

**EQUITILE INVESTMENTS LTD**

**Equitile Investments ACS**

**PROSPECTUS**

**EQUITILE RESILIENCE FUND**

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

## **1. Equitable Investments ACS**

This document is the 'Prospectus' of Equitable Investments ACS, an authorised contractual scheme which is constituted as an umbrella Co-Ownership Scheme and was authorised by the FCA on 16 December 2015. This Prospectus is valid as at the date specified on the cover of this document.

The Scheme is a UCITS scheme and is subject to the rules of the FCA as set out in the COLL Sourcebook. This Prospectus complies with the requirements of COLL 4.2 of the COLL Sourcebook. Key investor information documents for each class of Units available in the Sub-Fund referred to in this Prospectus, including historic performance data where available, are available on request from the ACS Manager. Neither the Scheme nor the Sub-Fund is a feeder UCITS or will hold any units of a feeder UCITS.

As of the date of this Prospectus, the Scheme has only one Sub-Fund, the Equitable Resilience Fund, the details of which are set out in Appendix 1. Save where the context requires otherwise, all references to a Sub-Fund in this Prospectus shall be references to the Equitable Resilience Fund.

The Scheme is organised as an umbrella Co-Ownership Scheme comprising separate Sub-Funds. The Sub-Fund shall have a segregated portfolio of assets and, accordingly, its assets are allocated 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 any other Sub-Funds that may be established under the Scheme on a later date and shall not be available for any other purpose.

As a consequence of being constituted as an authorised contractual scheme, the Sub-Fund may be treated as tax transparent for the purposes of income and/or gains by relevant taxing jurisdictions where Unitholders are subject to taxation and/or from which any underlying income or gains arising to the Sub-Fund are derived. Depending on the jurisdictions concerned, this treatment may apply notwithstanding that the income and the gains of the Sub-Fund may not be distributed to Unitholders but may instead be accumulated. Such tax transparency cannot, however, be guaranteed.

Where the Sub-Fund is regarded as tax transparent in the relevant taxing jurisdictions, each Unitholder should be entitled to claim the benefits of any applicable double taxation treaty between that Unitholder's jurisdiction of residence and the jurisdiction in which any underlying income or gains arise. Each Unitholder should take appropriate advice as to the tax treatment of their investment in the Sub-Fund.

In order for such treaty benefits to be available in relation to any underlying income and gains, it will generally be necessary that both the Unitholder's

jurisdiction of tax residence and the jurisdiction having primary taxing rights over such income and gains recognise the tax transparency of the Sub-Fund. In cases where one or more competent authorities does not recognise the tax transparency of the Sub-Fund, withholding tax or other taxes may arise which would not have arisen had the Unitholder directly owned the underlying investments. In other words, the Unitholder would not obtain the benefits of tax transparency.

The Depositary may assist with making any necessary filings for reclaims of any tax withheld in cases where such reclaims are available, or to protect against amounts being withheld in the first place, as the case may be. Any economic benefit from such claims will be attributed to the appropriate class of Units in the Sub-Fund, in order that only the Unitholders entitled to relevant treaty benefits should benefit from the amounts reclaimed. To this end, Unitholders will be required to provide the ACS Manager with evidence of their tax residence and of their particular tax status for treaty benefit purposes within that jurisdiction. It will be the responsibility of the Unitholder to notify the ACS Manager promptly should there be a change in such status. The provisions of the ACS Deed are binding on each of the Unitholders (who are deemed to have notice of the ACS Deed) and a copy of the ACS Deed is available on request from the ACS Manager.

The property of the Sub-Fund is beneficially owned by the Unitholders in that Sub-Fund as tenants in common and must not be used to discharge any liabilities of, or meet any claims against, any person other than the Unitholders in that Sub-Fund.

Subject to the above, the Sub-Fund will be charged with the liabilities and expenses attributable to that Sub-Fund and within the Sub-Fund, charges will be allocated between classes of Units in accordance with the terms of issue of Units of those classes. Any assets, liabilities, expenses, costs or charges not attributable to a particular Sub-Fund may be allocated by the ACS Manager in a manner which it believes is fair to Unitholders generally within the Scheme. This will normally be pro rata to the net asset value of the relevant Sub-Fund available at the time.

## **2. Distribution**

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

This Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which an offer or solicitation is not lawful or in which the person making such an offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such a solicitation. It is the responsibility of any persons in possession of this Prospectus and any persons

wishing to apply for Units in the Sub-Fund to inform themselves of and to observe all applicable laws and regulations of any relevant jurisdiction. Prospective Unitholders should inform themselves as to the legal requirements of applying for Units and any applicable exchange control regulations and tax treatment of their investment in the Sub-Fund in the countries of their respective citizenship, residence, domicile or incorporation.

US Persons are not permitted to subscribe for Units. The Units have not and will not be registered under the United States Securities Act 1933, the United States Investment Company Act 1940, or the securities laws of any of the states of the United States of America and may not be directly or indirectly offered or sold in the United States of America or for the account or benefit of any US Person, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the United States Securities Act 1933, the United States Investment Company Act 1940 and similar requirements of such state securities law.

Further details regarding distribution in specific jurisdictions are provided in Appendix 7.

Notwithstanding the above, all Unitholders must meet the eligibility criteria set out in this Prospectus and the ACS Deed. In particular, all Unitholders must:

- (i) be eligible to invest in an authorised contractual scheme (see section 33(i) below); and
- (ii) meet the tax criteria for investment in the relevant Unit class (as set out in Appendix 1).

### 3. Glossary

|               |   |
|---------------|---|
| ACS Deed      | The instrument constituting the Scheme, as such instrument may be amended from time to time.  |
| ACS Manager   | Equitile Investments Ltd, the manager appointed under the terms of the ACS Deed and its successors as ACS Manager.  |
| Administrator | HSBC Bank plc of 8 Canada Square, London E14 5HQ.   |
| Auditor       | PricewaterhouseCoopers LLP of 7 More London, Riverside, London SE1 2RT  |
| Business Day  | A day which is not a Saturday or Sunday or any other day recognised in England and Wales as a public holiday or any other day on which banks or the London Stock Exchange plc are not open for normal business in the UK. In addition, where a Sub-Fund invests outside the UK, the ACS Manager may also take into account whether relevant local exchanges are open, and may elect to treat such closures as non-business days. Where possible, Unitholders will be notified in advance of such cases. |

|                               |  |
|-------------------------------|--|
| CHF Classes                   | Class S1, Class S2, Class S3, Class S4, Class S5, Class S6, Class S7 and Class X4.   |
| COLL Sourcebook               | The collective investment schemes sourcebook which forms part of the FCA Handbook, as amended from time to time. References to rules or guidance in the COLL Sourcebook are prefaced by "COLL".  |
| Co-Ownership Scheme           | A collective investment scheme which satisfies the conditions in Section 235A(3) of FSMA, as amended, and which is authorised for the purposes of FSMA by the FCA.   |
| Depositary                    | HSBC Bank plc, to whom the Scheme property is entrusted for safekeeping and who is appointed to act as the depositary of the Scheme and its successors as Depositary.  |
| Depositary Services Agreement | The depositary services agreement between the ACS Manager and HSBC Bank plc under which HSBC Bank plc agrees to provide, among others, safekeeping services in relation to the Scheme property as more particularly described in section 5 of this Prospectus.   |
| EEA                           | European Economic Area.  |
| Eligible Counterparty         | An investor that is considered to be an eligible counterparty or that may, on request, be treated as an eligible counterparty within the meaning of Annex II of Directive 2004/39/EC (Markets in Financial Instruments Directive).   |
| Eligible Derivatives Market   | A derivatives market which may be updated in the Prospectus from time to time in conjunction with applicable laws and regulations.   |
| EU                            | The European Union.  |
| EUR Classes                   | Class G1, Class G2, Class G3, Class G4, Class G5, Class G6, Class G7, Class SN1, Class SN2, Class SN3, Class SN4, Class SN5, Class SN6, Class SN7, Class N1, Class N2, Class N3, Class N4, Class N5, Class N6, Class N7, Class NO1, Class NO2, Class NO3, Class NO4, Class NO5, Class NO6, Class NO7 and Class X2. |
| Extraordinary Resolution      | A resolution passed by a majority of not less than three-quarters of the votes validly cast (whether on a show of hands or on a poll) for and against the resolution at a general meeting or (as the case may be) class meeting of the   |

|                           |  |                           |   |
|---------------------------|--|---------------------------|---|
|                           | Unitholders, of which notice specifying the intention to propose the resolution as an extraordinary resolution has been duly given in accordance with the COLL Sourcebook.   | Normal Business Hours     | The hours between 9.00 a.m. and 5.30 p.m. on any Business Day.  |
|                           |  | OTC                       | Over-the-counter.   |
| FCA                       | The Financial Conduct Authority or any other relevant successor regulatory body from time to time.   | PRA                       | Prudential Regulation Authority or any other relevant successor body from time to time.   |
| FCA Handbook              | The FCA's handbook of rules and guidance, as amended from time to time.  | Professional ACS Investor | An investor that is considered to be a professional client or that may, on request, be treated as a professional client within the meaning of Annex II of Directive 2004/39/EC (Markets in Financial Instruments Directive).  |
| Form                      | The application form to subscribe for Units in the Scheme (including appropriate documentation to confirm the tax status of the Unitholder).   | Register                  | The register of Unitholders for the Sub-Fund.   |
| FOS                       | Financial Ombudsman Service Limited.   | Registrar                 | HSBC Bank plc of 8 Canada Square, London E14 5HQ.   |
| FSCS                      | Financial Services Compensation Scheme.  | Rome I                    | Regulation (EC) 593/2008.   |
| FSMA                      | Financial Services and Markets Act, 2000 (as amended or replaced from time to time).   | Safekeeping Function      | The function of safekeeping all Scheme property (other than tangible moveable property).  |
| GBP Classes               | Class GB1, Class GB2, Class GB3, Class GB4, Class GB5, Class GB6, Class GB7 and Class X1.  | Scheme                    | Equitable Investments ACS.  |
| Hedged Unit(s)            | A Unit in a Hedged Unit Class.   | Service Providers         | The service providers to the Scheme, including the Administrator, the Registrar and the Auditor, whose details are set out herein.  |
| Hedged Unit Class         | A class of Units in a Sub-Fund that includes a hedging strategy as described in Appendix 1.  | Subscription Documents    | Collectively, the Form, the Prospectus and the ACS Deed.  |
| Hire Act                  | Hiring Incentives to Restore Employment Act, 2010.   | Sub-Fund                  | A sub-fund of the Scheme with segregated liability and detailed in Appendix 1 from time to time, currently being the Equitable Resilience Fund.   |
| HMRC                      | HM Revenue & Customs.  | TBAs                      | "To Be Announced" securities.   |
| Large ACS Investor        | An investor who, in exchange for Units, makes a payment of not less than £1 million or contributes property with a value of not less than £1 million.  | Transfer Agent            | HSBC Bank plc of 8 Canada Square, London E14 5HQ.   |
| Master Services Agreement | The master services agreement between the ACS Manager and HSBC Bank plc under which HSBC Bank plc agrees to provide, among others, administration, fund accounting, transfer agency and registrar services as more particularly described in sections 0 to 7 of this Prospectus. | UCITS                     | An undertaking for collective investment in transferable securities as defined in Directive EEC 85/611 as amended or replaced from time to time.  |
| Member State              | A member state of the EU.  | UCITS Directive           | The European Parliament and Council Directive on the coordination of laws, regulations and administrative provisions relating to undertaking for collective investment in transferable securities (UCITS) (No. 2009/65/EC), as amended or replaced from time to time. |
| Non-UCITS retail scheme   | A scheme complying with the requirements of the COLL Sourcebook for a non-UCITS retail scheme.   |                           |   |

|                      |   |  |
|----------------------|---|--|
| UK or United Kingdom | The United Kingdom of Great Britain and Northern Ireland.   | with the UCITS Directive and the COLL Sourcebook in respect of the Scheme.   |
| Unit                 | A unit representing the rights and interests of a Unitholder in the Sub-Fund.   | The registered office of the ACS Manager is 2nd Floor, Regis House, 45 King William Street, London, EC4R 9AN.  |
| Unitholder           | In relation to a class or Sub-Fund, means a person who is on the Register as a unitholder in that class or Sub-Fund at that time.   | The head office of the ACS Manager is 22 Tudor St, London EC4Y 0AY United Kingdom.   |
| US Persons           | Any person resident in the United States of America or any other person specified in Regulation S under the United States Securities Act 1933, as amended from time to time and as may be further supplemented by the ACS Manager.                                      | The issued and paid-up share capital of the ACS Manager is £900,000.   |
| USD Classes          | Class C1, Class C2, Class C3, Class C4, Class C5, Class C6, Class C7, Class H1, Class H2, Class H3, Class H4, Class H5, Class H6, Class H7 and Class X3.  | The directors of Equitile Investments Ltd, as at the date of this Prospectus, are named below:<br>A McNally<br>G Cooper<br>N Hellewell<br>T J Furuholmen<br>Xiyang He<br>A McNally, G Cooper, N Hellewell, T J Furuholmen and Xiyang He are also directors on the board of Equitile Ltd. None of the directors' main business activities (which are not connected with the business of the ACS Manager or any of its associates) are of significance to the Scheme's business. |
| Valuation Point      | The point, whether on a periodic basis or for a particular valuation, at which the ACS Manager carries out a valuation of the Scheme property for the Sub-Fund for the purpose of determining the price at which Units of a class may be issued, cancelled or redeemed. |  |
| VAT                  | Value added tax under the UK Value Added Tax Act 1994.  |  |

#### 4. The ACS Manager

The ACS Manager (Registered Company No. 09459099) is a limited company incorporated in England and Wales on 25 February 2015 under the Companies Act 2006. The ACS Manager is a wholly owned subsidiary of Equitile Ltd. The ACS Manager is authorised and regulated by the FCA with permission to carry on the activity of 'managing a UCITS' in the UK. The ACS Manager may delegate discretionary investment management services and administrative and registrar services to third parties. Further details of the services currently delegated are set out in sections 0 to 7.

The ACS Manager is the operator of the Scheme for the purposes of FSMA and the authorised fund manager for the purposes of the COLL Sourcebook. The ACS Deed contains provisions governing the responsibilities of the ACS Manager in relation to the management and administration of the Scheme and the issue, cancellation and redemption of the Units. The ACS Manager's duties include acquiring, managing and disposing of the property which is subject to the Scheme from time to time and entering into 'Authorised Contracts' which are binding on the Unitholders. As the manager of the Scheme, the ACS Manager is also responsible for ensuring compliance

#### 5. The Depositary

Pursuant to the agreement dated 8 August 2016 between the Equitile Investments Limited and the Depositary (the "Depositary Services Agreement") and for the purposes of and in compliance with the UCITS Legislation, The Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) Order 2015, Commission Delegated Regulation (EU) No. Commission Delegated Regulation (EU) of 17.12.2015 supplementing Directive 2009/65/EC of the European Parliament and of the Council with regard to obligations of depositaries (together, "the UCITS Legislation") and the relevant FCA Rules, the Depositary has been appointed as depositary to the Equitile Investments ACS.

The Depositary is a public limited company incorporated in England and Wales with company registration number 00014259. HSBC Bank plc is a wholly owned subsidiary of HSBC Holdings plc. The Depositary's registered and head office is located at 8 Canada Square, London E14 5HQ and the principal business activity of the Depositary is the provision of financial services, including trustee and depositary services. HSBC Bank plc is authorised by the Prudential Regulation Authority and regulated by the Prudential Regulation Authority and the Financial Conduct Authority.

The Depositary provides services to the Equitile Investments ACS as set out in the Depositary Services Agreement and, in doing so, shall comply with the UCITS Legislation, the relevant FCA Rules and the terms of the ACS Co-Ownership Deed.

The Depositary's duties include the following:-

(i) Ensuring that the Equitile Investments ACS cash flows are properly monitored and that all payments made by or on behalf of applicants upon the subscription to Units of the Equitile Investments ACS have been received.

(ii) Safekeeping the assets of the Equitile Investments ACS, which includes (i) holding in custody all financial instruments that can be physically delivered to the Depositary; and (ii) verifying the ownership of other assets and maintaining records accordingly.

(iii) Ensuring that issues, redemptions and cancellations of the Units of each Equitile Investments ACS are carried out in accordance with applicable law and the relevant FCA Rules and ACS Co-Ownership Deed.

(iv) Ensuring that the value of the Equitile Investments ACS is calculated in accordance with applicable law and the relevant FCA Rules and the ACS Co-Ownership Deed.

(v) Carrying out the instructions of the Equitile Investments Limited unless they conflict with applicable law and the relevant FCA Rules or the ACS Co-Ownership Deed.

(vi) Ensuring that in transactions involving Equitile Investments ACS assets any consideration is remitted to the relevant Equitile Investments ACS within the usual time limits.

(vii) Ensuring that Equitile Investments ACS income is applied in accordance with applicable law and the relevant FCA Rules and the ACS Co-Ownership Deed.

(viii) Ensuring that the income of each Equitile Investments ACS is received in line with the tax status of each Unitholder and tax vouchers are distributed in the name of each Unitholder in accordance with applicable law and the ACS Co-Ownership Deed.

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

The Depositary may delegate its safekeeping functions subject to the terms of the Depositary Services Agreement and agreement of the Equitile Investments Limited.

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

In general, the Depositary is liable for losses suffered by the Equitile Investments ACS as a result of its negligence or wilful default to properly fulfil its obligations. Subject to the paragraph below, and pursuant to the Depositary Services Agreement, the Depositary will be liable to the Equitile Investments ACS for the loss of financial instruments of the Equitile

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Investments ACS which are held in its custody. The Depositary will not be indemnified out of the ACS Property for the loss of financial instruments where it is not so liable.

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

In the event there are any changes to the Depositary's liability under the UCITS Legislation and the relevant FCA Rules, the Managers will inform Unitholders of such changes without delay.

From time to time actual or potential conflicts of interest may arise between the Depositary and its delegates. For example, such conflicts may arise; (i) where an appointed delegate is an affiliated group company and is providing a product or service to Equitile Investments ACS and has a financial or business interest in such product or service; or, (ii) where an appointed delegate is an affiliated group company which receives remuneration for other related products or services it provides to Equitile Investments ACS. The Depositary maintains a conflict of interest policy to address this.

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

In particular, HSBC Bank plc may provide foreign exchange services to Equitile Investments ACS for which they are remunerated out of the property of Equitile Investments ACS. HSBC Bank plc or any of its affiliates or connected persons may also act as market maker in the investments of Equitile Investments ACS in question; provides broking services to Equitile Investments ACS and/or to other funds or companies; acts as financial adviser, banker, derivatives counterparty or otherwise provides services to the issuer of the investments of the Equitile Investments ACS in question; acts in the same

transaction as agent for more than one client; has a material interest in the issue of the investments of Equitle Investments ACS; or earns profits from or has a financial or business interest in any of these activities.

The Depositary will ensure that any such additional services provided by it or its affiliates are on terms which are not materially less favourable to the Manager, Equitle Investments ACS than if the conflict or potential conflict had not existed.

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

#### **The Registrar**

The ACS Manager is the person responsible for maintaining the Register under the terms of the ACS Deed for the Scheme. Under the Master Services Agreement, the ACS Manager has delegated its registrar functions to HSBC Bank plc, which in turn has sub-delegated those registrar functions to HSBC Securities Services (Ireland) Limited of 1 Grand Canal Square, Grand Canal Harbour, Dublin 2, Ireland. The Register may be inspected at the registered address and head office of HSBC Bank plc, as described in section 5 above, by or on behalf of the Unitholders on any Business Day during Normal Business Hours.

The Register is conclusive evidence of the title to Units except in the case of any default in payment or transfer to the Scheme of cash or other property due and the Depositary and the ACS Manager are not obliged to take notice of any trust or equity or other interest affecting the title to any of the Units.

#### **6. The Administrator**

Under the Master Services Agreement, HSBC Bank plc of 8 Canada Square, London E14 5HQ will act as the administrator.

#### **7. Transfer Agent**

Under the Master Services Agreement, the ACS Manager has delegated its transfer agency functions to HSBC Bank plc, which in turn has sub-delegated those transfer agency functions to HSBC Securities Services (Ireland) Limited.

#### **8. The Auditor**

PricewaterhouseCoopers LLP of 7 More London, Riverside, London SE1 2RT will act as the auditor of the Scheme. The Auditor's responsibility is to audit and express an opinion on the financial statements of the Scheme in accordance with applicable law and auditing standards.

#### **9. Unitholder's Relationship with the Scheme**

In order to subscribe for Units, Unitholders must complete the Form. By doing so, Unitholders agree to subscribe for Units and to be bound by the terms of this Prospectus and the ACS Deed. All Unitholders are entitled to the benefit of, are bound by, and are deemed to have notice of, the provisions of the ACS Deed, copies of which are available as described in section 33(ix) below. The provisions of the ACS Deed are binding on the Depositary, the ACS Manager and the Unitholders and all persons claiming through them respectively as if all such Unitholders and persons had been party to such ACS Deed. The Subscription Documents are governed by English law and the courts of England shall have jurisdiction in relation to claims made under them against parties domiciled in England or such jurisdiction as is otherwise determined in accordance with Council Regulation (EC) No 44/2001.

Rome I must be applied in all Member States of the EU (other than Denmark). Accordingly, where a matter comes before the courts of a relevant Member State, the choice of governing law in any given agreement is subject to the provisions of Rome I. Under Rome I, the Member State's courts may apply any rule of that Member State's own law which is mandatory irrespective of the governing law and may refuse to apply a rule of governing law if it is manifestly incompatible with the public policy of that Member State. Further, where all other elements relevant to the situation at the time of the choice are located in a country other than the country whose law has been chosen, the choice of the parties shall not prejudice the application of provisions of the law of that other country which cannot be derogated from by agreement.

Unitholders should note that there are a number of legal instruments providing for the recognition and enforcement of foreign judgments in England. Depending on the nature and jurisdiction of the original judgment, Council Regulation (EC) No 44/2001 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, Regulation (EC) No 805/2004 of the European Parliament and of the Council of 21 April 2004 creating a European Enforcement Order for uncontested claims, the Convention on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters done at Lugano on 30 October 2007, the Administration of Justice Act 1920 and the Foreign Judgments (Reciprocal Enforcement) Act 1933 may apply. There are no legal instruments providing for the recognition and enforcement of judgments obtained in jurisdictions outside those covered by the instruments listed above, although such judgments might be enforceable at common law.

Section 261P of FSMA provides for segregated liability between Sub-Funds. The concept of segregated liability is relatively new. Accordingly, where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known how those foreign courts will react to the concept of segregated liability under Section 261P of FSMA.

## **10. Unitholder's Rights against Service Providers**

The Scheme is reliant on the performance of the Service Providers.

No Unitholder will have any direct contractual claim against any Service Provider with respect to such Service Provider's default. This is without prejudice to any right a Unitholder may have to bring a claim against any Service Provider that has been authorised by the FCA, such as the ACS Manager or the Depositary under Section 138D of FSMA (which provides that breach of an FCA rule by an FCA authorised person is actionable by a private person who suffers loss as a result), or any tortious or contractual cause of action. Unitholders who believe they may have a claim under Section 138D of FSMA, or in tort or contract, against any Service Provider authorised by the FCA in connection with their investment in the Scheme, should consult their legal adviser.

Unitholders who are "Eligible Complainants" for the purposes of the FCA "Dispute Resolution: Complaints" rules (natural persons, micro enterprises and certain charities or trustees of a trust) are able to refer any complaints against the ACS Manager to the FOS (further details of which are available in section 33(vi) and at [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk)).

Additionally, Unitholders may be eligible for compensation under the FSCS if they have claims against the ACS Manager, or another FCA authorised Service Provider which is in default. As set out in section 33(vii), there are limits on the amount of compensation available. Further information about the FSCS can be found at [www.fscs.org.uk](http://www.fscs.org.uk). To determine eligibility in relation to the FSCS, Unitholders should consult the website above and speak to their legal advisers.

See section 5 above for a summary of the Depositary's liability to the Scheme.

## **11. Subscription and Redemption of Units**

### **(a) Liquidity management**

The ACS Manager maintains a liquidity management policy to monitor the liquidity risk of the Scheme, which includes, among other tools and methods of measurement, the use of stress tests under both normal and exceptional circumstances.

The liquidity management systems and procedures employed by the ACS Manager enable it to measure the liquidity of the Sub-Fund's portfolio against thresholds set by reference to the Sub-Fund's redemption policy. The ACS Manager seeks to ensure that the Scheme and the Sub-Fund will remain within the liquidity limits set for it. The ACS Manager is also able to apply various tools and arrangements necessary to respond appropriately to redemption requests. In normal circumstances, redemption requests will be processed as set out below in section 11(d). The ACS Manager may, however, temporarily suspend redemptions in certain circumstances as set out in section 11(f).

### **(b) Subscription for Units**

Subject to the policy on pricing (see section 17), an application to subscribe for Units in the Scheme for the first time must be made in writing to the ACS Manager.

The ACS Manager implemented an initial offer period in respect of the Sub-Fund. The details of the initial offer and the initial price are set out in Appendix 1.

Any subsequent subscription for Units by an existing Unitholder may be made, during Normal Business Hours, by fax, in writing or by such forms of electronic communication as may be approved by the ACS Manager or any other method otherwise approved by the ACS Manager.

When placing an order to subscribe for Units for the first time, the ACS Manager will request that a Form be completed and returned to the ACS Manager.

The ACS Manager reserves the right to reject on reasonable grounds (including, for reasons relating to market liquidity), any application for Units in whole or in part. Failure to return a fully completed Form may result in a delay in the ACS Manager processing any subsequent redemption request or may result in the ACS Manager withholding redemption proceeds.

All requests to subscribe for Units must be received by the dealing cut-off time for the Sub-Fund as set out in Appendix 1, otherwise they will be held over to the next following Valuation Point. Purchase orders made by approved electronic communication and received outside of Normal Business Hours will be effected as soon as possible on the next Business Day. Please note that monies received on a Business Day when there is not a Valuation Point will not be invested in the Sub-Fund until the next Valuation Point.

A contract note will be sent to the applicant on the next Business Day after the Valuation Point applicable to the deal. Where a subscription request is made in writing or by fax, the contract note will be sent to the applicant at their registered postal address or, if they choose, by email. Where a subscription request is made by an approved form of electronic communication, the contract note will be sent to the applicant by electronic communication. The contract note will show the price of the relevant Units (per Unit and the total cost), shown to at least four significant figures.

Except in the case of in specie subscriptions (see section 11(e) below), if a Unitholder has not already paid, it must ensure that the ACS Manager receives payment by close of business on the third Business Day after the Valuation Point applicable to the deal. The ACS Manager may, however, subject to notifying the relevant Unitholder prior to accepting a subscription request, require earlier payment. If timely settlement is not made, the ACS Manager may, at its sole discretion, cancel the relevant subscription of Units and/or an applicant may be required to pay an administration charge to the ACS Manager to cover any costs and resultant losses incurred by the ACS Manager and/or the Scheme. Payment for the subscription of Units is by electronic payment.

No certificates are issued for Units in the Scheme.

In accordance with the COLL Sourcebook, the ACS Manager reserves the right to refuse to issue Units in certain circumstances, in particular where it has reasonable grounds to refuse the sale.

Unitholders must meet the investment criteria for any Unit class in which they intend to invest. If a prospective Unitholder submits an incomplete Form or a Form with inaccurate information or does not meet the investment criteria of the Unit class in which it intends to invest, the ACS Manager reserves the right to refuse the subscription request, in its absolute discretion, and return the Form and any payments received to that prospective Unitholder.

**(c) Cancellation rights**

Any Unitholder who is a consumer (as defined in the FCA Handbook) may have 14 days in which to cancel the relevant purchase if advised to subscribe for Units by an authorised person through whom a Unitholder's business is placed with the ACS Manager unless an appropriate customer agreement exists between such authorised person and the Unitholder. The 14 days commences upon receipt of the contract note by the Unitholder. A Unitholder will need to notify the ACS Manager in writing that it wishes to exercise a right to cancel. Unitholders should note that exercising a right to cancel does not necessarily mean that a Unitholder will receive back the amount invested. Unitholders will receive back an amount based on the subscription price next calculated following the ACS Manager's receipt of a valid cancellation notice in writing.

**(d) Redemption of Units**

Subject to the policy on pricing (see section 17), Units in the Sub-Fund may normally be redeemed during Normal Business Hours. Redeeming Unitholders must complete a redemption request by fax, in writing or by such forms of electronic communication as may be approved by the ACS Manager or any other method otherwise approved by the ACS Manager. The ACS Manager will send Unitholders a contract note for the redeemed Units by close of business on the Business Day after the Valuation Point applicable to the deal. Where a redemption request is made in writing or by fax, the contract note will be sent to the Unitholder at their registered postal address or, if they choose, by email. Where a redemption request is made by an approved form of electronic communication, the contract note will be sent to the Unitholder by electronic communication. Except in the case of in specie redemptions (see section 11(e) below), the proceeds will be sent to Unitholders by electronic payment by the close of business on the third Business Day after the later of the following times:

- (i) the Valuation Point at which the redemption instructions were processed; or
- (ii) the date of receipt of the instructions to redeem.

All requests for redemption must be received by the dealing cut-off time for the Sub-Fund as set out in Appendix 1, otherwise they will be held over to the next following Valuation Point.

**(e) In specie subscriptions and redemptions**

The ACS Manager may, at its discretion, arrange for the Depositary to issue Units in the Sub-Fund in exchange for assets other than cash. The Depositary may, on the instruction of the ACS Manager, pay out of the Sub-Fund assets other than cash as payment for the redemption of Units. An in specie subscription or in specie redemption will only take place where the Depositary has taken reasonable care to determine that it is not likely to result in any material prejudice to the interests of Unitholders in the Sub-Fund.

The ACS Manager will ensure that the beneficial interest in the assets is transferred to the Scheme with effect from the issue of Units.

Where the ACS Manager considers a cash subscription to be substantial in relation to the total size of the Sub-Fund, it may require the investor to contribute in specie. The ACS Manager may consider a deal in this context to be substantial if the relevant Units constitute 10 per cent. (or a lesser or higher percentage if considered appropriate) of those in issue in that Sub-Fund.

The ACS Manager will not issue Units in the Sub-Fund in exchange for assets the holding of which would be inconsistent with the investment objectives or policy of the Sub-Fund.

If a Unitholder wishes to redeem Units in the Sub-Fund representing 10 per cent. or more of the Sub-Fund's value, the ACS Manager can elect not to give the Unitholder the proceeds of the redemption of Units but instead transfer property (i.e. the underlying securities) of the Sub-Fund to the Unitholder.

Where the ACS Manager elects to carry out an in specie redemption, it must notify the Unitholder of this in writing no later than the close of business on the second Business Day after the day on which it received selling instructions from the Unitholder.

Where there is an in specie redemption, the Depositary will, in accordance with the rules of the COLL Sourcebook, cancel the Units and transfer a proportionate share of the assets of the Sub-Fund or such selection from the property of the Scheme as the Depositary, after consultation with the ACS Manager, decides is reasonable to the Unitholder, in either case having regard to the need to be fair both to the Unitholder taking the in specie redemption and to continuing Unitholders.

Irrespective of the value of the Units, where a Unitholder wishes to redeem and the ACS Manager has elected to provide an in specie transfer, the Unitholder is entitled to instruct the ACS Manager not to transfer assets, but to sell those assets (other than those in cash in the relevant currency) and pay to the Unitholder the net proceeds of sale (and cash). However, instruction must be given by the Unitholder in writing to the ACS Manager by the close of business on the fourth Business Day after receipt of the ACS Manager's notice of election to provide an in specie redemption. The value raised will not necessarily correspond with the applicable published Unit price.

The ACS Manager may, in its sole discretion, agree to a request from a Unitholder for an in specie redemption where it receives such request in advance of the redemption request. Where the ACS Manager does agree, the Depositary will transfer assets to the Unitholder of the Sub-Fund in the manner set out above.

(f) **Suspension**

The ACS Manager may, with the prior agreement of the Depositary, and must without delay, if the Depositary so requires, temporarily suspend the issue and redemption of Units for a period of time where, due to exceptional circumstances, it is in the interests of all Unitholders in the Sub-Fund.

The ACS Manager and Depositary must ensure that the period of suspension is only allowed to continue for as long as it is justified having regard to the interests of Unitholders and that dealing resumes as soon as practicable after the circumstances triggering a suspension have ceased. Upon suspension, the ACS Manager or the Depositary will immediately inform the FCA giving reasons for the suspension and notify any home state regulator in jurisdictions where Units in the Sub-Fund are available for sale.

The ACS Manager will notify Unitholders of the suspension as soon as practicable after the suspension commences and will formally review the suspension with the Depositary at least every 28 days, keeping the FCA informed. The ACS Manager will resume issue and redemption in Units after giving the requisite notice in accordance with the COLL Sourcebook. The ACS Manager will publish sufficient details electronically to keep Unitholders appropriately informed about the suspension including, if known, its likely duration.

(g) **Switching rights**

As and when further Sub-Funds are created, the ACS Manager may permit a Unitholder to switch all or some of the Units held from one class in a Sub-Fund (the "**Original Units**") into Units of another Sub-Fund within the Scheme (the "**New Units**"), subject to any minimum investment and eligibility requirements. On a switch of Units, the number of New Units issued will be determined by reference to the respective prices of New Units and Original Units at the Valuation Point applicable when the Original Units are redeemed and the New Units are issued. Any such exchange is treated as a redemption and sale.

The ACS Manager does not currently permit a Unitholder to convert any of the Units held from one class of the Sub-Fund to Units of another class in the same Sub-Fund.

Unitholders must provide written instructions to switch holdings to the ACS Manager which, in the case of joint Unitholders, must be signed by all joint Unitholders before a switch is effected. Switches are subject to the minimum investment and eligibility requirements. Switches are normally effected at the next Valuation Point. No switch will be made during any period when the right of Unitholders to require a redemption of Units is suspended.

The ACS Manager may, at its discretion, make a charge for a switch of Units from the relevant Sub-Fund into one or more other Sub-Funds. Any such charge will be calculated so as to recover reasonable administrative and trading costs including the asset spread cost.

A switch will only be accepted by the ACS Manager if any conditions applicable for holding the New Units are met. A switch between one Sub-Fund and another Sub-Fund will only be effected on a Business Day when both Sub-Funds have Valuation Points.

Unitholders subject to UK tax should note that a switch of Units between Sub-Funds should be treated as a disposal for the purposes of Capital Gains Tax.

Unitholders should seek their own professional tax advice in this regard.

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

(h) **Mandatory redemption, cancellation or conversion of Units**

The ACS Manager may from time to time take such action and impose such restrictions as it thinks necessary for the purpose of ensuring that no Units in the Sub-Fund are acquired or held by any person in circumstances ("**relevant circumstances**") which constitute a breach of the law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory; or which would (or would if other Units were acquired or held in like circumstances) result in the Sub-Fund incurring any liability to taxation or suffering any other adverse consequence (including a requirement to register under any securities or investment or similar laws or governmental regulation of any country or territory); and, in this connection, the ACS Manager may reject at its discretion any subscription for redemption of or switch of Units.

In particular, all Unitholders must meet the eligibility criteria set out in section 2.

All Unitholders should note the requirements of the Foreign Account Tax Compliance Act ('FATCA'), please see section 26.

If it comes to the notice of the ACS Manager that any Units ("**affected Units**") have been acquired or are being held in each case whether beneficially or otherwise in any of the relevant circumstances referred to above or if it reasonably believes this to be the case the ACS Manager may give notice to the holder of the affected Units requiring the Unitholder to give a request in writing for the conversion of the affected Units for Units of another class in the Sub-Fund, or, if there is, in the opinion of the ACS Manager, no suitable alternative class of Units, give a request in writing for the redemption or cancellation of such Units. If any person upon whom such a notice is served does not, within thirty days after the date of such notice, submit such request for conversion, redemption or cancellation, or establish to the satisfaction of the ACS Manager (whose judgement shall be final and binding) that he and any person on whose behalf he holds the

affected Units are qualified and entitled to hold the Units, he shall be deemed upon the expiration of that thirty day period to have given a request in writing for the redemption or cancellation (at the discretion of the ACS Manager) of the affected Units.

A Unitholder who becomes aware that it holds affected Units, unless it has already received a notice from the ACS Manager in the form described above, must either request to convert the affected Units to an appropriate class of Units if one is available or give a request in writing for redemption or cancellation of such Units.

**(i) Unclaimed distributions**

If any distribution is unclaimed for a period of 6 years, such amounts shall be added to the capital property of the Sub-Fund and forfeited. No interest will be paid on unclaimed distribution monies.

**(j) Transfers of Units**

Unitholders are not permitted to transfer their Units to another person.

**12. Excessive Trading Policy**

The Sub-Fund does not knowingly allow investments that are associated with excessive trading practices as such practices may adversely affect the interests of all Unitholders. Excessive trading includes individuals or groups of individuals whose securities transactions seem to follow a timing pattern or are characterised by excessively frequent or large trades.

Unitholders should, however, be aware that the Sub-Fund may be utilised by certain Unitholders for asset allocation purposes or by structured product providers, which may require the periodic re-allocation of assets. This activity will not normally be classed as excessive trading unless the activity becomes, in the opinion of the ACS Manager, too frequent or appears to follow a timing pattern.

As well as the general power of the ACS Manager to refuse subscriptions or switches at its discretion, powers exist in other sections of this Prospectus to ensure that Unitholder interests are protected against excessive trading. These include in specie redemptions (see section 11(e)) and switching rights (see section 11(g)).

In addition, where excessive trading is suspected, the Sub-Fund may:

- (i) combine Units that are under common ownership or control for the purposes of ascertaining whether an individual or a group of individuals can be deemed to be involved in excessive trading practices. Accordingly, the ACS Manager reserves the right to reject any application for switches and/or subscription of Units from Unitholders whom they consider to be excessive traders; and
- (ii) levy a redemption charge on the redemption proceeds to Unitholders whom the ACS Manager, in its reasonable opinion, suspects of excessive trading. This charge will be made for the benefit of the Sub-Fund,

and affected Unitholders will be notified in their contract notes if such a fee has been charged. The charge will be calculated by using the trading costs including the asset spread cost.

**13. Compliance with applicable laws and regulations**

As a result of any applicable laws and regulations, including but not limited to, relevant anti-money laundering legislation, tax laws and regulatory requirements, Unitholders may be required, in certain circumstances, to provide additional documentation to confirm their identity, or provide other relevant information pursuant to such laws and regulations, as may be required from time to time. Further subscriptions may be restricted by the ACS Manager until the requested information is provided. Any information provided by Unitholders will be used only for the purposes of compliance with these requirements and any documentation submitted in original format with a request to return the same will be duly returned to the relevant Unitholder to the address given by that Unitholder. Until the ACS Manager receives the requested documentation or additional information, there may be a delay in processing any subsequent redemption request and the ACS Manager reserves the right in all cases to withhold redemption proceeds until such a time as the required documentation or additional information is received.

Alternatively, the ACS Manager may employ a search of electronic data reference sources in order to access information held electronically concerning the identity of a Unitholder, including information held by certain government and consumer agencies. By completing the Forms or entering into a contract with the ACS Manager or one of its affiliates, Unitholders acknowledge that the ACS Manager may, at any time, initiate a search of information held electronically in order to verify identity.

**14. Valuation**

The ACS Manager calculates the value of the Units at the Valuation Point in accordance with Appendix 4, as permitted by the COLL Sourcebook. The basis of the calculation is the value of the underlying assets of the Scheme. Assets are valued on a single mid-market basis in accordance with the COLL Sourcebook.

The ACS Manager may, at its discretion, implement fair value pricing policies in respect of the Sub-Fund. Fair value pricing will only apply where the ACS Manager deems it to be appropriate and in the interests of Unitholders and has reasonable grounds to believe that no reliable price exists for one or more underlying investments at a Valuation Point or the most recent price available does not reflect the ACS Manager's best estimate of the value of an investment at the Valuation Point. In these circumstances the ACS Manager may, at its discretion, value an investment at a price which, in its opinion, reflects a fair and reasonable price for that investment. Circumstances which may give rise to a fair value price being used include instances where there is no recent trade in the investment concerned; or the occurrence

of a significant event since the most recent closure of the market where the price of the investment is taken. A significant event is one that means, in the ACS Manager's judgement, the most recent price of an investment or a basket of investments is materially different to the price that it is reasonably believed would exist at the Valuation Point had the relevant market been open. For this purpose, the ACS Manager may utilise pre-determined trigger levels which take into account the materiality of any variance.

When determining such fair value, one or more of a variety of fair valuation methodologies may be used (depending on factors including the asset type). For example, the asset may be priced on the basis of the original cost of the investment or, alternatively, using proprietary or third party models (including models that rely upon direct portfolio management pricing inputs and which reflect the significance attributed to the various factors and assumptions being considered). Prices of actual, executed or historical transactions in the relevant asset and/or liability (or related or comparable assets and/or liabilities) or, where appropriate, an appraisal by a third party experienced in the valuation of similar assets and/or liabilities, may also be used as a basis for establishing the fair value of an asset or liability.

Where an adjustment is made as per the foregoing, it will be applied consistently to all classes of Units within the Sub-Fund.

The ACS Manager may suspend dealing in the Sub-Fund if it cannot obtain prices on which to base a valuation (see section 11(f)). The ACS Manager may, with the Depositary's prior agreement or if the Depositary so requires, suspend the repurchase of Units in accordance with the COLL Sourcebook, as described above in section 11(f).

At a Valuation Point the ACS Manager will calculate Unit prices, using the most recent prices of the underlying investments that it can reasonably obtain. The objective is to give an accurate valuation of the Sub-Fund as at the Valuation Point. The base currency of the Sub-Fund is pounds Sterling.

## **15. Prices of Units and Historic Performance Data**

The ACS Manager will, on the completion of each valuation under section 14, advise the Depositary of the subscription and redemption prices. These are the prices which the ACS Manager has to pay to the Depositary for the issue of Units or which the ACS Manager will receive from the Depositary upon the cancellation of Units.

The actual cost of subscribing for or redeeming Units in the Sub-Fund may be higher or lower than the mid-market value used in calculating the Unit price. The ACS Manager may swing the price up (or down) to protect Unitholders from the costs incurred by the Sub-Fund as a result of issuing or cancelling Units (as detailed in section 16 below).

Historic performance data (where available) is contained in the Prospectus, key investor information

document and fact sheets that are published by the ACS Manager from time to time.

## **16. Dilution Adjustment**

A dilution adjustment is an adjustment in the price of a Unit at such a rate as is determined by the ACS Manager for the purposes of counteracting or reducing the effect of dilution in the value of the Sub-Fund.

Dilution may occur as a result of costs incurred in dealing in the underlying investments of the Sub-Fund or of any spread between the buying and selling prices of such investments. Dilution may have an adverse effect on the value of the Sub-Fund and therefore impact Unitholders.

The ACS Manager has, in accordance with the COLL Sourcebook, the discretion to make a dilution adjustment where it is deemed appropriate on the sale and/or redemption of Units in the Sub-Fund in any of the following circumstances:

- (i) if the Sub-Fund is experiencing large levels of net subscriptions (i.e. subscriptions less redemptions) or net redemptions (i.e. redemptions less purchases) relative to its size;
- (ii) on "large deals". A large deal is defined as a large subscription or redemption or a series of subscriptions, redemptions, issues or cancellations by a single Unitholder or a single intermediary in respect of the same Valuation Point. The ACS Manager may set the threshold for large deals from time to time for the Sub-Fund (relating to the cost of market dealing for that Sub-Fund); or
- (iii) in any other case, where the ACS Manager is of the opinion that the interests of existing/continuing Unitholders or potential Unitholders require the making of a dilution adjustment.

The dilution adjustment will be an increase in the price of a Unit when there are net subscriptions and a deduction when there are net redemptions. As certain stock markets and jurisdictions may have different charging structures on the buy and sell sides, the resulting adjustment may be different for net inflows than for net outflows. Unitholders should note that due to adjustments being made to the price of a Unit, the volatility of the Sub-Fund's price per Unit may not fully reflect the true performance of the Sub-Fund's underlying assets.

The amount of any dilution adjustment may vary over time as the dilution adjustment for the Sub-Fund will be calculated by reference to the costs of the underlying assets of the Sub-Fund, including any dealing spreads, which can vary with market conditions. However, as a general guide, a dilution adjustment is typically expected to fall within the range of 0.01 per cent. to 1 per cent. when buying or selling Units.

The ACS Manager shall operate any dilution adjustment in a fair manner solely for the purposes of reducing dilution.

Further details of the current dilution rates and the ACS Manager's current policy on the operation of dilution adjustments are available on request from the ACS Manager.

## 17. Policy on Pricing

When Units are subscribed for, they will be issued on a forward pricing basis. The forward price will be calculated at the next Valuation Point after receipt of purchase instructions so long as these were received prior to the Sub-Fund's dealing cut-off time (where applicable).

When Units are redeemed, Units will be redeemed on a forward pricing basis. The forward price will be calculated at the next Valuation Point following receipt of a redemption instruction so long as these were received prior to the Sub-Fund's dealing cut-off time (where applicable).

## 18. Minimum Investment and Minimum Holding

If, following a redemption or switch, a holding in any class of Unit should fall below the minimum holding for that class, the ACS Manager has the discretion to effect a redemption of a Unitholder's entire holding in that class of Unit. The minimum investment for each class of Units is as set out in Appendix 1.

The ACS Manager will not be obliged to redeem Units if the number or value of the Units sought to be sold would result in the holder holding less than the minimum number or value of Units of the class concerned that may be held. The minimum holding for each class of Units is as set out in Appendix 1.

The ACS Manager will not be obliged to issue further Units to an existing Unitholder if the number or value of the Units sought to be purchased is less than the minimum number or value of Units of the relevant class that may be acquired on a further or subsequent investment by an existing Unitholder. The minimum further investment for each class of Units is as set out in Appendix 1.

Minimum investment, minimum further investment and holding amounts may be waived at the ACS Manager's discretion.

## 19. Commissions and Rebates

The ACS Manager may, subject to the requirements of the FCA Handbook, and without recourse or cost to the Sub-Fund, rebate all or part of the annual management charges (as described in section 27 and Appendix 6) by way of initial or renewal commission or rebate of the annual management charge, to authorised intermediaries or to third party distributors or agents ("**authorised intermediaries**") in respect of any subscriptions for, or holdings of, Units for any Unitholders introduced by them. Payment of rebates is subject to the ACS Manager receiving its annual management charges from the Sub-Fund. For the avoidance of doubt, no rebate shall be payable directly to any Unitholder by the ACS Manager.

Subject to the requirements of the FCA Handbook, rebates of annual management charges may be agreed on the Sub-Fund at the ACS Manager's

discretion and subject to the nature of the business provided by the authorised intermediaries to end Unitholders. Rebates will not exceed the published amount of annual management charge payable in respect of the Sub-Fund.

The terms of any rebate will be agreed between the ACS Manager and the authorised intermediary in question from time to time. If so required by the FCA Handbook (or any other laws or regulations in any other jurisdiction that are applicable to the authorised intermediary or the ACS Manager), the authorised intermediary shall disclose to any of its clients the amount of any rebate of annual management charge it receives from the ACS Manager and the ACS Manager shall also disclose to a Unitholder, upon request, details of any rebate paid by the ACS Manager to an authorised intermediary in connection with a holding of Units, where the authorised intermediary has acted on behalf of that Unitholder.

The ACS Manager may, at its discretion, discount any switching fee and pay some or all of the discount to an authorised intermediary, subject to the requirements of the FCA Handbook.

Payment of any rebate of annual management charge ("**commission**") shall not be made if such rebate would be contrary to any law or regulation in force at the time.

Following the FCA's Retail Distribution Review, the ACS Manager is not permitted to pay initial or renewal commission, or rebate of the annual management charge, to authorised intermediaries or to third party distributors or agents in respect of any subscriptions for, or holdings of, units for any UK retail investors in respect of investments made as a result of the investor having received a personal recommendation.

## 20. ACS Manager's Box

It is not the ACS Manager's current policy to run a "box" (i.e. hold Units in the Sub-Fund in its own accounts).

## 21. Publication of Prices and Yields

Daily prices for the Sub-Fund may be obtained by calling 020 3397 7701 or by sending an email requesting prices to [info@equitile.com](mailto:info@equitile.com). Please note that the published prices are for information only and these prices may not be the prices obtained when Units are dealt.

The Units in the Sub-Fund are not listed or dealt in or on any investment exchange.

## 22. Classes of Units

The classes of Units currently available in the Sub-Fund are set out in Appendix 1. Each type of Unit represents a beneficial interest in undivided shares in the property of the Sub-Fund as detailed below. Each Unit represents one undivided share in the property of the Sub-Fund. Each undivided Unit ranks *pari passu* with other undivided Units in the Sub-Fund. The nature of the rights represented by Units is that of a beneficial interest as tenants in common on the terms of the ACS Deed.

Unitholders are not liable for the debts of the Sub-Fund. Unitholders are not liable to make any further payment to the Sub-Fund after they have paid the purchase price of their Units, other than in respect of any taxation due in accordance with the terms of the ACS Deed.

The property of the Sub-Fund must not be used to discharge any liabilities of, or meet any claims against, any person other than the Unitholders in that Sub-Fund.

Where income distribution Units are held, relevant Unitholders will receive a net distribution payable according to the distribution policy of the Sub-Fund, details of which are set out in Appendix 1. This distribution will be paid directly into the Unitholder's bank account. This net distribution is calculated for each Unitholder as a proportion of the income, less expenses and any taxation due, received by the Sub-Fund on behalf of each Unitholder. After a period of six years from the date of payment, any unclaimed distribution will be added to the capital property of the Sub-Fund. No interest will be paid on unclaimed distribution monies.

Where accumulation Units are held, there will not be any actual payment of income. The income attributable to the Units will remain as property of the Sub-Fund. The number of accumulation Units will remain the same.

The ACS Deed also permits further classes of Units to be made available other than those currently available. Any such class of Unit may vary according to whether it accumulates or distributes income or attracts different fees and expenses, and as a result of this, monies may be deducted from classes in unequal proportions. In these circumstances, the proportionate interests of the classes of Units within the Sub-Fund will be adjusted in accordance with the provisions of the ACS Deed relating to proportion accounts. The Depositary may create one or more classes of Units as instructed from time to time by the ACS Manager. The creation of additional Unit classes will not result in any material prejudice to the interests of holders of Units in existing Unit classes.

### **23. Evidence of Title**

No certificates are issued in respect of the Units. Should any Unitholder, for any reason, require evidence of his title to Units, the ACS Manager shall, upon such Unitholder providing such proof of identity as it shall reasonably require, supply the relevant Unitholder with a certified copy of the relevant entry in the Register relating to its holding of Units.

### **24. Investment Objectives and Policy, and Investment Restrictions**

The investment objectives and policy of the Sub-Fund are set out in Appendix 1.

In pursuing its investment objective and policy, the Sub-Fund may use the techniques referenced in Appendix 1, Appendix 3 and in the risk considerations set out in section 25. Other techniques, however, may be developed or determined to be suitable for use by

the Sub-Fund and the ACS Manager may (subject to applicable law) employ such techniques in accordance with the Sub-Fund's investment objectives and policy.

The investment objectives and/or policy of the Sub-Fund may be amended in accordance with the change classification process set out in the COLL Sourcebook. A fundamental change requires Unitholder consent by Extraordinary Resolution. A significant change requires not less than 60 days' pre-notification to Unitholders. Notifiable changes require notification to Unitholders. See section 30 for further details regarding change classification under the COLL Sourcebook.

The Sub-Fund is actively managed and aims to deliver capital growth by investing globally without being confined to any country or region in the equities of large cap resilient companies, meaning those assessed as being well-managed, conservatively financed and benefiting from strong corporate governance. The Sub-Fund does not compare its performance in absolute terms against any benchmark. Any applicable performance fee is calculated against the Sub-Fund's high water mark (please refer to Appendix 1 of the prospectus). An investor wishing to compare the Sub-Fund's absolute performance should select a global equity benchmark or Index with the equivalent FX hedging.

The investment restrictions applicable to the Sub-Fund are set out in Appendix 1. The investment restrictions set out in Appendix 3 apply to all Sub-Funds (including any additional Sub-Funds that are created under the Scheme on a later date).

## **25. Risk Considerations**

Potential Unitholders should consider the risk factors below before investing in the Sub-Fund. This list must not be taken to be comprehensive. It should also be noted that there may be new risks that arise in the future which could not have been anticipated in advance. Different risks may apply to the Sub-Fund to different degrees, and, for each risk, this degree could increase or decrease over time.

### **(a) General Investment Risks**

The Sub-Fund is, directly or indirectly, subject to the risk that all investment funds are subject to, i.e. fluctuations in capital value which can be influenced by factors such as political and economic developments, changing corporate earnings, changing monetary policies, changing taxation policies, demographic trends and catastrophic events. While over a long period it might be expected that the Sub-Fund will produce positive total returns, in any particular period losses may be suffered. Losses may be incurred due to operational failure or delays in the Sub-Fund. The ACS Manager cannot guarantee that it will achieve the objectives set out for the Sub-Fund.

Unitholders should always bear in mind that the price of Units in the Sub-Fund and the income from them can go down as well as up and are not guaranteed. An investment in the Sub-Fund is not intended to be a complete investment programme. The Sub-Fund may invest directly or indirectly in currencies other than

Sterling. As a result, changes in the rates of exchange between currencies may cause the value of Units in the Sub-Fund to go up or down. Accordingly, Unitholders may not receive back the amount invested.

Where cancellation rights apply to a contract any Unitholder exercising such cancellation rights will not obtain a full refund of the money paid on the making of the contract if the value of the investment falls before the cancellation notice is received by the ACS Manager as an amount equal to that fall will be deducted from any refund made to the Unitholder.

An investment in the Sub-Fund is not protected against the effects of inflation.

(i) **Performance Fees**

The ACS Manager is entitled to a performance fee with respect to the Sub-Fund as described in more detail in Appendix 6. The performance fee will be based on the net realised and unrealised gains and losses at the end of each Performance Period (as defined in Appendix 6). As a result, a performance fee may be paid on unrealised gains which may never be realised in the future. Once a performance fee is charged to the Sub-Fund, it is not repayable should the Sub-Fund subsequently underperform.

The performance fee is calculated and paid separately in respect of each class of Units within the Sub-Fund. As a result, the effective rate of fees payable by holders of different classes of Units in the Sub-Fund overall (including management fees and performance fees) may differ under the performance fee calculation methodology.

While efforts will be made by the ACS Manager to eliminate potential inequalities between Unitholders of the same class of Units through the performance fee calculation methodology, there may be occasions where different Unitholders may experience unequal effects as to the effective performance fee rate that they bear on the performance of their investment in the Sub-Fund through the period of their investment. No performance fee equalisation will be carried out.

(ii) **Hedged Unit Class**

The Sub-Fund may implement currency hedging strategies with regard to Hedged Unit Classes as more fully described in Appendix 1.

The Sub-Fund may be made up of multiple classes of Units, some of which will be Hedged Unit Classes and some not hedged. Unitholders that do not invest in Hedged Units are not expected to be affected by the associated currency hedging strategies for that Hedged Unit Class.

Hedging transactions are designed to reduce, as much as possible, the currency risk for Unitholders, however there is no guarantee that attempts to hedge currency risk will be successful and no hedging strategy can eliminate currency risk entirely. Should a hedging strategy be incomplete or unsuccessful, the value of the Sub-Fund's assets and income can remain vulnerable to fluctuations in currency exchange rate movements.

Unitholders should be aware that there may be circumstances in which a hedging transaction may reduce currency gains that would otherwise arise in the valuation of the Sub-Fund. The gains/losses on and the costs of such hedging transactions will accrue solely to the relevant Hedged Unit Class.

Any financial instruments used to implement such hedging strategies shall be assets and/or liabilities of the Sub-Fund as a whole but, in effect, will be attributable to the relevant Hedged Unit Class only. Any gains/losses on and the costs of the relevant financial instruments will accrue solely to the relevant Hedged Unit Class.

As a result, Unitholders investing in any Hedged Unit Class may be exposed to fluctuations in the net asset value per Unit in relation to the relevant Hedged Unit Class reflecting the gains/losses on and the costs of the hedging transactions and the relevant financial instruments.

In the case of a net investment flow to or from a Hedged Unit Class, the hedging strategies may not be accurately adjusted and reflected in the net asset value of the said class until the following or a subsequent Business Day following the Valuation Day on which the instruction was accepted.

Furthermore, any currency exposure of a Hedged Unit Class may not be combined with or offset against that of any other classes of Units in the Sub-Fund. The currency exposure of the assets attributable to a Hedged Unit Class may not be allocated to other classes.

Sub-Fund performance could vary from one class of Unit to another within the same Sub-Fund. More specifically, given that the Sub-Fund's investment strategy is based on currencies ("**Currency of Return**") different from that Sub-Fund's base currency and that the Sub-Fund offers Hedged Units and non-hedged Units, investors who wish to invest in non-hedged Units must be aware that total returns for the non-hedged Unit class will be maximised in the Currency of Return and restated into the Sub-Fund's base currency at the prevailing rate. As a result, actual returns expressed in the Sub-Fund's base currency will vary over time in accordance with the fluctuations of the exchange rate between the Currency of Return and the Sub-Fund's base currency.

(iii) **Counterparty Risk**

See also 'Credit Risk'. The bankruptcy or default of any counterparty could result in losses to the Sub-Fund. In addition, the Sub-Fund may bear the risk of loss because a counterparty does not have the legal capacity to enter into a transaction, or if the transaction becomes unenforceable due to relevant legislation or regulation (see 'Legal and Regulatory Risk').

In the case of any insolvency or failure of any such party, the Sub-Fund might recover only a pro rata share of all property available for distribution to all of such party's creditors and/or customers. Such an amount may be less than the amounts owed to the Sub-Fund.

Trading in financial derivative instruments which have not been collateralised gives rise to direct counterparty exposure. The Sub-Fund might mitigate much of this risk by receiving collateral with a value at least equal to the exposure to each counterparty but, to the extent that any financial derivative instrument is not fully collateralised, a default by the counterparty may result in a reduction in the value of the Sub-Fund. In the event of the insolvency of the counterparty to a derivative, the Sub-Fund will be treated as a general creditor of such counterparty, and will not have any claim with respect to the underlying indebtedness. Consequently, the Sub-Fund will be subject to the credit risk of the counterparty as well as that of the issuer of the indebtedness. As a result, concentrations of derivatives in any one counterparty may subject the Sub-Fund to an additional degree of risk with respect to defaults by such counterparty as well as by the issuer of the underlying indebtedness.

To mitigate counterparty risk, the Scheme will only use preferred counterparties which it believes to be creditworthy and may reduce the exposure incurred in connection with such transactions through the use of a letter of credit or collateral. A formal review of each new counterparty is completed and all approved counterparties are monitored and reviewed on an on-going basis. However, there can be no guarantee that a counterparty will not default or that the Sub-Fund will not sustain losses as a result.

The ACS Manager is free to use one or more separate counterparties for derivative investments.

(iv) **Credit Risk**

See also 'Counterparty Risk'. Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation. The Sub-Fund will be exposed to a credit risk for the parties with whom it trades. Investing in sovereign debt, any other debt guaranteed by a sovereign government, or corporate debt entails risks related to the issuer's ability and willingness to repay the principal and pay interest. A default by the issuer of the bond may impact the value of the Sub-Fund. Short-term cash equivalent investments, such as commercial paper, bankers' acceptances, certificates of deposit, and repurchase transactions, are not guaranteed by any government and are subject to some risk of default.

Credit risk may also arise through a default by one or several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes a series of defaults by the other institutions. This is sometimes referred to as a "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with which the Scheme interacts on a daily basis.

(v) **Determination of Unit Prices**

A proportion of the value of the Sub-Fund and hence the issue and redemption price of the Units will be based on the latest prices that are available for the investments held. Where the ACS Manager deems it to be appropriate and in the interests of Unitholders

and has reasonable grounds to believe that no reliable latest price exists for one or more underlying investments at a Valuation Point or the most recent price available does not reflect the ACS Manager's best estimate of the value of an underlying investment at the Valuation Point, the ACS Manager may value the relevant investment(s) at a price which, in its opinion, reflects a fair and reasonable price for that investment. In such a situation, a variety of fair valuation methodologies may be used by the ACS Manager. While the ACS Manager will take reasonable care in the selection and application of such fair valuation methodologies, adequate information may not always be available to the ACS Manager from the market or other sources. Consequently, the value of an investment as determined by the methodology selected by the ACS Manager may differ from the latest price available for that investment or, where the latest prices are not available, the realisable value of that investment or the value that would have been received by the Sub-Fund had those investments been realised on that day. See also 'Valuation Risk'.

(vi) **Capital Controls**

The investments of the Sub-Fund may be acquired in currencies which are different from its base currency. In the event of capital controls or any other restrictions, charges or taxation being imposed upon foreign exchange transactions, the Sub-Fund may suffer loss of value and liquidity. See also 'Interest and Currency Risk' and 'Changing Currency Regimes'.

(vii) **Changing Currency Regimes**

The investments of the Sub-Fund may be acquired in currencies which are different from its base currency. In the event that a state or group of states in which the Sub-Fund invests changes its currency, the Sub-Fund may suffer a loss of value, in real or nominal terms, and a loss of liquidity. Such risks include, but are not limited to, currency devaluation through monetisation, a state leaving a monetary union, disbanding of a monetary union between a group of states and the operation of parallel currencies including electronic currencies. See also 'Interest and Currency Risk' and 'Capital Controls'.

(viii) **Value at Risk Systems**

The ACS Manager may use the Value at Risk methodology for the Sub-Fund as a part of its risk management process. The use of Value at Risk systems to estimate the potential portfolio losses is now widespread. The calculations produced by these systems frequently understate the true investment risk. This is especially true in periods of systemic financial crisis. Investors should not consider the potential losses estimated by calculations produced by the Value at Risk systems as an adequate measure of potential losses especially in times of systemic financial crises.

(ix) **Fund Liability Risk**

The Scheme is structured as an umbrella Co-Ownership Scheme with segregated liability between its Sub-Funds, which is provided for by Section 261P of FSMA. The assets of the Sub-Fund will be separate from those of any other Sub-Fund that is established

at any time. The Scheme (through the ACS Manager) may operate or have assets held on its behalf or be subject to claims in the UK, or in other jurisdictions. This means that, in effect, assets of one Sub-Fund will not be available to meet the liabilities of another. The concept of segregated liability is relatively new. Accordingly, where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known how a foreign court will give effect to the provisions of Section 261P of FSMA.

Therefore, it is not possible to be certain that the assets of the Sub-Fund will always be completely isolated from the liabilities of another Sub-Fund in every circumstance.

(x) **Interest Rate and Currency Risk**

The net asset value per Unit of the Sub-Fund will be computed in its base currency whereas the investments held for the account of the Sub-Fund may be acquired in other currencies. The value in terms of the relevant base currency of the investment of the Sub-Fund, where designated in any other currency, may rise and fall due to currency exchange rate fluctuations of individual currencies, such that the net asset value of the Sub-Fund will change in response to such fluctuations. Adverse movements in currency exchange rates can result in a decrease in return and a loss of capital. The performance of investments in securities denominated in a specific currency will also depend on the interest rate environment in the country issuing the currency. Except to the extent that values are independently affected by currency exchange rate fluctuations, when interest rates decline, the value of fixed income securities generally can be expected to rise. Conversely, when interest rates rise, the value of fixed income securities generally can be expected to decline.

(xi) **Leverage**

The Sub-Fund may use leverage through use of derivative instruments, in accordance with its investment objective and strategy as set out in Appendix 1 and subject to the investment restrictions set out in Appendix 3.

Leverage will generally be generated by using derivatives that are inherently leveraged due to the relatively small amount of deposit required to open a position, including, among others, forward contracts and futures contracts. A relatively small market movement may therefore have a potentially larger impact on derivatives than on standard bonds or equities, with the result that leveraged derivative positions may increase Sub-Fund volatility.

The Sub-Fund may have higher levels of leverage in atypical or volatile market conditions, for example when there are sudden movements in investment prices due to difficult economic conditions in a sector or region. In such circumstances, the ACS Manager or its delegate may increase its use of derivatives in the Sub-Fund in order to reduce the market risk to which the Sub-Fund is exposed. This, in turn, would have the effect of increasing its levels of leverage.

(xii) **Liquidity Risk**

Liquidity risk exists when the sale of assets or exit of trading positions is impaired by such factors as decreased trading volume, increased price volatility, industry and government regulations, and overall position size and complexity. It may be impossible or costly for the Sub-Fund to liquidate positions rapidly particularly if there are other market participants seeking to dispose of similar assets at the same time or the relevant market is otherwise moving against a position or in the event of trading halts or daily price movement limits on the market or otherwise. Derivative transactions that are particularly large and bonds traded in the secondary market may be less liquid and it may be difficult to achieve fair value on transactions (see 'Valuation Risk'). Closing positions held in the secondary markets prematurely, for instance, to meet client redemption requests, can result in increased transaction costs which will be reflected in the investment returns.

(xiii) **Legal and Regulatory Risk**

Legal, tax and regulatory changes could occur during the term of the Sub-Fund.

Over recent years global financial markets have undergone pervasive and fundamental disruption and regulators in many jurisdictions have implemented or proposed a number of regulatory measures and may continue to do so. For example, the regulatory and tax environment for derivative instruments is evolving, and changes in the regulation or taxation of derivative instruments may adversely affect the value of derivative instruments held by the Sub-Fund and the ability of the Sub-Fund to pursue its trading strategies. Further, legislation and regulation may render a transaction to which the Sub-Fund is a party void or unenforceable.

These interventions have sometimes been unclear in scope and application, resulting in confusion and uncertainty which in itself has been detrimental to the efficient functioning of financial markets. It is impossible to predict with certainty what additional interim or permanent governmental restrictions may be imposed in the future and/or the effect of such restrictions on global markets and the ACS Manager's ability to implement the Sub-Fund's investment objectives.

(xiv) **Market Risk**

The price of the Sub-Fund's investments, including, without limitation, fixed income securities, equities and all derivative instruments, can be highly volatile. Price movements of fixed income securities, equities, forward contracts, derivatives contracts and other instruments in which the Sub-Fund's assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies (see 'Legal and Regulatory Risk'). Such intervention is often directly intended to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate

fluctuations (see 'Interest Rate and Currency Risk'). Additionally, prices of equities fluctuate daily and can be influenced by many micro and macro factors such as political and economic news, corporate earnings reports, demographic trends and catastrophic events. The value of equities will go up and down and the Sub-Fund could incur significant losses as a consequence.

(xv) **New Issues**

The Sub-Fund may invest indirectly via an underlying collective investment scheme or directly in initial public offerings or new debt issues. The prices of securities involved in initial public offerings or new debt issues are often subject to greater and more unpredictable price changes than more established securities.

(xvi) **Settlement Risk**

Settlement risk is the risk that a counterparty fails to deliver the terms of a contract (i.e. defaults at settlement) and of any timing differences in settlement between the two parties. The Sub-Fund bears the risk of settlement default due to exposure to the risk of default of certain counterparties (see 'Credit Risk' and 'Counterparty Risk'). In addition, market practices in relation to the settlement of transactions and the custody of assets could provide increased risks (see also 'Market Risk' and 'Legal and Regulatory Risk').

(xvii) **Tax**

The information provided in section 26 is based, to the best knowledge of the ACS Manager, upon tax law and practice as at the date of this Prospectus. Tax legislation, the tax status of the ACS Manager and the Sub-Fund, the taxation of Unitholders and any tax reliefs, and the consequences of such tax status and tax reliefs, may change from time to time. Any change in the taxation legislation in the UK or in any jurisdiction where the Sub-Fund is registered, marketed or invested could affect the tax status of the Sub-Fund, affect the value of the relevant Sub-Fund's investments in the affected jurisdiction, affect the Sub-Fund's ability to achieve its investment objective, and/or alter the post-tax returns to Unitholders. Where the Sub-Fund invests in derivatives, the preceding sentence may also extend to the jurisdiction of the governing law of the derivative contract and/or the derivative counterparty and/or to the market(s) comprising the underlying exposure(s) of the derivative.

The availability and value of any tax reliefs available to Unitholders depend on the individual circumstances of Unitholders. The information in section 26 is not exhaustive and does not constitute legal or tax advice. Prospective Unitholders are urged to consult their tax advisors with respect to their particular tax situations and the tax effects of an investment in the Sub-Fund.

If the Sub-Fund invests in a jurisdiction where the tax regime is not fully developed or is not sufficiently certain, the Sub-Fund, the ACS Manager, the Depositary and the Administrator shall not be liable to account to any Unitholder for any payment made or suffered by the Sub-Fund in good faith to a fiscal authority for taxes or other charges of the Sub-Fund notwithstanding that it is later found that such payments need not or ought not to have been made or

suffered. Conversely, where through fundamental uncertainty as to the tax liability, adherence to best or common market practice (to the extent that there is no established best practice) is subsequently challenged or the lack of a developed mechanism for practical and timely payment of taxes, the Sub-Fund pays taxes relating to previous years, any related interest or late filing penalties will likewise be chargeable to the Sub-Fund. Such late paid taxes will normally be debited to the Sub-Fund at the point the decision to accrue the liability in the Sub-Fund accounts is made.

(xviii) **Valuation Risk**

Financial instruments that are illiquid and/or not publicly traded may not have readily available prices and may therefore be difficult to value. Dealer supplied quotations or pricing models developed by third parties, the ACS Manager, its affiliates and/or delegates, may be utilised in valuations and the calculation of the net asset value of the Sub-Fund. Such methodologies may be based upon assumptions and estimates that are subject to error. Unitholders should be aware that in these circumstances a possible conflict of interest may arise, as the higher the estimated valuation of the securities the higher the fees payable to the ACS Manager or the Administrator. Any party providing valuation services may, in the absence of negligence, be indemnified out of the property of the Sub-Fund for all claims and losses which such party may incur directly or indirectly arising out of or in connection with the performance of such valuation services. In addition, given the nature of such investment, determinations as to their fair value may not represent the actual amount that will be realised upon the eventual disposal of such investments. See also 'Determination of Unit Prices'.

(xix) **Global Financial Market Crisis and Government Intervention**

Since 2007, global financial markets have undergone pervasive and fundamental disruption and suffered significant instability leading to extensive governmental intervention. Regulators in many jurisdictions have implemented or proposed a number of emergency regulatory measures and may continue to do so. Government and regulatory interventions have sometimes been unclear in scope and application, resulting in confusion and uncertainty which in itself has been detrimental to the efficient functioning of financial markets. It is impossible to predict with certainty what additional interim or permanent governmental restrictions may be imposed on the markets and/or the effect of such restrictions on the ACS Manager's ability to implement the Sub-Fund's investment objective.

Whether current undertakings by governing bodies of various jurisdictions or any future undertakings will help stabilise the financial markets is unknown. The ACS Manager cannot predict how long the financial markets will continue to be affected by these events and cannot predict the effects of these – or similar events in the future – on the Sub-Fund, the European or global economy and the global securities markets.

(xx) **Indemnity**

Investors considering subscribing for the Units should be aware that the certificate of eligibility, in the form set out in Appendix 5, must be provided on a purchase of Units. This certificate of eligibility contains an indemnity from the Unitholder under which it indemnifies the ACS Manager, the Sub-Fund, any other Unitholders and former Unitholders, and any other persons mentioned affected as a result of any tax liability being due, as a result of the Unitholder holding the Units in the Sub-Fund, which is not paid by the Unitholder including, without limitation, a relevant change in the tax status of the Sub-Fund, or in the country of residence or domicile of the Unitholder or of any of the underlying investments. The indemnity is not limited to the value of the Units held by the Unitholder and could equal or exceed the value of the Units held by the Unitholder.

(xxi) **Tax status of the Scheme**

The Scheme is a relatively new type of UK fund structure developed to be tax transparent in the UK. While it is expected that non-UK tax authorities will also recognise it as being tax transparent, this may not prove to be the case in one or more relevant jurisdictions. If so, depending on the particular circumstances of the Unitholder and/or the investments, this could have adverse tax consequences for the Unitholder, including a liability to taxation which could exceed the value of the Unitholder's holding. A relevant change in the tax status of the Scheme either in the UK or in the country of residence or domicile of the Unitholder or of any of the underlying investments could lead to tax liabilities being incurred. Investors considering subscribing for the Units should seek professional advice in relation to such matters. The ACS Manager shall not be liable for any unexpected tax liability being due.

(xxii) **Third Party Service Provider Risk**

The Scheme has no employees. Whilst the ACS Manager has taken all reasonable steps to establish and maintain adequate procedures, systems and controls to enable it to comply with its obligations (including, without limitation, its obligations under SYSC 8 of the Senior Management Arrangements, Systems and Controls Sourcebook under the FCA Handbook), the ACS Manager is reliant upon the performance of third party service providers for its executive function. In particular, the registrar and the administrator will be performing services which are integral to the operation of the Scheme. Failure by any service provider to carry out its obligations to the Scheme in accordance with the terms of its appointment could have a materially detrimental impact on the operation of the Scheme.

(b) **Risks Associated with Investment Techniques**

(i) **Delayed Delivery Transactions**

Where the Sub-Fund invests in fixed income transferable securities, it may also purchase TBAs, for example US mortgages. This generally refers to a forward contract on a pool of mortgages in which the specific mortgages are not announced and allocated prior to a specified delivery date. TBAs are not settled

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at the time of purchase, which may lead to leveraged positions within the Sub-Fund. Purchasing a TBA involves a risk of loss if the value of the security to be purchased declines prior to the settlement date and exposes the Sub-Fund to additional counterparty default risk. The Sub-Fund may dispose of a commitment prior to settlement if it is deemed appropriate to do so. Proceeds of TBA sales are not received until the contractual settlement date.

(ii) **Derivatives (General)**

In accordance with the investment restrictions set out in Appendix 3, the Sub-Fund may use derivatives for the purposes of "efficient portfolio management" (in order to reduce risk and/or costs), as further described in Appendix 1. The ACS Manager may also use derivatives to hedge or manage risk.

The use of derivatives may expose the Sub-Fund to a certain degree of risk. These risks may include credit risk with regard to counterparties with whom the Sub-Fund trades, the risk of settlement default, lack of liquidity of the derivative, imperfect tracking between the change in value of the derivative and the change in value of the underlying asset that the Sub-Fund is seeking to track and greater transaction costs than investing in the underlying assets directly.

In accordance with standard industry practice when purchasing derivatives, the Sub-Fund may be required to secure its obligations to its counterparty. For non-fully funded derivatives, this may involve the placing of initial and/or variation margin assets with the counterparty. For derivatives which require the Sub-Fund to place initial margin assets with a counterparty, such assets may not be segregated from the counterparty's own assets and, being freely exchangeable and replaceable, the Sub-Fund may have a right to the return of equivalent assets rather than the original margin assets deposited with the counterparty. These deposits or assets may exceed the value of the Sub-Fund's obligations to the counterparty in the event that the counterparty requires excess margin or collateral. In addition, as the terms of a derivative may provide for one counterparty to provide collateral to the other counterparty to cover the variation margin exposure arising under the derivative only if a minimum transfer amount is triggered, the Sub-Fund may have an uncollateralised risk exposure to a counterparty under a derivative up to such minimum transfer amount.

Derivative contracts can be highly volatile, and the amount of initial margin is generally small relative to the size of the contract so that transactions may be leveraged in terms of market exposure. A relatively small market movement may have a potentially larger impact on derivatives than on standard bonds or equities and leveraged positions can therefore increase Sub-Fund volatility. Whilst the Sub-Fund will not borrow money to leverage it may for example take synthetic short positions through derivatives to adjust its exposure, always within the restrictions provided for in Appendix 3.

The Sub-Fund may enter into long positions executed using derivatives such as futures positions including

currency forwards. Additional risks associated with investing in derivatives may include a counterparty breaching its obligations to provide collateral, or due to operational issues (such as time gaps between the calculation of risk exposure to a counterparty's provision of additional collateral or substitutions of collateral or the sale of collateral in the event of a default by a counterparty), there may be instances where the Sub-Fund's credit exposure to its counterparty under a derivative contract is not fully collateralised but will continue to observe the limits set out in Appendix 3. The use of derivatives may also expose the Sub-Fund to legal risk, which is the risk of loss resulting from changing laws or from the unexpected application of a law or regulation, or because a court declares a contract not legally enforceable.

The Sub-Fund may use derivatives to facilitate complex management techniques. In particular, this may involve:

- (i) using swap contracts to hedge interest rate risk;
- (ii) using currency derivatives to buy or sell currency risk;
- (iii) buying and selling options for investment purposes; or
- (iv) using synthetic long positions to gain market exposure.

Market leverage obtained through derivatives is expressed through the Sub-Fund's gross market exposure to the underlying reference assets of the derivatives contracts. Gross market exposure may vary although the Sub-Fund's global exposure, which is the aggregate sum of its obligations under the derivative contracts, shall not exceed the total net value of the Sub-Fund. Furthermore, the Sub-Fund's overall risk exposure will remain within the limits imposed by the COLL Sourcebook, as further described in Appendix 3. The ACS Manager's current policy concerning the use of derivatives to gain market leverage is disclosed within the relevant product literature which is available on request.

Where derivative instruments are used in this manner the overall risk profile of the Sub-Fund may be increased. The ACS Manager uses a risk management process to monitor and measure as frequently as appropriate the risk of the Sub-Fund's portfolio and contribution of the underlying investments to the overall risk profile of the Sub-Fund.

Losses in excess of the amount invested may be incurred from investment in such derivative instruments due to low margin deposits creating leverage which is typically associated with investment in such instruments. These instruments may be sensitive to small price movements, may be considered illiquid and could be difficult to price under certain market conditions.

### (iii) **Forward Contracts**

The ACS Manager or its delegates may enter into forward contracts and options on behalf of the Sub-Fund which are not traded on exchanges and are

generally not regulated. There are no limitations on daily price moves of forward contracts. Counterparties with whom the Sub-Fund may maintain accounts may require the Sub-Fund to deposit margin with respect to such trading, although margin requirements are often minimal or non-existent. The Sub-Fund's counterparties are not required to continue to make markets in such contracts and these contracts can experience periods of illiquidity, sometimes of significant duration (see 'Liquidity Risk'). There have been periods during which certain counterparties have refused to continue to quote prices for forward contracts or have quoted prices with an unusually wide spread (the difference between the price at which the counterparty is prepared to buy and that at which it is prepared to sell). Arrangements to trade forward contracts may be made with only one or a few counterparties, which potentially reduces liquidity (see 'Liquidity Risk'). The imposition of credit controls by governmental authorities might limit such forward trading to less than that which the ACS Manager would otherwise recommend, to the possible detriment of the Sub-Fund (see 'Legal and Regulatory Risk'). Additionally, disruptions can occur in any market traded by the Sub-Fund due to unusually high trading volume, political intervention or other factors. Market illiquidity or disruption could result in major losses to the Sub-Fund. In addition, the Sub-Fund may be exposed to credit risks with regard to counterparties with whom it trades as well as risks relating to settlement default (see 'Credit Risk', 'Counterparty Risk' and 'Settlement Risk'). Such risks could result in substantial losses to the Sub-Fund.

### (iv) **Futures**

Futures are standardised contracts between two parties to buy or sell a specified asset or index with a standardised quantity for a price agreed upon today with delivery and payment occurring at a future delivery date.

They are negotiated on an exchange acting as an intermediary between parties.

The Sub-Fund may enter into futures transactions as either the buyer or seller and may combine them to form a particular trading strategy as well as use futures for reducing an existing risk.

Futures positions may be illiquid (see 'Liquidity Risk') because certain exchanges limit fluctuations in certain futures contract prices during a single day by regulations, or an exchange or the Commodity Futures Trading Commission may suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract, or order that trading in a particular contract be conducted for liquidation only.

Investments in futures may also involve the following non-exhaustive list of risks; see 'Market Risk', 'Settlement Risk'.

### (v) **Hedging Techniques**

Hedging techniques could involve a variety of derivative transactions (see 'Derivatives (General)'). As a result, hedging techniques involve different risks than those of underlying investments, including

liquidity risk and the potential for loss in excess of the amount invested. In particular, the variable degree of correlation between price movements of hedging instruments and price movements in the position being hedged creates the possibility that losses on the hedge may be greater than gains in the value of the Sub-Fund's positions. In addition, although the contemplated use of these techniques should minimise the risk of loss due to a decline in the value of the hedged position, at the same time they may limit any potential gains resulting from an increase in the value of such positions. The ability of the Sub-Fund to hedge successfully will depend on the ACS Manager's, or its delegate's, ability to predict pertinent market movements, and as a consequence there can be no assurance that hedging transactions will be successful in protecting against adverse market and/or currency movements.

(vi) ***When Issued and Forward Commitment Securities***

The Sub-Fund may purchase "when-issued" securities and may contract to purchase or sell securities for a fixed price at a future date beyond the usual settlement time. When-issued securities are securities that have been authorised, but not yet received, and can be used to hedge against anticipated changes in interest rates and prices or for speculative purposes.

Forward commitment transactions involve a commitment by the Sub-Fund to purchase or sell securities at a future price and date.

The purchase of such securities involves the risk of the value of the security being purchased declining before the purchase date. Equally the sale of securities on a forward commitment basis can expose the Sub-Fund to the risk of the value of the security being sold increasing prior to settlement. Such securities may be disposed of prior to settlement if deemed appropriate by the ACS Manager.

## **26. Taxation**

The information below is a general guide based on current UK law and HMRC practice, both of which are subject to change (possibly with retrospective effect). It summarises the tax position of the Scheme and of investors who are UK resident and hold Units as investments. This summary is general in nature and non-exhaustive, and does not constitute legal or tax advice. It is strongly recommended that Unitholders and prospective Unitholders seek professional tax advice on their own situation which will be dependent on the relevant laws of the jurisdiction to which the Unitholder is subject.

(a) **Taxation of the Sub-Fund**

The Scheme is an umbrella Co-Ownership Scheme, and in the UK it will be regarded as tax transparent. Consequently, neither the Scheme, nor the Sub-Fund, should be subject to UK tax on income or capital profits.

(b) **Taxation of Unitholders**

(i) ***Income***

Unitholders may be liable to tax on their proportionate share of the net income of the Sub-Fund, and they should be able to benefit from their proportionate share of the attached tax credits for any UK and foreign tax withheld at source or paid by or on behalf of the Sub-Fund. They will require information about the income deemed to arise to them from the Sub-Fund in which they invest, and the ACS Manager intends to supply the necessary information to them in an appropriate form and a timely manner.

It is intended that, where both practical and appropriate, reduced rates of withholding tax on foreign source income will be claimed at source and, generally, that the Sub-Fund will issue separate Unit classes dependent on underlying investors' and Unitholders' access to applicable rates of withholding tax. To facilitate this, prospective investors and Unitholders will be required to supply the appropriate forms detailing their tax status for particular income types. It should be noted that if it is not practical or possible for any reason to claim relief at source, then the Unitholders may in certain circumstances be able to make their own tax reclaims. They may also be prevented from investing into the Sub-Fund.

(ii) ***Capital Gains***

For the purposes of UK tax on chargeable gains only, the Units will be deemed to be shares in a company with the result that UK Unitholders will not be liable to tax on chargeable gains realised by the Sub-Fund. UK Unitholders may instead be liable to tax on chargeable gains arising from the redemption or other disposal of Units depending on their own UK tax status. In particular, for UK life businesses, the Units are, if capital gains tax assets, treated as being within the annual deemed disposals regime.

A switch of Units in one Sub-Fund of the Scheme for Units in another Sub-Fund (if and when available) will generally be treated as a disposal for this purpose.

A conversion of Units between classes within a Sub-Fund (see paragraph 11(h) above and paragraph 26(g) below for circumstances in which a conversion may take place) should not constitute a disposal for this purpose, unless the classes do not have the same rights to income and capital (for example, from Hedged Units of one currency to Hedged Units of a different currency, or non-Hedged Units to Hedged Units or vice versa) in which case this may constitute such a disposal.

Individuals who are resident in the UK are only liable to UK capital gains tax (at the current rate of 10 per cent. or, in the case of higher rate taxpayers and additional rate taxpayers, 20 per cent.) if their total chargeable gains (net of allowable losses) in the year exceed the annual exemption (£12,000 for the 2019/2020 tax year).

Unitholders within the charge to UK corporation tax are chargeable to corporation tax on all such gains, subject to indexation relief.

(c) **Taxation of investments held by the Scheme**

To the extent that withholding taxes on investment income are not reclaimable the Unitholder is liable for the withholding tax on their share.

To help ensure the correct withholding tax treatment in respect of Scheme investments, Unitholders must notify the ACS Manager or transfer agent of any change in tax status.

To the extent the Depositary, the ACS Manager, any other provider of services to or in relation to the Scheme, the Sub-Fund, any underlying investment or any of their respective delegates or agents is liable to pay any taxation because of the ownership, directly or indirectly, of Units by any Unitholder, and such taxation is not paid by the relevant Unitholder on its own account, he shall pay an amount equal to the amount of the taxation to the Sub-Fund (or otherwise as the ACS Manager may direct) before the time it becomes payable by the affected person. To the extent the amount of the taxation is not so paid, the Unitholder shall indemnify the ACS Manager, the other Unitholders or former Unitholders in the Sub-Fund or class, as appropriate, and any of the other persons mentioned who are affected by such taxation in relation to all such amounts of taxation. The ACS Manager in relation to the Sub-Fund, or class, as appropriate, in which the Unitholder holds Units shall have the right to deduct and set off the amount of such taxation from any income distributed to or accumulated on any Units owned by that Unitholder. Further, any amounts equal to such taxation and not paid as described may be deducted from any proceeds payable where a redemption request is met. The ACS Manager may also compulsorily redeem any Units of the Unitholder concerned and use the proceeds of such redemption to pay any relevant taxation.

**In the event that a Unitholder's tax status is unclear or not known and the ACS Manager applies the applicable statutory withholding tax rate or reclaim rate which is subsequently found to be incorrect, the Unitholder may suffer incorrect taxation which may not be recoverable. Any costs of recovery or attempted recovery will be at the expense of the Unitholder.**

(d) **Tax reporting**

The Scheme, the ACS Manager or both may have obligations to report details of Unitholders and their interest in the Scheme to HMRC or other tax authorities, for example, under the terms of certain UK regulations such as the International Tax Compliance Regulations 2015 (SI 2015/878) (the "**UK Compliance Regulations**"). The UK Compliance Regulations seek to unify, as far as possible, the due diligence and reporting requirements and penalties in relation to various information exchange agreements with the US, Member States of the EU and other jurisdictions.

The ACS Manager is required to report to HMRC details of interest distributions paid to UK, and many non-UK, investors. Dividend distributions and payments made to ISA investors are unaffected.

(e) **Foreign Account Tax Compliance Act ('FATCA')**

The US-UK Agreement to Improve International Tax Compliance and to Implement FATCA (the "**US-UK IGA**") was entered into with the intention of enabling the UK implementation of the FATCA provisions of the Hire Act which impose a new reporting regime and potentially a 30 per cent. withholding tax on certain payments made from (or attributable to) US sources or in respect of US assets to certain categories of recipient including a non-US financial institution (a "**foreign financial institution**" or "**FFI**") that does not comply with the terms of FATCA and is not otherwise exempt. Certain financial institutions ("**reporting financial institutions**") are required to register with the US Internal Revenue Service and provide certain information about their US accountholders to HMRC (which information will in turn be provided to the US tax authority) pursuant to UK regulations implementing the US-UK IGA. It is expected that the Sub-Fund will constitute a UK reporting financial institution for these purposes. It is the Scheme's intention to procure that it is treated as complying with the terms of FATCA by complying with the terms of the reporting system contemplated by the US-UK IGA. No assurance can, however, be provided that the Sub-Fund will be able to comply with FATCA and, in the event that it is not able to do so, a 30 per cent. withholding tax may be imposed on payments it receives from (or which are attributable to) US sources or in respect of US assets, which may reduce the amounts available to it to make payments to its Unitholders.

(ii) ***UK Multilateral Arrangements***

The UK has also entered into multilateral arrangements modelled on the Common Reporting Standard for Automatic Exchange of Financial Account Information published by the Organisation for Economic Co-operation and Development (OECD). These also require the Sub-Fund to provide certain information to HMRC about Unitholders from the jurisdictions which are party to such arrangements (which information will in turn be provided to the relevant tax authorities).

(iii) ***UK Crown Dependencies and Overseas Territories***

The Sub-Fund is also required to comply with UK regulations implementing agreements to improve international tax compliance entered into between the UK and its Crown Dependencies and certain overseas territories (namely, Jersey, Guernsey, the Isle of Man and Gibraltar), pursuant to which the Sub-Fund will be required to provide certain information about Unitholders resident in these jurisdictions to HMRC (which information will in turn be provided to the relevant tax authorities).

In light of the above, Unitholders will be required to provide certain information to the ACS Manager to enable the Sub-Fund to comply with the terms of the UK regulations.

(f) **European Union Taxation of Savings Income Directive**

**European Union Savings Directive may apply to the Sub-Fund depending on the investments in the underlying portfolios.**

On 3 June 2003, the European Commission published a directive (EC Directive 2003/48/EC) regarding the taxation of savings income (the "**Directive**"). Depending on the location of the paying agent, it was proposed that Member States are required to provide to the tax authorities of another Member State details of payments of interest (which may include distributions or redemption payments by collective investment funds) or other similar income paid by a person within its jurisdiction to an individual resident in that other Member State, or to operate a withholding system in relation to such payments. The UK, amongst others, has opted for exchange of information rather than a withholding tax system. The Directive has been enacted into legislation by Member States and applies to interest payments made on or after 1 July 2005.

Accordingly, the ACS Manager, Administrator or Registrar, or such other entity considered a "paying agent" for the purposes of the Directive may be required to disclose details of certain payments (including redemption payments) to investors in the Sub-Fund who are individuals or residual entities to HMRC who will pass such details to the Member State where the investor resides. To the extent that the paying agent is located in a jurisdiction that operates a withholding tax system under the terms of the Directive, rather than an exchange of information system, tax may be deducted from interest payments to investors.

For the purposes of the Directive, interest payments include income distributions made by certain collective investment funds, to the extent that the fund has invested more than 15 per cent. of its assets directly or indirectly in interest bearing securities and income realised upon the sale, refund or redemption of fund shares to the extent that the fund has invested 25 per cent. of its assets directly or indirectly in interest bearing securities.

The European Council on 24 March 2014 adopted a new directive amending the Directive, with a view to closing existing loopholes and eliminating tax evasion. These changes, which are material, in particular relate to the scope of, and mechanisms implemented by, the Directive.

On 10 November 2015, the European Council announced that it has adopted a Council Directive repealing the Directive with effect from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other Member States (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative

Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU).

(g) **Mandatory redemption or cancellation or conversion of Units**

When the holder of any Units in any class in the Sub-Fund fails or ceases for whatever reason to be entitled to receive distributions or have allocations made in respect of his holding of Units, in terms of the ACS Manager making or not making any deduction of applicable tax before the distribution or allocation to the Unitholder or in terms of the entitlement of the Unitholder to any particular rate of withholding tax whether or not under an applicable double taxation convention or other agreement, as is envisaged for such class, it shall, without delay, give notice of this to the ACS Manager and the ACS Manager shall, upon receipt of such notice, treat the Unitholder concerned as if it had provided written instructions to the ACS Manager requesting conversion of all the relevant Units owned by such holder for Units of the class or classes of the same Sub-Fund which, in the opinion of the ACS Manager, such Unitholder is entitled to hold and most nearly equate to the class or classes being converted by that holder; or, if there is, in the opinion of the ACS Manager, no suitable alternative class, the ACS Manager shall, upon receipt of such notice, treat the Unitholder concerned as if it had given a request in writing for the redemption or cancellation (at the discretion of the ACS Manager) of the affected Units.

If at any time the ACS Manager becomes aware that the holder of any Units, on which it makes or intends to make distributions or allocations without any tax being deducted or accounted for by the ACS Manager, has failed or ceased for whatever reason to be entitled to receive distributions or have allocations made in respect of his holding of such Units without deduction of applicable tax or in terms of the Unitholder's entitlement to any particular rate of withholding tax, whether or not under an applicable double taxation convention or other agreement for the relevant class, then the ACS Manager shall, without delay, treat the Unitholder concerned as if it had provided written instructions to the ACS Manager requesting conversion of all the relevant Units owned by such holder for Units of the class or classes which, in the opinion of the ACS Manager, such Unitholder is entitled to hold and most nearly equate to the class or classes being converted by that holder; or, if there is, in the opinion of the ACS Manager, no suitable alternative class, the ACS Manager shall treat the Unitholder concerned as if it had given a request in writing for the redemption or cancellation (at the discretion of the ACS Manager) of the affected Units.

An amount equal to any tax charge incurred by the Scheme or the Sub-Fund, class or other Unitholder, as appropriate, or for which the Depositary or ACS Manager may be held liable as a result of a conversion, shall be recoverable from the Unitholder concerned and may be accounted for in any adjustment made of the number of new Units to be issued or be otherwise recovered from the Unitholder under the indemnity contained in Appendix 5.

## 27. Charges

The current charges made for the Sub-Fund are shown below and are set out in Appendix 1. On giving at least 60 days' written notice to Unitholders, the ACS Manager may, where relevant, increase the preliminary charge or the annual management charge on the Sub-Fund provided any such increase does not constitute a fundamental change to the Sub-Fund. Any change to charges which constitutes fundamental change will require prior Unitholder consent. For details of the categorisation of fundamental, significant and notifiable changes, please see section 30.

### (a) ACS Manager's Charges

The ACS Manager will impose an annual management fee and a performance fee. Details of the ACS Manager's fee structure for the Sub-Fund as at the date of this Prospectus are set out in Appendix 6.

### (b) Depositary's Charges

#### (i) Periodic Charges

The remuneration of the Depositary consists of a periodic charge which will be paid out of the property of the Sub-Fund monthly in arrears. The periodic charge comprise a fixed annual fee of £10, 000 and and £5,000 per annum for cash flow monitoring and Reconciliation transaction charges plus a band range fee, being a percentage of the value of the Scheme. The periodic charge will be calculated and accrued daily, the band range fee being based on the value of the property of the Scheme on the preceding Business Day which will be apportioned equitably at the discretion of the ACS Manager.

The periodic charge will be at such annual rate (before VAT) as the ACS Manager and Depositary may, from time to time, agree. Currently, the ACS Manager and the Depositary have agreed that the annual rate of the periodic charge will be as follows:

Band range fee:

On the first £250 million – 0.03% per annum

On the next £250 million – 0.02% per annum

On the next £500 million – 0.01% per annum

On the remainder – 0.005% per annum

The periodic charge is subject to an addition for VAT. The periodic charges will be subject to periodic review and may be subject to reasonable increases over time.

#### (ii) Depositary's Expenses

To the extent permitted by the FCA Handbook, the Depositary will be paid or reimbursed out of the Scheme property of the Sub-Fund for all fees, costs, charges and other expenses properly incurred by the Depositary, its nominees, custodians, sub custodians or agents in performing the services under the Depositary Services Agreement (and any VAT or any other governmental charges, duties or levies chargeable or payable in respect of such costs, charges, expenses or fees), which are attributable to the Sub-Fund.

The Depositary will also (either directly or through delegates) act as the global custodian (the "Custodian") of the Scheme property and is entitled to receive reimbursement of the Custodian's fees as an expense of the Scheme. The Depositary's remuneration for acting as Custodian comprises a transaction fee plus a safekeeping fee, each determined by the territory or country in which the Sub-Fund's assets are held. Currently, the transaction fees are in the range of £4 to £83 per transaction and the safekeeping fees, based upon the value of the assets held in the territory or country in question, are in the range of 0.0041 per cent. to 0.39 per cent. per annum. The Custodian's fees are subject to an annual minimum of £40,000.

Any services provided by the Custodian in addition to safekeeping and transaction services will accrue an additional cost.

### (c) Administrator's Charges

#### (i) Fund Accounting Fees

The remuneration of the Administrator consists of a periodic charge which will be paid out of the property of the Sub-Fund monthly in arrears. The periodic charge will accrue throughout the month and be charged to the Sub-Fund at the end of each month. The band range fee for each month will be based on the final net asset value of the Sub-Fund at the end of the relevant month.

The periodic charge will be at such annual rate (before VAT) as the ACS Manager and Administrator may, from time to time, agree. Currently, the ACS Manager and the Administrator have agreed that the annual rate of the periodic charge will be as follows:

Annual fee: £60,000 per annum

Band range fee:

On the first £250 million – 0.02% per annum

On the next £250 million – 0.01% per annum

On the next £500 million – 0.0075% per annum

On the remainder – 0.005% per annum

The periodic charge is subject to an addition for VAT. The periodic charges will be subject to periodic review and may be subject to reasonable increases over time.

#### (ii) Middle Office Fees

HSBC Bank plc, in its capacity as Administrator, will also be entitled to a periodic charge for the provision of middle office services comprising of a band range fee being a percentage of the value of the Scheme. The periodic charge will accrue throughout the month and be charged to the Sub-Fund at the end of the each month. The band range fee for each month will be based on the final net asset value of the Sub-Fund at the end of the relevant month.

The middle office fees will be at such rate (before VAT) as the ACS Manager and the Administrator may, from time to time, agree. Currently, the ACS Manager and the Administrator have agreed that the middle office fees will be as follows:

Band range fee:

For the first £1,000 million – 0.015% per annum

For the remainder – 0.005% per annum

**The periodic charge is subject to an addition for VAT. The periodic charges will be subject to periodic review and may be subject to reasonable increases over time.**

#### (d) **Transfer Agency and Registrar Charges**

For each class of Units operated by the Sub-Fund, the Transfer Agent and Registrar is entitled to a fixed annual fee and a dealing fee for dealings in that Unit class on a per transaction basis. The fixed annual fee will accrue and be charged to the Sub-Fund on a monthly basis. The dealing fee is dependent on whether the deal is made manually or through an automated system. The transfer agency and registrar fees will be at such rate (before VAT) as the ACS Manager and the Transfer Agent and Registrar may, from time to time, agree. Currently, the ACS Manager and the Transfer Agent and Registrar have agreed that the transfer agency and registrar fees will be as follows:

Fixed fee: £3,000 per annum per class of Units

Dealing fee (Manual): £20 per transaction

Dealing fee (Automated): £7 per transaction

The transfer agency and registrar fees will be subject to periodic review and may be subject to reasonable increases over time.

#### (e) **FX Hedging Fees**

**Share class Hedging** - For applicable share classes there will be range fee applicable on the Net Value Asset of the hedged share class - fee of 0.8 bps per month on NAV between 0-500 million, of 0.6 bps per month between 500 million to 1 billion and a fee of 0.3 bps per month on NAV of over 1 billion.

**Portfolio Hedging** – there will be a range fee applicable on the Net Asset Value of the Equitable Resilience Fund – fee of 0.6 bps per month on NAV between 0-500 million, 0.5 bps per month on 500 million to 1 billion and 0.3 bps per month on NAV of over 1 billion.

#### (f) **Auditor's Fees**

To ensure quality of the Fund audit, audit fee charged by the auditor will depend on the Fund activity and time spent on the audit. These fees will be published in the annual financial statements.

#### (g) **Stamp Duty Reserve Tax**

Stamp duty reserve tax is not levied for dealing in Units.

#### (h) **Other Expenses**

The following other expenses may be reimbursed out of the property of the Scheme:

(i) costs of dealing in the property of the Scheme;

- (ii) costs of marketing the Scheme;
- (iii) interest on borrowings permitted by the Scheme and related charges;
- (iv) taxation and duties payable in respect of the property of the Scheme or the Sub-Fund, the ACS Deed, the issue or surrender of Units (including, without limitation, overseas transfer taxes, capital gains tax, stamp duty reserve tax and any similar generated tax charges);
- (v) any costs incurred in modifying the ACS Deed, including costs incurred in respect of meetings of Unitholders convened for purposes which include the purpose of modifying the ACS Deed, where the modification is necessary or expedient by reason of changes in the law or to remove obsolete provisions;
- (vi) any costs incurred in respect of meetings of Unitholders convened on a requisition by Unitholders not including the ACS Manager or an associate of the ACS Manager;
- (vii) unanticipated liabilities on unitisation, scheme of arrangement or reconstruction where the property of a body corporate or of another collective investment scheme is transferred to the Depositary in consideration of the issue of Units in the Scheme to shareholders in that body or to participants in that other scheme;
- (viii) the costs of preparation and distribution of reports, accounts, any prospectuses, key investor information documents, the ACS Deed and any costs incurred as a result of changes to any prospectus or ACS Deed, periodic updates of any other administrative documents, as well as the cost of maintaining other documentation required to be maintained in respect of the Scheme;
- (ix) any expenses of the Auditor as well as the fees of and expenses of third party tax, legal and other professional advisers; and
- (x) the fees of the FCA under Schedule 1 Part III of FSMA and the corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which Units of the Scheme are or may be marketed.

In the event that additional Sub-Funds are created under the Scheme, fees, costs, and duties which are not attributable to a particular Sub-Fund will usually be allocated between the Sub-Funds pro-rata to the net asset value of each Sub-Fund or in accordance with another reasonable method at the ACS Manager's discretion.

## **28. Conflicts of Interest**

The ACS Manager has a conflicts of interest policy which contains the details of identified conflicts or potential conflicts of interest and the procedures it follows in order to avoid, minimise and manage such conflicts or potential conflicts. The ACS Manager is structured and organised in a way so as to minimise the risks of a client's interests being prejudiced by

conflicts of interest and will, wherever possible, try to ensure that a conflict of interest does not arise. In the event that a conflict of interest cannot be avoided, the ACS Manager will always act in the best interests of the Scheme and ensure that the Sub-Fund is fairly treated. If circumstances arise such that the ACS Manager's arrangements for avoiding and managing conflicts of interest are not sufficient to ensure with reasonable confidence that the risks of damage to the interests of the Sub-Fund or its Unitholders will be prevented, the senior management of the ACS Manager must act to ensure that appropriate action is taken in the best interests of the Sub-Fund and its Unitholders.

The conflicts of interest policy is reviewed by senior management of the ACS Manager at least once a year or whenever there are material changes in the business services to be offered by the ACS Manager.

The Depositary may act as the depositary of other authorised contractual schemes or open-ended investment companies and as trustee or custodian of other collective investment schemes. The Depositary when acting as such must act solely in the interests of the relevant investors.

The FCA Handbook contains provisions governing any transaction with the Sub-Fund, which is carried out by, or with any "affected person", which will include the ACS Manager, an associate of the ACS Manager, the Depositary and an associate of the Depositary. These provisions allow an affected person to buy from or sell property to the Sub-Fund, lend money to the Sub-Fund or accept a deposit of cash from the Sub-Fund if certain conditions are met. The conditions vary depending on the type of transaction but are designed to ensure the Sub-Fund is treated on a normal arms-length commercial basis.

## **29. Fair Treatment**

The detailed rights and obligations of the Depositary, ACS Manager and Unitholders are set out in the ACS Deed. The ACS Manager ensures that the ACS Deed is made available for review by each Unitholder as set out in section 33(ix), such that each Unitholder is informed about its rights and obligations under that document. The ACS Manager seeks to ensure fair treatment of all Unitholders by complying with the terms of the ACS Deed and applicable law.

## **30. Changes to the Sub-Fund and Meetings of Unitholders**

Changes to the Scheme or the Sub-Fund may be made in accordance with the method of classification described in sections (a), (b) and (c) below.

### **(a) Fundamental Change**

A fundamental change is a change or event which:

- (i) changes the purpose or nature of the Scheme or the Sub-Fund; or
- (ii) may materially prejudice a Unitholder; or
- (iii) alters the risk profile of the Scheme or the Sub-Fund; or

- (iv) introduces any new type of payment out of the Scheme property.

The ACS Manager will obtain prior approval from Unitholders to any fundamental change by way of an Extraordinary Resolution of the Unitholders of the Sub-Fund. See below for details for calling a meeting of Unitholders.

### **(b) Significant Change**

A significant change is a change or event which the ACS Manager and Depositary have determined is not a fundamental change but is a change which:

- (i) affects a Unitholder's ability to exercise his rights in relation to his investment; or
- (ii) would reasonably be expected to cause a Unitholder to reconsider his participation in the Scheme or the Sub-Fund; or
- (iii) results in any increased payments out of property of the Sub-Fund to the ACS Manager or any of its associate companies; or
- (iv) materially increases other types of payment out of Scheme property.

The ACS Manager will give Unitholders at least 60 days' notice in advance of implementing any significant change.

### **(c) Notifiable Change**

A notifiable change is a change or event, other than a fundamental change or a significant change, which is reasonably likely to affect or have affected the operation of the Scheme or the Sub-Fund.

Depending on the nature of the change the ACS Manager will inform Unitholders of notifiable events either by:

- (i) sending an immediate notification to Unitholders; or
- (ii) publishing information about the change on the ACS Manager's website; or
- (iii) including it in the next report for the Sub-Fund.

### **(d) Notice**

The ACS Manager will write to Unitholders at their registered postal address to give notice of any fundamental change or significant change.

### **(e) Meetings of Unitholders**

Rules for the calling and conduct of meetings of Unitholders and the voting rights of Unitholders at such meetings are governed by the COLL Sourcebook and the ACS Deed. At a meeting of Unitholders a resolution put to the vote shall be decided on a show of hands unless a poll is demanded by the chairman, by the Depositary or by not less than two Unitholders present in person or by proxy. On a show of hands, every Unitholder who (being an individual) is present in person or, (being a corporation) is present by its representative properly authorised in that regard, has one vote. On a poll, the voting right for each Unit must be the proportion of the voting rights attached to all of

the Units in issue that the value of the Unit bears to the aggregate value of all the Units in issue. A person entitled to more than one vote need not use all his votes or cast all the votes it uses in the same way.

A corporation being a Unitholder may authorise such a person as it thinks fit to act as its representative at any meeting of Unitholders and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as the corporation could exercise if it were an individual Unitholder.

In the case of joint Unitholders any joint Unitholder may vote provided that if more than one votes the most senior Unitholder in the Register who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint Unitholders.

On a poll, votes may be given either personally or by proxy.

The ACS Manager and its associates may hold Units in the Sub-Fund. The ACS Manager is entitled to receive notice of and attend any meeting but it is not entitled to vote or be counted in the quorum and its Units are not regarded as being in issue in relation to such meetings. An associate of the ACS Manager may be counted in the quorum and if in receipt of voting instructions may vote in respect of Units held on behalf of a person who, if itself was the registered Unitholder, would be entitled to vote, and from whom the associate has received voting instructions.

### 31. Winding Up

The Scheme or the Sub-Fund will not be wound up except as an unregistered company under Part V of the Insolvency Act 1986 or under the COLL Sourcebook. The Sub-Fund may otherwise only be wound up under the COLL Sourcebook.

Where the Scheme is to be wound up or the Sub-Fund is to be terminated under the COLL Sourcebook, such winding up or termination may only be commenced following approval by the FCA. The FCA may only give such approval if the ACS Manager provides a statement (following an investigation into the affairs of the Scheme or the Sub-Fund as the case may be) either that the Scheme or the Sub-Fund will be able to meet its liabilities within 12 months from the date of the statement or that the Scheme or the Sub-Fund will be unable to do so. The Scheme may not be wound up or the Sub-Fund terminated under the COLL Sourcebook if there is a vacancy in the position of the ACS Manager at the relevant time.

The Scheme may be wound up upon the happening of any of the following:

- (i) the order declaring it to be an authorised contractual scheme is revoked; or
- (ii) a Section 261Q FSMA case; or
- (iii) if an Extraordinary Resolution to that effect is passed by the Unitholders and the FCA has consented to such resolution; or
- (iv) in response to a request to the FCA by the ACS Manager or the Depositary for the revocation of

the order declaring it to be an authorised contractual scheme the FCA has agreed, albeit subject to there being no material change in any relevant factor, that, on the conclusion of the winding up of the authorised contractual scheme, the FCA will accede to that request; or

- (v) when the period (if any) fixed for the duration of the Scheme or the Sub-Fund by the ACS Deed expires, or any event arises on the occurrence of which the ACS Deed provides that the Scheme or the Sub-Fund is to be wound up; or
- (vi) the effective date of a duly approved scheme of arrangement, which is to result in the Scheme being left with no property; or
- (vii) the date on which all or the last of the Sub-Funds have ceased to hold any property, notwithstanding that the Scheme may have assets and liabilities which are not attributable to a specific Sub-Fund.

On the occurrence of any of the above (the "**relevant events**"):

- (a) the provisions of COLL 6.2 (Dealing), COLL 6.3 (Valuation and pricing) and COLL 5 (Investment and borrowing powers) will cease to apply to the Scheme or the Sub-Fund (as the case may be);
- (b) the Depositary must cease to issue and cancel Units in the Scheme or the Sub-Fund and the ACS Manager must cease to sell or redeem Units in the Scheme or the Sub-Fund; and
- (c) no transfer of a Unit may be registered and no other change to the Register may be made without the approval of the Registrar.

On a winding up (otherwise than in accordance with paragraph 31(vi) above) the Depositary is required as soon as practicable after the Scheme or the Sub-Fund falls to be wound up, to realise the property of the Scheme or the Sub-Fund and, after paying out of the Scheme or the Sub-Fund or retaining adequate provision for all liabilities properly so payable and retaining provision for the costs of the winding up, to distribute the proceeds of that realisation to the Unitholders and the ACS Manager (upon production by them of such evidence as the Depositary may reasonably require as to their entitlement) proportionately to their respective interests in the Sub-Fund as at the date of the relevant event.

Distributions will only be made to Unitholders entered on the Register on the date on which the winding up or termination commenced unless other arrangements have been made in respect of the final distribution.

The Depositary may, in certain circumstances, (and with the agreement of the affected Unitholders) distribute property of the Sub-Fund (rather than the proceeds on the realisation of that property) to Unitholders on a winding up.

Any unclaimed net proceeds or other cash held by the Depositary after the expiration of 12 months from the date on which the same became payable is to be paid by the Depositary into court subject to the Depositary

having a right to retain from those net proceeds or other cash any expenses properly incurred in making the payment into court.

Except to the extent that the ACS Manager can show that it has complied with the duty to ascertain liabilities under the COLL Sourcebook, the ACS Manager is personally liable to meet any liabilities of the Scheme or the Sub-Fund wound up or terminated that were not discharged before the completion of the winding up or termination.

The obligations of the ACS Manager in this regard do not affect any other obligation of the ACS Manager under the COLL Sourcebook or the law.

If the proceeds of the realisation of the assets attributable or allocated to the Sub-Fund are not sufficient to meet the liabilities attributable or allocated to it, the ACS Manager must pay to the Scheme, for the account of the Sub-Fund, the amount of the deficit unless and to the extent it can show that the deficit did not arise as a result of any failure by the ACS Manager to comply with the COLL Sourcebook. Such liability of the ACS Manager will be an accruing debt due from it on the completion of the winding up or termination and is payable on demand.

On completion of the winding up, in respect of (iii) to (vii) above, the Depositary must notify the FCA in writing of that fact and at the same time the ACS Manager or the Depositary must request the FCA to revoke the relevant authorisation order.

If the Scheme is to be wound up in accordance with an approved scheme of arrangement, the Depositary is required to wind up the Scheme in accordance with the resolution of Unitholders approving such scheme. Distributions will only be made to Unitholders entered on the Register. Any net proceeds or cash (including unclaimed distribution payments) held by the Depositary which have not been claimed after 12 months will be paid into court, after the deduction by the Depositary of any expenses it may incur.

### **32. Allocation of Income**

The income available for allocation is determined in accordance with the COLL Sourcebook and the Investment Management Association's Statement of Recommended Practice for Accounting Standards for Investment Funds (SORP).

Distributable income comprises all income received or receivable for the account of the Sub-Fund in respect of the accounting period concerned, after deducting net charges and expenses paid or payable out of such income and after making such adjustments as the ACS Manager considers appropriate, in accordance with the COLL Sourcebook.

Income on debt securities, such as bonds and other fixed interest securities, is calculated using the "Effective Interest Rate" method, in accordance with the methodology laid down in the SORP.

The Effective Interest Rate method for calculating income generated from debt securities treats any premiums and discounts arising on the purchase of a debt security (when compared to its maturity or par

value) as income and this, together with any future expected income streams on the debt security, is amortised (written off) over the life of that security (to its maturity) and discounted back to its present value and included in the calculation of distributable income.

For the purposes of allocating income, the ACS Manager will determine on an annual basis, with reference to the objectives of the Sub-Fund, whether such income should exclude premiums and discounts arising on purchase of bonds attributed through the Effective Interest Rate method.

The Sub-Fund will distribute any available income following the end of each of its accounting periods in relation to which it has an income allocation date. Each accounting period ends on an accounting date (either interim or final). Details of the accounting periods and income allocation dates for the Sub-Fund are set out in Appendix 1.

In relation to accumulation Units, any available income will become part of the capital property of the Sub-Fund as at the end of the relevant accounting period. In relation to income Units, any income distribution will be made on or before the relevant allocation date for the Sub-Fund to those Unitholders who are entitled to the allocation by evidence of their holding on the Register at the previous accounting date for that Sub-Fund. If an income allocation date is not a Business Day, the allocation will be made on the next Business Day.

### **33. Additional Information**

- (i) The Sub-Fund is only available for investment by: (i) a Professional ACS Investor; (ii) a Large ACS Investor; or (iii) a person who already properly holds Units in the Scheme. This means the Scheme is designed for investment by institutional investors and not members of the general public. The ACS Manager will not consider the suitability or appropriateness of an investment in the Sub-Fund for a Unitholder's individual circumstances. Unitholders should be willing to accept capital and income risk, which may vary greatly from Sub-Fund to Sub-Fund in the event that additional Sub-Funds are created. The Sub-Fund is not suitable for short term investment and should therefore generally be regarded as a long-term investment of at least five years. The price of Units in the Sub-Fund, and any income from them, can go down as well as up and is not guaranteed.
- (ii) A subscription for or redemption of Units by approved electronic communication, by fax and/or in writing is a legally binding contract (see section 9 for more details regarding a Unitholder's contract for investment).
- (iii) Any person relying on the information contained in this Prospectus, which was current at the date shown, should check with the ACS Manager that this document is the most recent version and that no revisions have been made nor corrections published to the information

contained in this Prospectus since the date shown.

- (iv) This document is important and Unitholders should read all the information contained in it carefully. If Unitholders are in any doubt as to the meaning of any information contained in this document, Unitholders should consult either the ACS Manager or their financial adviser. The ACS Manager has taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no material facts, the omission of which would make misleading any statement herein whether of fact or opinion.
- (v) Long reports on the Scheme are available free of charge on request to the ACS Manager and include a list of the Sub-Fund's holdings of securities. Long reports must be made available to the Unitholders within four months of the end of the annual accounting period and within two months of the end of the half-yearly accounting period. For information on the publication dates pertaining to the reports of the Sub-Fund, please refer to Appendix 1.
- (vi) Complaints may be made about the operation of the Scheme or any aspect of the service received to the Compliance Officer of the ACS Manager at its registered address. Written details of the ACS Manager's complaints procedure are available from the ACS Manager upon request. If a Unitholder is not satisfied with the way the ACS Manager handles a complaint, a Unitholder who is an "Eligible Complainant" for the purposes of the FCA "Dispute Resolution: Complaints" rules may refer their complaint to the FOS at Exchange Tower, E14 9SR (further contact details available at [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk)). Making a complaint will not prejudice a Unitholder's right to take legal action.
- (vii) The ACS Manager is a participant in the Financial Services Compensation Scheme. Unitholders may be entitled to compensation from the FSCS if the ACS Manager cannot meet its obligations. This depends on the eligibility of the claimant, the type of business and the circumstances of the claim. Most types of investment business are covered for up to 100 per cent. of the first £85,000.00, so the maximum compensation is £85,000. Further information about the Financial Services Compensation Scheme is available on request, or by contacting the FSCS Limited at 10th Floor, Beaufort House, 15 St. Botolph Street, London EC3A 7QU Tel: 0800 678 1100, or at [www.fscs.org.uk](http://www.fscs.org.uk).
- (viii) The Sub-Fund qualifies as a UCITS scheme which may, subject to the satisfaction of any further requirements, be marketed in any Member State of the EEA in accordance with the UCITS Directive. At present, the Scheme and the Sub-Fund will only be

marketed in the UK and any additional jurisdictions as set out in Appendix 7.

- (ix) Copies of the ACS Deed, the key investor information documents, the most recent annual and half-yearly reports and the COLL Sourcebook may be inspected at the ACS Manager's registered office during Normal Business Hours. Copies of the Prospectus may be obtained from the ACS Manager at its registered office free of charge and copies of the ACS Deed are available free of charge to Unitholders and at a charge of up to £5 per copy for each ACS Deed for non-Unitholders.
- (x) The personal details of each Unitholder will be held by the ACS Manager in accordance with current data protection law for the purposes of carrying out its agreement with each Unitholder. Information regarding the ACS Manager's data protection policies is available upon request.

### 34. Risk Management Process

The ACS Manager is required by the COLL Sourcebook to employ a risk management process in respect of the Sub-Fund which enables it to accurately monitor and manage the global exposure from the financial derivative instruments ("**global exposure**") which the Sub-Fund gains.

The ACS Manager uses a risk methodology appropriate to the Sub-Fund. This may be a commitment approach or a Value at Risk ("**VaR**") approach in order to measure the global exposure of the Sub-Fund and manage the potential loss to them due to market risk. The VaR methodology measures the potential loss to a fund at a particular confidence (probability) level over a specific time period and under normal market conditions. The ACS Manager uses 95 per cent. confidence interval and one month measurement period for the purposes of carrying out this calculation.

There are two types of VaR measure which can be used to monitor and manage the global exposure of the Sub-Fund: "Relative VaR" where risk is assessed with respect to a benchmark or reference portfolio and "Absolute VaR" where risk is assessed in absolute terms.

The ACS Manager uses either the Absolute VaR methodology or the Net Commitment approach to monitor the global exposure of the Sub-Fund as appropriate to the investment strategy of the Sub-Fund. (See section 25, "Risk Considerations").

## APPENDIX 1

### Equitile Resilience Fund

The Sub-Fund is a sub-fund of the Scheme, a UCITS retail scheme under the COLL Sourcebook. The Sub-Fund was authorised by the FCA on 16 December 2015.

### Investment Objective & Policy

The Sub-Fund aims to deliver capital growth by investing in the equities of resilient companies, meaning those assessed as being well-managed, conservatively financed and benefiting from strong corporate governance. Additionally, the Sub-Fund may choose to invest in bonds and money market instruments as part of strategy diversification. Investors may assess the success of this strategy by considering, in combination, the average annual return of the Sub-Fund and the average annual maximum loss of the Sub-Fund where the annual maximum loss is defined as the largest percentage loss which an investor could have incurred by investing into and subsequently redeeming from the Sub-Fund within a given year.

In normal market conditions, the Sub-Fund will be close to fully invested in equity securities (e.g. shares) of companies assessed as being well-managed, conservatively financed and benefiting from strong corporate governance.

Allocations to bonds and cash may be made periodically for the purpose of capital preservation.

Use may be made of cash holdings, hedging and other investment techniques for the purposes of efficient portfolio management as permitted by the COLL Sourcebook.

The Sub-Fund will not utilise borrowing or leverage in order to achieve the investment objective. Short term borrowing may be used for the purposes of efficient portfolio management.

The Sub-Fund may utilise derivatives for efficient portfolio construction and for hedging purposes.

### Additional Information

| ACS Manager   | Equitile Investments Limited  |
|---------------|---|
| Type of Units | <p>The following Unit classes are available for investment only by Equitile Resilience Feeder Fund, a sub-fund of Equitile Investments Feeder OEIC, in the Sub-Fund as at the date of the Prospectus:</p> <p>Class A1 – GBP Accumulation</p>  |
|               | <p>The following Unit classes are available for investment only by Professional ACS investors who are deemed entitled to benefits under a relevant double tax treaty as at the date of the Prospectus:</p> <p>Class X3 – USD Accumulation</p> <p>The above Unit class is an unhedged Unit Class.</p>  |
|               | <p>The following GBP denominated accumulation Unit classes are available for investment only by tax exempt Professional ACS Investors who are resident in the United Kingdom for tax purposes and are available to launch at the ACS Manager's discretion:</p> <p>Class GB1, Class GB2, Class GB3, Class GB4, Class GB5, Class GB6, Class GB7</p>   |
|               | <p>The following Euro denominated accumulation Unit classes are available for investment only by tax exempt Professional ACS Investors who are resident in Germany*** for tax purposes and are available to launch at the ACS Manager's discretion:</p> <p>Class G1, Class G2, Class G3, Class G4, Class G5, Class G6, Class G7</p> <p>All of the above Unit classes will be Hedged Unit Classes.</p>       |
|               | <p>The following Euro denominated accumulation Unit classes are available for investment only by tax exempt Professional ACS Investors who are resident in Sweden*** for tax purposes and are available to launch at the ACS Manager's discretion:</p> <p>Class SN1, Class SN2, Class SN3, Class SN4, Class SN5, Class SN6, Class SN7</p> <p>All of the above Unit classes will be Hedged Unit Classes.</p> |
|               | <p>The following Euro denominated accumulation Unit classes are available for investment only by tax exempt Professional ACS Investors who are resident in the Netherlands*** for tax purposes and are available to launch at the ACS Manager's discretion:</p>   |

|   |
|---|
| Class N1, Class N2, Class N3, Class N4, Class N5, Class N6, Class N7<br>All of the above Unit classes will be Hedged Unit Classes.  |
| The following Euro denominated accumulation Unit classes are available for investment only by tax exempt Professional ACS Investors who are resident in Norway*** for tax purposes and are available to launch at the ACS Manager's discretion:<br>Class NO1, Class NO2, Class NO3, Class NO4, Class NO5, Class NO6, Class NO7<br>All of the above Unit classes will be Hedged Unit Classes.  |
| The following CHF denominated accumulation Unit classes are available for investment only by tax exempt investors who are resident in Switzerland*** for tax purposes and to whom Units in the Sub-Fund may be validly offered and distributed and are available to launch at the ACS Manager's discretion:<br>Class S1, Class S2, Class S3, Class S4, Class S5, Class S6, Class S7<br>All of the above Unit classes will be Hedged Unit Classes.               |
| The following USD denominated accumulation Unit classes are available for investment only by tax exempt investors who are resident in Hong Kong*** for tax purposes and to whom Units in the Sub-Fund may be validly offered and distributed and are available to launch at the ACS Manager's discretion:<br>Class H1, Class H2, Class H3, Class H4, Class H5, Class H6, Class H7<br>All of the above Unit classes will be Hedged Unit Classes.                 |
| The following USD denominated accumulation Unit classes are available for investment only by tax exempt investors who are resident in Canada*** for tax purposes and to whom Units in the Sub-Fund may be validly offered and distributed and are available to launch at the ACS Manager's discretion:<br>Class C1, Class C2, Class C3, Class C4, Class C5, Class C6, Class C7<br>All of the above Unit classes will be Hedged Unit Classes.                    |
| The following Unit classes are available for investment only by such investors who are not tax exempt in the jurisdiction where they are resident for tax purposes and, therefore, are not entitled to any benefits under a relevant double tax treaty and are available to launch at the ACS Manager's discretion:<br>Class X1 – GBP Non-Treaty Accumulation<br>Class X2 – EUR Non-Treaty Hedged Accumulation<br>Class X4 – CHF Non-Treaty Hedged Accumulation |

|                      |   |
|----------------------|---|
| Dealings             | Every Business Day between 8.30 a.m. and 5.30 p.m. (" <b>Dealing Day</b> ").                                    |
| Deal Cut-Off Point   | 01.00 p.m.  |
| Valuation Point      | Every Business day at 3 p.m.  |
| Initial Offer Period | The initial offer period commenced at 8.30 a.m. on 1 February 2016 and closed at 5.30 p.m. on 26 February 2016. |
| Launch Date          | 29 February 2016 – Class A1<br>20 July 2016 – Class X3  |
| Opening Price        | Class A1: £100.<br>Class X3: US\$100.   |

|                                    | <b>Class A1</b> | <b>GBP Classes</b> | <b>EUR Classes</b> | <b>CHF Classes</b> | <b>USD Classes</b> |
|------------------------------------|-----------------|--------------------|--------------------|--------------------|--------------------|
| <b>*Minimum Investment</b>         | £10,000         | £1,000,000         | €1,000,000         | CHF1,000,000       | US\$1,000,000      |
| <b>*Minimum Further Investment</b> | £5,000          | £50,000            | €50,000            | CHF50,000          | US\$50,000         |
| <b>*Minimum Holding</b>            | £10,000         | £500,000           | €500,000           | CHF500,000         | US\$500,000        |

**Tax Criteria for investment** (as above)

**\*\*Current Charges:** No entry and exit charges.

#### **Accounting Dates**

Annual Accounting Date 31 December

First Accounting Date 31 December 2016

Annual Income Allocation Date 31 March

Half-Yearly Accounting Date 30 June

\* Further details are given in section 18 titled "Minimum Investment and Minimum Holding" in this Prospectus. Minimum investment and holding amounts may be waived at the ACS Manager's discretion.

\*\* Further details are given in section 27 titled "Charges" and Appendix 6 in this Prospectus. The ACS Manager may also make dilution adjustments in certain situations as detailed in section 16 titled "Dilution Adjustment" in this Prospectus.

\*\*\* Currently, the Sub-Fund is only marketed in the UK and any additional jurisdictions as set out in Appendix 7. The Sub-Fund may be marketed in other jurisdictions at the ACS Manager's discretion and subject to compliance with the requirements of the FCA Handbook and any other applicable laws, rules and regulations in the relevant jurisdictions.

#### **Leverage**

Leverage is limited to that derived from investment in derivatives for the purpose of risk reduction or efficient portfolio management.

The overall exposure from combining the derivative positions, securities and other assets held within the Sub-Fund shall be such as to fall within the asset allocation guidelines and investment restrictions.

All transactions in derivatives are fully covered and are not used as a means of gearing the Sub-Fund.

| <b>Permitted derivatives</b> | <b>Permitted?</b> | <b>Prohibited?</b> |
|------------------------------|-------------------|--------------------|
| Foreign exchange forwards    | Yes               |                    |
| Equity Index futures         | Yes               |                    |
| Government bond futures      | Yes               |                    |
| Options                      |                   | Yes                |
| OTC Derivatives              |                   | Yes                |
|                              |                   |                    |
|                              |                   |                    |

**APPENDIX 2**

**FUNDS MANAGED BY THE ACS MANAGER**

| <b>Name</b>                     | <b>Regulatory Status</b> |
|---------------------------------|--------------------------|
| Equitile Resilience Fund        | Master UCITS Scheme      |
| Equitile Resilience Feeder Fund | Feeder UCITS Scheme      |

## APPENDIX 3

### INVESTMENT RESTRICTIONS APPLICABLE TO THE SCHEME

#### 1. Investment and Borrowing Powers

1.1 The property of the Sub-Fund will be invested with the aim of achieving its investment objective as set out in Appendix 1 but subject to the limits set out in Chapter 5 of the COLL Sourcebook. The ACS Manager will ensure that, taking into account the investment objectives and policies of the Sub-Fund, it aims to provide a prudent spread of risk. The rules in COLL 5.2 relating to the spread of investments will not apply until 6 months after the later of (a) the date when the authorisation order in respect of the Sub-Fund takes effect; and (b) the date the initial offer commenced provided that the ACS Manager ensures that the Sub-Fund aims to provide a prudent spread of risk.

1.2 The ACS Manager uses a risk management process, as reviewed by the Depositary, enabling it to monitor and measure as frequently as appropriate the risk of the Sub-Fund's portfolio and contribution of the underlying investments to the overall risk profile of the Scheme. The details of the risk management process must be notified by the ACS Manager to the FCA in advance and should include the following information:

- (a) the types of investments to be used within the Sub-Fund together with their underlying risks and any relevant quantitative limits;
- (b) the methods for estimating risks in the portfolio to ensure these are adequately captured; and
- (c) the risks relating to the Sub-Fund's other investments to ensure they are adequately captured.

The ACS Manager must notify the FCA in advance of any material alteration to the details above.

1.3 Unless the context suggests otherwise, in this Appendix 3, references to sections and paragraphs shall mean sections and paragraphs in this Appendix 3.

#### 2. Eligible Assets

2.1 Subject to the investment objective and policy of the Sub-Fund, the property of the Sub-Fund must only, except where otherwise provided in COLL 5, consist of any one or more of:

- (a) transferable securities;
- (b) approved money-market instruments;
- (c) units or shares in permitted collective investment schemes;
- (d) permitted derivatives and forward transactions; and

(e) permitted deposits.

The following restrictions under the COLL Sourcebook and (where relevant) determined by the ACS Manager currently apply to the Sub-Fund.

#### 3. Transferable Securities and Approved Money Market Instruments

3.1 A transferable security is an investment that is either a share, a debenture, an alternative debenture, a government and public security, a warrant or a certificate representing certain securities which is transferable without the consent of any third party (other than the issuer where the investment is either a share or debenture and the issuer is a body corporate) and the liability over that investment is limited to any unpaid amount in respect of that investment.

3.2 The investments of the Sub-Fund shall consist of one or more of the following:

- (a) transferable securities and approved money-market instruments admitted to or dealt in a regulated market (as defined by the FCA);
- (b) transferable securities and approved money-market instruments dealt in on other markets in Member States of the EEA, that are operating regularly, are recognised and are open to the public;
- (c) transferable securities and approved money-market instruments admitted to official listings on or dealt in on other eligible markets; or
- (d) recently issued transferable securities provided that the terms of issue include an undertaking that application will be made to be admitted to an eligible market and such admission is secured within a year of issue.

3.3 A transferable security is eligible for investment if it meets the following criteria:

- (a) the potential loss that the Sub-Fund may incur by holding the security is limited to the amount paid for it;
- (b) its liquidity does not compromise the ACS Manager's ability to redeem Units;
- (c) reliable and regular valuation is available to the market and the ACS Manager as follows:
  - (i) in the case of a transferable security admitted to or dealt in on an eligible market, where there are accurate, reliable and regular prices which are either market

- prices or prices made available by valuation systems independent from issuers;
- (ii) in the case of a transferable security not admitted to or dealt in on an eligible market, where there is a valuation on a period basis which is derived from information from the issuer of the transferable security or from competent investment research;
- (d) appropriate information about the transferable security is available to the market and the ACS Manager as follows:
- (i) in the case of a transferable security admitted to or dealt in on an eligible market where there is regular, accurate and comprehensive information available to the market on the transferable security or, where relevant, on the portfolio of the transferable security;
- (ii) in the case of a transferable security not admitted to or dealt in on an eligible market, where there is regular and accurate information available to the ACS Manager on the transferable security or, where relevant on the portfolio of the transferable security;
- (e) the transferable security is negotiable; and
- (f) its risks are adequately captured by the risk management process of the ACS Manager.
- 3.4 Unless information is available to the ACS Manager that would lead to a different determination, a transferable security which is admitted or dealt on an eligible market shall be presumed: (i) not to compromise the ability of the ACS Manager to be able to redeem Units; and (ii) to be negotiable. The list of eligible securities markets for the Sub-Fund is set out in Schedules 1 to this Prospectus.
- 3.5 Approved money-market instruments are those normally dealt in on the money-market, are liquid and have a value which can be accurately determined at any time, with the exception of those dealt in on an eligible market where there is information available to the ACS Manager that would lead to a different determination.
- 3.6 Approved money-market instruments other than those listed on or dealt on an eligible market are eligible if the issue or issuer of such approved money-market instruments is itself regulated for the purpose of protecting investors and savings, and provided they are issued or guaranteed by a central, regional or local authority or a central bank of an EEA State, the European Central Bank, the European Union or the European Investment Bank, a non-EEA State or, in the case of a federal state, by one of the members making up the federation, or by a public international body to which one or more EEA States belong; 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.
- 3.7 The Sub-Fund may invest no more than 10 per cent. of its property in transferable securities or approved money-market instruments which do not meet the criteria in paragraphs 3.2 to 3.6 above subject to the requirements of the COLL Sourcebook.
- 4. Closed-End Funds and Asset-Linked Securities**
- 4.1 The Sub-Fund will not invest in any closed-ended funds or any asset linked securities.
- 5. Eligible Markets**
- 5.1 A market is eligible for the purposes of the rules if it is a regulated market, or a market in an EEA State which is regulated, operates regularly and is open to the public.
- 5.2 A market not falling within the above definition is eligible if the ACS Manager, after consultation with and notification to the Depositary, decides that market is appropriate for the investment of, or dealing in, the property of the Sub-Fund, the market is included in a list in the Prospectus, and the Depositary has taken reasonable care to determine that adequate custody arrangements can be provided for the investment dealt in on that market, and all reasonable steps have been taken by the ACS Manager in deciding whether that market is eligible.
- 5.3 A market must not be considered appropriate by the ACS Manager under paragraph 5.2 above unless it is regulated, operates regularly, is recognised, is open to the public, is adequately liquid and has adequate arrangements for unimpeded transmission of income and capital to or to the order of investors. The list of eligible securities and derivatives markets for the Sub-Fund is set out in Schedule 1 to this Prospectus.

## 6. **Collective Investment Schemes**

6.1 The Sub-Fund may invest in units or shares in other collective investment schemes (the "**Second Schemes**") provided the Second Schemes:

- (a) satisfy the conditions necessary for it to enjoy the rights conferred by the UCITS Directive; or
- (b) are recognised under the provisions of Section 272 of FSMA (Individually recognised overseas schemes) that is authorised by the supervisory authorities in Guernsey, Jersey or the Isle of Man and meet the requirements of Article 50(1)(e) of the UCITS Directive; or
- (c) are authorised as Non-UCITS retail schemes and meet the requirements of Article 50(1)(e) of the UCITS Directive; or
- (d) are authorised in another EEA State and meet the requirements of Article 50(1)(e) of the UCITS Directive; or
- (e) are 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 that the requirements of Article 50(1)(e) of the UCITS Directive are met.

6.2 No more than 10 per cent. of the value of the Sub-Fund may be invested in collective investment schemes whether they are UCITS schemes or are eligible for investment on the basis of meeting the conditions stated in paragraphs 6.1(b) to (e) above.

6.3 The Second Scheme must, where relevant comply with the requirements of COLL 5.2.15 (Investments in associated collective investment schemes) and COLL 5.2.16 (Investment in other group schemes). It is currently not intended that the Sub-Fund will invest in associated collective investment schemes or other group schemes.

6.4 The Second Schemes must be prohibited under their constitutional documents from having no more than 10 per cent. in value of the property of such scheme consisting of units in collective investment schemes.

6.5 For the purposes of paragraphs 6.3 and 6.4 and section 16, where the Second Scheme is an umbrella scheme, each sub-fund of such a scheme is to be treated as if it were a separate scheme.

## 7. **Deposits, Cash and Near Cash**

7.1 The Sub-Fund may invest in deposits only with an Approved Bank (as defined by the FCA) which are repayable on demand or have the right to be withdrawn, and which mature in no more than 12 months.

7.2 The investment objective and policy of the Sub-Fund may mean that at times it is appropriate not to be fully invested but to hold cash or near cash for reasons other than for the purpose of meeting the Sub-Fund's investment objective (where applicable). Cash and near cash must not be retained in the property except to the extent that this may reasonably be regarded as necessary in order to enable:

- (a) redemption of Units; or
- (b) efficient management of the Sub-Fund in accordance with its investment objectives; or
- (c) other purposes which may reasonably be regarded as ancillary to the investment objectives of the Sub-Fund; or
- (d) pursuit of the Sub-Fund's investment objectives.

7.3 During any initial offer period, the property of the Sub-Fund may consist of cash and near cash without limitation.

## 8. **Warrants**

Where the Sub-Fund invests in warrants, the ACS Manager must ensure that upon exercising the right conferred by the warrant the exposure created does not exceed the general limits on spread of investments set out below. No more than 5 per cent. of the property of the Sub-Fund will be invested in warrants.

## 9. **Nil and Partly Paid Securities**

In respect of nil and partly paid securities; a transferable security or approved money-market instrument on which any sum is unpaid falls within a power of investment only if it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by the Sub-Fund, at the time when payment is required, without contravening the rules in COLL 5.

## 10. **General - Derivatives and Forward Transactions**

10.1 The Sub-Fund may use derivatives to hedge market and currency risk for the purposes of efficient portfolio management (as described in paragraph 10.2).

**The use of derivatives for the purpose of hedging and managing risk and for efficient portfolio management is not intended to increase the risk profile of the Sub-Fund. The ACS Manager uses a risk management process to monitor and measure as frequently as appropriate the risk of a Sub-**

**Fund's portfolio and contribution of the underlying investments to the overall risk profile of the Sub-Fund.**

However, the use of derivatives may expose the Sub-Fund to a higher degree of risk. In particular, derivative contracts can be highly volatile and the amount of initial margin is generally small, relative to size of the contract, so that transactions are geared, as described in paragraph 11.6. A relatively small market movement may have a potentially larger impact on derivatives than in standard bonds or equities.

**The use of derivatives in pursuit of the investment objectives of the Sub-Fund may alter the risk profile of the Sub-Fund and lead to higher volatility in the Unit price of the Sub-Fund.**

10.2 Where derivatives are used for the purpose of efficient portfolio management, they will only be used in accordance with the following criteria:

- (a) they are economically appropriate in that they are realised in a cost effective way;
- (b) they are entered into for one or more of the following specific aims:
  - (i) reduction of risk;
  - (ii) reduction of costs; or
  - (iii) generation of additional capital or income for the Sub-Fund with a level of risk which is consistent with the risk profile of the Sub-Fund; and
- (c) their risks are adequately captured by the ACS Manager's risk management process.

10.3 The ACS Manager uses a risk management process, as reviewed by the Depositary, enabling it to monitor and measure as frequently as appropriate the risk of a Sub-Fund's positions and their contribution to the overall risk profile of that Sub-Fund. The details of the risk management process include the information as set out in paragraphs 1.2 and section 35 of this Prospectus.

## 11. Derivatives General

11.1 A transaction in derivatives or a forward transaction must not be effected for the Sub-Fund unless the transaction is of a kind set out in section 12 and the transaction is covered, as set out in paragraph 11.6.

11.2 Where the Sub-Fund invests in derivatives, the exposure to the underlying assets must not exceed the limits set out in sections 16 and 18 except for index based derivatives provided that the index falls within COLL 5.2.33 (Relevant indices).

11.3 Where a transferable security or approved money-market instrument embeds a derivative, this must be taken into account for the purposes of complying with this section 11.

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

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

11.5 A transferable security or an approved money-market instrument does not embed a derivative where it contains a component which is contractually transferable independently of the transferable security or the approved money-market instrument. That component shall be deemed to be a separate instrument.

11.6 Where derivative instruments are used, the overall risk profile of the Sub-Fund may be increased. The ACS Manager will ensure that the global exposure generated by using financial derivative instruments on the underlying assets of the Sub-Fund shall not exceed its total net value.

11.7 Accordingly, where derivative instruments are used, the ACS Manager will employ a risk-management process (as detailed in section 35 of this Prospectus) which enables the ACS Manager to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of the Sub-Fund.

11.8 The ACS Manager must calculate its global exposure on at least a daily basis.

11.9 The global exposure must be calculated by taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions.

11.10 The ACS Manager must calculate the global exposure of the Sub-Fund it manages either as:

- (a) the incremental exposure and leverage generated through the use of derivatives and forward transactions including embedded derivatives, which may not

exceed 100 per cent. of the net value of the property of the Sub-Fund; or

- (b) the market risk of the property of the Sub-Fund.

11.11 The ACS Manager must calculate the global exposure of the Sub-Fund using the commitment approach or the value at risk approach.

11.12 The ACS Manager must ensure that the method selected in paragraph 11.11 is appropriate, taking into account the investment strategy pursued by the Sub-Fund, the types and complexities of the derivatives and forward transactions used and the proportion of the property of the Sub-Fund comprising of derivatives and forward transactions.

11.13 Where the ACS Manager employs techniques and instruments including repo contracts or stock lending transactions for the Sub-Fund in accordance with section 22 below in order to generate additional leverage or exposure to market risk, the ACS Manager must take those transactions into consideration when calculating global exposure.

11.14 For the purposes of paragraph 11.11, value at risk means a measure of the maximum expected loss at a given confidence level over the specific time period.

11.15 Property which is subject to a stock lending transaction (as described in section 22) is only available for cover if the ACS Manager has taken reasonable care to determine that it is obtainable (by return or re-acquisition) in time to meet the obligation for which cover is required.

## 12. Permitted Transactions in Derivatives and Forwards

12.1 A transaction in a derivative must be:

- (a) in an approved derivative; or
- (b) be one which complies with COLL 5.2.23R.

12.2 A transaction in a derivative must have the underlying consisting of any one or more of the following to which the Sub-Fund is dedicated:

- (a) permitted transferable securities;
- (b) permitted approved money-market instruments;
- (c) permitted deposits;
- (d) permitted derivatives;
- (e) collective investment scheme units permitted under section 6;
- (f) financial indices which satisfy the criteria set out in section 15 below;
- (g) interest rates;
- (h) foreign exchange rates; and
- (i) currencies,

and may not result in the delivery, including in the form of cash, of assets other than those referred to in sections 2 to 10.

12.3 The exposure to the underlyings in paragraph 12.2 must not exceed the limits relating to spread set out in sections 16 & 18.

12.4 A transaction in an approved derivative must be effected on or under the rules of an Eligible Derivatives Market.

12.5 A transaction in a derivative must not cause the Sub-Fund to diverge from its investment objectives as stated in the ACS Deed and the most recently published version of this Prospectus.

12.6 A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of transferable securities, money-market instruments, units in collective investment schemes, or derivatives, provided that a sale is not to be considered as uncovered if the conditions in paragraph 14.2 are satisfied.

12.7 The Sub-Fund may not undertake transactions in derivatives on commodities.

12.8 Any forward transaction must be with an Eligible Institution or an Approved Bank (as defined by the FCA).

## 13. Transactions for the purchase of property

A derivative or forward transaction which will or could lead to the delivery of property for the account of the Sub-Fund may be entered into only if that property can be held for the account of the Sub-Fund, and the ACS Manager having taken reasonable care determines that delivery of the property under the transaction will not occur or will not lead to a breach of the rules in the COLL Sourcebook.

## 14. Requirement to cover sales

14.1 A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more, transferable securities, approved money-market instruments, units in collective investment schemes, or derivatives.

14.2 A sale is not to be considered as uncovered if:

- (a) the risks of the underlying financial instrument of a derivative can be appropriately represented by another financial instrument and the underlying financial instrument is highly liquid; or
- (b) the ACS Manager or the Depositary has the right to settle the derivative in cash, and cover exists within the Scheme property which falls within one of the following asset classes:
  - (i) cash;

- (ii) liquid debt instruments (e.g. government bonds of first credit rating) with appropriate safeguards (in particular, haircuts); or
  - (iii) other highly liquid assets having regard to their correlation with the underlying of the financial derivative instruments, subject to appropriate safeguards (e.g. haircuts where relevant).
- 14.3 If the asset classes referred to in paragraph 14.2 are satisfied, an asset may be considered as liquid where the instrument can be converted into cash in no more than seven Business Days at a price closely corresponding to the current valuation of the financial instrument on its own market.
- 15. Financial indices underlying derivatives**
- 15.1 Where the Sub-Fund holds an index-based derivative, the financial index must satisfy the following criteria:
- (a) the index is sufficiently diversified;
  - (b) the index represents an adequate benchmark for the market to which it refers; and
  - (c) the index is published in an appropriate manner.
- 15.2 A financial index is sufficiently diversified if:
- (a) it is composed in such a way that price movements or trading activities regarding one component do not unduly influence the performance of the whole index;
  - (b) where it is composed of assets in which the Sub-Fund is permitted to invest, its composition is at least diversified in accordance with the requirements with respect to spread and concentration set out in this section 15; and
  - (c) where it is composed of assets in which the Sub-Fund cannot invest, it is diversified in a way which is equivalent to the diversification achieved by the requirements with respect to spread and concentration set out in this section 15.
- 15.3 A financial index represents an adequate benchmark for the market to which it refers if:
- (a) it measures the performance of a representative group of underlyings in a relevant and appropriate way;
  - (b) it is revised or rebalanced periodically to ensure that it continues to reflect the markets to which it refers, following criteria which are publicly available; and
  - (c) the underlyings are sufficiently liquid, allowing users to replicate it if necessary.
- 15.4 A financial index is published in an appropriate manner if:
- (a) its publication process relies on sound procedures to collect prices, and calculate and subsequently publish the index value, including pricing procedures for components where a market price is not available; and
  - (b) material information on matters such as index calculation, rebalancing methodologies, index changes or any operational difficulties in providing timely or accurate information is provided on a wide and timely basis.
- 15.5 Where the composition of underlyings of a transaction in a derivative does not satisfy the requirements for a financial index, the underlyings for that transaction shall, where they satisfy the requirements with respect to other underlyings pursuant to paragraph 12.2, be regarded as a combination of those underlyings.
- 16. Spread Limits**
- 16.1 The restrictions in this paragraph on spread do not apply to government and public securities.
- 16.2 For the purposes of this section 16, companies included in the same group either for the purposes of consolidated accounts as defined in accordance with the Seventh Council Directive 83/349/EEC of 13 June 1983, or in accordance with international accounting standards, are regarded as a single body.
- 16.3 Not more than 20 per cent. in value of the property of the Sub-Fund is to consist of deposits with a single body.
- 16.4 Not more than 5 per cent. in value of the property of the Sub-Fund is to consist of transferable securities or approved money-market instruments issued by any single body subject to COLL 5.2.31 (Schemes replicating an index).
- 16.5 The limit of 5 per cent. in paragraph 16.4 is raised to 10 per cent. in respect of up to 40 per cent. in value of the property of the Sub-Fund. Covered bonds need not be taken into account for the purpose of applying the limit of 40 per cent.
- 16.6 The limit of 5 per cent. in paragraph 16.4 is raised to 25 per cent. in value of the property of the Sub-Fund in respect of covered bonds, provided that when the Sub-Fund invests more than 5 per cent. in covered bonds issued by a single body, the total value of covered bonds

held must not exceed 80 per cent. in value of the property of the Sub-Fund.

16.7 In applying paragraphs 16.4 and 16.5, certificates representing certain securities are to be treated as equivalent to the underlying security.

16.8 The exposure to any one counterparty in an OTC derivative transaction must not exceed 5 per cent. in value of the property of the Sub-Fund. This limit is raised to 10 per cent. where the counterparty is an approved bank. Exposure to a counterparty in an OTC derivative transaction may be reduced by using collateral in accordance with COLL 5.

16.9 Not more than 20 per cent. in value of the property of the Sub-Fund is to consist of transferable securities and approved money market instruments issued by the same group (as referred to in paragraph 16.2).

16.10 Not more than 20 per cent. in value of the property of the Sub-Fund is to consist of the units in any one collective investment scheme.

16.11 In applying the limits in paragraphs 16.3, 16.4, 16.5, 16.7 and 16.8, and subject to paragraph 16.6, not more than 20 per cent. in value of the property of the Sub-Fund is to consist of any combination of two or more of the following:

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

#### 17. **OTC Transactions in Derivatives, Counterparty Risk and Issuer Concentration**

17.1 The Sub-Fund will not undertake any OTC transactions in derivatives.

#### 18. **Spread: Government and Public Securities**

18.1 The following section applies to government and public securities ("**such securities**").

18.2 Where no more than 35 per cent. in value of the property of the Sub-Fund is invested in such securities issued by any one body, there is no limit on the amount which may be invested in such securities or in any one issue.

18.3 The Sub-Fund may invest more than 35 per cent. in value of its property in such securities issued by any one body provided that:

- (a) the ACS Manager has before any such investment is made consulted with the Depositary and as a result considers that the issuer of such securities is one which

is appropriate in accordance with the investment objective of the Sub-Fund;

- (b) no more than 30 per cent. in value of the property of the Sub-Fund consists of such securities of any one issue; and

- (c) the property of the Sub-Fund includes such securities issued by that or another issuer, of at least six different issues.

18.4 Notwithstanding paragraph 16.1 but subject to paragraphs 16.2 and 16.3, in applying the 20 per cent. limit with respect to a single body under paragraph 16.11, government and public securities issued by that body shall be taken into account.

18.5 The issuer or guarantors for the purpose of the above limits are as follows:

- (a) the Government of the United Kingdom (including the Scottish Administration, the Executive Committee of the Northern Ireland Assembly and the National Assembly of Wales);

- (b) the Government of any EEA State including the Governments of Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden;

- (c) the Governments of Australia, Canada, Japan, New Zealand, and the United States of America; and

- (d) The World Bank, The Inter-American Development Bank, The European Investment Bank and The European Bank for Reconstruction and Development.

#### 19. **Significant Influence**

19.1 The ACS Manager must not acquire or cause to be acquired for the Scheme, transferable securities issued by a body corporate carrying rights to vote (whether or not on substantially all matters) at a general meeting of the body corporate if:

- (a) immediately before the acquisition, the aggregate of any such securities held for that Scheme, taken with any such securities already held for other schemes of which the ACS Manager is also the authorised fund manager, gives the ACS Manager the power to significantly

influence the conduct of business of that body corporate; or

- (b) the acquisition gives the ACS Manager that power.

19.2 The ACS Manager is said to have the power under paragraph 19.1(a) if it can exercise or control the exercise of 20 per cent. or more of the voting rights in that body corporate (disregarding any temporary suspension of voting rights) through transferable securities held for the Scheme and other schemes managed or operated by the ACS Manager.

## 20. Concentration

20.1 The Scheme may not:

- (a) acquire transferable securities (other than debt securities) which do not carry a right to vote on any matter at a general meeting of the body corporate that issued them, and represent more than 10 per cent. of those securities issued by that body corporate;
- (b) acquire more than 10 per cent. of the debt securities issued by any single body;
- (c) acquire more than 25 per cent. of the units in a collective investment scheme. In the case of an umbrella collective investment scheme this limit is taken at the level of the umbrella; or
- (d) acquire more than 10 per cent. of approved money-market instruments of any single body.

20.2 The Scheme need not comply with the limits in (b) to (d) above if, at the time of acquisition, the net amount in issue of the relevant investment cannot be calculated.

20.3 For the avoidance of doubt, the requirements of this section shall apply to the property of the Scheme generally and not the property of the Sub-Fund in particular.

## 21. Borrowing

21.1 The Depositary (on the instructions of the ACS Manager) may, in accordance with this section 21, borrow money for the use of the Sub-Fund on terms that the borrowing is to be repayable out of the property of the Sub-Fund. This power to borrow is subject to the obligation to comply with any restriction in the ACS Deed. The Depositary may borrow only from an Eligible Institution or an Approved Bank (as defined by the FCA). The ACS Manager must ensure that any borrowing is on a temporary basis and that borrowings are not persistent, and for this purpose the ACS Manager must have regard in particular to the duration of any period of borrowing, and the number of occasions on which resort is had to borrowing in any period. In addition, the ACS Manager must ensure that

no period of borrowing exceeds three months, whether in respect of any specific sum or at all, without the prior consent of the Depositary. The Depositary's consent may be given only on such conditions as appear to the Depositary appropriate to ensure that the borrowing does not cease to be on a temporary basis only.

21.2 The ACS Manager must ensure that the Sub-Fund's borrowing does not, on any Business Day, exceed 10 per cent. of the value of the property of the Sub-Fund. "Borrowing" includes, as well as borrowing in a conventional manner, any other arrangement (including a combination of derivatives) designed to achieve a temporary injection of money into the property in the expectation that the sum will be repaid.

21.3 None of the money in the property of the Sub-Fund may be lent and, for the purposes of this prohibition, money is lent by the Sub-Fund if it is paid to a person (the "payee") on the basis that it should be repaid, whether or not by the payee. Acquiring a debenture is not lending; nor is the placing of money on deposit or in a current account.

21.4 The property of the Sub-Fund other than money must not be lent by way of deposit or otherwise except for the purposes of stock lending as described below.

21.5 The property of the Sub-Fund must not be mortgaged. Nothing in these restrictions prevent the Depositary at the request of the ACS Manager, from lending, depositing, pledging or charging property for margin requirements where transactions in derivatives or forward transactions are used for the account of the Sub-Fund in accordance with any other of the rules in COLL 5.

21.6 The Sub-Fund may not grant credit facilities nor act as guarantor on behalf of third parties, provided that, for the purpose of this restriction: (i) the acquisition of transferable securities, approved money-market instruments or other financial investments referred to above, in fully or partly paid form; and (ii) the permitted lending of portfolio securities shall be deemed not to constitute the making of a loan.

## 22. Stock lending

22.1 The ACS Manager does not currently intend to enter into any stock lending transactions or repo contracts with respect to the Sub-Fund.

## 23. General power to accept or underwrite placings

23.1 Any power in the COLL Sourcebook to invest in transferable securities may, subject to compliance with any restrictions in the ACS Deed, be used for the purpose of entering into any agreement or understanding: which is an underwriting or sub-underwriting agreement, or which contemplates that securities will or may

be issued or subscribed for or acquired for the account of the Sub-Fund.

23.2 This ability does not apply to an option, or a purchase of a transferable security which confers a right to subscribe for or acquire a transferable security, or to convert one transferable security into another.

23.3 The exposure of the Sub-Fund to agreements and understandings as set out above, on any Business Day must be covered under paragraph 11.6 and be such that, if all possible obligations arising under them had immediately to be met in full, there would be no breach of any of the investment limits set out elsewhere in COLL 5.

#### 24. **Guarantees and indemnities**

24.1 The Depository for the account of the Sub-Fund must not provide any guarantee or indemnity in respect of the obligation of any person.

24.2 None of the property of the Sub-Fund may be used to discharge any obligation arising under a guarantee or indemnity with respect to the obligation of any person.

24.3 These requirements do not apply to any (i) indemnity or guarantee given for margin requirements where the derivatives or forward transactions are being used in accordance with the requirements set out in this Appendix 3; or (ii) indemnity given to a person winding up a body corporate or other scheme in circumstances where those assets become part of the property of the Sub-Fund by way of a unitisation.

#### 25. **Commodities and Real Estate**

25.1 The Sub-Fund's assets may not include precious metals or certificates representing them, commodities, commodities contracts, or certificates representing commodities.

25.2 The Sub-Fund may not purchase or sell real estate or any option, right or interest therein, provided that the Sub-Fund may invest in securities secured by real estate or interests therein or issued by companies which invest in real estate or interests therein.

#### **Additional provisions**

**The Sub-Fund will not undertake any OTC transactions in derivatives, repo contracts or stock lending arrangements.**

**The following additional provisions, sections 26 – 28 inclusive, reflect the requirements of the ESMA Guidelines ESMA/2012/832EN and are subject to changes thereto as well as any changes made through their incorporation into the COLL Sourcebook:**

#### 26. **Cash Collateral**

26.1 Where cash collateral is obtained in respect of efficient portfolio management techniques, it may only be:

- (a) placed on deposit with an approved bank;
- (b) invested in high quality government bonds;
- (c) used for the purpose of repo contracts provided the transactions are with credit institutions subject to prudential supervision and the Sub-Fund can recall at any time the full amount of the cash on an accrued basis; and
- (d) invested in short-term money market funds as defined in ESMA's "guidelines on a common definition of European money market funds".

26.2 Re-invested cash collateral should be diversified in accordance with the diversification requirements applicable to non-cash collateral such that it should be sufficiently diversified in terms of country, markets and issuers.

#### 27. **Risks involved in efficient portfolio management techniques**

27.1 There are certain risks involved in efficient portfolio management activities and the management of collateral in relation to such activities (see further below). Please refer to the section of this Prospectus entitled "Risk Considerations" and, in particular but without limitation, the risk factors relating to derivative risks and counterparty risk. These risks may expose investors to an increased risk of loss.

#### 28. **Haircut policy**

28.1 The ACS Manager shall implement a haircut policy in respect of each class of assets received as collateral. A haircut is a discount applied to the value of a collateral asset to account for the fact that its valuation, or liquidity profile, may deteriorate over time. The haircut policy takes account of the characteristics of the relevant asset class, including the credit standing of the issuer of the collateral, the price volatility of the collateral and the results of any stress tests which may be performed in accordance with the collateral management policy. Subject to the framework agreements in place with the relevant counterparty, which may or may not include minimum transfer amounts, it is the intention of the ACS Manager that any collateral received shall have a value, adjusted in light of the haircut policy, which equals or exceeds the relevant counterparty exposure where appropriate.

## APPENDIX 4

### VALUATION AND PRICING

#### 1. DETERMINATION OF NET ASSET VALUE

The value of the property of the Sub-Fund and the Scheme ("**Scheme Property**") shall be the value of the assets less the value of the liabilities determined in accordance with the following provisions:

- (i) All the Scheme Property or that of the Sub-Fund, as applicable, (including receivables) is to be included, subject to the following provisions.
- (ii) Scheme Property which is not cash (or assets dealt with in paragraph (x) below) shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain.
- (iii) Equities listed on any recognised stock exchange shall be valued by reference to the single or the average of the quoted buying and selling price of the relevant equity.
- (iv) Debt related securities (including government stocks) shall be valued by reference to the single or the average of the quoted buying and selling price of the relevant security.
- (v) Units or shares in a collective investment scheme shall be valued:
  - o if a single price for buying and redeeming units or shares is quoted, at that price; or
  - o if separate buying and redemption prices are quoted, at the average of the two prices provided the buying price has been reduced by any initial charge included therein and the redemption price has been increased by any exit or redemption charge attributable thereto; or
  - o if, in the opinion of the ACS Manager, the price obtained is unreliable or no recent traded price is available or if no recent price exists, or, if the most recent price available does not reflect the ACS Manager's best estimate of the value of the units or shares, at a value which, in the opinion of the ACS Manager, is fair and reasonable.

- (vi) Exchange-traded derivative contracts shall be valued:
  - o if a single price for buying and selling the exchange-traded derivative contract is quoted, at that price; or
  - o if separate buying and selling prices are quoted, at the average of the two prices.
- (vii) OTC derivative contracts shall be valued in accordance with the method of valuation as shall have been agreed between the ACS Manager and the Depository.
- (viii) Any other investment shall be valued:
  - o if a single price for buying and redeeming the security is quoted, at that price; or
  - o if separate buying and redemption prices are quoted, at the average of the two prices; or
  - o if, in the opinion of the ACS Manager, the price obtained is unreliable or no recent traded price is available or if no recent price exists, or, if the most recent price available does not reflect the ACS Manager's best estimate of the value of the security, at a value which, in the opinion of the ACS Manager, is fair and reasonable.
- (ix) Scheme Property other than that described in paragraphs (ii), (iii), (iv), (v), (vi), (vii) and (viii) above shall be valued at a value which, in the opinion of the ACS Manager, is fair and reasonable.
- (x) Cash and amounts held in current, deposit and margin accounts and in other time related deposits shall be valued at their nominal values.
- (xi) In determining the value of the Scheme Property or that of the Sub-Fund, as applicable, all instructions given to issue or cancel Units shall be assumed (unless the contrary is shown) to have been carried out (and any cash paid or received) and all consequential action required by the Regulations or the ACS Deed shall be assumed (unless the contrary has been shown) to have been taken.

- (xii) Subject to paragraphs (xiii) and (xiv) below, agreements for the unconditional sale or purchase of Scheme 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 if, in the opinion of the ACS Manager, their omission will not materially affect the final net asset amount.
  - (xiii) 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 paragraph (xii).
  - (xiv) All agreements are to be included under paragraph (xii) which are, or ought reasonably to have been, known to the person valuing the property assuming that all other persons in the ACS Manager's employment take all reasonable steps to inform it immediately of the making of any agreement.
  - (xv) There shall be deducted an estimated amount for anticipated tax liabilities (on unrealised capital gains where the liabilities have accrued and are payable out of the Scheme Property, as the case may be; on realised capital gains in respect of previously completed and current accounting periods; and on income where liabilities have accrued) including (as applicable and without limitation) capital gains tax, income tax, corporation tax, value added tax, stamp duty, stamp duty reserve tax and any other United Kingdom or foreign taxes or duties.
  - (xvi) There shall be deducted an estimated amount for any liabilities of the Scheme or the Sub-Fund, as applicable, payable out of the Scheme Property and any tax thereon treating periodic items as accruing from day-to-day.
  - (xvii) There shall be deducted the principal amount of any outstanding borrowings of the Scheme or Sub-Fund, as applicable, whenever repayable and any accrued but unpaid interest on borrowings.
  - (xviii) There shall be added an estimated amount for accrued claims for tax of whatever nature which may be recoverable by the Scheme or the Sub-Fund, as applicable.
  - (xix) There shall be added any other credits or amounts due to be paid into the Scheme Property of the Sub-Fund.
  - (xx) There shall be added a sum representing any interest or any income accrued due or deemed to have accrued but not received by the Sub-Fund.
  - (xxi) Currencies or values in currencies other than Sterling shall be converted at the relevant Valuation Point at a rate of exchange that is not likely to result in any material prejudice to the interests of Unitholders or potential Unitholders.
2. **DETERMINATION OF UNIT PRICE**
- (i) There is a single price for Units in the Sub-Fund.
  - (ii) The actual cost of purchasing or selling the Sub-Fund's investments may be higher or lower than the mid-market value used in calculating the Unit price. The Sub-Fund may suffer a reduction (dilution) in the value of the Scheme Property resulting from the costs incurred in dealing in the underlying investments and any spread between the buying and selling prices of those investments but it is not possible to accurately predict whether any reduction diluting the Sub-Fund will occur at any time.
  - (iii) In certain circumstances, (for example where there are large Unit deals or large volumes of Unit deals) the price will be adjusted up or down, depending on the flow of Unit deals, to take account of any adverse effect in value (dilution). The adjusted price will be shown on the contract note. Further details on the operation of dilution adjustments are set out in section 16.
  - (iv) The ACS Manager will use reasonable endeavours to match buy and sell trades to limit the effect of the dilution adjustment.

## APPENDIX 5

### CERTIFICATE

Dated:

We hereby certify that:

- (a) we are a person who falls within one of the categories (1) to (4) of Section 1 of Annex II to the Markets in Financial Instrument Directive, or
- (b) we are applying to invest a payment of, or contribute property with a value of, not less than £1,000,000, or
- (c) we already properly hold Units in the Scheme, or
- (d) we are a nominee for a person falling within (a), (b) or (c) and that person is [please give details ].

Signed: .....  
Unitholder

If (d) applies:

We certify that the applicant is our nominee and that we fall within (a) to (c) above.

Signed: .....  
Principal

#### Undertaking and indemnity

To the extent the Depositary, its sub-custodians, the ACS Manager, any other provider of services to or in relation to the Scheme, any Sub-Fund, any underlying investment, any Unitholder or former Unitholder and any of their respective delegates or agents is liable to pay any Taxation\*\* because of the ownership, directly or indirectly, by us of Units in the Sub-Fund and such Taxation is not paid by us on our own account, we shall pay the amount of the Taxation to the Sub-Fund or as the ACS Manager may direct before the time it becomes payable by the affected person.

To the extent the amount of the Taxation referred to in the previous paragraph is not so paid, we hereby indemnify the ACS Manager, the Sub-Fund, the Unitholders and former Unitholders and any of the other persons mentioned affected by such Taxation in relation to all such amounts of Taxation.

Further, we acknowledge that the ACS Manager in relation to the Sub-Fund in which we hold Units shall have the right to deduct and set off the amount of such Taxation from any income distributed to us or accumulated on any Units owned by us. Any amounts equal to such Taxation and not paid as described may be deducted from any proceeds payable where a redemption request is met. The ACS Manager may also, pursuant to clause 12.5 (Eligibility of investors) of the ACS Deed, compulsorily redeem any of our Units and use the proceeds of such redemption to pay any relevant Taxation.

\*\* "Taxation" means all forms of taxation whenever created or imposed and whether in the UK or elsewhere and shall include any taxes, duties, levies and any other amount in the nature of taxation in any relevant jurisdiction, including all fines, interest, penalties and expenses incidental and relating to any such tax, duty, levy or charge and their negotiation, settlement or dispute and any actual or threatened claim in respect of them.

Signed: .....  
Unitholder or Principal (as appropriate)

#### Notes

1. Entities which are required to be authorised or regulated to operate in the financial markets. The list below should be understood as including all authorised entities carrying out the characteristic activities of the entities mentioned: entities authorised by a Member State under a Directive, entities authorised or regulated by a Member State without reference to a Directive, and entities authorised or regulated by a non-Member State:
  - 1.1 Credit institutions;
  - 1.2 Investment firms;
  - 1.3 Other authorised or regulated financial institutions;
  - 1.4 Insurance companies;
  - 1.5 Collective investment schemes and management companies of such schemes;
  - 1.6 Pension funds and management companies of such funds;

- 1.7 Commodity and commodity derivatives dealers;
- 1.8 Locals; and
- 1.9 Other institutional investors.
2. Large undertakings meeting two of the following size requirements on a company basis:
  - balance sheet total: EUR 20,000,000;
  - net turnover: EUR 40,000,000; and
  - own funds: EUR 2,000,000.
3. National and regional governments, public bodies that manage public debt, Central Banks, international and supranational institutions such as the World Bank, the IMF, the ECB, the EIB and other similar international organisations.
4. Other institutional investors whose main activity is to invest in financial instruments, including entities dedicated to the securitisation of assets or other financing transactions.

## APPENDIX 6

### FEES PAYABLE TO THE ACS MANAGER

#### Equitable Resilience Fund

For the Sub-Fund, the ACS Manager will be paid a management fee and a performance fee as set out below.

All fees will be calculated and accrue at each Valuation Point and be paid to the ACS Manager on a monthly basis in arrear.

For the purposes of this Appendix 6, capitalised terms shall have the same meaning as elsewhere in this document unless specifically defined in this Appendix 6.

The ACS Manager may waive any or all of its fees in respect of the Sub-Fund at its discretion from time to time. The ACS Manager bears all expenses incurred by it and its affiliates and advisers related to services performed by it for the Sub-Fund. Brokerage commissions, transaction charges and other operating costs (including the charges and expenses described in more detail in section 27) attributable to the Sub-Fund are payable by the Sub-Fund.

#### *The Equitable Fee Model Summary*

In respect of each class of Units, the ACS Manager will be paid a combination of management and performance fees, provided the conditions set out below are fulfilled. The annual management fee shall be capped at the lower of 0.7 per cent. per annum of the net asset value of the Sub-Fund attributable to the relevant Unit class (the "**Net Asset Value**") or £2,450,000 for each Unit class. The performance fee will be 10 per cent. of the net returns generated on investments ("**Net Returns**"), above a high water mark (as detailed below), which are attributable to the Net Asset Value in excess of £350 million (or Foreign Currency Equivalent).

#### *Management Fees*

In respect of each class of Units, the ACS Manager will be paid a management fee at a rate of 0.7 per cent. per annum of the Net Asset Value up to £350 million which will accrue at each Valuation Point and will be paid monthly in arrear. No management fee will accrue or be paid in respect of any Net Asset Value in excess of £350 million (or the Foreign Currency Equivalent if the relevant class of Units is denominated in a currency other than pound Sterling) on any Calculation Date. The effect of this arrangement means that the maximum management fee that can be paid in respect of each class of Units in any year is £2,450,000 (or the Foreign Currency Equivalent).

#### *Performance Fees*

If the Net Asset Value of a class of Units is above £350 million (or the Foreign Currency Equivalent if the relevant class of Units is denominated in a currency other than pound sterling) at a Valuation Point ("**Initial Valuation Point**"), the ACS Manager may, in addition to the management fee as described above, be entitled to a performance fee at the subsequent Valuation Point ("**Performance Calculation Date**").

The performance fee will be calculated at a rate of 10 per cent. of such Net Returns on the Performance Calculation Date as are attributable to the Net Asset Value in excess of £350 million on the Initial Valuation Point (ignoring the effect of any further issues, subscriptions and redemptions of Units in that class).

The total Net Returns on the Net Asset Value as at the Initial Valuation Point ("**Total Net Returns**") will be determined by reference to the increase in the mid-market Net Asset Value per Unit of the relevant class ("**NAV per Unit**") between the Initial Valuation Point and the Performance Calculation Date (which, for the purposes of calculating of the performance fee, is determined after deducting all applicable charges including, for the avoidance of doubt, any accrual for the management fee payable, but after adding back any distributions made during the intermittent period and excluding the performance fee) in excess of the High Watermark. The "High Watermark" will be the highest NAV per Unit achieved at any preceding Valuation Point.

The Net Returns on which the performance fee of 10 per cent. will be payable will be in the same proportion to the Total Net Returns on the Performance Calculation Date as the proportion between the Net Asset Value in excess of £350 million on the Initial Valuation Point and the total Net Asset Value on the Initial Valuation Point.

The performance fee will be calculated and accrue to the ACS Manager on each Performance Calculation Date and paid monthly in arrear. The calculation of the performance fee must be verified by the Depositary. All Units of the relevant class will be charged the same weighted average of both, the management fee and the performance fee.

The performance fee will be based on the net realised and unrealised gains and losses of the Sub-Fund. As a result, a performance fee may be paid on unrealised gains which may never be realised in the future. Once a performance fee accrues to the ACS Manager, it is charged to the Sub-Fund and it is not repayable should the Sub-Fund subsequently underperform. However, no performance fee will be payable on any subsequent Net Returns on the Net Asset Value until the NAV per Unit is in excess of the corresponding High Watermark.

In the case of liquidation or merger of the Sub-Fund or class of Units to which a performance fee is applicable, the performance fee will be calculated and paid on the last Valuation Point before the liquidation or merger.

#### *Definitions*

For the purposes of this Appendix 6:

**"Foreign Currency Equivalent"** shall mean the relevant amount in pound sterling converted into any other currency, as determined by reference to the relevant spot exchange rate on the relevant date.

Examples of Performance Fee

**Example 1:**

**Initial Valuation Point:**

Net Asset Value: £400 million with respect to Class A1

Total Number of Units: 4 million

High Watermark: £100 per Unit of Class A1

**Performance Calculation Date:**

Price per Unit: £101

Total Net Returns: £1 per Unit or £4 million (being £1 X Number of Units)

Net Returns attributable to Net Asset Value above £350 million: £4m X 50m/400m = £500,000

Performance Fee Rate: 10 per cent.

Performance Fee: £500,000 X 10/100 = £50,000

New High Watermark: £101 per Unit

**Example 2:**

**Initial Valuation Point:**

Net Asset Value: £625 million with respect to Class A1

Total Number of Units: 5 million

High Watermark: £125 per Unit of Class A1

**Performance Calculation Date:**

Price per Unit: £123

Total Net Returns: Loss of £2 per Unit or £10 million

Performance Fee: £0

No performance fee payable on Net Returns attributable to Net Asset Value above £350 million generated on any subsequent Performance Calculation Date until the High Watermark of £125 per Unit is exceeded.

## APPENDIX 7

### INFORMATION ON OTHER JURISDICTIONS

#### People's Republic of China

Units in the Sub-Fund may not be marketed, offered or sold directly or indirectly to the public in the People's Republic of China (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan) and neither this document nor any offering material relating to the Units may be supplied to the public in China or used in connection with any offer for the subscription or sale of the Units to the public in China. The Units may only be marketed, offered or sold to Chinese institutions that are approved and authorised to engage in the investment subject to their respective approved investment scopes. Chinese investors may be subject to foreign exchange control approval and filing requirements under the relevant Chinese foreign exchange regulations, as well as special approval to invest in offshore financial products. Neither this document nor any offering material or information contained herein relating to the Units makes any promise on the return of the principal of investment within a certain period.

## SCHEDULE 1

### ELIGIBLE SECURITIES MARKETS

The following markets shall be eligible securities markets for the Sub-Fund.

#### 1. Europe

|                 |  |
|-----------------|--|
| Denmark         | OMX Nordic Exchange Copenhagen   |
| Finland         | OMX Nordic Exchange OY   |
| France          | Euronext, Paris  |
| Germany         | Berlin-Bremen Stock Exchange (Börse Berlin-Bremen)<br>Hamburg and Hannover Exchanges (Börsen Hamburg und Hannover)<br>Munich Exchange (Börse München)<br>Stuttgart Exchange (Börse Stuttgart)<br>Deutsche Borse, Frankfurt |
| Greece          | Athens Stock Exchange  |
| Italy           | Italian Stock Exchange (Borsa Italiana)  |
| Norway          | Oslo Bors  |
| Portugal        | Euronext, Lisbon   |
| Spain           | Barcelona Stock Exchange (Bolsa de Barcelona)<br>Bilbao Stock Exchange (Bolsa de Bilbao)<br>Madrid Stock Exchange (Bolsa de Madrid)<br>Valencia Stock Exchange (Bolsa de Valencia)   |
| Sweden          | OMX Nordic Exchange Stockholm AB   |
| Switzerland     | SIX Swiss Exchange   |
| The Netherlands | Euronext, Amsterdam  |
| UK              | London Stock Exchange<br>AIM   |

#### 2. Americas

|        |   |
|--------|---|
| Canada | Toronto Stock Exchange  |
| USA    | NYSE MKT LLC<br>New York Stock Exchange<br>NYSE Arca<br>NASDAQ OMX PHLX (Philadelphia)<br>National Stock Exchange<br>NASDAQ OMX BX (Boston)<br>Chicago Stock Exchange |

**3. Far East and Australasia**

|             |                                 |
|-------------|---------------------------------|
| Australia   | Australian Securities Exchange  |
| New Zealand | New Zealand Stock Market (NZSX) |

**4. Asia**

|             |                          |
|-------------|--------------------------|
| Hong Kong   | Hong Kong Stock Exchange |
| Japan       | Tokyo Stock Exchange     |
| South Korea | Korea Exchange           |
| Taiwan      | Taiwan Stock Exchange    |

## SCHEDULE 2

### REMUNERATION POLICY

As per Directive 2014/91/EU of the European Parliament and the Council (“the UCITS V Directive”), Equitile Investments Ltd (“Equitile”) has a remuneration policy. The Policy covers senior management, risk takers, control functions and any employees receiving total remuneration that takes them into the same remuneration bracket as senior management. The policy is designed to promote sound and effective risk management and not to encourage risk-taking which is inconsistent with the risk profiles, rules or memorandum and articles of association of the Company.

The Policy is reviewed and updated at least annually and as required to ensure compliance with all regulatory obligations.

#### Introduction

Equitile Remuneration Policy aims to serve both Equitile and its investors’ best interests by:

- Promote good corporate governance
- Discouraging excessive risk taking (outside of those defined in the prospectus)
- Retaining and recruiting high quality staff
- Delivering and demonstrating alignment of interests between Equitile and its investors

The aim is to manage employees’ total compensation appropriately by applying the right mix of the different remuneration types. Any remuneration is paid competitively based on market-based remuneration according to employees’ skills, experience, performance and responsibilities.

Equitile remuneration policy is designed to promote sound and effective risk management and does not encourage risk taking that exceeds the firm’s conservative risk appetite. This is done by ensuring that remuneration is in line with performance and in adherence to UCITS investment rules.

#### Remuneration Review Process

The Board is responsible for ensuring that remuneration decisions properly reflect the importance of delivering the standards and requirements set in respect of Equitile risk management process. The overall pool available for incentive remuneration, which includes the control functions, is correlated to business performance.

#### Identified Staff

Equitile has identified the members of staff who fall within the definition of “Identified Staff”. The term “Identified Staff” is broadly defined in the ESMA’s draft “Guidelines on sound remuneration policies under the UCITS Directive and AIFMD” (2015/ESMA/1172) (the “ESMA draft Guidelines”) and includes:

- senior management
- risk takers
- control functions
- employees whose professional activities have a material impact on the Company’s risk profile; and
- staff of the entity to which portfolio and/or risk management activities have been delegated by the Company, whose professional activities have a material impact on the risk profile of the Company.

#### Conflicts of interest

The Policy is designed to avoid conflicts of interest between the Equitile and the interests of investors.

The Policy details the decision-making process in relation to setting bonuses. Factors taken into account in setting remuneration levels include full-year financial results, achievement of strategic and operating results and other considerations such as adherence to risk management policy and compliance with internal and external rules, management and leadership capabilities.

**Reward Mechanism**

Where agreed by the board variable remuneration will have a minimum of 40% withheld for a period of no less than 3 years. Payment of the withheld component of the remuneration will be at the discretion of the Equitile senior management. In addition, an Individual may be granted a lower or no variable remuneration should they be the subject of possible disciplinary actions.

**Disclosure to Investors**

Details of Equitile's remuneration policy will be available at [www.equitile.com](http://www.equitile.com) and a paper copy will be made available free of charge upon request.

SCHEDULE 3  
DELEGATES

| <b>Country</b> | <b>Sub-custodian/Agent</b>                                      |
|----------------|---|
| Australia      | HSBC Bank Australia Ltd   |
| Belgium        | BNP Paribas Securities Services (Belgium)                       |
| Belgium        | Euroclear Bank S.A./N.V.  |
| Canada         | Royal Bank of Canada  |
| Denmark        | Skandinaviska Enskilda Banken AB (publ),<br>Copenhagen Branch   |
| Finland        | Skandinaviska Enskilda Banken AB (publ.), Helsinki Branch       |
| France         | CACEIS Bank   |
| France         | BNP Paribas Securities Services (France)                        |
| Germany        | HSBC Trinkaus & Burkhardt                                       |
| Greece         | HSBC Bank Plc   |
| Hong Kong      | The Hongkong and Shanghai Banking Corporation Ltd (HK)          |
| Ireland        | HSBC Bank Plc   |
| Italy          | BNP Paribas Securities Services (Italy)                         |
| Japan          | The Hongkong and Shanghai Banking Corporation Ltd (Japan)       |
| Netherlands    | BNP Paribas Securities Services (Netherlands)                   |
| New Zealand    | The Hongkong and Shanghai Banking Corporation Ltd (New Zealand) |
| Norway         | Skandinaviska Enskilda Banken AB (publ)<br>Oslo Branch          |
| Portugal       | BNP Paribas Securities Services (Portugal)                      |
| Spain          | BNP Paribas Securities Services (Spain)                         |
| Sweden         | Skandinaviska Enskilda Banken AB (publ.)                        |
| Switzerland    | Credit Suisse AG  |

|                |   |
|----------------|---|
| Switzerland    | UBS AG  |
| United Kingdom | Deutsche Bank AG (London Branch)                                |
| United Kingdom | JPMorgan Chase Bank NA  |
| United Kingdom | HSBC Bank Plc (UK)  |
| United Kingdom | State Street Bank & Trust Co (UK)                               |
| United Kingdom | UBS AG, London branch   |
| United States  | HSBC Bank (USA) NA  |
| United States  | Brown Brothers Harriman & Co                                    |
| United States  | Citibank, N.A. (USA)  |
| Germany        | Clearstream Banking Frankfurt                                   |
| South Korea    | The Hongkong and Shanghai Banking Corporation Ltd (South Korea) |
| Switzerland    | SIX SIS AG ZUERICH  |
| Taiwan         | HSBC Bank (Taiwan) Ltd  |