, are registered as holding not less than one tenth in value of all Units then in issue and the requisition must be deposited with the Depositary.

The Authorised Fund Manager must convene a general meeting no later than eight weeks after receipt of a requisition notice.

#### 7.2.3 **Requisition by the Advisory Committee**

The Advisory Committee of a Sub-fund may requisition a general meeting of the Unitholders in that Sub-fund. A requisition by the Advisory Committee must state the objects of the meeting, be dated and be signed by or on behalf of the Advisory Committee.

The Authorised Fund Manager or Depositary must convene a general meeting no later than eight weeks after receipt of a requisition notice.

### 7.3 **Notice and quorum**

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

### 7.4 **Voting rights**

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

On a poll vote, a Unitholder may vote either in person or by proxy. The voting rights attaching to each Unit is that proportion of the voting rights attached to all the Units in issue (in the Trust or the Sub-fund or the Class as the case may be) as the price of the Units bears to the aggregate price(s) of all the Units in issue (of the Trust or the Sub-fund or the Class as appropriate), at a reasonable date before the notice of meeting is sent out (such date to be decided by the Authorised Fund Manager).

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



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

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

The Authorised Fund Manager may not be counted in the quorum for a meeting and neither the Authorised Fund Manager nor any 'associate' (as defined in Glossary to the FCA Handbook) of the Authorised Fund Manager is entitled to vote at any meeting of the Trust except in respect of Units which the Authorised Fund Manager or associate holds on behalf of or jointly with a person who, if the registered Unitholder, would be entitled to vote and from whom the Authorised Fund Manager or associate has received voting instructions.

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

"Unitholders" in this context means Unitholders entered on the register at a time to be determined by the Authorised Fund Manager and stated in the notice of the meeting which must not be more than 48 hours before the time fixed for the meeting.

## 7.5 **Variation of Class or Sub-fund rights**

The rights attached to a Class or Sub-fund may only be varied in accordance with the rules in COLL.

## 8. Taxation

### 8.1 General

The information below is a general guide based on current UK law and Her Majesty's Revenue & Customs ("HMRC") practice, both of which are subject to change. It summarises the tax position of the Sub-funds and of investors who are UK-resident (except where indicated) and hold Units as investments. The Authorised Fund Manager recommends that prospective investors take professional advice before investing if they are in any doubt about their tax position or if they may be subject to tax in a jurisdiction other than the UK.

### 8.2 The Sub-funds

Each Sub-fund is treated, for tax purposes, as a separate investment fund.

The Sub-funds are exempt from UK tax on capital gains realised on the disposal of investments.

The Sub-funds are exempt from UK tax on their income, including UK and overseas dividends received. Overseas income may, however, be received net of foreign withholding tax, although this may be reduced by an applicable double tax agreement.

The Sub-funds pay dividend distributions, which will be retained in the case of accumulation units.

### 8.3 Position of Unitholders

#### 8.3.1 Dividend distributions

Dividend distributions, whether accumulated or paid to Unitholders by the Sub-funds, will be treated as if they were dividends paid to their Unitholders. No tax will be deducted from them and they will not have tax credits attached to them. Since all Unitholders will be Charities, they will be exempt from tax on the income, provided their charitable exemption applies.

#### 8.3.2 Capital gains

Unitholders will not be liable to capital gains tax when they realise a gain from the redemption, sale or other disposal of Units, provided their charitable exemption applies to it.

### 8.4 Automatic exchange of information for international tax compliance

The Authorised Fund Manager (or its agent) will collect and report information about Unitholders and their investments, including information to verify their identity and tax residence.

When requested to do so by the Authorised Fund Manager or its agent, Unitholders must provide information to be passed on to HMRC, and, by them, to any relevant overseas tax authorities. If a Unitholder does not provide the necessary information, the Authorised Fund Manager will be required to report it to HMRC who will in turn report it to the United States' and certain other tax authorities.

This is required by UK legislation implementing its obligations under various intergovernmental agreements relating to the automatic exchange of information to improve international tax compliance (including the international common reporting standard, the United States provisions commonly known as FATCA, and other intergovernmental agreements for the automatic exchange of information).

## 9. Changes to and closure of the Trust or termination of the Sub-funds

### 9.1 Changes to the Trust or its Sub-funds

The Authorised Fund Manager is required to seek Unitholder approval to, or notify Unitholders of, various types of changes to a Sub-fund. The form of notification, and whether Unitholder approval is required, depends on the nature of the proposed change.

A fundamental change is a change or event which changes the purpose or nature of a Sub-fund, which may materially prejudice a Unitholder; or alter the risk profile of the Sub-fund; or which introduces any new type of payment out of the Scheme Property of the Sub-fund. For fundamental changes, the Authorised Fund Manager must obtain Unitholder approval, normally by way of a resolution (which needs 75% of the votes cast at the meeting to be in favour if the resolution is to be passed).

A significant change is a change or event which is not fundamental but which affects a Unitholder's ability to exercise his rights in relation to his investment; which would reasonably be expected to cause the Unitholder to reconsider his participation in a Sub-fund; or which results in any increased payments out of the Sub-fund to the Authorised Fund Manager or its associates; or which materially increases payments of any other type out of a Sub-fund. The Authorised Fund Manager must give reasonable prior notice (not less than sixty days) in respect of any such proposed significant change.

A notifiable change is a change or event of which a Unitholder must be made aware but, although not considered by the Authorised Fund Manager to be insignificant, it is not a fundamental change or a significant change. The Authorised Fund Manager must inform Unitholders in an appropriate manner and timescale of any such notifiable changes.

### 9.2 Winding-up of the Trust and termination of Sub-funds

**9.2.1** The Trust must be wound up or a Sub-fund must be terminated under the COLL Sourcebook:

- (a) if the authorisation order of the Trust is revoked;
- (b) if an extraordinary resolution to that effect is passed by Unitholders providing that the FCA have consented to the resolution;
- (c) when the period (if any) fixed for the duration of the Trust or a particular Sub-fund by the Trust Deed expires, or any event arises on the occurrence of which the Trust Deed provides that the Trust or a particular Sub-fund is to be wound up (for example, if the Net Asset Value of the Trust or (in relation to any Sub-fund) the Net Asset Value of the Sub-fund is below £10,000,000, or if a change in the laws or regulations of any country means that, in the Authorised Fund Manager's opinion, it is desirable to terminate the Sub-fund);
- (d) on the effective date of a duly approved scheme of arrangement which is to result in the Trust or the relevant Sub-fund being left with no property;
- (e) on the date on which all or the last of the Sub-funds fall within paragraph (d) above or that otherwise ceases to hold Scheme Property, notwithstanding that the Trust may have assets and liabilities which are not attributable exclusively to any Sub-fund; or
- (f) on the date stated in any agreement by the FCA to a request by the Authorised Fund Manager for the revocation of the authorisation order in respect of the Trust or for the termination of the relevant Sub-fund.

- 9.2.2** On the occurrence of any of the above:
- (a) COLL 6.2 (Dealing), COLL 6.3 (Valuation and Pricing) and COLL 5 (Investment and borrowing powers) will cease to apply to the Trust or the relevant Sub-fund; and
  - (b) the Depositary will cease to issue and cancel Units in the Trust or the relevant Sub-fund and the Authorised Fund Manager will cease to allow a requests to purchase or sell Units for the Trust or the relevant Sub-fund.
- 9.2.3** The Depositary will, as soon as practicable after the Trust or the Sub-fund falls to be wound up:
- (a) transfer any balance in the income reserve account to the income account;
  - (b) realise the assets and meet the liabilities of the Trust or the Sub-fund;
  - (c) pay out or retain adequate provision for all liabilities properly payable;
  - (d) retaining provision for the costs of the winding up or the termination; and
  - (e) distribute the proceeds to Unitholders proportionately to their respective interests in the Scheme Property.
- 9.2.4** Any unclaimed net proceeds or other cash (including unclaimed distribution payments) held by the Depositary after one year from the date the proceeds became payable, will be paid by the Depositary into Court, although the Depositary will have the right to retain the amount of any expenses incurred in making that payment. On completion of the winding up, the Depositary will notify the FCA in writing of the fact and the Depositary and Authorised Fund Manager will request the FCA to revoke the order of authorisation.
- 9.2.5** Except to the extent that the Authorised Fund Manager can show it complied with the duty to ascertain liabilities under the COLL Sourcebook, the Authorised Fund Manager is personally liable to meet any liabilities of the Trust or Sub-fund wound up or terminated that was not discharged before the completion of the winding up or termination.
- 9.2.6** If the proceeds of the realisation of the assets attributable or allocated to a particular Sub-fund are not sufficient to meet the liabilities attributable or allocated to that Sub-fund, the Authorised Fund Manager must pay the amount of such deficit unless it can show that such deficit did not arise as a result of any failure by it to comply with the COLL Sourcebook. Such liability of the Authorised Fund Manager will be an accruing debt due from it on the completion of the winding up or termination and is payable on demand.
- 9.2.7** The obligations of the Authorised Fund Manager in this regard do not affect any other obligation of the Authorised Fund Manager under the COLL Sourcebook or the law.
- 9.2.8** Following the completion of a winding up of either the Trust or a Sub-fund, the Authorised Fund Manager must prepare a final account showing how the winding up took place and how the Scheme Property was distributed. The auditors of the Trust will 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 Unitholder (or the first named of joint Unitholders) on it within four months of the completion of the winding up or termination.

## 10. Accounting and reporting

### 10.1 Base currency

The base currency of the Trust and the reference currency of each Sub-fund is pounds sterling.

### 10.2 Accounting periods

The annual accounting period of the Trust ends each year on 31 October (the accounting reference date) with the interim accounting period ending on 30 April (the first annual accounting period of the Trust ended on 31 October 2019).

The recurring accounting periods for each Sub-fund are set out in Part A of Appendix 1.

### 10.3 Income

#### 10.3.1 General treatment of income

- (a) Each Sub-fund accrues income from its Scheme Property on every Business Day as well as at the end of the each interim or annual accounting period.
- (b) Sub-funds may have interim and final income allocations and in some cases also quarterly income allocations or only have final income allocation dates.
- (c) In relation to income Units, where available, distributions of income for each Sub-fund in which income Units are issued will be paid by electronic transfer directly into a Unitholder's bank account on or before the relevant income allocation date in each year as set out in Appendix 1.
- (d) If a distribution made in relation to any income Units remains unclaimed for a period of six years after it has become due, it will be forfeited and will revert to the relevant Sub-fund (or, if that no longer exists, to the Trust).
- (e) For Sub-funds in which accumulation Units are issued, income will become part of the capital property of the Sub-fund and will be reflected in the price of each such accumulation Unit as at the end of the relevant accounting period.
- (f) The amount available for distribution in any accounting period is calculated by taking the aggregate of the income received or receivable for the account of the relevant Sub-fund in respect of that period, and deducting the charges and expenses of the relevant Sub-fund paid or payable out of income in respect of that accounting period.
- (g) The Authorised Fund Manager then makes any adjustments it considers appropriate (and after consulting the Trust's auditors as appropriate) in relation to:
  - (i) taxation;
  - (ii) income unlikely to be received within 12 months following the relevant income allocation date;
  - (iii) income which should not be accounted for on an accrual basis because of lack of information as to how it accrues;
  - (iv) transfers between the income and capital account; and
  - (v) other matters.

### **10.3.2 Income smoothing within an accounting year**

Within each accounting year the manager may retain income that would have been available for allocation and distribution to avoid fluctuations. This is known as income smoothing.

### **10.3.3 Income smoothing between accounting years via the income reserve account**

For certain Sub-funds, indicated in Part A of Appendix 1, the Authorised Fund Manager may utilise an income reserve as follows:

- (a) The Authorised Fund Manager may instruct the Depositary to transfer up to 15% of the income available for allocation or distribution on an annual income allocation date to the income reserve account to avoid fluctuations in the income available for allocation and distribution for the annual accounting period.
- (b) The Authorised Fund Manager may at any time instruct the Depositary to transfer any income from the income reserve account to the income account.
- (c) Any income transferred from the income reserve account to the income account must be available for allocation in the next annual accounting period.
- (d) The income reserve account must be operated in accordance with the Regulations.

### **10.3.4 Funds with a total return approach**

Certain Sub-funds have a total return approach and the Authorised Fund Manager may make transfers between the capital account and income account for the purpose of meeting any pre-determined target amount stated in Part A of Appendix 1.

## **10.4 Annual reports**

The annual reports of the Trust will be published within four months from the end of each annual accounting period and the half yearly reports will be published within two months of each interim accounting period.

A report containing the full accounts is available to any Unitholder free of charge on request from the Authorised Fund Manager.

## 11. Policies

### 11.1 Complaints

- 11.1.1** The Authorised Fund Manager does its best to provide a quality service, but if a Unitholder does have cause for complaint, the Authorised Fund Manager will equally do its best to deal with it to the Unitholder's full satisfaction.
- 11.1.2** As part of this we have established procedures to ensure that any complaints received from former, potential or existing customers are dealt with in a timely and satisfactory manner.
- 11.1.3** In order to help us resolve your complaint quickly and efficiently, please contact us using the address in the Directory with:
- The name and address of the organisation you represent
- Your name and address (if different from above)
- Your account number or other reference
- A telephone number if you would like us to call you
- Details of your complaint, including relevant references and dates
- 11.1.4** Details of our complaints management process are available on our website at: <https://www.epworthinvestment.co.uk/complaints-and-risk-warning/>

### 11.2 Anti-Money laundering policy

- 11.2.1** The Authorised Fund Manager has to comply with UK legislation for the prevention of money laundering. In order to implement these responsibilities, in some circumstances the Authorised Fund Manager may ask for proof of identity when Unitholders (or prospective investors) are buying or selling Units.
- 11.2.2** The Authorised Fund Manager reserves the right to refuse to issue Units, pay the proceeds of a sale of Units, or pay income on Units, to a Unitholder or a prospective investor until they provide satisfactory proof of identity.
- 11.2.3** Where a prospective investor wishing to buy Units is not willing, or is unable, to provide the information requested within a reasonable period, the Authorised Fund Manager also reserves the right to require a Unitholder to sell the Units purchased and return the proceeds to the account from which the purchase was made. These proceeds may be less than the original investment.

### 11.3 Best execution

- 11.3.1** The Authorised Fund Manager's order execution policy sets out the factors it will consider when effecting transactions and placing orders in relation to the Sub-funds. This policy reflects the Authorised Fund Manager's obligations under the Regulations to obtain the best possible result for the Sub-funds.
- 11.3.2** Details of the order execution policy are available from the Authorised Fund Manager.

#### 11.4 **Liquidity management policy**

- 11.4.1** The Authorised Fund Manager has a Liquidity Management Policy designed to monitor the liquidity risk of each Sub-fund and ensure that its investment strategy and liquidity profile allows the Sub-fund to meet its daily redemption obligations.
- 11.4.2** The report published in accordance with paragraph 10.4 of this Prospectus will (as applicable) include details of any Scheme Property that is subject to any special arrangements arising from its illiquid nature, along with information regarding any new arrangements for managing the liquidity of the Sub-funds.

#### 11.5 **Risk management policy**

- 11.5.1** The Authorised Fund Manager has a Risk Management Policy designed to ensure that the material risks associated with each investment position of each Sub-fund can be properly identified, measured, managed and monitored on an ongoing basis, including through the use of appropriate stress testing procedures.
- 11.5.2** Material changes in respect of the current risk profile of the Sub-funds and the Risk Management Policy employed by the Authorised Fund Manager will be disclosed in the annual long report published in accordance with paragraph 10.4 of this Prospectus.

#### 11.6 **Collateral management policy**

- 11.6.1** Presently the Authorised Fund Manager does not use any techniques that require it to hold collateral. If, in the future, those sorts of techniques are introduced, a new version of the prospectus will be prepared with details of the Authorised Fund Manager's collateral management policy.

#### 11.7 **Fair treatment of investors**

- 11.7.1** The Authorised Fund Manager has procedures in place to ensure fair treatment of Unitholders in accordance with the Regulations. These procedures deal with matters such as the manner in which dealing may be suspended (2.9) or deferred (2.3.6); valuations (see section 3); and the allocation of assets, liabilities, expenses, costs and charges between the Funds (see paragraph 1.4.3).
- 11.7.2** The Sub-funds' different Unit Classes offer different terms for investment - such as costs and charges. Certain Unit Classes are only available to particular investors. However, within a Unit Class, the Authorised Fund Manager treats all Unitholders alike and no Unitholder is given preference over another.

#### 11.8 **Strategy for the exercise of voting rights**

The Authorised Fund Manager has a strategy for determining when and how voting rights attached to ownership of the Scheme Property are to be exercised for the benefit of each Sub-fund. A summary of this strategy is available from the Authorised Fund Manager on request. Voting records and further details of the actions taken on the basis of this strategy in relation to each Sub-fund are available free of charge from the Authorised Fund Manager on request.

#### 11.9 **Conflicts**

The Authorised Fund Manager and the Depositary are committed to the identification, disclosure and management of conflicts of interest (or potential conflicts of interest) as part of their role as charity trustees of the Trust and their regulatory, contractual and common law duties to act in the Trust's best interests.

With this in mind, the Authorised Fund Manager and the Depositary have each implemented corporate governance arrangements (such as independent compliance departments and reporting lines), corporate structures (such as segregated divisions) and policies and procedures to mitigate conflicts risks (including written conflicts of interest policies).



Where an unmitigated conflict is identified, the Authorised Fund Manager and the Depositary will seek to ensure that such conflict does not affect their decision-making in connection with the Trust and its administration. For example, where a conflict is identified, but cannot be avoided, the relevant trustee party will declare the potential conflict to the other along with the proposed means of managing that conflict – such as by applying existing regulatory guidance on the conflict where available. If the trustees are unable to determine how to manage a conflict between themselves, they may refer matters to independent third parties or the participating charities. For example, discussions around increases in fees could be referred to the Advisory Committee, to external counsel, to regulators and, if deemed necessary, to Unitholders

## 12. General information

### 12.1 Notice to Unitholders

All notices or other documents sent by the Authorised Fund Manager to a Unitholder will be sent by normal post to the last address notified in writing to the Trust by the Unitholder or by email (or equivalent).

### 12.2 Documents of the Trust

The following documents may be inspected free of charge during normal business hours on any Dealing Day at the offices of the Authorised Fund Manager at 2nd Floor, 9 Bonhill Street, London EC2A 4PE:

**12.2.1** the Prospectus;

**12.2.2** the most recent annual and half yearly reports of the Trust; and

**12.2.3** the Trust Deed (and any amending documents).

Unitholders may obtain copies of the above documents from the Authorised Fund Manager. The Authorised Fund Manager may make a charge at its discretion for copies of documents (apart from the most recent versions of the Prospectus and annual and half yearly long reports of the Trust which are available free of charge to anyone who requests them).

### 12.3 Telephone recordings

Please note that the Authorised Fund Manager and Administrator may record telephone calls for training and monitoring purposes and to confirm investors' instructions.

### 12.4 Unitholders' rights

No Unitholder will have any direct contractual claim against any service provider.


This is without prejudice to any right a Unitholder may have to bring a claim against an FCA authorised service provider or the Authorised Fund Manager under Section 138D of the Financial Services and Markets Act 2000 (which provides that breach of an FCA rule by such service provider or the Authorised Fund Manager is actionable by a private person who suffers loss as a result), or any tortious or contractual cause of action.

Unitholders who believe they may have a claim under Section 138D of the Financial Services and Markets Act 2000, or in tort or contract, against any service provider or the Authorised Fund Manager in connection with their investment in a Sub-fund, should consult their legal adviser.

# Appendix 1

## Part A: Sub-fund details

### Epworth Sterling Sovereign Bond Fund for Charities

 This Sub-fund is in the process of being terminated and is no longer available for investment.	
<i>Investment objective and policy</i>	<p>The Sub-fund seeks to provide income and investment growth exceeding that of the iBoxx Gilt Index (the “Index”) (after allowing for fees) by investing in sovereign bonds that are issued in Pounds Sterling. The Sub-fund invests at least 30% of its portfolio in bonds with fixed coupons issued by the UK Governments (Gilts) but may also invest, or have holdings of:</p> <ul style="list-style-type: none"> <li>• bonds (or similar investments) issued or guaranteed by other sovereign states;</li> <li>• variation rate and index-linked government securities; and</li> <li>• cash (and near cash).</li> </ul> <p>The Sub-fund is actively managed but some of the investments in the Sub-fund are chosen by reference to the Index. Investments outside the Index are also permitted and the proportions of investments in the portfolio will differ from the Index.</p> <p>The average duration of the portfolio (the average time until maturity of the bonds) is managed to benefit from, or protect from, anticipated changes to interest rates.</p>
<i>Choice of benchmark</i>	<p>The Sub-fund uses the iBoxx Gilt Index as it is an independent and publicly available representation of a collection of investments that is comparable with those of the Sub-fund.</p>
<i>Typical investor profile</i>	<p>UK charities acting independently or as part of a managed portfolio</p>
<i>Launch date:</i>	<p>30 April 2019 (first date for dealing is 7 May 2019)</p>
<i>FCA Product Reference Number (PRN)</i>	<p>839711</p>
<i>Initial price:</i>	<p>The Sub-Fund will be seeded via an in-specie transfer of assets from the Affirmative Fixed Interest Fund for Charities and its initial price will reflect the final price of units in that fund.</p>
<i>Initial offer period:</i>	<p>1 day</p>
<i>Valuation point:</i>	<p>11:59 p.m. on each Dealing Day</p>

<i>Cut-off point for dealing requests:</i>	10 a.m. on the business day of the intended Dealing Day
<i>Dealing frequency:</i>	Daily
<i>Dealing Days:</i>	Monday to Friday (except for: <ul style="list-style-type: none"> <li>- the period between launch and 7 May 2019;</li> <li>- a bank or public holiday in England and Wales; and</li> <li>- any other days declared by the Authorised Fund Manager to be a company holiday)</li> </ul>
<i>Accounting dates</i>	31 October (annual), 31 January (interim), 30 April (interim), 31 July (interim)
<i>Income allocation dates</i>	By 31 December, 31 March, 30 June, 30 September
<i>Income reserve</i>	This Sub-fund may operate an income reserve account
<i>Maximum expected level of leverage in accordance with the gross method:</i>	110% (a ratio of 1.1:1)
<i>Maximum expected level of leverage in accordance with the commitment method:</i>	110% (a ratio of 1.1:1)
<i>Allocation of charges and expenses:</i>	Charges are paid from capital  <i>This Sub-fund pays fees and expenses from capital. This will increase the amount of income available for distribution. This also may reduce capital growth or lead to a reduction in capital.</i>

## Epworth Corporate Bond Fund for Charities



This Sub-fund is in the process of being terminated and is no longer available for investment.

<i>Investment objective and policy</i>	<p>The Sub-fund seeks to provide income and investment growth exceeding that of iBoxx Corporate Bond Index (the “Index”) (after allowing for fees) by investing in bonds that are issued by corporations in Pounds Sterling.</p> <p>The Sub-fund invests at least 90% of its portfolio in bonds issued by corporations and which are not excluded from selection by ethical screening based on Christian principles*but may also invest, or have holdings of, cash (and near cash). The Sub-fund can hold corporate bonds of any credit rating and in any geography or sector. We include bonds issued or guaranteed by supranational entities, sub-sovereign entities and their agencies, within our definition of corporate bonds.</p> <p>The Sub-fund is actively managed. The manager’s expectations as to the future behaviour of the credit markets will determine the Sub-fund’s allocation to higher or lower credit quality bonds. The average duration of the portfolio (the average time until maturity of the bonds) is managed to benefit from, or protect from, anticipated changes to interest rates.</p> <p>*A summary of our ethical screening policy is available on our website at our <a href="#">Ethical Hub</a></p>
<i>Choice of benchmark</i>	The Sub-fund uses the iBoxx Corporate Bond Index as it is an independent and publicly available representation of a collection of investments that is comparable with those of the Sub-fund.
<i>Typical investor profile</i>	UK charities acting independently or as part of a managed portfolio
<i>Launch date:</i>	30 April 2019 (first date for dealing is 7 May 2019)
<i>FCA Product Reference Number (PRN)</i>	839710
<i>Initial price:</i>	The Sub-Fund will be largely seeded via an in-specie transfer of assets from the Affirmative Corporate Bond Fund for Charities and its initial price will reflect the final price of units in that fund.
<i>Initial offer period:</i>	1 day
<i>Valuation point:</i>	11:59 p.m. on each Dealing Day
<i>Cut-off point for dealing requests:</i>	10 a.m. on the business day of the intended Dealing Day
<i>Dealing frequency:</i>	Daily
<i>Dealing Days:</i>	<p>Monday to Friday (except for:</p> <ul style="list-style-type: none"> <li>- the period between launch and 7 May 2019;</li> </ul>

	<ul style="list-style-type: none"> <li>- a bank or public holiday in England and Wales; and</li> <li>- any other days declared by the Authorised Fund Manager to be a company holiday)</li> </ul>
<i>Accounting dates</i>	31 October (annual), 31 January (interim), 30 April (interim), 31 July (interim)
<i>Income allocation dates</i>	By 31 December, 31 March, 30 June, 30 September
<i>Income reserve</i>	This Sub-fund may operate an income reserve account
<i>Maximum expected level of leverage in accordance with the gross method:</i>	110% (a ratio of 1.1:1)
<i>Maximum expected level of leverage in accordance with the commitment method:</i>	110% (a ratio of 1.1:1)
<i>Allocation of charges and expenses:</i>	<p>Charges are paid from capital</p> <p><i>This Sub-fund pays fees and expenses from capital. This will increase the amount of income available for distribution. This also may reduce capital growth or lead to a reduction in capital.</i></p>

## Epworth UK Equity Fund for Charities

<i>Investment objective and policy</i>	<p>The Sub-fund seeks to provide a level of income and investment growth greater than that of the FTSE All Share (the “Index”) (after allowing for fees) by investing ethically in the shares of UK companies.</p> <p>The Sub-fund invests at least 70% in companies quoted on the London Stock Exchange which:</p> <ul style="list-style-type: none"> <li>• are incorporated or headquartered in the United Kingdom;</li> <li>• carry out a significant proportion of their business in the United Kingdom; and</li> <li>• are not excluded from selection by ethical screening based on Christian principles*.</li> </ul> <p>The Sub-fund contains assets generally expected to follow the Index’s performance (core portfolio) and others expected to outperform the Index (conviction portfolio). Around a third of the Sub-fund will form the conviction portfolio and the rest will form the core portfolio.</p> <p>The Sub-fund is actively managed but a substantial number of the investments in the Sub-fund are chosen by reference to the Index. The Sub-fund also invests differently from the Index in seeking to outperform it. The Sub-fund selects shares of companies that have a reasonable price based on the company’s valuation and offer opportunities for long-term growth.</p> <p>* A summary of our ethical screening policy is available on our <a href="#">Ethical Hub</a></p>
<i>Choice of benchmark</i>	The Sub-fund uses the FTSE All Share Index as it broadly represents the performance of the UK stock market which is reflected by the Sub-fund’s core portfolio.
<i>Launch date:</i>	30 April 2019 (first date for dealing is 7 May 2019)
<i>FCA Product Reference Number (PRN)</i>	839713
<i>Initial price:</i>	The Sub-Fund will be seeded via an in-specie transfer of assets from the Affirmative Equity Fund for Charities and its initial price will reflect the final price of units in that fund.
<i>Initial offer period:</i>	1 day
<i>Valuation point:</i>	11:59 p.m. on each Dealing Day
<i>Cut-off point for dealing requests:</i>	10 a.m. on the business day of the intended Dealing Day
<i>Dealing frequency:</i>	Daily

<i>Dealing Days:</i>	Monday to Friday (except for: <ul style="list-style-type: none"> <li>- the period between launch and 7 May 2019;</li> <li>- a bank or public holiday in England and Wales; and</li> <li>- any other days declared by the Authorised Fund Manager to be a company holiday)</li> </ul>
<i>Accounting dates</i>	31 October (annual), 31 January (interim), 30 April (interim), 31 July (interim)
<i>Income allocation dates</i>	By 31 December, 31 March, 30 June, 30 September
<i>Income reserve</i>	This Sub-fund does not operate an income reserve account
<i>Maximum expected level of leverage in accordance with the gross method:</i>	110% (a ratio of 1.1:1)
<i>Maximum expected level of leverage in accordance with the commitment method:</i>	110% (a ratio of 1.1:1)
<i>Allocation of charges and expenses:</i>	Charges are paid from capital  <i>This Sub-fund pays fees and expenses from capital. This will increase the amount of income available for distribution. This also may reduce capital growth or lead to a reduction in capital.</i>



## Epworth Global Equity Fund for Charities

<i>Investment objective and policy</i>	<p>The Sub-fund seeks to provide a level of income and investment growth greater than that of the FTSE All World (£)(the “Index”) (after allowing for fees) by investing ethically in the shares of Global companies (including indirectly through other funds). The Sub-fund invests at least 70% in companies quoted on the World’s major stock exchanges and which are not excluded from selection by ethical screening based on Christian principles*.</p> <p>The Sub-fund contains assets generally expected to follow the Index’s performance (core portfolio) and others expected to outperform the Index (conviction portfolio). Around a third of the Sub-fund will form the conviction portfolio and the rest will form the core portfolio.</p> <p>The Sub-fund is, therefore, actively managed but a substantial number of the investments in the Sub-fund are chosen by reference to the Index. The Sub-fund invests differently from the Index in seeking to outperform it. However, the core portfolio will generally follow the countries/regions in the Index.</p> <p>The Sub-fund selects shares of companies that have a reasonable price based on the company’s valuation and offer opportunities for long-term growth.</p> <p>* A summary of our ethical screening policy is available on our website at our <a href="#">Ethical Hub</a></p>
<i>Choice of benchmark</i>	The Sub-fund uses the FTSE All World (£) Index as it broadly represents the performance of the global equities which is reflected by the Sub-fund’s core portfolio.
<i>Typical investor profile</i>	UK charities acting independently or as part of a managed portfolio
<i>Launch date:</i>	30 April 2019 (first date for dealing is 7 May 2019)
<i>FCA Product Reference Number (PRN)</i>	839712
<i>Initial price:</i>	100p
<i>Initial offer period:</i>	1 day
<i>Valuation point:</i>	11:59 p.m. on each Dealing Day
<i>Cut-off point for dealing requests:</i>	10 a.m. on the business day of the intended Dealing Day
<i>Dealing frequency:</i>	Daily
<i>Dealing Days:</i>	<p>Monday to Friday (except for:</p> <ul style="list-style-type: none"> <li>- the period between launch and 7 May 2019;</li> <li>- a bank or public holiday in England and Wales; and</li> <li>- any other days declared by the Authorised Fund Manager to be a company holiday)</li> </ul>

<i>Accounting dates</i>	31 October (annual), 31 January (interim), 30 April (interim), 31 July (interim)
<i>Income allocation dates</i>	By 31 December, 31 March, 30 June, 30 September
<i>Income reserve</i>	This Sub-fund may operate an income reserve account
<i>Maximum expected level of leverage in accordance with the gross method:</i>	110% (a ratio of 1.1:1)
<i>Maximum expected level of leverage in accordance with the commitment method:</i>	110% (a ratio of 1.1:1)
<i>Allocation of charges and expenses:</i>	<p>Charges are paid from capital</p> <p><i>This Sub-fund pays fees and expenses from capital. This will increase the amount of income available for distribution. This also may reduce capital growth or lead to a reduction in capital.</i></p>

## Epworth Multi Asset Fund for Charities

<i>Investment objective and policy</i>	<p>The Sub-fund seeks income and capital growth by direct or indirect investing in a balanced portfolio of ethically screened global equities and sterling bonds and other asset classes. The Sub-fund invests in number of asset classes using other Sub-funds managed by the Authorised Fund Manager, funds managed by other managers or by directly investing into equities and fixed interest securities. The fund may also invest in, or hold, cash or near cash. The Sub-fund may, at times, be 100% invested in other funds.</p> <p>Direct investments may be excluded from selection by ethical screening based on Christian principles*. Indirect investments may be used to give exposure to non-sterling bonds, commercial property, infrastructure, private equity and absolute return strategies.</p> <p>* A summary of our ethical screening policy is available on our website at our <a href="#">Ethical Hub</a></p>
<i>Choice of benchmark</i>	The Sub-fund does not have a benchmark. Investors may wish to compare the Sub-fund's performance with that of other charity pooled funds (such as those listed in the "Mixed Sector" in Charity Finance magazine, published by Civil Society Media).
<i>Typical investor profile:</i>	UK charities acting independently or as part of a managed portfolio
<i>Launch date:</i>	11 June 2019
<i>FCA Product Reference Number (PRN):</i>	839714
<i>Initial price:</i>	100p
<i>Initial offer period:</i>	1 day
<i>Valuation point:</i>	11:59 p.m. on each Dealing Day
<i>Cut-off point for dealing requests:</i>	10 a.m. on the business day of the intended Dealing Day
<i>Dealing frequency:</i>	Daily
<i>Dealing Days:</i>	<p>Monday to Friday (except for:</p> <ul style="list-style-type: none"> <li>- a bank or public holiday in England and Wales; and</li> <li>- any other days declared by the Authorised Fund Manager to be a company holiday)</li> </ul>
<i>Accounting dates</i>	31 October (annual), 31 January (interim), 30 April (interim), 31 July (interim)
<i>Income allocation dates</i>	By 31 December, 31 March, 30 June, 30 September

<i>Income reserve</i>	This Sub-fund does not operate an income reserve account
<i>Maximum expected level of leverage in accordance with the gross method:</i>	110% (a ratio of 1.1:1)
<i>Maximum expected level of leverage in accordance with the commitment method:</i>	110% (a ratio of 1.1:1)
<i>Allocation of charges and expenses:</i>	<p>Charges are paid from capital</p> <p><i>This Sub-fund pays fees and expenses from capital. This will increase the amount of income available for distribution. This also may reduce capital growth or lead to a reduction in capital.</i></p>

## Epworth Climate Stewardship Fund for Charities

<i>Investment objective and policy</i>	<p>The Sub-fund seeks income and investment growth over a minimum period of 5 years by investing ethically using Christian principles in the shares of UK listed/quoted companies. The Sub-fund aims to have a weighted average carbon intensity substantially lower (at least 15% lower, but better if possible) than that of the FTSE All Share Index.</p> <p>The Sub-fund invests at least 70% in UK companies listed/quoted on the London Stock Exchange which are incorporated or headquartered in the United Kingdom. The Sub-fund may also invest in Collective Investment Schemes (including those managed by Epworth), or hold cash or near cash.</p> <p>The Sub-fund will use a climate stewardship approach which:</p> <ul style="list-style-type: none"> <li>• seeks to exclude companies which extract and/or refine fossil fuels;</li> <li>• seeks to exclude companies which have a material involvement, such as represented by over 20% of turnover, with supplying the fossil fuel extractives and refining industry with goods or services;</li> <li>• seeks to minimise exposure to other companies that are fossil fuel intensive or are responsible for high levels of greenhouse gas emissions<sup>†</sup>;</li> <li>• engages with companies whose shares are held in the portfolio to encourage more action to reduce the risk of climate change; and</li> <li>• excludes companies through ethical screening based on Christian principles*.</li> </ul> <p>The Sub-fund may also invest in the shares of companies that the Investment Manager believes will contribute to a transition to lower carbon emissions in the UK or globally.</p>
<i>Investment strategy</i>	<p>The Sub-fund contains assets generally expected to provide diversification with reference to the Index (core portfolio) and others expected to outperform the Index (conviction portfolio). We select shares of companies for the core portfolio based on the larger companies in the FTSE All Share index, with a bias towards income, and select shares of companies for the conviction portfolio that have a reasonable price based on the company's valuation and offer opportunities for long-term growth. At least 25% of the portfolio will form the conviction portfolio.</p> <p><sup>†</sup><b>High levels of greenhouse gas emissions:</b> A summary of our assessment process is available on our website.</p> <p><b>*Ethical screening:</b> A summary of our ethical screening policy is available on our website at our Ethical Hub.</p>
<i>Choice of benchmark</i>	<p>The FTSE All Share Index may be used to assess the Sub-fund's performance as it broadly represents the performance of the UK stock market.</p> <p>The Sub-fund is expected to have a total risk broadly similar to the UK stock market. However, the Sub-fund's performance will vary from that of the index due to the expected proportion of exclusions and the emphasis on income-generating investments in the core portfolio, and the exercise of the Manager's discretion over the conviction portfolio.</p>
<i>Typical investor profile:</i>	UK charities acting independently or as part of a managed portfolio
<i>Launch date:</i>	28 May 2020

<i>FCA Product Reference Number (PRN):</i>	926432
<i>Initial price:</i>	100p
<i>Initial offer period:</i>	1 day
<i>Valuation point:</i>	11:59 p.m. on each Dealing Day
<i>Cut-off point for dealing requests:</i>	10 a.m. on the business day of the intended Dealing Day
<i>Dealing frequency:</i>	Daily
<i>Dealing Days:</i>	Monday to Friday (except for: <ul style="list-style-type: none"> <li>- a bank or public holiday in England and Wales; and</li> <li>- any other days declared by the Authorised Fund Manager to be a company holiday)</li> </ul>
<i>Accounting dates</i>	31 October (annual), 31 January (interim), 30 April (interim), 31 July (interim)
<i>Income allocation dates</i>	By 31 December, 31 March, 30 June, 30 September
<i>Income reserve</i>	Not required
<i>Maximum expected level of leverage in accordance with the gross method:</i>	110% (a ratio of 1.1:1)
<i>Maximum expected level of leverage in accordance with the commitment method:</i>	110% (a ratio of 1.1:1)
<i>Allocation of charges and expenses:</i>	Charges are paid from capital  <i>This Sub-fund pays fees and expenses from capital. This will increase the amount of income available for distribution. This also may reduce capital growth or lead to a reduction in capital.</i>

## Part B: Unit class details

The table below shows rates of the Authorised Fund Manager's Annual Management Charge. See Section 6 for details of other charges and expenses that are allocated to all Classes pro rata to their value.

Fund	Unit classes		Investment minima	Charges	
	Class	Currency	Minimum dealing and holding thresholds	Annual Management Charge	Ongoing Charges Figure
<i>Epworth Sterling Sovereign Bond Fund for Charities</i> ▲	Accumulation	GBP	£1,000	0.25%	0.56%
	Income	GBP	£1,000	0.25%	0.56%
	Income A*	GBP	£5,000,000	0.00%	0.33%
<i>Epworth Corporate Bond Fund for Charities</i> ▲	Accumulation	GBP	£1,000	0.35%	0.46%
	Income	GBP	£1,000	0.35%	0.46%
	Income A*	GBP	£5,000,000	0.00%	0.12%
<i>Epworth UK Equity Fund for Charities</i>	Accumulation	GBP	£1,000	0.55%	0.65%
	Income	GBP	£1,000	0.55%	0.65%
	Income A*	GBP	£5,000,000	0.00%	0.11%
<i>Epworth Global Equity Fund for Charities</i>	Accumulation	GBP	£1,000	0.65%	0.77%
	Income	GBP	£1,000	0.65%	0.77%
	Income A*	GBP	£5,000,000	0.00%	0.14%
<i>Epworth MultiAsset Fund for Charities</i>	Accumulation	GBP	£1,000	0.60%	0.84%
	Income	GBP	£1,000	0.60%	0.84%
	Income	EUR	£1,000	0.60%	0.84%
	Income A*	GBP	£5,000,000	0.00%	0.26%
<i>Epworth Climate Stewardship Fund for Charities</i>	Accumulation	GBP	£1,000	0.65%	0.82%
	Income	GBP	£1,000	0.65%	0.82%
	Income B	GBP	£1,000	0.55%	0.72%
	Income A*	GBP	£5,000,000	0.00%	0.19%

▲ This Sub-fund is the process of being terminated and is no longer available for investment.

\*Investment into Income A Unit Class is strictly limited to institutions that have entered into an agreement with the Authorised Fund Manager.

\*\* Investment into Income B Unit Class is strictly limited to investors that switched their units from the UK Equity fund into this Class in the 3 months after 28 May 2020 (and have maintained their investment).

## Appendix 2

### Eligible securities markets

The Sub-funds may deal through the securities markets indicated below in addition to any markets which are permitted for investment under the COLL Sourcebook:

Region	Country	Eligible securities markets
<b><i>Americas</i></b>	Canada	Toronto Stock Exchange
	United States	New York Stock Exchange NASDAQ American Stock Exchange/NYSE American
<b><i>Europe</i></b>	Austria	Vienna Stock Exchange
	Belgium	Brussels Stock Exchange
	Denmark	Copenhagen Stock Exchange
	Finland	Helsinki Stock Exchange
	France	Euronext - Paris
	Germany	Frankfurt Stock Exchange
		Xetra
	Ireland	Irish Stock Exchange
	Italy	Italian Stock Exchange
	Luxembourg	Luxembourg Stock Exchange
	Netherlands	Euronext - Amsterdam
	Norway	Oslo Stock Exchange
	Poland	Warsaw Stock Exchange
	Portugal	Lisbon Stock Exchange



Region	Country	Eligible securities markets
	Spain	Bolsa de Madrid
		Mercado Continuo
	Sweden	Stockholm Stock Exchange
	Switzerland	Swiss Virt-X Exchange
		Zurich Virt-X Exchanges
		Virt-X Exchange
	United Kingdom	London Stock Exchange
<b><i>Asia Pacific</i></b>	Australia	Australian Stock Exchange
	Hong Kong	Hong Kong Stock Exchange
	Japan	Jasdaq Exchange
		Tokyo Exchange
		Osaka Exchange
	Korea	Korean Stock Exchange, Kosdaq
	New Zealand	New Zealand Stock Exchange
	Singapore	Singapore Stock Exchange
<b><i>Middle-East and Africa</i></b>	Israel	Tel Aviv Stock Exchange

## Appendix 3

# General investment powers and restrictions

Subject to the following paragraph, the Authorised Fund Manager can exercise any investment power or borrowing power provided for in Chapter 5 of the COLL Sourcebook applicable to a non-UCITS retail scheme.

However, a Sub-fund must always be operated in line with any applicable investment restrictions and limits in its investment policy, the powers and restrictions in this Appendix 3, the Trust Deed and the rules in Chapter 5 of the COLL Sourcebook.

The Authorised Fund Manager must ensure that, taking into account the investment objective and policy of the relevant Sub-fund, the Scheme Property of the Sub-fund aims to provide a prudent spread of risk.

In accordance with the COLL Sourcebook, the rules in this Appendix 3 relating to the spread of investments do not apply until 12 months after the date on which the initial offer period commenced, or the date of the authorisation of the Trust.

### 1. Transferable Securities and money market instruments

- 1.1 Up to 100% of the Scheme Property attributable to each Sub-fund may consist of transferable securities and money market instruments which are:
  - 1.1.1 admitted to or dealt in on an eligible market (as set out in COLL 5.2.10R and Appendix 2); or
  - 1.1.2 recently issued transferable securities, provided the terms of issue include an undertaking that an application will be made to be admitted to an eligible market, and such admission is secured within a year of issue; or
  - 1.1.3 money market instruments not admitted to or dealt in on an eligible market, which comply with the requirements in COLL 5.2.10AR to COLL 5.2.10CR (as explained below under "Approved money market instruments").
- 1.2 Not more than 20% in value of the property of any Sub-fund may consist of transferable securities which do not fall within the above criteria or money market instruments which are liquid and have a value which can be accurately determined at any time.
- 1.3 Transferable securities held by each Sub-fund must also fulfil the following criteria:
  - 1.3.1 the potential loss which the Sub-fund may incur with respect to holding the transferable security is limited to the amount paid for it;
  - 1.3.2 its liquidity does not compromise the ability of the Authorised Fund Manager to comply with its obligation to redeem Units at the request of any qualifying Unitholder;
  - 1.3.3 reliable valuation is available for the transferable securities as follows:
    - 1.3.3.1 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;
    - 1.3.3.2 in the case of a transferable security not admitted to or dealt in on an eligible market, where there is a valuation on a periodic basis which is derived from information from the issuer of the transferable security or from competent investment research;

- 1.3.4 appropriate information is available for the transferable security as follows:
  - 1.3.4.1 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;
  - 1.3.4.2 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 Authorised Fund Manager on the transferable security or, where relevant, on the portfolio of the transferable security;
- 1.3.5 it is negotiable; and
- 1.3.6 its risks are adequately captured by the risk management process of the Authorised Fund Manager.

- 1.4 Unless there is information available to the Authorised Fund Manager 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 Authorised Fund Manager to comply with its obligation to redeem Units at the request of any qualifying Unitholder, and to be negotiable.

## 2. Transferable securities linked to other assets

- 2.1 Each Sub-fund may invest in any other investment which shall be taken to be a transferable security provided the investment fulfils the criteria for transferable securities set out in paragraphs 1.3.1 to 1.3.6 above, and is backed by or linked to the performance of other assets, which may differ from those in which the Sub-fund can invest.
- 2.2 However, this is subject to each Sub-fund's investment objective and policy and where such investments contain an embedded derivative component, the requirements of COLL with respect of derivatives and forwards will apply to that component.

## 3. Closed end funds constituting transferable securities

- 3.1 A unit in a closed end fund shall be taken to be a transferable security for the purposes of investment by a Sub-fund, provided it fulfils the criteria for transferable securities set out in paragraphs 1.3.1 to 1.3.6 above, and either:
  - 3.1.1 where the closed end fund is constituted as an investment company or unit trust:
    - 3.1.1.1 it is subject to corporate governance mechanisms applied to companies; and
    - 3.1.1.2 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
  - 3.1.2 where the closed end fund is constituted under the law of contract:
    - 3.1.2.1 it is subject to corporate governance mechanisms equivalent to those applied to companies; and
    - 3.1.2.2 it is managed by a person who is subject to national regulation for the purpose of investor protection.

## 4. Approved money market instruments

- 4.1 Each Sub-fund may invest in an approved money market instrument if it is:
  - 4.1.1 issued or guaranteed by:
    - 4.1.1.1 the UK government;

- 4.1.1.2 a central authority of an EEA state or if the EEA state is a federal state, one of the members making up the federation;
- 4.1.1.3 a regional or local authority of the UK or an EEA State;
- 4.1.1.4 the Bank of England, the European Central Bank, or a central bank of an EEA State;
- 4.1.1.5 the European Union or the European Investment Bank;
- 4.1.1.6 a non-EEA state or, in the case of a federal state, by one of the members making up the federation;
- 4.1.1.7 or by a public international body to which the UK or one or more EEA states belong; or
- 4.1.1.8 an establishment that is:
  - (a) subject to prudential supervision in accordance with criteria defined by UK or EU law; or
  - (b) subject to and complies with prudential rules considered by the FCA to be at least as stringent as those laid down by UK or EU law.

Establishments are considered to satisfy this requirement if they are subject to and comply with prudential rules, and fulfil one or more of the following criteria:

- it is located in the European Economic Area;
- it is located in an OECD country belonging to the Group of Ten;
- it has at least investment grade rating;

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 UK or EU law; or

- (c) issued by a body, any securities of which are dealt in on an eligible market,

4.2 In addition to instruments admitted to or dealt in on an eligible market, each Sub-fund may invest in an approved money-market instrument provided it fulfils the requirements in COLL governing the regulated issuers of money-market instruments such that the issue or the issuer is regulated for the purpose of protecting investors and savings and the instrument is issued or guaranteed, in accordance with paragraphs 4.1.1 to 4.1.1.8(c) above.

4.3 A money market instrument which 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 is accurately determined at any time unless there is information available to the Authorised Fund Manager that would lead to a different determination.

## 5. Warrants

The Scheme Property attributable to each Sub-fund may consist of warrants although it is not anticipated that investment in warrants by the Sub-funds will affect the level of volatility of any Sub-fund. Warrants may only be held if it is reasonably foreseeable that the exercise of the rights conferred by the warrants will not contravene the COLL Sourcebook.

## 6. Cash and Near Cash

6.1 The property of each Sub-fund may consist of cash or near cash to enable:

- 6.1.1 the pursuit of the Sub-fund's investment objective;
- 6.1.2 the redemption of Units; or
- 6.1.3 the efficient management of the Sub-fund in accordance with its objectives or any other purposes which may reasonably be regarded as ancillary to the objectives of the Sub-fund.
- 6.2 Liquidity may be at the upper end of, or even exceed the limits set out in the Authorised Fund Manager's policy for managing liquidity (referred to in paragraph 5.3) under certain circumstances such as where there are large market movements and/or an exceptional number of redemptions are anticipated or a Sub-fund is in receipt of large cash sums upon the creation of units or realisation of investments.
- 6.3 Cash which forms part of the property of a Sub-fund may be placed in any current or deposit account with the Depository, the Authorised Fund Manager or any investment adviser 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 the Sub-fund as would be the case for any comparable arrangement affected on normal commercial terms negotiated at arm's length between two independent parties.

## 7. Government and Public Securities

**Epworth Sterling Sovereign Bond Fund for Charities ▲ :** Up to 100% of the Sub-fund may be invested into securities issued or guaranteed by the governments of the United Kingdom.

**Other Sub-funds:** The property of each Sub-fund may consist of government and public securities. There is no limit on the amount which may be invested in government and public securities provided no more than 35% in value of the Scheme Property attributable to that Sub-fund is invested in such securities issued by any one body.

## 8. Collective Investment Schemes

- 8.1 **Epworth Multi Asset Fund for Charities:** The Sub-fund may invest up to 100% of the Scheme Property in units in collective investment schemes. Not more than 35% in value of the property of the Sub-fund may consist of units or shares in any one collective investment scheme.
- 8.2 **Other Sub-funds:** Each of the other Sub-fund may invest up to 15% of the Scheme Property in units in collective investment schemes. Not more than 15% in value of the property of any Sub-fund may consist of units or shares in any one collective investment scheme.
- 8.3 No Sub-fund may invest in units or shares of a collective investment scheme (the "Second Scheme") unless the Second Scheme falls within one of the following categories:
  - 8.3.1 a UCITS scheme (as defined in the FCA Handbook) which satisfies the conditions necessary for it to enjoy the rights conferred by the UCITS directive as implemented in the EEA; or
  - 8.3.2 a scheme which is a recognised scheme; or
  - 8.3.3 a scheme which is authorised as a Non-UCITS Retail Scheme; or
  - 8.3.4 a scheme which is constituted outside the United Kingdom and the investment and borrowing powers of which are the same or more restrictive than those of a Non-UCITS Retail Scheme; or
  - 8.3.5 any other scheme which does not fall within any of the above categories and in respect of which no more than 20% in value of the property of the scheme (including any transferable securities which are not approved securities) is invested.



This Sub-fund is in the process of being terminated and is no longer available for investment.

- 8.4 The Second Scheme must also operate on the principle of a prudent spread of risk, it should be prohibited from having more than 15% in value of the property of that scheme consisting of units in collective investment schemes.
- 8.5 Additionally, the participants in the Second Scheme must be entitled to have their units redeemed in accordance with the scheme at a price which relates to the net value of the property to which the units relate and which are determined in accordance with the scheme.
- 8.6 Each Sub-fund 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 Authorised Fund Manager or an associate of the Authorised Fund Manager. However, if a Sub-fund invests in units in another collective investment scheme managed or operated by the Authorised Fund Manager or by an associate of the Authorised Fund Manager, the Authorised Fund Manager must pay into the property of that Sub-fund before the close of the business on the third business day after the agreement to invest or dispose of units:
- 8.6.1 on investment – if the Authorised Fund Manager pays more for the units issued to it than the then prevailing 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
- 8.6.2 on a disposal – any amount charged by the issuer on the redemption of such units.
- 8.7 Each Sub-fund may invest in or dispose of shares of other Sub-funds (as may be launched from time to time) (a "Second Sub-fund") only if the following conditions are satisfied:
- 8.7.1 the Second Sub-fund does not hold shares in any other Sub-funds;
- 8.7.2 the conditions in COLL 5.2.16R (Investment in other group schemes) and COLL 5.6.11R (Investment in associated collective investment schemes) are complied with (as modified by COLL 5.6.11R(2)); and
- 8.7.3 not more than 35% in value of the Sub-fund is to consist of shares of the Second Sub-fund (subject to the limits at 8.1 and 8.2).

## **9. Schemes replicating an Index**

- 9.1 Each Sub-fund may invest up to 20% in shares and debentures which are issued by the same body where the aim of the investment policy of that fund as stated in its most recently published prospectus is to replicate the performance or composition of an index which complies with the following:
- 9.1.1 it has a sufficiently diversified composition;
- 9.1.2 it must be a representative benchmark for the market to which it refers; and
- 9.1.3 it must be published in an appropriate manner.
- 9.2 The limit may be raised to 35% for a particular scheme, but only in respect of one body and where justified by exceptional market conditions.

## **10. Gold**

Whilst the Sub-funds are permitted to invest in gold in accordance with the Trust Deed it is currently not intended that any Sub-fund will invest in gold.

## **11. Deposits**

- 11.1 The property of each Sub-fund may consist of deposits (as defined in COLL) but only if it:
- 11.1.1 is with an approved bank;
- 11.1.2 is repayable on demand or has the right to be withdrawn; and

11.1.3 matures in no more than 12 months.

## 12. Risk Management

12.1 The Authorised Fund Manager uses a risk management process, as reviewed by the Depositary, enabling it to monitor and measure as frequently as appropriate the risk of the Sub-funds' positions and their contribution to the overall risk profile of the Sub-funds.

## 13. Spread - General

13.1 In applying any of the restrictions referred to above:

13.1.1 not more than 20% in value of any Sub-fund's property may consist of deposits with any single body;

13.1.2 not more than 10% in value of any Sub-fund's property is to consist of transferable securities or money market instruments issued by any single body (subject to COLL 5.6.23R), however the limit of 10% is raised to 25% in respect of covered bonds;

13.1.3 the exposure to any one counterparty in an over the counter derivative transaction must not exceed 10% in value of any Sub-fund's property subject to COLL 5.6.7R (7).

13.2 No Sub-fund may invest in warrants or nil and partly paid securities unless the investment complies with the conditions in COLL 5.2.17R.

## 14. Borrowing

14.1 Subject to compliance with the 'loan creditor condition' as set out in section 3 and COLL (as it relates to Non-UCITS Retail Schemes), each Sub-fund may temporarily borrow money for the use of that Sub-fund on terms that such borrowings are to be repaid out of the Scheme Property of that Sub-fund. The Authorised Fund Manager 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). The borrowing of each Sub-fund must not, on any day, exceed 10% of the value of the property of that Sub-fund.

14.2 Borrowings may be made from the Depositary, the Authorised Fund Manager or the Investment Adviser 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 the Authorised Fund Manager as would be those of any comparable arrangements effected on normal commercial terms negotiated at arm's length between two independent parties.

## 15. Leverage

15.1 This section explains in what circumstances and how the Authorised Fund Manager may use leverage in respect of a Sub-fund where the investment policy of that Sub-fund permits its use of leverage, the different leverage calculation methods and maximum level of leverage permitted.

15.2 'Leverage' when used in this prospectus means the following sources of leverage which can be used when managing a Sub-fund:

15.2.1 cash borrowing, subject to the restrictions set out above in the 'Borrowing' paragraph; and

15.2.2 financial derivative instruments and reinvestment of cash collateral in the context of securities lending, subject in each case to the paragraphs in this Appendix and the relevant provisions of the FCA Rules dealing with derivatives, permitted transactions and transactions for the purchase of property, Borrowing powers of this Appendix.

15.3 The Authorised Fund Manager is required to calculate and monitor the level of leverage of a Sub-fund, expressed as a ratio between the exposure of the Sub-fund and its net asset value (Exposure/net asset value), under both the gross method and the commitment method.

15.4 Under the gross method, the exposure of a Sub-fund is calculated as follows:



- 15.4.1 include the sum of all assets purchased, plus the absolute value of all liabilities;
- 15.4.2 exclude cash and cash equivalents which are highly liquid investments held in the base currency of the Sub-fund, that are readily convertible to a known amount of cash, are subject to an insignificant risk of change in value and provide a return no greater than the rate of a three month high quality bond;
- 15.4.3 derivative instruments are converted into the equivalent position in their underlying assets;
- 15.4.4 exclude cash borrowings that remain in cash or cash equivalents and where the amounts payable are known;
- 15.4.5 include exposures resulting from the reinvestment of cash borrowings, expressed as the higher of the market value of the investment realised or the total amount of cash borrowed; and
- 15.4.6 include positions within repurchase or reverse repurchase agreements and securities lending or borrowing or other similar arrangements.
- 15.5 Under the commitment method, the exposure of a Sub-fund is calculated broadly in the same way as under the gross method. However, under the commitment method, netting and hedging arrangements (including derivative instruments used for currency hedging purposes) are taken into account to reduce the leverage calculation, and differences may arise in the treatment of borrowing of cash and cash equivalents.
- 15.6 The maximum level of leverage which each Sub-fund may employ, calculated in accordance with the gross approach is and in accordance with the commitment approach are set out in Appendix 1.
- 15.7 In addition, the total amount of leverage employed by each Sub-fund will be disclosed in the annual report.
- 16. Stock lending**
  - 16.1 The Depositary on behalf of the Sub-funds may enter into a repo contract, or stock lending arrangement of the kind described in section 263B of the Taxation of Chargeable Gains Act 1992 but only if:
    - 16.1.1 all the terms of the agreement under which securities are to be reacquired by the Depositary for the account of the Sub-funds are in a form which is acceptable to the Depositary and are in accordance with good market practice;
    - 16.1.2 the counterparty is an authorised person, or a person authorised by a home state regulator or otherwise permitted under COLL; and
    - 16.1.3 collateral is obtained to secure the obligation of the counterparty under the terms referred to in (a) above, and is acceptable to the Depositary and must be adequate and sufficiently immediate as set out in COLL. These requirements do not apply to stock lending transactions made through Euroclear Bank SA/NV's Securities Lending and borrowing Programme.
- 17. Restrictions on lending of money**
  - 17.1 None of the money in the Scheme Property of the Sub-funds may be lent and, for the purposes of this prohibition, money is lent by the Sub-funds if it is paid to a person ("the payee") on the basis that it should be repaid, whether or not by the payee.
  - 17.2 Acquiring a debenture is not lending for these purposes, nor is the placing of money on deposit or in a current account.
  - 17.3 This rule does not prevent the Sub-funds from providing an officer of the Sub-funds with funds to meet expenditure to be incurred by him for the purposes of the Sub-funds (or for the purposes of enabling him properly to perform his duties as an officer of the Sub-funds) or from doing anything to enable an officer to avoid incurring such expenditure.



## 18. Restrictions on lending of property other than money

- 18.1 The Scheme Property of the Sub-funds other than money must not be lent by way of deposit or otherwise. Transactions permitted by COLL 5.4 (Stock lending) are not to be regarded as lending for these purposes.
- 18.2 Where transactions in derivatives or forward transactions are used for the account of the Sub-funds in accordance with the COLL Sourcebook, nothing in this rule prevents the Sub-funds or the Depositary at the request of the Sub-funds, from lending, depositing, pledging or charging Scheme Property for margin requirements, or transferring Scheme Property under the terms of an agreement in relation to margin requirements, provided that the Authorised Fund Manager reasonably considers that both the agreement and the margin arrangements made under it (including in relation to the level of margin) provide appropriate protection to shareholders.
- 18.3 An agreement providing appropriate protection to shareholders for these purposes includes one made in accordance with the 1995 International Swaps and Derivatives Association Credit Support Annex (English Law) to the International Swaps and Derivatives Association Master Agreement.

## 19. General power to accept or underwrite placings

- 19.1 Any power in the COLL Sourcebook to invest in transferable securities may be used for the purpose of entering into transactions to which this rule applies, subject to compliance with any restriction in the Trust Deed.
- 19.2 This rule applies to any agreement or understanding which:
- 19.2.1 is an underwriting or sub-underwriting agreement; or
  - 19.2.2 contemplates that securities will or may be issued or subscribed for or acquired for the account of the Sub-funds.
- 19.3 The above paragraph does not apply to an option or a purchase of a transferable security which confers a right to (i) subscribe for or acquire a transferable security; or (ii) convert one transferable security into another.
- 19.4 The exposure of the Sub-funds to agreements and understandings (a) and (b) above must, on any day, be:
- 19.4.1 covered in accordance with the COLL 5.3.3R (Cover for transactions in derivatives and forward transactions); and
  - 19.4.2 such that, if all possible obligations arising under them had immediately to be met in full, there would be no breach of any applicable limit in COLL.

## 20. Guarantees and indemnities

- 20.1 The Depositary for the account of the Sub-funds must not provide any guarantee or indemnity in respect of the obligation of any person.
- 20.2 None of the Scheme Property of the Sub-funds may be used to discharge any obligation arising under a guarantee or indemnity with respect to the obligation of any person.
- 20.3 The above paragraphs do not apply to any indemnity or guarantee given for margin requirements where the derivatives or forward transactions are being used in accordance with the COLL Sourcebook.

## 21. Ethical screening

<i>All Sub-funds</i>	Companies will be excluded from investment in line with Christian ethical policy
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The Authorised Fund Manager will also engage with the management of companies to seek to improve their ethical behaviours or to avoid them taking action that would lead to their exclusion for ethical reasons.

Sectors and companies currently excluded on ethical grounds include those wholly or mainly exposed to:

- Alcohol
- Armaments
- Gambling
- Pornography
- Tar sands
- Thermal coal
- Tobacco

Authorised Fund Manager will also consider the impact of each company's activity on the climate with particular reference to its alignment with the targets for climate change set out in the Paris Agreement.

Please note that this is a dynamic list.

## Appendix 4

### Past performance<sup>4</sup>

Please see Appendix 1 for the Sub-funds' investment objectives and policies and below for details of past performance.

The Epworth UK Equity Fund, Epworth Global Equity Fund, Epworth Corporate Bond Fund<sup>▲</sup> and Epworth Sterling Sovereign Bond Fund<sup>▲</sup> were all launched on 30 April 2019. The Multi Asset Fund for Charities was launched on 11 June 2019, with the first investment in Income units being made after market close on the 1 August 2019\*. Epworth Climate Stewardship Fund for Charities was launched on 28 May 2020.

Please find below the five year performance for each of these sub-funds to 31 December 2022. Please note that five year performance is not available for Epworth Climate Stewardship Fund. Past performance is not a guide to future performance.

Sub-fund	Sub-fund Return (30/04/2019-30/04/2020)	Benchmark Return (30/04/2019-30/04/2020)	Sub-fund Return (30/04/2020-30/04/2021)	Benchmark Return (30/04/2020-30/04/2021)	Sub-fund Return (30/04/2021-30/04/2022)	Benchmark Return (30/04/2021-30/04/2022)
<b>Epworth Sterling Sovereign Bond Fund for Charities</b> <sup>▲</sup>	-6.9%	-8.2%	-9.4%	-8.5%	-17.1%	-16.2%
<b>Epworth Corporate Bond Fund for Charities</b> <sup>▲</sup>	-0.3%	4.4%	-8.0%	-9.2%	-7.9%	-7.4%
<b>Epworth UK Equity Fund for Charities</b>	27.5%	26.0%	4.5%	8.7%	0.4%	6.0%
<b>Epworth Global Equity Fund for Charities</b>	35.9%	33.4%	0.6%	4.8%	2.5%	2.5%



This Sub-fund is in the process of being terminated and is no longer available for investment.

Sub-fund	Sub-fund Return (01/08/2019-31/07/2020*)	Benchmark Return (01/08/2019-31/07/2020*)	Sub-fund Return (01/08/2020-31/07/2021)	Benchmark Return (01/08/2020-31/07/2021)	Sub-fund Return (01/08/2021-31/07/2022)	Benchmark Return (01/08/2021-31/07/2022)
<b>Epworth Multi Asset Fund for Charities</b>	-3.8%	n/a	20.9%	n/a	1.0	n/a
Sub-fund	Sub-fund Return (28/05/2020-28/05/2021)		Benchmark Return (28/05/2020-28/05/2021)		Sub-fund Return (28/05/2021-28/05/2022)	
<b>Epworth Climate Stewardship Fund for Charities</b>	21.0%		23.1%		3.0%	

Past performance is not a guide to future performance. Past performance figures show each Sub-fund's combined capital and income return. The source of the figures is Epworth Investment Management.

## Appendix 5

# Determination of Net Asset Value

The value of the property of the Trust and of each Sub-fund (as the case may be) will be the value of its assets less the value of its liabilities determined in accordance with the following provisions.

1. Subject to 2 (below), all the scheme property of each Sub-fund (including receivables) is to be included, subject to the following provisions.
  - 1.1 Property which is not cash (or other assets dealt with in paragraph 1.2 below) or a contingent liability transaction will be valued as follows and the prices used will (subject as follows) be the most recent prices which it is practicable to obtain:
    - 1.1.1 In the case of units or shares in a collective investment scheme:
      - a) if a single price for buying and selling units or shares is quoted, at that price; or
      - b) if separate buying and selling prices are quoted, at the average of the two prices provided the buying price has been reduced by any entry fee included therein and the selling price has been increased by any exit or exit fee attributable thereto; or
      - c) if, in the opinion of the Manager, the price obtained is unreliable or no recent traded price is available or if no recent price exists, at a value which, in the opinion of the Manager, is fair and reasonable;
    - 1.1.2 In the case of any other investment:
      - a) if a single price for buying and selling the security is quoted, at that price; or
      - b) if separate buying and selling prices are quoted, at the average of the two prices; or
      - c) if, in the opinion of the Manager, the price obtained is unreliable or no recent traded price is available or if no price exists, at a value which, in the opinion of the Manager, is fair and reasonable;
    - 1.1.3 In the case of scheme property not described in 1.1.1 to 1.1.2: at a value which, in the opinion of the Manager, represents a fair and reasonable mid-market price.
  - 1.2 Cash and amounts held in current and deposit accounts and in other time-related deposits will be valued at their nominal values.
  - 1.3 In determining the value of the property of each Sub-fund, all instructions given to issue or cancel units will be assumed to have been carried out (and any cash paid or received) whether or not this is the case.
  - 1.4 Subject to paragraphs 1.5 below, agreements for the unconditional sale or purchase of scheme property which are in existence but uncompleted will be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and, in the opinion of the Manager, their omission will not materially affect the final net asset amount.
  - 1.5 All agreements are to be included under paragraph 1.4 which are, or ought reasonably to have been, known to the person valuing the property.

- 1.6 There will be deducted an estimated amount for anticipated tax liabilities (whether of the United Kingdom or elsewhere) at that time including (as applicable) capital gains tax, income tax, corporation tax, value added tax, stamp taxes, any other transfer or transaction tax, withholding tax, transfer pricing and irrecoverable VAT.
- 1.7 There will be deducted an estimated amount for any liabilities payable out of the scheme property of the relevant Sub-fund and any tax arising treating periodic items as accruing from day to day.
- 1.8 There will be deducted the principal amount of any outstanding borrowings whenever payable and any accrued but unpaid interest on borrowings.
- 1.9 There will be added an estimated amount for accrued claims for tax of whatever nature which may be recoverable.
- 1.10 There will be added any other credits or amounts due to be paid into the property of the relevant Sub-fund.
- 1.11 There will be added a sum representing any interest or any income accrued due or deemed to have accrued but not received.
- 1.12 Currencies or values in currencies other than the Base Currency will be translated at the relevant valuation point at a rate of exchange determined by the Manager that is not likely to result in any material prejudice to the interests of Unitholders or potential Unitholders.
2. If it is impractical or obviously incorrect to carry out a valuation of any property or investment in accordance with the rules above, the Manager may choose to use other generally recognised valuation principles in order to reach a proper valuation of the Net Asset Value if it considers that valuation in accordance with those principles better reflects the value of a security, interest or position.