

**S&W REVERA FUND**

**PROSPECTUS**

Valid as at 09 August 2019

A UCITS Scheme with FCA Product Reference Number: 484616

**PROSPECTUS  
OF  
S&W REVERA FUND**

This document constitutes the Prospectus for S&W Revera Fund (the “Company”) which has been prepared in accordance with the terms of the rules contained in the Collective Investment Schemes Sourcebook (the “FCA Regulations”) published by the FCA as part of their Handbook of rules made under the Financial Services and Markets Act 2000 (the “Act”).

This Prospectus has been prepared solely for, and is being made available to investors for the purposes of evaluating an investment in Shares in the Sub-funds. Investors should only consider investing in the Sub-funds if they understand the risks involved including the risk of losing all capital invested.

The Prospectus is dated and is valid as at 09 August 2019.

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

All communications in relation to this Prospectus shall be in English.

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

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 The Company is not bound by any out of date prospectus when it has issued a new prospectus and potential investors should check that they have the most recently published prospectus.

Smith & Williamson Fund Administration Limited, the ACD of the Company, is the person responsible for the information contained in this Prospectus. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained herein does not contain any untrue or misleading statement or omit any matters required by the FCA Regulations to be included in it.

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

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## DEFINITIONS

“ACD”	Smith & Williamson Fund Administration Limited, the Authorised Corporate Director of the Company from time to time;
“Accumulation Shares”	net paying shares, denominated in base currency, in the Company as may be in issue from time to time in respect of which income allocated thereto is credited periodically to capital pursuant to the FCA Rules;
“Act”	Financial Services and Markets Act 2000, as amended;
“Approved Derivative”	an approved derivative is one which is traded or dealt on an eligible derivatives market and any transaction in such a derivative must be effected on or under the rules of the market;
“Business Day”	a day on which the London Stock Exchange is open. If the London Stock Exchange is closed as a result of a holiday or for any other reason, or there is a holiday elsewhere or other reason which impedes the calculation of the fair market value of the Sub-Funds’ portfolio of securities or a significant portion thereof, the ACD may decide that any business day shall not be construed as such;
“Client money”	Client money means any money that a firm receives from or holds for, or on behalf of, a shareholder in the course of, or in connection with, its business unless otherwise specified;
“Company”	S&W Revera Fund, a UK authorised investment company with variable capital;
“Corporate Class”	the class of shares issued to institutional level investors with the characteristics as set out in Appendix 1;
“Dealing Day”	Monday to Friday excluding UK public and bank holidays;
“Depositary”	NatWest Trustee & Depositary Services Limited, the depositary of the Company from time to time;
“Efficient Management”	Portfolio techniques and instruments which relate to transferable securities and approved money-market instruments and which fulfil the following criteria: <ul style="list-style-type: none"><li>(a) they are economically appropriate in that they are realised in a cost effective way;</li><li>(b) they are entered into for one or more of the following specific aims:<ul style="list-style-type: none"><li>(i) reduction of risk;</li><li>(ii) reduction of cost;</li><li>(iii) generation of additional capital or income for the scheme with a risk level which is consistent with the risk profile of the scheme and the risk</li></ul></li></ul>

diversification rules laid down in the FCA Regulations;

“EMT”		means the European MiFID Template;
“Founder Class”		the class of shares issued to the investors in the Company at launch with the characteristics as set out in Appendix 1;
“FCA”		the Financial Conduct Authority, or such successor regulator authority as may be appointed from time to time, and (where applicable) its predecessors including the Financial Services Authority;
“FCA Regulations”		the rules contained in the Collective Investment Schemes Sourcebook (COLL), and the Investment Funds Sourcebook (FUND), as part of the FCA Rules as they may be amended or updated from time to time;
“FCA Rules”		the FCA handbook of rules made under the Act as varied or amended from time to time;
“Income Shares”		net paying shares, denominated in base currency, in a Sub-fund as may be in issue from time to time in respect of which income allocated thereto is distributed periodically to the holders thereof pursuant to the FCA Rules net of any tax deducted or accounted for by the Company;
“Investment Manager”		namely Revera Asset Management Limited;
“MiFID II”		means the Markets in Financial Instruments Directive, effective from 3 January 2018;
“Net Accumulation Shares”		accumulation shares which are net paying shares;
“Net Asset Value” or “NAV”		the value of the Scheme Property of the Company or a Sub-fund (as the context may require) less the liabilities of the Company (or the Sub-fund concerned) as calculated in accordance with the Company’s Instrument of Incorporation;
“Net Income Shares”		income shares which are net paying shares;
“Net Paying Shares”		shares (of whatever class) of a Sub-fund as may be in issue from time to time and in respect of which income allocated thereto is credited periodically to capital (in the case of accumulation shares) or distributed periodically to the holders thereof (in the case of income shares) in either case in accordance with the relevant tax law net of any tax deducted or accounted for by the Company;
“OEIC Regulations”		the Open-Ended Investment Companies Regulations 2001;
“Regulated Order”	Activities	The Financial Services and Markets Act 2000 (Regulated Activities Order) 2001 (SI 2001/544), as amended;

“Retail Class”	the class of shares issued to retail level investors with the characteristics as set out in Appendix 1;
“Scheme Property”	the property of the Company or a Sub-fund (as appropriate) to be given to the Depositary for safe-keeping, as required by the FCA Regulations;
“Share Class”	in relation to shares, means (according to the context) a particular class or classes of share as described in Section 1.3;
“Sub-fund”	a sub-fund of the Company (being part of the Scheme Property of the Company which is pooled separately) and to which specific assets and liabilities of the Company may be allocated which is invested in accordance with the investment objective applicable to that sub-fund;
“Valuation Point”	the point on a Dealing Day whether on a periodic basis or for a particular valuation, at which the ACD carries out a valuation of the Scheme Property for the Company for the purpose of determining the price at which shares of a class may be issued, cancelled or redeemed. The current Valuation Point is 12.00 p.m. London time on each Dealing Day, with the exception of any bank holiday in England and Wales or the last business day prior to those days annually, where the valuation may be carried out at a time agreed in advance between the ACD and the Depositary;
“VAT”	value added tax.



## 1 DETAILS OF THE COMPANY

### General Information

#### 1.1.1 General

S&W Revera Fund (the “Company”) is an investment company with variable capital, whose effective date of authorisation was 12 August 2008. Its registration number is IC000692.

#### 1.1.2 Head Office

The Head Office of the Company is at 25 Moorgate, London EC2R 6AY and is also the address of the place in the United Kingdom for service on the Company of notices or other documents required or authorised to be served on it.

#### 1.1.3 Base Currency

The base currency of the Company is Pounds Sterling or such other currency as may be the lawful currency of the UK from time to time. The ACD in consultation with the Depositary shall determine the best means to effect this conversion.

#### 1.1.4 Share Capital

The maximum share capital of the Company is currently £10,000,000,000 and the minimum is £100. Shares in the Company have no par value and therefore the share capital of the Company at all times equals the Company’s current Net Asset Value.

Information on the typical investor profile for each Sub-fund is set out in Appendix 6.

Shareholders in the Company are not liable for the debts of the Company.

### Company Structure

The Company is a UCITS scheme. The Company has an “umbrella” structure meaning that it comprises a number of separate Sub-funds holding different portfolios of assets. The Sub-funds represent segregated portfolios of assets and, accordingly, the assets of a Sub-fund belong exclusively to that Sub-fund and shall not be used or made available to discharge (directly or indirectly) the liabilities of, or claims against, any other person or body, including the Company and any other Sub-fund and shall not be available for any such purpose. The Company may not have an interest in immovable or tangible movable property.

FCA Product Reference Number: 484616

Details of the Sub-funds, including their investment objectives and policies are set out in Appendix 1.

Approval by the FCA in this context refers only to approval under the OEIC Regulations 2001 (as amended) and does not in any way indicate or suggest endorsement or approval of the Sub-funds as an investment.

## **Sub-funds and Share Classes**

The Sub-funds and share classes currently in existence and whether or not they are available for dealing as at the date of this Prospectus are set out in Appendix 1. There are currently only two Sub-funds in existence. Further Sub-funds and share classes may be made available in due course, as the ACD may decide.

Different classes of shares may be established in respect of each Sub-fund from time to time by the ACD with the approval of the FCA (where necessary). These may include Net Income Shares or Net Accumulation Shares. Different share classes may be denominated in different currencies and/or have different subscription criteria, minimum holdings and charging structures. The subscription criteria, minimum holdings and charging structure applying to the classes are set out in Appendix 1. These limits may be waived at the discretion of the ACD.

Where a Sub-fund has more than one share class, each class may attract different charges and expenses and so monies may be deducted from the classes in unequal proportions. In these circumstances, the proportionate interests of the share classes within a Sub-fund will be adjusted accordingly.

When available, shareholders are entitled (subject to certain restrictions) to switch or convert all or part of their shares in one share class for shares of a different share class or switch shares in one Sub-fund for shares in another Sub-fund. Details of this switching facility and the restrictions are set out in Sections 3.3, 3.3.1 and 3.4.3.

Where the ACD has a direct legal relationship with the Shareholder and has given not less than 60 days' notice in writing, the ACD may convert all or some of a Shareholder's shares for shares of a different Share Class within the same sub-fund if it is fair and in the best interests of the Shareholder.

## **2 MANAGEMENT AND ADMINISTRATION**

### **Authorised Corporate Director**

The Authorised Corporate Director of the Company is Smith & Williamson Fund Administration Limited which is a private company limited by shares incorporated in England and Wales under the Companies Act 1985. The ACD was incorporated on 30 July 1985 (Registered Company No 1934644).

### **Registered Office and Head Office**

25 Moorgate  
London  
EC2R 6AY

### **Share Capital: Issued and paid up £50,000 Ordinary shares of £1 each**

The ACD is responsible for managing and administering the Company's affairs in compliance with the FCA Regulations.

As at the date of this Prospectus, the ACD acts as manager or authorised corporate director of the authorised funds set out in Appendix 9.

### **2.1.1 Terms of Appointment**

The ACD was appointed by an agreement dated 15 September 2008 between the Company and the ACD (the “ACD Agreement”). The ACD Agreement provides that the appointment of the ACD is for an initial period of 2 years and thereafter may be terminated upon 6 months’ written notice by either the ACD or the Company, although in certain circumstances the ACD Agreement may be terminated forthwith by notice in writing by the ACD to the Company or the Depositary, or by the Depositary or the Company to the ACD. Termination cannot take effect until the FCA has approved the appointment of another authorised corporate director in place of the retiring ACD.

Upon termination of the ACD Agreement and the appointment of another ACD (the New ACD), the ACD may transfer any sums being held as client money to the New ACD, who will continue to hold the money in accordance with FCA client money rules.

The Shareholder will be given the opportunity, upon request, to have the proceeds returned by submitting a written request to the Transfer Agency team at 206 St Vincent Street, Glasgow, G2 5SG.

The ACD is entitled to its pro rata fees and expenses to the date of termination and any additional expenses necessarily realised in settling or realising any outstanding obligations.

No compensation for loss of office is provided for in the ACD Agreement. To the extent allowed by the FCA Regulations the ACD Agreement provides indemnities to the ACD other than for matters arising as a direct consequence of fraud, negligence, wilful default or breach of duty by the ACD in the performance of its duties and obligations to the Company.

The ACD is under no obligation to account to the Depositary or the shareholders for any profit it makes on the issue or re-issue of shares or cancellation of shares which it has redeemed. The fees to which the ACD is entitled are set out in Sections 9 and 9.2. Copies of the ACD Agreement are available to shareholders free of charge upon request.

The main business activities of the ACD are;

- (a) acting as an authorised corporate director;
- (b) acting as an authorised fund manager;
- (c) and fund administration.

The directors of the ACD are listed in Appendix 8. None of them have any significant business activities not connected with the business of the ACD.

### **2.1.2 The Depositary**

#### **General**

NatWest Trustee & Depositary Services Limited is the Depositary of the Company.

The Depositary is incorporated in England as a private limited company. Its registered and head office is at 250 Bishopsgate, London EC2M 4AA. The ultimate holding company of the Depositary is the Royal Bank of Scotland Group plc, which is incorporated in Scotland. The principal business activity of the Depositary is the provision of trustee and depositary services.

### **2.1.3 Duties of the Depositary**

The Depositary is responsible for the safekeeping of scheme property, monitoring the cash flows of the Fund, and must ensure that certain processes carried out by the ACD are performed in accordance with the applicable rules and scheme documents.

### **2.1.4 Conflicts of interest**

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

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

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

### **2.1.5 Delegation of Safekeeping Functions**

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

The Depositary has delegated safekeeping of the Scheme Property to The Bank of New York Mellon, London Branch (BNYM LB) (“the Custodian”). In turn, the Custodian has delegated the custody of assets in certain markets in which the Fund may invest to various sub-delegates (“sub-custodians”). A list of sub-custodians is available from the ACD on request.

### **2.1.6 Updated Information**

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

### **2.1.7 Terms of Appointment**

The Depositary was appointed under a Depositary Agreement between the ACD, the Company and the Depositary (the “Depositary Agreement”). Under the Depositary Agreement, the Depositary is free to render similar services to others and the Depositary, the Company and the ACD are subject to a duty not to disclose confidential information.

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

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

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

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

The Depositary Agreement may be terminated on three months’ notice by the Company or the Depositary or earlier on certain breaches or the insolvency of a party. However, termination of the Depositary Agreement will not take effect, nor may the Depositary retire voluntarily, until the appointment of a new Depositary.

Details of the fees payable to the Depositary are given in the section titled Depositary’s Fee.

### **The Investment Manager**

The ACD has appointed Revera Asset Management Limited (“Revera”) to provide investment management and related advisory services to the ACD. The Investment Manager has the authority to make investment decisions on behalf of the Company and the ACD. The appointment of Revera has been made under an agreement dated 18 September 2013 between the ACD and Revera (the “Investment Management Agreement”). Revera is regulated by the FCA and is authorised to carry on regulated activities in the UK. The registered office of Revera is 8a Rutland Square, Edinburgh, EH1 2AS. The principal activity of the Investment Manager is providing investment management services.

Under the Investment Management Agreement, Revera is to act as the discretionary investment manager of the Sub-funds in accordance with the investment objectives, guidelines and restrictions set out in this Prospectus as

they are amended from time to time. Revera may delegate any of its rights and obligations under the Investment Management Agreement to any associate or, with the prior written consent of the Company and the ACD, to a person who is not an associate.

The Investment Management Agreement may be terminated on one month's written notice by the Investment Manager. Notwithstanding this, the ACD may terminate the Investment Management Agreement with immediate effect if it is in the interests of the shareholders. Under the Investment Management Agreement, the ACD provides indemnities to the Investment Manager, (except in the case of any matter arising as a direct result of its fraud, negligence, default or bad faith). The ACD may be entitled under the indemnities in the ACD Agreement to recover from the Company amounts paid by the ACD under the indemnities in the Investment Management Agreement. The fees and expenses of the Investment Manager will be paid by the ACD.

Copies of the Investment Manager's execution policy and voting policy are available from the ACD on request.

#### **The Auditors**

The Auditors of the Company are KPMG LLP, whose address is Saltire Court, 20 Castle Terrace, Edinburgh EH1 2EG.

#### **The Administrator and Register of Shareholders**

The ACD has not delegated the role of administrator for the Company. The Register of Shareholders is maintained by the ACD at its office at 206 St Vincent Street, Glasgow G2 5SG, and may be inspected at that address during normal business hours by any shareholder or any shareholder's duly authorised agent.

#### **Conflicts of Interest**

The ACD, the Depositary and the Investment Manager are or may be involved in other financial, investment and professional activities which may, on occasion, cause conflicts of interest with the management of the Company. In addition, the Company may enter into transactions at arm's length with companies in the same group as the ACD. The Depositary may, from time to time, act as depositary of other companies or funds. Each of the parties will, to the extent of their ability and in compliance with the FCA Rules, ensure that the performance of their respective duties will not be impaired by any such involvement.

Transactions may be effected in which the ACD or the Investment Manager has, either directly or indirectly, an interest that may potentially involve a conflict of its obligation to a Sub-fund. Where a conflict cannot be avoided, the ACD and Investment Manager will have regard to their fiduciary responsibilities to act in the best interests of the Sub-fund and its investors. The ACD and Investment Manager will ensure that investors are treated fairly and that such transactions are effected on terms which are not less favourable to the Sub-fund than if the potential conflict had not existed.

Under the FCA's Conduct of Business (Dealing and Managing) rules, it is permitted for execution and research services, which reasonably assist the Investment Manager in the provision of investment services to its customers, to

be paid for from dealing commissions. When deciding on investments for the Sub-funds, the Investment Manager receives investment research from brokers to assist and add value to the effective decision making process. Once investment decisions have been made, the Investment Manager places the trades through various brokers, and incurs execution costs for doing so. The Investment Manager may enter into commission sharing agreements with selected brokers to whom commission will be paid for such services, who in turn may share a portion of the commission generated (on instruction from the Investment Manager) with other research brokers who have provided research information. These costs are not directly charged to the client, but form part of the normal dealing costs incurred by the Funds.

The ACD is under no obligation to account to the Depositary or to the participants in any of the Sub-funds for any profits or benefits it makes or receives that are derived from or in connection with dealing in shares, any transaction in the property of a Sub-fund or the supply of services to the Company and accordingly will not do so.

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

Copies of the ACD's and the Investment Manager's conflicts of interest policies are available from the ACD on request.

### 3 **CLIENT MONEY**

As required by the FCA's client money rules, the ACD will hold money received from clients or on the client's behalf in accordance with those rules in a pooled client bank account, with an approved bank (as defined in the FCA Rules) in the UK.

The ACD will not be liable for any acts or omissions of the approved bank. The approved bank will be responsible for any acts or omissions within its control.

In the event of the insolvency of any party, clients' money may be pooled which means that shareholders may not have a claim against a specific account and may not receive their full entitlement, as any shortfall may be shared pro rata amongst all clients.

The ACD is covered by the Financial Services Compensation Scheme (FSCS). The FSCS may pay compensation if the ACD is unable to meet its financial obligations. For further information about the compensation provided by the FSCS (including the amounts covered and eligibility to claim) refer to the FSCS website [www.FSCS.org.uk](http://www.FSCS.org.uk) or call the FSCS on 020 7741 4100 or 0800 678 1100.

## 4 BUYING, SELLING AND SWITCHING SHARES

The dealing office of the ACD is open from 9.00 am until 5.00 pm on each Business Day to receive requests for the purchase, redemption and switching of shares, which will be effected at prices determined at the next Valuation Point following receipt of such request. Telephone calls may be recorded for training and monitoring purposes. The ACD may also, at its discretion, introduce further methods of dealing in Shares in the future.

### Buying Shares

#### 4.1.1 Procedure

Where the minimum investment levels allow, shares can be purchased by sending a completed application form to the ACD's Transfer Agency team, either:

- (a) accompanied by a cheque (up to a maximum value of £50,000), or
- (b) having made a telegraphic transfer to the ACD's bank account.

Application forms are available from the Transfer Agency Team. The ACD will accept written instructions accompanied by payment on subsequent transactions which can be carried out by writing to the Transfer Agency team at the address set out in Appendix 7. The ACD will also accept telephone purchases from FCA regulated entities for subsequent investments, which may purchase shares by telephoning the ACD on 0141 222 1150. Where an instruction has been received by telephone, settlement is due within 4 Business Days of the Valuation Point. Purchases made by telephone are subject to risk limits at the ACD's discretion, and the ACD may at its discretion reject or defer an instruction to purchase Shares until it is in receipt of cleared funds for the purchase (when the purchase of Shares will be placed at the next Valuation Point following receipt of cleared funds). An order for the purchase of Shares will only be deemed to have been accepted by the ACD once it is in receipt of cleared funds for the application. Telephone calls may be recorded by the ACD, its delegates, their duly appointed agents and any of their respective related, associated or affiliated companies for record keeping, security and/or training purposes, please see paragraph "Telephone Recordings" below for further information.

The ACD, at its discretion has the right to cancel a purchase deal if settlement is materially overdue (being more than 5 Business Days of receipt of an application form or other instruction) and any loss arising on such cancellation shall be the liability of the applicant. The ACD is not obliged to issue Shares unless it has received cleared funds from an investor.

The ACD reserves the right to charge interest at 4% per annum above the prevailing Bank of England Base rate, on the value of any settlement received later than the 4th Business Day following the Valuation Point.



The ACD may accept applications to purchase shares by electronic communication. Electronic communication does not include email.

The ACD has the right to reject, on reasonable grounds relating to the circumstances of the applicant, any application for shares in whole or part, and in this event the ACD will return any money sent, or the balance of such monies, at the risk of the applicant. In addition the ACD may reject any application previously accepted in circumstances where the applicant has paid by cheque and that cheque subsequently fails to be cleared.

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

No interest payment will be made on client money held by the ACD, prior to investment in the Company. Client money will be held in designated client money accounts with the Royal Bank of Scotland plc and Smith & Williamson Investment Services Limited. No more than 20% of client money will be held with Smith & Williamson Investment Services Limited, a company within the same group as the ACD.

Generally (and subject to limited restrictions in the FCA Rules), retail clients (as defined in the FCA Rules) who purchase shares from the ACD will have a right to cancel their transactions within 14 calendar days of receipt of their contract note. If a person cancels their contract, they will receive a refund of the amount they invested including the initial charge either in full or less a deduction to reflect any fall in unit/share price since they invested. This may result in a loss on their part. If there is a wish to exercise their right to cancel, investors should write to the Transfer Agency team at 206 St Vincent Street, Glasgow G2 5SG. It is not possible to exercise cancellation rights after 14 calendar days of receipt of the relevant contract note. Please note that in certain circumstances, there may be a delay in returning the sums invested.

#### **4.1.2 Documentation**

A contract note giving details of the shares purchased and the price used will be issued to the shareholder (the first named, in the case of joint holders) by the end of the next business day following the valuation point by reference to which the purchase price is determined, together with, where appropriate, a notice of the applicant's right to cancel.

Share certificates will not be issued in respect of shares. Ownership of shares will be evidenced by an entry on the Company's Register of Shareholders. Tax vouchers in respect of half yearly distributions of income will show the number of shares held by the recipient in respect of which the distribution is made. Individual statements of a shareholder's (or, when shares are jointly held, the first named holder's) shares will also be issued at any time on request by the registered holder.

#### **4.1.3 Minimum Subscriptions and Holdings**

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

If a holding is below the minimum holding the ACD has discretion to require redemption of the entire holding. This will not apply to holders of Founder Class shares.

#### **4.1.4 In Specie Issue**

If a shareholder requests, the ACD may at its discretion and subject to the approval of the Investment Manager and the Depositary, arrange for the Company to accept permitted assets other than cash in settlement of a purchase of shares in a Sub-fund as provided for in the Regulations. In particular the ACD and Depositary will only do so where satisfied that the acceptance of the assets concerned would not be likely to result in any material prejudice to the interests of Shareholders.

### **Selling Shares**

#### **4.1.5 Procedure**

Every shareholder in a particular Sub-fund has the right to require that the Company redeem his shares on any Dealing Day unless the value of shares which a shareholder wishes to redeem will mean that the shareholder will hold shares with a value less than the required minimum holding, in which case the shareholder may be required to redeem his entire holding.

Requests to redeem shares may be made to the ACD by telephone on 0141 222 1150 or in writing to the ACD's Transfer Agency team at the address set out in Appendix 7. Requests will not be accepted by electronic communication nor is it possible to transfer shares on the authority of an electronic communication. The ACD may accept applications to purchase shares by electronic communication. Electronic communication does not include email. Telephone calls may be recorded by the ACD, its delegates, their duly appointed agents and any of their respective related, associated or affiliated companies for record keeping, security and/or training purposes, please see paragraph "Telephone Recordings" below for further information.

#### **4.1.6 Documents the Seller Will Receive:**

A contract note giving details of the number and price of shares sold will be sent to the selling shareholder (the first named, in the case of joint shareholders) or their duly authorised agents together with a form of renunciation for completion and execution by the shareholder (and, in the case of a joint holding, by all the joint holders) not later than the end of the next business day following the valuation point by reference to which the redemption price is determined. A BACS or telegraphic transfer will be made in satisfaction of the redemption monies and will be issued within four business days of the later of:

- (a) receipt by the ACD of the form of renunciation (or other sufficient written instructions) duly signed by all the relevant shareholders and completed as to the appropriate number of shares, together with any other appropriate evidence of title; and
- (b) the valuation point following receipt by the ACD of the request to redeem.

#### **4.1.7 Minimum Redemption**

Part of a shareholder's holding may be sold but the ACD reserves the right to refuse a redemption request if the value of the shares to be redeemed is less than the entirety of the shareholder's holding of the share class concerned and less than any minimum redemption amount for the relevant share class set out in Appendix 1 or would result in a shareholder holding less than the minimum holding of the relevant share class, as detailed in Appendix 1. In the latter case the shareholder may be asked to redeem their entire shareholding.

#### **4.1.8 In Specie Redemption**

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

Before the proceeds of cancellation of the shares become payable, the ACD will give written notice to the shareholder that Scheme Property (or the proceeds of sale of that Scheme Property) will be transferred to that shareholder. The ACD will select the property to be transferred (or sold) in consultation with the Depositary. They must ensure that the selection is made with a view to achieving no greater advantage or disadvantage to the redeeming shareholder than to continuing shareholders, and any such redemption as set out above, shall be subject to a retention by the Sub-fund from that property (or proceeds) the value (or amount) of any stamp duty reserve tax to be paid on the cancellation of shares.

#### **4.1.9 Direct Issue or Cancellation of shares by an ICVC through the ACD**

Not applicable. Shares are issued or cancelled by the ACD making a record of the issue or cancellation and of the number of shares of each class concerned.

#### **4.1.10 ACD Dealing as Principal**

The ACD will, on the completion of the valuation of each Sub-fund advise the Depositary of the issue and cancellation prices of shares of that Sub-fund. These are the prices which the ACD has to pay to the Depositary for the issue of shares or which the ACD will receive from the Depositary upon the cancellation of shares. The ACD deals as principal in these shares and may hold shares for its own account. However, shares will generally only be held by the ACD to facilitate share orders and will not be held for speculative purposes. Any profits or losses arising from such transactions shall accrue to the ACD and not to the Sub-fund. The ACD is under no obligation to account to the Depositary, or to

shareholders for any profit it makes on the issue or re-issue of shares or cancellation of shares which it has redeemed.

### **Switching**

If applicable, a holder of shares may at any time switch all or some of his shares (“Old Shares”) from one Sub-fund or fund to a different Sub-fund or fund (“New Shares”). The number of New Shares issued will be determined by reference to the respective prices of New Shares and Old Shares at the valuation point applicable at the time the Old Shares are repurchased and the New Shares are issued.

Switching may be effected either by telephone on 0141 222 1151 or in writing to the Transfer Agency Team a switching shareholder must be eligible to hold the shares into which the switch is to be made. The ACD may accept requests to switch Shares by electronic communication. Electronic communication does not include email. Telephone calls may be recorded by the ACD, its delegates, their duly appointed agents and any of their respective related, associated or affiliated companies for record keeping, security and/or training purposes, please see paragraph “Telephone Recordings” below for further information.

The ACD may at its discretion charge a fee on the switching of shares between Sub-funds or fund. These fees are set out in Section 3.4.3.

If the switch would result in the shareholder holding a number of Old Shares or New Shares of a value which is less than the minimum holding, the ACD may, if it thinks fit, convert the whole of the applicant’s holding of Old Shares to New Shares or refuse to effect any switch of the Old Shares. No switch will be made during any period when the right of shareholders to require the redemption of their shares is suspended. The general provisions on selling shares shall apply equally to a switch.

The ACD may adjust the number of New Shares to be issued to reflect the imposition of any switching fee together with any other charges or levies in respect of the issue or sale of the New Shares or repurchase or cancellation of the Old Shares as may be permitted pursuant to the FCA Regulations.

A switch of shares in one Sub-fund or fund for shares in any other Sub-fund or fund is treated as a redemption and sale and will, for persons subject to United Kingdom taxation, be a realisation for the purposes of capital gains taxation.

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

#### **4.1.11 Share Class Conversions**

If applicable, a holder of shares in a Share Class (“Old Class Shares”) of a Sub-fund may exchange all or some of his shares for shares of a different Share Class within the same Sub-fund (“New Class Shares”). An exchange of Old Class Shares for New Class Shares will be processed as a conversion (“Share Class Conversion”). Unlike a Switch, a conversion of Old Class Shares into New Class

Shares will not involve a redemption and issue of shares. This transaction will not be included in the calculations for Stamp Duty Reserve Tax (see “Taxation” for further details), and for the purposes of Income Equalisation the New Class Shares will receive the same treatment as the Old Class Shares.

The number of New Class Shares issued will be determined by a conversion factor calculated by reference to the respective prices of New Shares and Old Shares at the valuation point applicable at the time the Old Class Shares are converted to New Class Shares.

Conversion may be effected either by telephone on 0141 222 1150 or in writing to the Transfer Agency Team (which, in the case of joint shareholders must be signed by all the joint holders). A converting shareholder must be eligible to hold the shares into which the conversion is to be made. It is the ACD’s intention that Share Class Conversions will be processed at the next Valuation Point following receipt of the instruction, however the ACD reserves the right to defer a Share Class Conversion until no later than after the next Annual Accounting Date if it is in the interests of other Shareholders. The ACD may accept requests to convert Shares by electronic communication. Electronic communication does not include email. Telephone calls may be recorded by the ACD, its delegates, their duly appointed agents and any of their respective related, associated or affiliated companies for record keeping, security and/or training purposes, please see paragraph “Telephone Recordings” below for further information.

If the conversion would result in the Shareholder holding a number of Old Class Shares or New Class Shares of a value which is less than the minimum holding in the Share Class concerned, the ACD may, if it thinks fit, convert the whole of the applicant’s holding of Old Class Shares to New Class Shares or refuse to effect any conversion of the Old Shares.

Please note that, under current tax law, a conversion of shares between different share classes in the same Sub-fund will not be deemed to be a realisation for the purposes of capital gains taxation.

A shareholder who converts their shares in one share class to shares in a different share class in the same Sub-fund will not be given a right by law to withdraw from or cancel the transaction.

## **Dealing Charges**

### **4.1.12 Preliminary Charge**

The ACD may impose a charge on the sale of shares to investors which is based on the amount invested by the prospective investor. The preliminary charge is payable to the ACD. Full details of the current preliminary charge for each class of share are set out in Appendix 1.

### **4.1.13 Redemption Charge**

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

The ACD may not introduce a redemption charge on shares unless, not less than 60 days before the introduction, it has given notice in writing to the then current shareholders of that introduction and has revised and made available the Prospectus to reflect the introduction and the date of its commencement. If charged, the redemption charge will be deducted from the price of the shares being redeemed and will be paid by the Company to the ACD.

In the event of a change to the rate or method of calculation of a redemption charge, details of the previous rate or method of calculation will be available from the ACD.

#### **4.1.14 Switching Fee**

On the switching of shares of one Sub-fund for shares of another Sub-fund the Instrument of Incorporation authorises the Company to impose a switching fee. The fee will not exceed an amount equal to the then prevailing preliminary charge for the Sub-fund into which shares are being switched. The switching fee is payable by the Company to the ACD. Currently no switching charge will be levied.

### **Other Dealing Information**

#### **4.1.15 Dilution Levy**

The basis on which a Sub-fund's investments are valued for the purpose of calculating the issue and redemption price of shares as stipulated in the FCA Regulations and the Company's Instrument of Incorporation is summarised in Section 4.2. The actual cost of purchasing or selling investments may be higher or lower than the mid market value used in calculating the share price - for example, due to dealing charges, or through dealing at prices other than the mid market price. Under certain circumstances (for example, large volumes of deals) this may have an adverse effect on the shareholders' interest. In order to prevent this effect, called "dilution", the ACD has the power to charge a "dilution levy on the sale and/or redemption of shares. As a dilution levy is not currently charged on the sale and/or redemption of shares (except on large deals, as defined below), the cost of purchasing or selling investments for the Sub-fund subsequent to shareholder dealing will be borne by the Sub-fund with a consequent effect on future growth. If the ACD decides in the future to charge a dilution levy on all deals (and not just on large deals), it will be calculated by reference to the costs of dealing in the underlying investments of the Sub-fund, including any dealing spreads, commission and transfer taxes. If charged, the dilution levy will be paid into the Sub-fund and will become part of its property.

The dilution levy for a Sub-fund will be calculated by reference to the estimated costs of dealing in the underlying investments of the Sub-fund, including any dealing spreads, commission and transfer taxes.

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

shareholders and potential shareholders. In particular, the dilution levy may be charged in the following circumstances:

- (a) where over a dealing period a Sub-fund has experienced a large level of net sales or redemptions relative to its size;
- (b) on “large deals”. For these purposes, a large deal means a single deal which equals or exceeds 5% or more of the value of the size of the Sub-fund; and
- (c) where the ACD considers it necessary to protect the interests of the shareholders of the Sub-fund.

It is therefore not possible to predict accurately whether dilution would occur at any point in time. If a dilution levy is required then, based on future projections the estimated rate or amount of such levy will be 0.84% on sales (creation) and 0.29% on redemptions (liquidations) and will be incurred on around 10% of deals. If a dilution levy is not charged then this may restrict the future growth of the Sub-fund.

The ACD may alter its dilution policy either by shareholder consent pursuant to the passing of a resolution to that effect at a properly convened meeting of shareholders and by amending this Prospectus or by giving shareholders notice and amending the Prospectus 60 days before the change to the dilution policy is to take effect.

#### **4.1.16 Money Laundering**

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

#### **4.1.17 Restrictions and Compulsory Transfer and Redemption and Automatic Exchange of Financial Account Information**

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

#### **4.1.18 Suspension of Dealings in the Company**

The ACD may, with the agreement of the Depositary, and must if the Depositary so requires, temporarily suspend the issue, cancellation, sale and redemption of shares in any Sub-fund, if due to exceptional circumstances it is in the interest of all the shareholders. On suspension, the ACD, or the Depositary if it has required the ACD to suspend dealings, will immediately inform the FCA and state the reason for its action and as soon as practicable, give written confirmation of

the suspension and the reasons to the FCA. The suspension will only be permitted to continue for as long as it is justified having regard to the interests of the shareholders. The ACD and the Depositary must formally review the suspension at least every 28 days and inform the FCA of the result of this review with a view to ending the suspension as soon as practicable after the exceptional circumstances have ceased

The ACD will notify all shareholders of the suspension in writing as soon as practicable and will publish details to keep shareholders appropriately informed about the suspension, including its likely duration.

Re-calculation of the share price for the purpose of sales and purchases will commence on the next relevant valuation point following the ending of the suspension.

### **Governing Law**

All deals in shares are governed by English law.

## **5 VALUATION OF THE COMPANY**

### **General**

- 5.1.1 The price of a share in a Sub-fund is calculated by reference to the Net Asset Value of that Sub-fund. There is only a single price for any share as determined from time to time by reference to a particular valuation point. The Net Asset Value per share of the Sub-funds is currently calculated each Dealing Day at 12:00 noon.
- 5.1.2 The ACD may at any time during a business day carry out an additional valuation if the ACD considers it desirable to do so.

### **Calculation of the Net Asset Value**

- 5.1.3 The value of the Scheme Property of a Sub-fund shall be the value of its assets less the value of its liabilities determined in accordance with the following provisions.
- 5.1.4 All the Scheme Property (including receivables) is to be included, subject to the following provisions:
- 5.1.4.1 Scheme Property which is not cash (or other assets dealt with in Section 4.2.4) or a contingent liability transaction shall be valued as follows and the prices used shall (subject as follows) be the most recent prices it is reasonable to obtain:
- (a) units or shares in a collective investment scheme:
    - (i) if a single price for buying and selling units or shares is quoted, at the most recent such price; or
    - (ii) if separate buying or selling prices are quoted, at the average of the two prices provided the buying price has been reduced by any preliminary charge included therein and the selling price has been increased by any exit or redemption charge attributable thereto; or



- (iii) if, in the opinion of the ACD, the price obtained is unreliable, or if no recent trade price is available or no recent price exists, at a price which in the opinion of the ACD is fair and reasonable;
  - (b) any other investment:
    - (i) if a single price for buying and selling the security is quoted, at that price; or
    - (ii) if separate buying and selling prices are quoted, the average of those two prices; or
    - (iii) if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if the most recent price available does not reflect the ACD's best estimate of the value, at a value which, in the opinion of the ACD, is fair and reasonable;
  - (c) property other than that described in Sections 4.2.2.1(a) and 4.2.2.1(b) above, at a value which, in the opinion of the ACD, represents a fair and reasonable mid-market price.
- 5.1.5 Cash and amounts held in current and deposit accounts and in other time-related deposits shall be valued at their nominal values.
- 5.1.6 In determining the value of the Scheme Property, all instructions given to issue or cancel shares shall be assumed to have been carried out (and any cash paid or received) whether or not this is the case.
- 5.1.7 Subject to Sections 4.2.6 and 4.2.7 below, agreements for the unconditional sale or purchase of property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and, in the opinion of the ACD, their omission will not materially affect the final net asset amount.
- 5.1.8 Futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under Section 4.2.5.
- 5.1.9 All agreements are to be included under Section 4.2.5 which are, or ought reasonably to have been, known to the person valuing the property.
- 5.1.10 An estimated amount for anticipated tax liabilities at that point in time including (as applicable and without limitation) capital gains tax, income tax, corporation tax, value added tax, stamp duty and stamp duty reserve tax will be deducted.
- 5.1.11 An estimated amount for any liabilities payable out of the Scheme Property and any tax thereon treating periodic items as accruing from day to day will be deducted.
- 5.1.12 The principal amount of any outstanding borrowings whenever repayable and any accrued but unpaid interest on borrowings will be deducted.

- 5.1.13 An estimated amount for accrued claims for tax of whatever nature which may be recoverable will be added.
- 5.1.14 Any other credits or amounts due to be paid into the Scheme Property will be added.
- 5.1.15 A sum representing any interest or any income accrued due or deemed to have accrued but not received will be added.
- 5.1.16 Currency or values in currencies other than the base currency shall be converted at a rate of exchange that is not likely to result in any material prejudice to the interests of shareholder or potential shareholders.

#### **Price per Share in the Sub-funds and each Class**

The price per Share at which shares are bought, redeemed or switched is the Net Asset Value per Share. Any initial charge or redemption charge, (or dilution levy or SDRT on a specific deal, if applicable) is payable in addition to the price or deducted from the proceeds and is taken from the gross subscription or redemption monies.

#### **Pricing Basis**

The Company deals on a forward pricing basis. A forward price is the price calculated at the next valuation point after the sale or redemption is agreed.

#### **Publication of Prices**

Shareholders can obtain the price of their shares on [www.fundlistings.com](http://www.fundlistings.com) or by telephoning 0141 222 1151.

## **6 RISK FACTORS**

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

#### **General Risks**

The price of shares of the Sub-funds and any income from them may fall as well as rise and investors may not get back the full amount invested. Past performance is not a guide to future performance. There is no assurance that the investment objective of a Sub-fund will actually be achieved.

The following statements are intended to summarise some of the risks, but are not exhaustive, nor do they offer advice on the suitability of investments.

The following risks apply to each of the Sub-funds:

#### **Equities Risk**

Where investments are in the shares of companies (equities), the value of those equities may fluctuate, sometimes dramatically, in response to the activities and results of individual companies or because of general market and economic

conditions or other events. Currency exchange rate movements will also cause changes in value when the currency of the investment is other than sterling.

#### **Warrants Risk**

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

#### **Bonds and Debt Instruments (Including High Yielding Securities) Risk**

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

#### **Lower Rated/Unrated Securities Risk**

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

#### **Collective Investment Schemes Risk**

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

#### **Leverage Risk**

Leverage is where a Sub-fund borrows money in order to meet redemption requests or, through the use of derivatives, for the purpose of buying or selling assets. Where assets are bought or sold using borrowed money this increases the risk that in the case of losses that these are compounded and as a result have a material negative impact on the value of the Sub-fund.

#### **Leveraged Companies Risk**

Investments may be made in companies or collective investment schemes which borrow funds. Such companies or collective investment schemes may not be

subject to any limitations on the amount of their borrowings, and the amount of borrowings that they may have outstanding at any time may be large in comparison to their capital.

### **Futures and Options Risk**

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

There is no guarantee that a Sub-fund will achieve the objective for which it entered into a transaction in relation to Efficient Portfolio Management. This may result in losses for investors.

The Sub-funds will be subject to the risk of the inability of any counterparty to perform its obligations. If a counterparty defaults the Sub-funds may suffer losses as a result.

### **Pricing and Valuation Risk**

For quoted investments a valuation price can be obtained from an exchange or similarly verifiable source. However, investment in unquoted and/or illiquid investments which are difficult to value may increase the risk of mispricing. Furthermore, the Sub-funds will compute Net Asset Values when some markets are closed for holidays or other reasons. In these and similar cases a verifiable source of market prices will not be available and the ACD may invoke its Fair Value process which will determine a fair value price for the relevant investments; this Fair Value process involves assumptions and subjectivity.

### **Smaller and Unquoted Companies Risk**

Significant investments may be made in smaller companies, in which there may be no established market for the shares, or the market may be highly illiquid. Because of this potential illiquidity investment in the Sub-fund may not be appropriate for all investors, including those who are not in a position to take a long-term view of their investment. The Sub-funds may also invest, directly and indirectly, in securities that are not listed or traded on any stock exchange. In such situations, the Sub-funds may not be able to immediately sell such securities. The purchase price and subsequent valuation of these securities may

reflect a discount, which could be significant, from the market price of comparable securities for which a liquid market exists.

### **Country Concentration Risk**

If a Sub-fund invests in essentially only one country it will have greater exposure to market, political, legal, economic and social risks of that country than if it diversifies country risk across a number of countries. There is a risk that a particular country may impose foreign exchange and/or conversion controls or regulate in such a way as to disrupt the way the markets in that country operate. The consequences of these actions and others, such as confiscation of assets, could be to hinder the normal operation of the sub-fund with regard to the purchase and sale of investments and possibly the ability to meet redemptions. Dealing in the sub-fund may be suspended and investors may not be able to acquire or redeem shares in the Sub-fund. These and other actions could also adversely affect the ability to price investments in the sub-fund which could affect the Net Asset Value of the sub-fund in a material way. However, diversification across a number of countries could introduce other risks such as currency risk. In certain countries, and for certain types of investments, transaction costs are higher and liquidity is lower than elsewhere.

### **Charges Taken From Capital**

The Depository has agreed that all or part of the ACD's Annual Management Charge and any other charges or expenses allocated to a particular Share Class will be charged against capital instead of income. This may constrain capital growth.

### **Risk To Capital**

There is also a potential risk of erosion resulting from withdrawals or cancellations of shares and distributions in excess of investment returns.

### **Holdings Concentration Risk**

The Sub-funds may invest in a relatively small number of investments and the Net Asset Value of the Sub-funds may be more volatile as a result of this concentration of holdings relative to a fund which diversifies across a larger number of investments.

### **Liquidity Risk**

In normal market conditions the Sub-funds' assets comprise mainly realisable investments which can be readily sold. The Sub-funds' main liability is the redemption of any shares that investors wish to sell. In general a sub-fund manages its investments, including cash, such that it can meet its liabilities. Investments held may need to be sold if insufficient cash is available to finance such redemptions. If the size of the disposals are sufficiently large, or the market is illiquid, then there is a risk that either the investments might not be sold or the price at which they are sold may adversely affect the Net Asset Value of the Sub-fund. If there were significant requests for redemption of shares in the Sub-fund at a time when a large proportion of its assets were invested in illiquid investments, then the Sub-fund's ability to fund those redemptions

would be impaired and it might be necessary to suspend dealings in shares in the Sub-fund.

### **Credit Risk**

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

### **Settlement Risk**

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

### **Custody Risk**

Assets of the Company are kept by the custodian and investors are exposed to the risk of the custodian not being able to fully meet its obligation to reconstitute in a short time frame all of the assets of the Company in the case of bankruptcy of the custodian. Securities of the Company will normally be identified in the custodian's books as belonging to the Company and segregated from other assets of the custodian which mitigates but does not exclude the risk of non restitution in case of bankruptcy. However, no such segregation applies to cash which increases the risk of non restitution in case of bankruptcy. The custodian does not keep all the assets of the Company itself but uses a network of sub-custodians which are not part of the same group of companies as the custodian. Investors are exposed to the risk of bankruptcy of the sub-custodians in the same manner as they are to the risk of bankruptcy of the custodian.

A Sub-fund may invest in markets where custodial and/or settlement systems are not fully developed. The assets of the Sub-fund that are traded in such markets and which have been entrusted to such sub-custodians may be exposed to risk in circumstances where the custodian will have no liability.

### **Tax Risk**

Tax laws, currently in place, may change in the future which could affect the value of the Company's and therefore the shareholders' investments. Refer to the section headed 'Taxation' in the prospectus for further details about the taxation of the Company.

### **Inflation Risk**

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

### **Political and/or Environmental Risk**

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

### **Market Risk**

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

Risks factors based on the objective of the sub-fund are shown below:

<b>Risk Factors</b>	<b>S&amp;W Dynamic Fund</b>	<b>Revera</b>	<b>UK</b>
<b>Equites</b>	X		
<b>Bonds</b>	X		
<b>Collective investment funds</b>	X		
<b>Warrants</b>	X		
<b>Money Market Instruments</b>	X		

## **7 RISK MANAGEMENT**

Upon request to the ACD a shareholder can receive information relating to:

- (a) the quantitative limits applying in the risk management of the Sub-funds;
- (b) the methods used in relation to 6.1 (a); and
- (c) any recent developments of the risk and yields of the main categories of investment in the Sub-funds.

## **8 LIABILITIES OF THE COMPANY**

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

## **9 PROTECTED CELL**

As explained in paragraph 2.1, under the OEIC Regulations, 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 OEIC Regulations provide for segregated liability between Sub-funds, the concept of

segregated liability is relatively new. Accordingly, where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known whether a foreign court would give effect to the segregated liability and cross-investment provisions contained in the OEIC Regulations. Therefore, it is not possible to be certain that the assets of a Sub-fund will always be completely insulated from the liabilities of another Sub-fund of the Company in every circumstance.

## 10 FEES AND EXPENSES

### General

10.1.1 The Company may pay out of the property of a Sub-fund charges and expenses incurred by the Sub-fund, which will include the following expenses:

- (a) the fees and expenses payable to the ACD and to the Depositary;
- (b) broker's commission, fiscal charges (including stamp duty and/or stamp duty reserve tax) and other disbursements which are necessarily incurred in effecting transactions for the Company and normally shown in contract notes, confirmation notes and difference accounts as appropriate;
- (c) fees and expenses in respect of establishing and maintaining the register of shareholders and any sub-register of shareholders;
- (d) any costs incurred in or about the listing of shares in the Company on any Stock Exchange, and the creation, conversion and cancellation of shares;
- (e) any costs incurred in producing and dispatching any payments made by the Company, or the yearly and half-yearly reports of the Company;
- (f) any fees, expenses or disbursements of any legal or other professional adviser of the Company;
- (g) any costs incurred in taking out and maintaining any insurance policy in relation to the Company;
- (h) any costs incurred in modifying the Instrument of Incorporation and the Prospectus, including costs incurred in respect of meetings of holders convened for the purpose of approving such modifications;
- (i) any costs incurred in respect of meetings of shareholders convened for any purpose including those convened on a requisition by shareholders not including the ACD or an associate of the ACD;
- (j) liabilities on unitisation, amalgamation or reconstruction including certain liabilities arising after transfer of property to the Company in consideration for the issue of shares as more fully detailed in the FCA Regulations;
- (k) costs incurred in calculating the performance of the Company against benchmark;



- (l) interest on borrowings and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings;
- (m) taxation and duties payable in respect of the property of the Company or the issue or redemption of shares;
- (n) the audit fees of the Auditors (including VAT) and any expenses of the Auditors;
- (o) any costs arising in connection with the publication and the despatch of the price of shares;
- (p) the fees of the FCA, in accordance with the Fees Manual, together with any corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which shares in the Company are or may be marketed;
- (q) such other expenses as the ACD resolves are properly payable out of the Company's property;
- (r) the Depositary's expenses, as detailed in Section 9.4 below;
- (s) any expense incurred in relation to company secretarial duties including the cost of maintenance of minute books and other documentation required to be maintained by the Company and any expenses incurred in distributing information regarding the prices of shares to shareholders;
- (t) any fees or expenses incurred in the modification of the Prospectus and/or Instrument of Incorporation and/or simplified prospectus or Key Investor Information Document, to the extent permitted by the FCA Handbook; and
- (u) any expenses incurred in the printing and preparation (but not the dissemination) of the simplified prospectus or Key Investor Information document; and
- (v) any payments otherwise due by virtue of the FCA Regulations.

Value Added Tax is payable on these charges where appropriate.

Any third party research received in connection with investment advisory services that an Investment Manager provides to the Sub-funds will be paid for by the Investment Manager out of its fees, as relevant in relation to each Sub-fund, and will not be charged to the Sub-funds.

10.1.2 Expenses are allocated between income and capital in accordance with the FCA Regulations and the OEIC Regulations and as specified in Appendix 1. Where expenses are allocated to income, but at the end of the accounting period there is insufficient income, the shortfall may be allocated to capital in accordance with the FCA Regulations and the OEIC Regulations. This may constrain capital growth.

- 10.1.3 Assets of, or costs, charges and expenses payable out of, the Scheme Property which are not attributable to any particular Sub-fund will be allocated among all Sub-funds pro rata according to the Net Asset Value attributable to each Sub-fund.

#### **Charges Payable to the ACD**

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

The annual management charge accrues daily and is payable monthly in arrears on the last Business Day of each month. The fee is calculated by reference to the value of the Sub-funds on the last Business Day of the preceding month. The current management charges for each Sub-fund are set out in Appendix 1.

The ACD is also entitled to reimbursement of all reasonable, properly vouched, out of pocket expenses incurred in the performance of its duties, including stamp duty, stamp duty reserve tax on transactions in shares and expenses incurred in effecting regulatory changes to the Company.

The ACD may not introduce a new category of remuneration for its services unless the introduction has been approved by an extraordinary resolution of shareholders in the Company.

The ACD may not increase the current rate or amount of its remuneration payable out of the Scheme Property of the Company or the preliminary charge unless, not less than 60 days before the introduction or increase, the ACD gives notice in writing of the introduction or increase and the date of its commencement to all shareholders and has revised and made available the Prospectus to reflect the introduction or new rate and the date of its commencement.

The Smith & Williamson Fund Administration Limited remuneration policy is designed to be compliant with the UCITS V Remuneration Code contained in SYSC 19E of the FCA Handbook, and provides a framework to attract, retain and reward employees and partners and to maintain a sound risk management framework, with particular attention to conduct risk. The overall policy is designed to promote the long term success of the group. The policy is designed to reward partners, directors and employees for delivery of both financial and non-financial objectives which are set in line with company strategy.

Details of the Smith & Williamson Fund Administration Limited remuneration policy are available on the website <http://smithandwilliamson.com/footer-pages/remuneration-code-disclosure>. A paper copy of the remuneration policy can be obtained free of charge by telephoning 0141 222 1151.

Any fees payable to the ACD may be reduced or waived by the ACD at its discretion.

#### **Investment Manager's Fees**

The Investment Manager's fees and expenses are paid by the ACD. The details are in Appendix 1.

#### **Depository's Fee**

The Depositary receives for its own account a periodic fee which will accrue daily from the last business day in the preceding month to the last business day in each month. It is payable within seven days after the last business day in each month. The fee is calculated by reference to the value of the Company on the last business day of the preceding month except for the first accrual, which is calculated by reference to the first valuation point of the Company. The fee is payable out of the property attributable to the Company.

The rate of the periodic fee is agreed between the ACD and the Depositary and is subject to a current minimum of £7,500. The current charge is;

- (a) 0.0275% on the first £50 million per annum plus VAT,
- (b) 0.025% between £50 million and £100 million per annum plus VAT,
- (c) 0.02% above £100 million per annum plus VAT.

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

The first accrual in relation to the Company will take place in respect of the period beginning on the day on which the first valuation of that Company is made and ending on the last business day of the month in which that day falls.

In addition to the periodic fee referred to above, the Depositary shall also be entitled to be paid transaction and custody charges in relation to transaction handling and safe-keeping of the Scheme Property as follows:

Item	Range
Transaction Charges	Between £5.00 and £472 per transaction
Safe Custody Charges	<p>Between 0.003% and 0.50%* of the value of investments being held per annum</p> <p>*With the exception of:</p> <ul style="list-style-type: none"> <li>• USA (Physical Securities) - £14 per line per calendar month.</li> <li>• Not in Bank / Not in Custody Assets - £65 per line per calendar month.</li> </ul>

These charges vary from country to country depending on the markets and the type of transaction involved. Transaction charges accrue at the time the transactions are effected and are payable as soon as is reasonably practicable, and in any event not later than the last Business Day of the month when such charges arose or as otherwise agreed between the Depositary and the ACD. Custody charges accrue and are payable as agreed from time to time by the ACD and the Depositary. In addition, charges may be applied for cash payments, currency conversion, corporate actions and other incidental expenses. Details are available on request.

The Depositary will also be paid out of the property attributable to the Company, expenses properly incurred in the performance of, or arranging the

performance of, functions conferred on it by the Depositary Agreement, the Regulations or by the general law including but not limited to:

- (a) the acquisition holding and disposal of property;
- (b) the collection and distribution to shareholders of dividends, interest and any other income;
- (c) the maintenance of distribution accounts;
- (d) the conversion of foreign currency;
- (e) registration of assets in the name of the Depositary or its nominee or agents;
- (f) borrowings or other permitted transactions;
- (g) communications with any parties (including telex, facsimile, SWIFT and electronic mail);
- (h) taxation matters;
- (i) insurance matters;
- (j) costs relating to banking and banking transactions;
- (k) preparation of the Depositary's annual report;
- (l) taking professional advice;
- (m) conducting legal proceedings;
- (n) the convening and/or attendance at meetings of shareholders; and modification of the Instrument of Incorporation, Prospectus, and negotiation and/or modification of the Depositary Agreement and any other agreement entered into between the Depositary and its delegates.

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

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

Any value added tax on any fees, charges or expenses payable to the Depositary will be added to such fees, charges or expenses.

In each such case such expenses and disbursements will also be payable if incurred by any person (including the ACD or any associate or nominee of the

Depository or of the ACD) who has had the relevant duty delegated to it pursuant to the FCA Regulations by the Depository.

The costs and expenses relating to the authorisation and incorporation of the Company, the offer of Shares, the preparation and printing of this Prospectus and the fees of the professional advisers to the Company in connection with the offer will be borne by the Investment Manager.

## 11 **SHAREHOLDER MEETINGS AND VOTING RIGHTS**

### **Annual General Meeting**

The Company will not hold annual general meetings.

### **Requisitions of Meetings**

The ACD may requisition a general meeting at any time.

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

### **Notice of Quorum**

Shareholders will receive at least 14 days' notice of a shareholders' meeting and are entitled to be counted in the quorum and vote at such meeting either in person or by proxy. The quorum for a meeting is two shareholders, present in person or by proxy. The quorum for an Adjourned Meeting is also two shareholders present in person or by proxy, however if a quorum is not present after a reasonable time from the time appointed for the meeting then one person entitled to be counted in a quorum shall be a quorum. Notices of Meetings and Adjourned Meetings will be sent to shareholders at their registered addresses.

### **Voting Rights**

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

On a poll vote, a shareholder may vote either in person or by proxy. The voting rights attaching to each share are such proportion of the voting rights attached to all the shares in issue that the price of the share bears to the aggregate price(s) of all the shares in issue at the date seven days before the notice of meeting is deemed to have been served.

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

Except where the FCA Regulations or the Instrument of Incorporation of the Company requires an extraordinary resolution (which needs 75% of the votes cast at the meeting to be in favour if the resolution is to be passed) any resolution will be passed by a simple majority of the votes validly cast for and against the resolution.

The ACD may not be counted in the quorum for a meeting and neither the ACD nor any associate (as defined in the FCA Rules) of the ACD is entitled to vote at any meeting of the Company except in respect of shares which the ACD or associate holds on behalf of or jointly with a person who, if the registered shareholder, would be entitled to vote and from whom the ACD or associate has received voting instructions. Where every shareholder within the Sub-fund is prohibited under Rule 4.4.8R (4) of the FCA Rules from voting, a resolution may, with the prior written agreement of the Depositary, instead be passed with the written consent of shareholders representing 50% or more, or for an extraordinary resolution, 75% or more, of the shares of the Sub-fund in issue.

“Shareholders” in this context means shareholders on the date seven days before the notice of the relevant meeting was deemed to have been served but excludes holders who are known to the ACD not to be shareholders at the time of the meeting.

### **Class Meetings**

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

## **12 TAXATION**

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

The following is divided into sections relating to “Bond Sub-fund” and “Equity Sub-fund”. A “Bond Sub-fund” is a Sub-Fund which invests more than 60% of its market value in “Qualifying Investments” (at all times in each accounting period). The term “Qualifying Investments” includes money placed at interest and securities that are not shares, including but not limited to government and corporate debt securities and cash on deposit. The tax issues relating to the Sub-fund and the investors within it are treated separately in this section. It is anticipated that the Sub-fund will for most periods be an Equity Sub-fund for these purposes, but that depending on how it is invested it may constitute a Bond Sub-fund for some periods.

### **Taxation of an Equity Sub-Fund**

### 12.1.1 Taxation of Capital Gains

An Equity Sub-fund is not subject to UK taxation on capital gains arising on the disposal of its investments. In the unlikely event that the Sub-fund be considered to be trading in securities under tax law, and to the extent an investment is disposed in a non-distributor/reporting fund, any gains made will be treated as taxable income and not exempt gains.

### 12.1.2 Tax on income

An Equity Sub-fund will be liable to corporation tax at a rate equal to the lower rate of income tax, currently 20%, on its income after relief for expenses (which include fees payable to the ACD and to the Depositary). Dividends and similar income distributions from UK and non-UK resident companies are generally exempt from corporation tax. Dividends and similar income distributions from UK authorised unit trusts and UK ICVCs are also generally exempt from corporation tax to the extent the underlying income derives from dividends.

Foreign dividends and similar income are generally treated as exempt for the purposes of UK corporation tax. This income may be subject to withholding tax in certain jurisdictions.

Dividend income received from certain countries are likely to be elected to be treated as taxable income in the UK in order to obtain a beneficial rate of withholding tax in the source country.

Profits from loan relationships are treated as taxable income, as for a Bond Sub-Fund.

## Taxation of a Bond Sub-Fund

### 12.1.3 Taxation of Capital Gains

Bonds or loan relationships held are taxable as income (see below) and are not subject to capital gains tax. Capital gains, for example on investment in equities, (except insofar as treated as income gains - see below) accruing to a Bond Sub-fund will be exempt from UK tax on chargeable gains.

### 12.1.4 Tax on Income

A Bond Sub-fund will be liable to UK corporation tax at 20% on income, translated (where appropriate) into Sterling, from investments in debt, debt-related securities and cash deposits less deductible expenses. Such income will be computed according to the generally accepted accounting practice relevant to the Sub-fund.

The total will be taxed under the Loan Relationship rules. Any income received from UK equities will be exempt from UK corporation tax.

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

- The treatment of distributions as interest distributions for UK tax purposes is significant because:
- distributions made should be deductible for corporation tax purposes against UK taxable income.

The income, less interest distributions, expenses (including the ACD's and Depositary's fees) and any non-UK withholding taxes, is subject to UK corporation tax at a rate equal to the basic rate of income tax (currently 20%). Any corporation tax charge should not be significant.

Capital gains (except insofar as treated as accrued income gains - see above) accruing to a Bond Sub-fund will be exempt from UK tax on chargeable gains.

### **Taxation of a Shareholder - Equity Sub-fund**

#### **12.1.5 Income distributions**

Accumulations and distributions of income ('distributions') comprise income for UK tax purposes.

UK resident individuals and (the trustees of) certain trusts liable to UK income tax will be taxable on accumulations and distributions of income.

From 6 April 2017, additional rate taxpayers are required to pay tax at 38.1% on their distributions while the rate for higher rate taxpayers is 32.5% and for basic rate taxpayers it is 7.5%. Individuals with a net adjusted income of £100,000 will also have their personal allowances reduced £1 for every £2 on the income above this limit. The personal allowance will be reduced to nil above an income level of approximately £123,000. These limits may change in the future.

Distributions to Shareholders within the charge to corporation tax are deemed to comprise two elements:

- (a) where an Equity Sub-fund's gross income is not wholly derived from UK dividend income, part of any distribution will be deemed to be reclassified as an annual payment received by such Shareholders after deduction of income tax at the basic rate, currently 20% ("deemed tax deducted"). Such Shareholders will be subject to corporation tax on the grossed-up amount of the annual payments but will be entitled to the repayable deemed tax deducted; and
- (b) the remainder, is exempt from UK corporation tax.

Details of the proportions of distributions comprising exempt income and annual payments will be shown on the tax voucher of the Equity Sub-fund concerned.



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

#### 12.1.6 Capital gains

Shareholders who are resident in the UK may be liable to UK taxation on capital gains arising from the sale or other disposal, including redemption, of Shares. Individuals and certain trusts generally compute their gains by deducting from the net sale proceeds the capital gains base cost in respect of Shares. The resulting gains will be taxable at the capital gains tax rate, and may be reduced by capital losses brought forward from previous tax years or losses in the year, and by annual exemptions. Exempt Shareholders, which include UK charities, UK approved pension trusts, ISAs (and their individual investors), would not normally be liable to capital gains tax on their disposal of Shares.

Shareholders within the charge to corporation tax are taxed on the capital gain made computed on the basis of the rules described above. They are, however, entitled to indexation allowance on the basic cost to the date of disposal. In certain cases, the “loan relationships” provisions mentioned below in relation to Bond Sub-funds could apply.

Special rules apply to life insurance companies who beneficially own shares.

#### 12.1.7 Inheritance tax

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

### Taxation of a Shareholder - Bond Sub-fund

#### 12.1.8 Income Distributions: Interest Distributions

Accumulations and distributions of income (‘distributions’) comprise income for UK tax purposes. Shareholders will be taxable on the amount distributed.

Additional rate taxpayers will be liable to income tax on their distributions at 45%, higher rate taxpayers at 40% (after their £500 personal savings allowance has been exhausted) and basic rate taxpayers at 20% (after their £1,000 personal savings allowance has been exhausted). There is also a 0% starting rate band for savings income of up to £5,000 for those investors who qualify for it.

#### 12.1.9 Capital gains

Shareholders who are resident in the UK may be liable to UK taxation on capital gains arising from the sale or other disposal, including redemption, of shares. Individuals and certain trusts generally compute their gains by deducting from the net sale proceeds the capital gains base cost in respect of shares and will be

taxable at the capital gains tax. The gain may be reduced by capital losses brought forward from previous tax years or losses in the year, and by annual exemptions. Exempt shareholders, which include UK charities, UK approved pension funds, ISAs (and their individual investors), would not normally be expected to be liable to capital gains tax on their disposal of shares.

In respect of shareholders subject to corporation tax, holdings in a Sub-fund will be treated as holdings of loan relationships and recognised using a fair value basis of accounting (which entails movements in the value of the holdings being brought into account in each accounting period as loan relationship credits or debits). No indexation allowance or taper relief is available.

#### 12.1.10 Inheritance tax

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

#### **SDRT Stamp Duty Reserve tax**

On 30 March 2014, Schedule 19 Stamp Duty Reserve Tax (SDRT) ceased to be chargeable on dealings in shares in an OEIC. As such, the provisions relating to SDRT no longer apply. However, investors should note that should SDRT or a similar tax relating to dealings on shares in OEICs be reintroduced in the future, all such costs will be paid out of the Sub-fund's Scheme Property and charged to capital.

However it should be noted that in the unlikely event of either of the below occurring within the Sub-fund, SDRT may still be triggered and where applicable be charged to the investor:

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

#### **Automatic Exchange of Financial Account Information**

#### 12.1.11 US Foreign Account Tax Compliance Act (FATCA)

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

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

#### 12.1.12 Common Reporting Standard

The Common Reporting Standard (CRS) is the reporting standard approved and developed by the Organisation of Economic Co-operation and Development (OECD) in 2014, and came into force with effect from 1st January 2016. This requires financial institutions such as the Fund (or the Sub-fund(s)), to report non-UK resident investors, other than US Persons, to other agreed jurisdictions on an annual basis. The objective of this reporting is the same as the FATCA regulations but on a worldwide basis and is based on Residency rather than citizenship as with the US model, and will encompass natural persons and legal entity

#### Income Equalisation

12.1.13 Income equalisation, as explained below, may apply in relation to the Sub-funds, as detailed in Appendix 1.

12.1.14 Part of the purchase price of a share reflects the relevant share of accrued income received or to be received by the Sub-funds. This capital sum is returned to a shareholder with the first allocation of income in respect of a share issued during an accounting period.

12.1.15 The amount of income equalisation is either:

- (a) the actual amount of income included in the issue price of that share; or
- (b) is calculated by dividing the aggregate of the amounts of income included in the price of shares issued or sold to shareholders in an annual or interim accounting period by the number of those shares and applying the resultant average to each of the shares in question.

The ACD currently uses the method outlined in (b) in paragraph 11.7.3 to apply income equalisation.

### 13 WINDING UP OF THE COMPANY

The Company shall not be wound up except as an unregistered company under Part V of the Insolvency Act 1986 or under the FCA Regulations. A Sub-fund may only be wound up under the FCA Rules.

Where the Company or a Sub-fund is to be wound up under the FCA Regulations, such winding up may only be commenced following approval by the FCA. The FCA may only give such approval if the ACD provides a statement (following an investigation into the affairs of the Company) either that the Company will be able to meet its liabilities within 12 months of the date of the statement or that

the Company will be unable to do so. The Company may not be wound up under the FCA Regulations if there is a vacancy in the position of ACD at the relevant time.

13.1.1 The Company or a Sub-fund may be wound up under the FCA Regulations if:

- (a) an extraordinary resolution to that effect is passed by shareholders; or
- (b) the period (if any) fixed for the duration of the Company by the Instrument of Incorporation expires, or an event (if any) occurs on the occurrence of which the Instrument of Incorporation provides that the Company is to be wound up (for example, if the share capital of the Company is below its prescribed minimum); or
- (c) on the date of effect stated in any agreement by the FCA to a request by the ACD for the revocation of the authorisation order in respect of the Company.

13.1.2 On the occurrence of any of the above:

- (a) The parts of the FCA Regulations and the Instrument of Incorporation relating to Pricing and Dealing and Investment and Borrowing will cease to apply to the Company or Sub-fund;
- (b) The Company or Sub-fund will cease to issue and cancel shares in the Company and the ACD shall cease to sell or redeem shares or arrange for the Company or Sub-fund to issue or cancel them for the Company or Sub-fund;
- (c) No transfer of a share shall be registered and no other change to the register shall be made without the sanction of the ACD;
- (d) Where the Company or Sub-fund is being wound up, the Company or Sub-fund shall cease to carry on its business except in so far as it is beneficial for the winding up of the Company or Sub-fund;
- (e) The corporate status and powers of the Company and, subject to the provisions of paragraphs 12.2.2(a) and 12.2.2(d) above, the powers of the ACD shall remain until the Company is dissolved.

The ACD shall, as soon as practicable after the Company or a Sub-fund falls to be wound up, realise the assets and meet the liabilities of the Company or a Sub-fund and, after paying out or retaining adequate provision for all liabilities properly payable and retaining provision for the costs of winding up, arrange for the Depositary to make one or more interim distributions out of the proceeds remaining (if any) to shareholders proportionately to their rights to participate in the Scheme Property of the Company. When the ACD has caused all of the Scheme Property to be realised and all of the liabilities of the Company or Sub-fund to be realised, the ACD shall arrange for the Depositary to also make a final distribution to shareholders (if any Scheme Property remains to be distributed) on or prior to the date on which the final account is sent to shareholders of any balance remaining in proportion to their holdings in the Company or Sub-fund.

As soon as reasonably practicable after completion of the winding up of the Company or a Sub-fund, the Depositary shall notify the FCA.

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

Following the completion of the winding up of the Company, the ACD shall notify the Registrar of Companies and shall notify the FCA that it has done so.

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

## 14 GENERAL INFORMATION

### Accounting Periods

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

### Income Allocations

- 14.1.1 Allocations of income are made in respect of the income available for allocation in each accounting period.
- 14.1.2 Distributions of income in respect of Income Shares for the Company are paid by BACS or telegraphic transfer on or before the annual income allocation date of 30 April and on or before the interim income allocation date of 31 August.
- 14.1.3 If a distribution remains unclaimed for a period of six years after it has become due, it will be forfeited and will revert to the relevant Sub-fund.
- 14.1.4 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 Sub-fund in respect of that period, and deducting the charges and expenses paid or payable out of income in respect of that accounting period. The ACD then makes such other adjustments as it considers appropriate (and after consulting the auditors as appropriate) in relation to taxation, income equalisation, income unlikely to be received within 12 months following the relevant income allocation date, income which should not be accounted for on an accrual basis because of lack of information as to how it accrues, transfers between the income and capital account and any other adjustments which the ACD considers appropriate after consulting the auditors. The ACD does not normally adjust distributions in order to smooth the amount of interim and final distributions within any particular accounting period.

14.1.5 Income will be distributed as a dividend payment where a Sub-Fund is deemed to be an Equity Sub-fund or as an interest payment where a Sub-Fund is deemed to be a Bond Sub-fund over the relevant accounting period. The treatment of income anticipated by the ACD is given in Appendix 1, although Shareholders are advised the treatment of income will depend on the composition of assets over the accounting period. Income can only be distributed as an interest payment if the Sub-Fund has held the minimum Qualifying Investments over the accounting period (see Taxation for further details). Details of the treatment of income for taxation purposes over an accounting period will be given in a tax voucher sent to all Shareholders when the income is allocated.

### **Annual Reports**

An Annual report of the Company will be published within four months of each annual accounting period and a half-yearly report will be published within two months of each interim accounting period. Long reports will be available upon request.

### **Documents of the Company**

The following documents may be inspected free of charge between 9.00 a.m. and 5.00 p.m. every business day at the offices of the ACD at 25 Moorgate, London EC2R 6AY.

- (a) the most recent annual and half-yearly long reports of the Company;
- (b) the Instrument of Incorporation (and any amending instrument of incorporation); and
- (c) the Prospectus.

The ACD may make a charge at its discretion for copies of the Instrument of Incorporation, although copies of the prospectus will be free of charge.

### **Notices**

Notices and Documents will be sent to the shareholder's registered address.

### **Telephone Recording**

Please note that the ACD may record telephone calls for training and monitoring purposes and to confirm investors' instructions. Recordings will be provided on request for a period of at least five years from the date of such recording, or, where requested by a competent regulatory authority, for a period of seven years, where the ACD can identify the call. If you ask the ACD to send you a recording of a particular call, the ACD may ask for further information to help identify the exact call to which your request relates.

### **Complaints**

Complaints concerning the operation or marketing of the Company should be referred to the compliance officer of the ACD at 25 Moorgate, London, EC2R 6AY, in the first instance. If the complaint is not dealt with satisfactorily then it can be made direct to The Financial Ombudsman Service at South Quay Plaza,

183 Marsh Wall, London E14 9SR, telephone number 0845 080 1800. A copy of the ACD's complaint handling procedure is available on request.

Making a complaint will not prejudice your rights to commence legal proceedings.

Further information regarding any compensation scheme or any other investor-compensation scheme of which the ACD or any Sub-fund is a member (including, if relevant, membership through a branch) or any alternative arrangement provided, are also available on request.

### **Best Execution**

The ACD must act in the best interests of each Sub-fund when executing decisions to deal on behalf of the relevant Sub-fund. The ACD's order execution policy sets out the (i) systems and controls that have been put in place and (ii) the factors which the ACD expects the Investment Manager to consider when effecting transactions and placing orders in relation to the Sub-funds. This policy has been developed in accordance with the ACD's obligations under the Regulations to obtain the best possible result for the Company.

Details of the order execution policy are available from the ACD on request. If you have any questions regarding the policy please contact the ACD or your professional adviser.

### **Inducements and Soft Commission**

When executing orders, or placing orders with other entities for execution, that relate to financial instruments for, or on behalf of, the Sub-funds, an Investment Manager or the ACD (as relevant) will not accept and retain any fees, commissions or monetary benefits; or accept any non-monetary benefits, where these are paid or provided by any third party or a person acting on behalf of a third party.

The Investment Manager or ACD will return to each relevant Sub-fund as soon as reasonably possible after receipt any fees, commissions or any monetary benefits paid or provided by any third party or a person acting on behalf of a third party in relation to the services provided to that Sub-fund, and disclose in the annual report the fees, commissions or any monetary benefits transferred to them.

However, the Investment Manager or ACD may accept without disclosure minor non-monetary benefits that are capable of enhancing the quality of service provided to the Sub-fund; and of a scale and nature such that they could not be judged to impair their compliance with its duty to act honestly, fairly and professionally in the best interests of each Sub-fund.

### **Compensation**

Under the Financial Services Compensation Scheme (FSCS), in the event of firm default your investment is protected up to the value of £85,000 per person per firm.

## APPENDIX 1

### INVESTMENT OBJECTIVE, POLICY AND OTHER DETAILS OF THE COMPANY

Investment of the assets of each Sub-fund must comply with the FCA Regulations and its own investment objective and policy. Details of the investment objective and policy of each Sub-fund are set out overleaf together with other information including available share classes, charges, minimum investment levels and distribution dates. A detailed statement of the investment and borrowing restrictions applicable to the Company as a whole is contained in Appendix 2. Lists of the eligible securities and derivatives markets on which each Sub-fund may invest are contained in Appendix 4 and Appendix 5.

Each Fund is available to a wide range of investors seeking access to a portfolio managed in accordance with a specific investment objective and policy.

Different share classes may be issued in respect of each Sub-fund.

#### **S&W REVERA UK DYNAMIC FUND**

##### **Investment Objective and Policy**

The principal investment objective of the S&W Revera UK Dynamic Fund is to achieve long term capital growth through investment in fully listed and Aim-quoted equities. Equities will be selected on the basis of their long term growth potential and strength of underlying cash flows. The Investment Manager will retain the flexibility to invest in investment grade fixed income securities when the outlook for equities is less positive.

The Sub-fund may also invest in bonds, collective investment schemes, warrants, money market instruments, cash, deposits and other permitted investments. It is the ACD's intention that derivatives may be used only for hedging purposes using efficient portfolio management style techniques. The Sub-fund may not invest in any immovable property or tangible movable property.

The Sub-fund will be managed in a manner that maintains eligibility for the stocks and shares component of an individual savings account.

##### **Benchmark:**

Shareholders may compare the performance of the Sub-fund against the MSCI UK All Cap Index (Gross). The ACD has selected this comparator benchmark as it believes this benchmark best reflects the Sub-fund's asset allocation.

The benchmark is not a target for the Sub-fund, nor is the Sub-fund constrained by the benchmark.

**FCA Product Reference Number: 633314**

##### **Classes of Shares Available**

Net Accumulation Shares each in Founder Class, Retail Class or Corporate Class

##### **Currency of Denomination**

Pounds Sterling

##### **Minimum Initial Investment\***

Founder Class - £1,000



Retail Class - None  
Corporate Class - £5,000,000

**Minimum Subsequent Investment\***

Founder Class - £500  
Retail Class - None  
Corporate Class - £25,000

**Minimum Withdrawal**

None

**Minimum Holding\***

Founder Class - None  
Retail Class - None  
Corporate Class - £5,000,000

**Ongoing charges figure (OCF)**

The OCF provides investors with a clearer picture of the total annual costs in running a collective investment scheme and is based on the previous year's expenses. The figure may vary from year to year and it excludes the costs of buying or selling assets for the Company (but includes transaction charges incurred by investing in any other collective investment schemes). Where there is not enough historic data available, or when historic data will not provide a reliable indication of future costs, an estimated OCF will be calculated based on the most reliable information available (OCF (Estimated)). The OCF is displayed in the Key Investor Information Document (KIID). A copy of the KIID for each Sub-fund can be provided free of charge on request.

**ACD's Preliminary Charge\***

Founder Class - Nil  
Retail Class - 5%  
Corporate Class - Nil

**Annual Management Charge**

Founder Class - 1.25%  
Retail Class - 1.5%  
Corporate Class - 0.75%

**Charge for investment research**

Founder Class - None  
Retail Class - None  
Corporate Class - None

**Accounting and Allocation Dates**

Annual accounting date 31 December  
Interim accounting date 30 June  
Annual income allocation date 30 April  
Interim income allocation date 31 August

**Invest in any Securities Market of a Member State of the EU or states within the EEA on which securities are admitted to Official Listing**

n/a

**Invest in Eligible Markets**

As listed in Appendices 4 and 5

### **Income Equalisation**

Yes, averaged.

### **Charges taken from Income or Capital?**

All charges will be taken from income

If at the end of an accounting period there is insufficient income the shortfall may be allocated to capital.

### **Income to be distributed as a dividend or interest?**

The Sub-fund may distribute income in the form of a dividend or interest depending on the composition of the assets held over the accounting period.

\*May be waived in part or in full at the discretion of the ACD.

### **Investor Profile**

Whether an investment in the Sub-fund is appropriate for you will depend on your own requirements and attitude to risk. The Sub-fund is designed for investors of any category, including retail investors, who:

- (a) Want to achieve capital growth longer term through investing in fully listed and AIM listed UK equities using the expertise of the Investment Manager,
- (b) Can meet the minimum investment levels,
- (c) Are able to commit to a long term investment in the Sub-fund and take the risk of losing part or all of their investment capital, and
- (d) Who understand and are willing to take the risks involved in investing in the Sub-fund (as detailed under "Risk Factors").

**If you have any doubts as to whether the investment is suitable for you, please contact a financial adviser.**

## APPENDIX 2

### INVESTMENT AND BORROWING POWERS OF THE COMPANY

These restrictions apply to each Sub-fund of the Company.

#### 1 Investment Restrictions

The property of each Sub-fund will be invested with the aim of achieving the investment objective of the Sub-fund but subject to the limits on investment set out in the FCA Regulations and the Sub-fund's investment policy. These limits are summarised below:

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

Derivatives and forward transactions may be used only for the purpose of Efficient Portfolio Management not for the purpose of meeting the investment objective of any Sub-fund. The ACD does not anticipate such use of derivatives and forward transactions will have an adverse affect on the risk profile of any Sub-fund.

Eligible markets are regulated markets or markets established in an EEA State which are regulated, operate regularly and are open to the public; and markets which the ACD, after consultation with the Depositary, has decided are appropriate for the purpose of investment of or dealing in the property of each Sub-fund having regard to the relevant criteria in the FCA Regulations and guidance from the FCA. Such markets must operate regularly, be regulated, recognised, open to the public, adequately liquid and have arrangements for unimpeded transmission of income and capital to or to the order of the investors.

The eligible securities and derivatives markets for each Sub-fund are set out in Appendices 4 and 5.

New eligible securities markets may be added to the existing list in accordance with the procedure for amending the prospectus set out in the FCA Regulations.

#### 2 Transferable Securities

Up to 10% of the value of each Sub-fund may be invested in transferable securities which are not approved securities.

Up to 5% of each Sub-fund may be invested in transferable securities (other than transferable securities or approved money-market instruments to which COLL 5.2.12R (Spread: government and public securities) applies) and money market instruments issued by any one issuer. However, up to 10% in value of each Sub-fund may be invested in those securities and instruments (or certificates representing those securities) issued by the same issuer if the value of all such holdings combined does not exceed 40% of the value of the property of such Sub-fund. Up to 20% in value of the scheme property of each Sub-fund can consist of

transferable securities or money market instruments issued by the same group (being companies included in the same group for the purposes of consolidated accounts as defined in accordance with Directive 83/349/EC or in the same group in accordance with international accounting standards).

### **3 Government and Public Securities**

3.1 This rule applies in respect of a transferable security or an approved money-market instrument (“such securities”) that is issued by:

- (a) an EEA State;
- (b) a local authority of an EEA State;
- (c) a non-EEA State; or
- (d) a public international body to which one or more EEA States belong.

3.2 More than 35% of the property of each Sub-fund may be invested in such securities issued by or on behalf of or guaranteed by one issuer, which may be one of the following: the government of the United Kingdom and Northern Ireland and the governments of Austria, Belgium, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Liechtenstein, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden; or by or on behalf of the Governments of Australia, Canada, Japan, New Zealand, Switzerland or the United States of America.

### **4 Collective Investment Schemes.**

4.1 Each Sub-fund may invest in units of collective investment schemes (“Second Schemes”) provided that such Second Schemes satisfy all of the following conditions, and further provided that no more than 10% of the value of each Sub-fund is invested in Second Schemes.

4.1.1 The Second Scheme must:

- (a) be a UCITS scheme; or
- (b) be recognised under the provisions of section 272 of the Act; or
- (c) be a non-UCITS retail scheme (provided the requirements of article 50(1)(e) of the UCITS Directive are met); or
- (d) be authorised in another EEA State (provided the requirements of article 50(1)(e) of the UCITS Directive are met); or
- (e) the scheme is authorised by the competent authority of an OECD member country (other than another EEA state) which has:
  - (i) signed the IOSCO Multilateral Memorandum of Understanding; and
  - (ii) approved the scheme's management company, rules and depositary/custody arrangements (provided the requirements of Article 50(1)(e) of the UCITS Directive are met) and

- (f) the Second Scheme must comply, where relevant, with the requirements of COLL in respect of investment in associated collective investment schemes and investment in other group schemes;
- (g) the Second Scheme must have terms which prohibit more than 10% in value of the scheme's property being invested in collective investment schemes; and
- (h) where the Second Scheme is an umbrella, the provisions in paragraph 3.1 and 3.2 apply to each sub-fund as if it were a separate Second Scheme;
- (i) each Sub-fund may invest in and hold units of Second Schemes operated by the ACD or an associate of the ACD (an "Associated Scheme") provided that each Sub-fund complies with COLL 5.2.16 in that where there is a charge associated with the investment in an Associated Scheme, the ACD must pay to the Sub-fund (within four business days of the agreement to invest) the amount by which the consideration paid for the units in the Associated Scheme exceeds the price payable to the Associated Scheme had it issued new units or sold units (or if this is not determinable, the maximum amount a seller of units in the Associated Scheme may charge). In the case of a disposal of units in an Associated Scheme, the ACD must pay to the Sub-fund any sums received by the ACD of the Associated Scheme on account of the disposal within four business days of the disposal.

If a substantial proportion of a Sub-fund's assets are invested in other collective investment schemes, the maximum level of management fees that may be charged to such Sub-fund and to the collective investment schemes in which it invests is 5%.

## **5 Warrants and Nil and Partly Paid Securities**

Up to 5% in value of the scheme property of each Sub-fund may consist of warrants, provided that warrants may only be held if it is reasonably foreseeable that there will be no change to the scheme property between the acquisition of the warrant and its exercise and the rights conferred by the proposed warrant and all other warrants forming part of the scheme property at the time of the acquisition of the proposed warrant will be exercised and that the exercise of the rights conferred by the warrants will not contravene the FCA Regulations. Securities on which any sum is unpaid may be held provided that it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by the Company at any time when the payment is required without contravening the FCA Regulations. A warrant that is an investment falling within article 80 of the Regulated Activities Order (Certificates representing certain securities) and which is akin to an investment falling within article 79 of the Regulated Activities Order (Instruments giving entitlement to investments) may not be included in the scheme property unless it is listed on an eligible securities market.

## 6 Money Market Instruments

- 6.1 Up to 100% in value of the scheme property of each Sub-fund can consist of money market instruments, which are normally dealt in on the money market, are liquid and whose value can be accurately determined at any time provided the money market instrument is listed on or normally dealt on an eligible market; or is issued or guaranteed by one of the following: the government of the United Kingdom and Northern Ireland, the governments of Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain and Sweden and the governments of Australia, Canada, Japan, New Zealand, Norway, Switzerland and the United States of America; or issued by a body, any securities of which are dealt in on an eligible market; or issued or guaranteed by an establishment subject to prudential supervision in accordance with criteria defined by Community law or by an establishment which is subject to and complies with prudential rules considered by the FCA to be at least as stringent as those laid down by Community law.
- 6.2 Notwithstanding the above up to 10% of the scheme property of each Sub-fund may be invested in money market instruments which do not meet these criteria.

## 7 Efficient Portfolio Management

- 7.1 The Company may also utilise the Scheme Property to enter into transactions for the purposes of Efficient Portfolio Management (“EPM”). Permitted EPM transactions (excluding stock lending arrangements) are transactions in derivatives e.g. to hedge against price or currency fluctuations, dealt with or traded on an eligible derivatives market; off-exchange options or contracts for differences resembling options; or synthetic futures in certain circumstances. The ACD must take reasonable care to ensure that the transaction is economically appropriate to the reduction of the relevant risks (whether in the price of investments, interest rates or exchange rates) or to the reduction of the relevant costs and/or to the generation of additional capital or income with a risk level which is consistent with the risk profile of the Company and the risk diversification rules laid down in the FCA Regulations. The exposure must be fully “covered” by cash and/or other property sufficient to meet any obligation to pay or deliver that could arise.
- 7.1.1 Permitted transactions are those that the Company reasonably regards as economically appropriate to EPM, that is:
- (a) Transactions undertaken to reduce risk or cost in terms of fluctuations in prices, interest rates or exchange rates where the ACD reasonably believes that the transaction will diminish a risk or cost of a kind or level which it is sensible to reduce; or
  - (b) Transactions for the generation of additional capital growth or income for the Company by taking advantage of gains which the ACD reasonably believes are certain to be made (or certain, barring events which are not reasonably foreseeable) as a result of:
    - (i) pricing imperfections in the market as regards the property which the Company holds or may hold; or

- (ii) receiving a premium for the writing of a covered call option or a cash covered put option on property of the Company which the Company is willing to buy or sell at the exercise price, or

- (c) stock lending arrangements.

7.2 A permitted arrangement in this context may at any time be closed out.

7.3 Transactions may take the form of “derivatives transactions” (that is, transactions in options, futures or contracts for differences) or forward currency transactions. A derivatives transaction must either be in a derivative which is traded or dealt in on an eligible derivatives market (and effected in accordance with the rules of that market), or be an off-exchange derivative which complies with the relevant conditions set out in the FCA Regulations, or be a “synthetic future” (i.e. a composite derivative created out of two separate options). Forward currency transactions must be entered into with counterparties who satisfy the FCA Regulations. A permitted transaction may at any time be closed out.

## 8 Deposits

Can be invested in with no upper limit, but only up to 20% in value of the scheme property of each Sub-fund can consist of deposits with a single body. Sub-funds may only invest in deposits with an approved bank and which are repayable on demand, or have the right to be withdrawn, and maturing in no more than 12 months.

## 9 Derivatives and Forward Transactions

9.1 Derivatives and forward transactions may be used for Efficient Portfolio Management. The ACD may make use of a variety of derivatives and forward transactions in accordance with the FCA Regulations. Where derivatives and transactions are used for Efficient Portfolio Management, or in accordance with efficient portfolio management techniques, then this will not compromise the risk profile of the Sub-funds. Use of derivatives and forward transactions will not contravene any relevant investment objectives or limits.

9.2 Except as set out in 9.2.1 below there is no upper limit on the use of transactions in derivatives or forward transaction for the Sub-funds but they must fall under 9.2.2 and 9.7.

9.2.1 A transaction in a derivative or forward transaction must:

- (a) if an OTC, be in an approved derivative; or
- (b) if an OTC, be in a future, an option or a contract for differences which must be entered into with a counterparty that is acceptable in accordance with the FCA Regulations, must be on approved terms as to valuation and close out and must be capable of valuation.

9.2.1.1 have the underlying consisting of any or all of the following to which the Sub-fund is dedicated:

- (a) transferable securities;

- (b) permitted money market instruments;
  - (c) permitted deposits;
  - (d) permitted derivatives;
  - (e) permitted collective investment scheme units;
  - (f) financial indices;
  - (g) interest rates;
  - (h) foreign exchange rates; and
  - (i) currencies.
- 9.2.1.2 be effected on or under the rules of an eligible derivatives market, it must not cause the Sub-funds to diverge from their investment objective, must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more transferable securities, money market instruments, units in collective investment schemes, or derivatives and must be with an approved counterparty. Use of derivatives and forward transactions must be supported by a risk management process maintained by the ACD which should take account of the investment objective and policy of the Sub-funds.
- 9.2.2 A transaction in derivatives or forward transaction is to be entered into only if the maximum exposure, in terms of the principal or notional principal created by the;
- (a) the reduction of risk - to hedge against either price or currency fluctuation to avoid volatility in the market and limit the down side of the risk;
  - (b) the reduction of cost; and
  - (c) the generation of additional capital or income for a Sub-fund with no, or an acceptably low, level of risk which is consistent with the risk profile of the Sub-fund and the risk diversification rules.
- 9.3 The transaction must be economically appropriate for the purposes of EPM and any exposure must be fully covered by cash or other property sufficient to meet any obligation to pay or deliver that could arise transaction to which the scheme is or may be committed by another person is covered under 9.4.
- 9.4 Exposure is covered if adequate cover from within the scheme property for the Sub-fund is available to meet its total exposure, taking into account the initial outlay, the value of the underlying assets, any reasonably foreseeable market movement, counterparty risk, and the time available to liquidate any positions.
- 9.5 Cash not yet received into the scheme property of the Sub-fund, but due to be received within one month, is available as cover for the purposes of 9.4.



- 9.6 The exposure relating to derivatives held in the Sub-fund may not exceed the net value of its scheme property.
- 9.7 The exposure to any one counterparty in an OTC derivative transaction must not exceed 5% in value of the scheme property of a Sub-fund, this limit being raised to 10% where the counterparty is an approved bank. Counterparty risk exposure can be reduced by the Company receiving collateral from the counterparty. Collateral will be managed in accordance with FCA Regulations and Guidelines issued from time to time by the European Securities and Markets Authority. A Collateral Management Policy will be implemented by the ACD before the Company enters into any transactions which require it to hold collateral from a counterparty.
- 9.8 The use of derivatives or forwards for the purposes of Hedging or Efficient Portfolio Management will not materially alter the risk profile of the Sub-fund. The use of these techniques and instruments will only be employed where the ACD and the Investment Manager consider these to be in line with the best interests of the Sub-fund.
- 10 **Combinations of Investments**
- 10.1 In applying the limits in 2, 6 and 9.2.1 not more than 20% in value of the scheme property of each Sub-fund is to consist of any combination of two or more of the following:
- (a) transferable securities or money market instruments issued by; or
  - (b) deposits made with; or
  - (c) exposures from OTC derivative transactions made with a single body.
- 11 **Concentration**
- 11.1 Each Sub-fund must not hold more than:
- (a) 10% of the transferable securities issued by a body corporate which do not carry rights to vote on any matter at a general meeting of that body; or
  - (b) 10% of the debt securities issued by any one issuer; or
  - (c) 10% of the money market instruments issued by a single body; or
  - (d) 25% of the units in a collective investment scheme.
- 11.2 The Sub-funds may only acquire transferable securities issued by a body corporate carrying rights to vote at a general meeting of that body provided that before the acquisition the aggregate number of such securities held by the Sub-funds do not allow them to exercise 20% or more of the votes cast at a general meeting of that body and the acquisition will not give the Sub-funds such power.

## 12 **General**

12.1 Subject to the provisions of the FCA Regulations, including as to covering the exposure, a Sub-fund's powers to invest in transferable securities may be used for the purpose of entering into underwriting, sub-underwriting and placing agreements in respect of certain transferable securities.

12.2 Cash or near cash must not be retained in the scheme property of the Sub-funds except in order to enable the pursuit of a Sun-fund's investment objective; or for redemption of shares in the Sub-fund; or efficient management of the Sub-fund in accordance with its investment objective or for a purpose which may reasonably be regarded as ancillary to the investment objective of the Sub-fund.

## 13 **Borrowing Powers**

13.1 Each Sub-fund may, subject to the FCA Regulations, borrow money from an eligible institution or an approved bank for the use of a Sub-fund on the terms that the borrowing is to be repayable out of the scheme property.

13.2 Borrowing must be on a temporary basis and must not be persistent and in any event must not exceed three months without the prior consent of the Depositary, which may be given only on such conditions as appear appropriate to the Depositary to ensure that the borrowing does not cease to be on a temporary basis.

13.3 The ACD must ensure that borrowing does not, on any business day, exceed 10% of the value of the scheme property of the Sub-fund.

13.4 These borrowing restrictions do not apply to "back to back" borrowing to be cover for transactions in derivatives and forward transactions.

## 14 **Stock Lending**

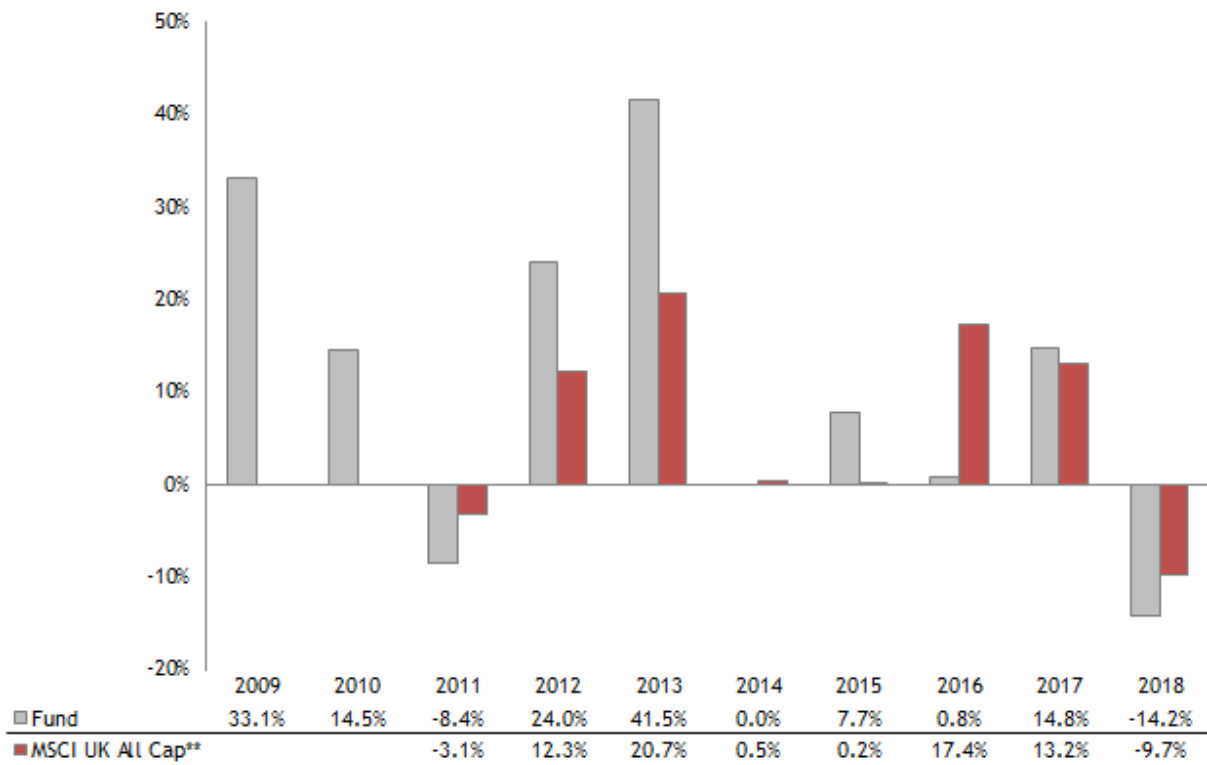
The Company may not enter into stock lending transactions.

## APPENDIX 3

### HISTORICAL PERFORMANCE DATA

#### DISCRETE PERFORMANCE RECORD

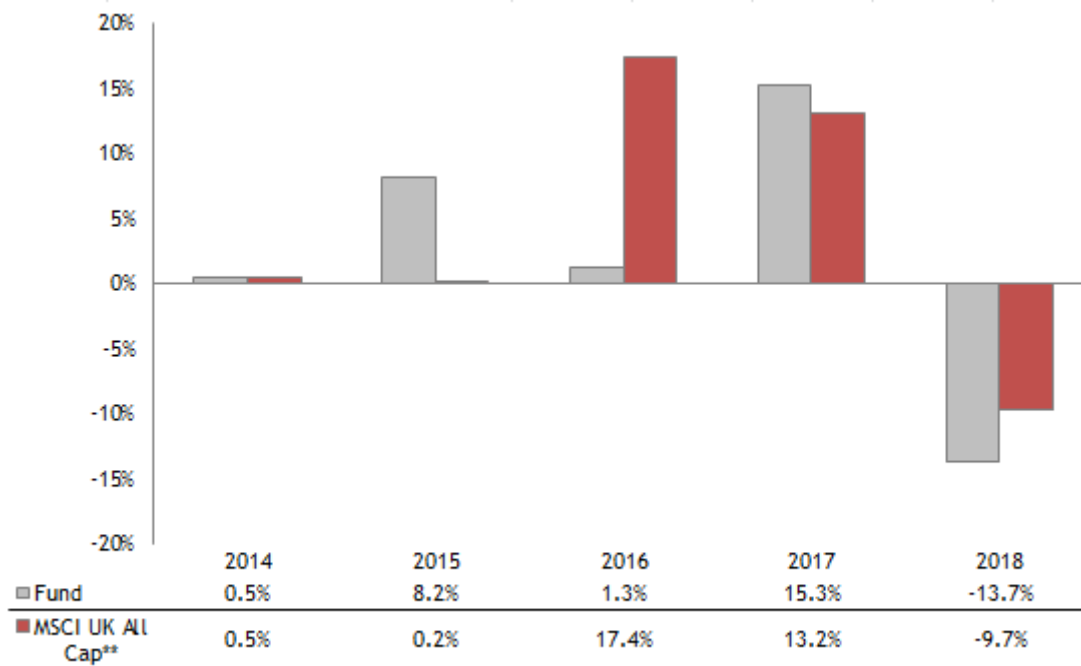
##### Founder Class\*



Source: Morningstar

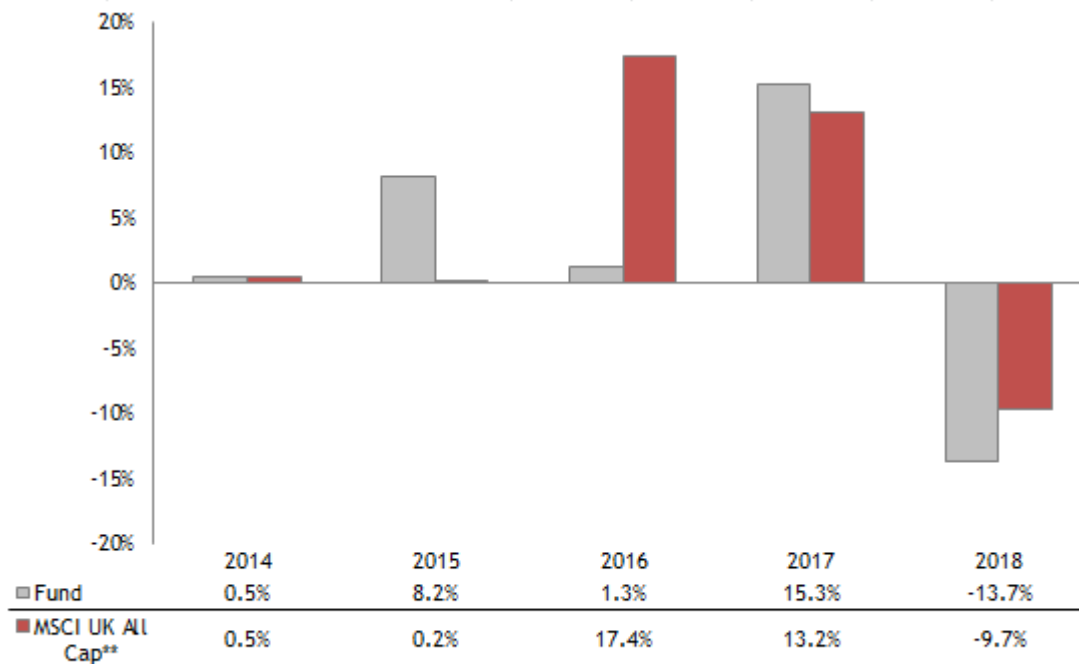
\*\* The MSCI UK All Cap Index was launched on Dec 01, 2010.

### Retail Class\*



Source: Morningstar

### Corporate Class\*



Source: Morningstar

\*Mid to Mid, net of tax and charges, with net income reinvested. Past performance should not be seen as an indication of future performance.

## APPENDIX 4

### ELIGIBLE SECURITIES MARKETS

All Sub-funds may deal through securities markets established in EEA/EU Member States on which transferable securities admitted to official listing in these states are dealt in or traded. In addition, up to 10% in value of any Sub-fund may be invested in transferable securities which are not approved securities.

Each Sub-fund may also deal in certain of the securities markets listed below and those derivatives markets indicated in Appendix 5.

<b>Australia</b>	Australian Securities Exchange
<b>Brazil</b>	BM&FBOVESPA S.A.
<b>Canada</b>	The Montreal Exchange Toronto Stock Exchange
<b>China</b>	Shanghai Stock Exchange Shenzhen Stock Exchange
<b>Egypt</b>	Egyptian Exchange
<b>Hong Kong</b>	Hong Kong Exchanges and Clearing Company
<b>India</b>	National Stock Exchange of India
<b>Indonesia</b>	Indonesia Stock Exchange
<b>Israel</b>	Tel Aviv Stock Exchange
<b>Japan</b>	Tokyo Stock Exchange Osaka Securities Exchange
<b>Republic of Korea</b>	Korea Exchange
<b>Malaysia</b>	Bursa Malaysia
<b>Mexico</b>	Mexican Stock Exchange (Bolsa Mexicana de Valores)
<b>New Zealand</b>	New Zealand Exchange Ltd
<b>Peru</b>	Lima Stock Exchange (Bolsa de Valores de Lima)
<b>Philippines</b>	Philippine Stock Exchange
<b>Singapore</b>	Singapore Exchange
<b>South Africa</b>	JSE Limited
<b>Sri Lanka</b>	Colombo Stock Exchange
<b>Switzerland</b>	SIX Swiss Exchange

<b>Taiwan</b>	Taiwan Stock Exchange
<b>Thailand</b>	Stock Exchange of Thailand
<b>Turkey</b>	Borsa Istanbul
<b>United States</b>	NYSE MKT LLC NYSE Arca NASDAQ New York Stock Exchange NASDAQ OMX PHLX

## APPENDIX 5

### ELIGIBLE DERIVATIVES MARKETS

NYSE MKT LLC

Australian Securities Exchange

CME Group

Chicago Board Options Exchange

Eurex Zurich

Hong Kong Exchanges and Clearing Company

JSE Limited

Korea Exchange

Montreal Exchange

ICE Futures U.S

NASDAQ

Osaka Securities Exchange

NYSE Arca

NASDAQ OMX Futures Exchange

NASDAQ OMX PHLX

Singapore Exchange

Tokyo Stock Exchange

Tokyo Financial Exchange

Toronto Stock Exchange

NYSE LIFFE US

New York Stock Exchange

## APPENDIX 6

### TYPICAL INVESTOR PROFILE(S)

Below is an indication of the target market of the Sub-Fund as required under MiFID II regulations. This is fully detailed in the EMT which should be made available to you before making an investment. If you do not believe you fit the target market of this Sub-Fund please seek advice from your professional adviser.

#### **S&W Revera Uk Dynamic Fund**

This Sub-Fund is suitable for all investor types of all levels of knowledge and experience coming into the fund from all available distribution channels.

Investors should be seeking no capital guarantee and be able to bear losses up to their full investment.

The Sub-Fund seeks to increase capital and has a neutral stance on income growth over a long time period.

Please refer to the latest EMT or KIID for the Synthetic Risk Reward Indicator (SRRI).



## APPENDIX 7

### DIRECTORY

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

S&W Revera Fund  
25 Moorgate  
London  
EC2R 6AY

#### **Authorised Corporate Director, Administrator and Registrar**

Smith & Williamson Fund Administration Limited  
Registered Office:  
25 Moorgate  
London  
EC2R 6AY

Correspondence Address:  
Transfer Agency Team  
206 St Vincent Street  
Glasgow  
G2 5SG

Telephone:  
Dealing: 0141 222 1150  
Registration and Enquiries: 0141 222 1151

#### **Investment Manager**

Revera Asset Management Limited  
8A Rutland Square  
Edinburgh  
EH1 2AS

#### **Depository**

Registered Office:  
NatWest Trustee & Depository Services Limited  
250 Bishopsgate  
London  
EC2M 4AA

Principal Place of Business:  
NatWest Trustee & Depository Services Limited  
2nd Floor  
Drummond House  
1 Redheughs Avenue  
Edinburgh  
EH12 9RH

**Auditors**

KPMG LLP  
Saltire Court  
20 Castle Terrace  
Edinburgh  
EH1 2EG

## APPENDIX 8

### LIST OF DIRECTORS OF SMITH & WILLIAMSON FUND ADMINISTRATION LIMITED

#### Name of Director

David Cobb

Kevin Stopps

Paul Wyse

James Gordon

Brian McLean

Dean Buckley (Non-Executive Director)

Victoria Muir (Non-Executive Director)

Linda Robinson (Non-Executive Director)

None of the directors have any business activities of significance to the Company that are not connected with the business of the ACD.

**APPENDIX 9**

**LIST OF AUTHORISED FUNDS THAT SMITH & WILLIAMSON FUND  
ADMINISTRATION LIMITED ACTS AS AUTHORISED FUND MANAGER OR  
AUTHORISED CORPORATE DIRECTOR FOR**

<b>Authorised Unit Trusts</b>	<b>Investment Companies with Variable Capital</b>
Eagle Fund	Forest Fund ICVC
Orchard Fund	Hercules Managed Funds
Ourax Unit Trust	Moorgate Funds ICVC
S&W Langham Trust	New Square Investment Funds
S&W Latham H Unit Trust	New Square Investment Funds 2
S&W Magnum Trust	Pendennis Fund ICVC
S&W Marathon Trust	Pityoulish Investments Fund
S&W Thoroughbred Trust	S&W Aubrey Capital Management Investment Funds
S&W Witch General Trust	S&W Deucalion Fund
S&W Worldwide Fund	S&W Kennox Strategic Value Fund
Smith & Williamson European Equity Fund	S&W Gryphon Investment Funds
Smith & Williamson Far Eastern Income and Growth Fund	S&W Revera Fund
Smith & Williamson Fixed Interest Fund	S&W Saltus Onshore Portfolios
Smith & Williamson North American Equity Fund	S&W TS Campana Fund
Smith & Williamson UK Equity Growth Fund	Sardasca Fund
Smith & Williamson UK Equity Income Fund	Smith & Williamson Funds
Starhunter Managed Trust	Smith & Williamson Investment Funds ICVC
SVS Albion OLIM UK Equity Income Fund	Smithfield Funds
SVS Church House Balanced Equity Income Fund	Stratford Place Fund
SVS Church House Esk Global Equity Fund	SVS Brown Shipley Investment Company
SVS Church House Investment Grade Fixed Interest Fund	SVS Brown Shipley Multi Asset Portfolio
SVS Church House UK Managed Growth Fund	SVS CH Special Mandates Fund
SVS True Potential Investments Fund	SVS Cornelian Investment Funds
The Acorn Trust	SVS Heritage Investment Fund
The Alkerton Trust	SVS True Potential Investments OEIC 1
The Barro II Trust	SVS True Potential Investments OEIC 2
The Capital Balanced Fund	SVS True Potential Investments OEIC 3
The Devonshire Trust	Sylvan Funds
The Dream Trust	Taber Investments Fund
The Endeavour II Fund	The Air Pilot Fund
The Enterprise Trust	The Aurinko Fund
The Global Opportunities Fund	The Blu-Frog Investment Fund
The Ilex Fund	The Brighton Rock Fund
The Jetwave Trust	The Cheviot Fund
The Lancaster Trust	The Daisybelle Fund
The Millennium Fund	The Dinky Fund
	The Dunninger Fund
	The Folla Fund
	The Galacum Fund
	The Gloucester Portfolio
	The Greylag Fund
	The Headspring Fund
	The Headway Fund
	The Jay Fund

The Plain Andrews Unit Trust  
The Securities Fund  
The Skye Trust  
Worldwide Growth Trust

The Jake Fund  
The Kingfisher Fund  
The Loch Moy Fund  
The Magpie Fund  
The MF Fund  
The Milne Fund  
The Nectar Fund  
The Norton Fund  
The Princedale Fund  
The Rosslyn Fund  
The SBB Fund  
The Staffordshire Portfolio  
The Stellar Fund  
The Touchstone Investment Fund  
The Tully Fund  
The Westhill Investment Fund