

PROSPECTUS

# EDENTREE INVESTMENT FUNDS – SERIES 1

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VALID AS AT JANUARY 2022

PERFORMANCE WITH PRINCIPLES



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# ABOUT THIS PROSPECTUS

This document is the Prospectus for EdenTree Investment Funds – Series 1 and is issued pursuant to and has been prepared in accordance with Section 236 of the Financial Services and Markets Act 2000, the Open-Ended Investment Companies Regulations 2001 and the Collective Investment Schemes Sourcebook of the Financial Conduct Authority Handbook (the ‘FCA Rules’).

## IMPORTANT

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

This Prospectus is intended for distribution in the United Kingdom. The distribution of this Prospectus and the offering of shares in EdenTree Investment Funds – Series 1 may be restricted in other jurisdictions. Potential investors are required to inform themselves of the legal requirements and restrictions of their own jurisdiction and act accordingly.

This Prospectus does not amount to solicitation or offer by any person in any jurisdiction in which such solicitation or offer would be unauthorised or unlawful. Copies of this Prospectus have been sent to the Financial Conduct Authority and the Depositary.

## SUMMARY

EdenTree Investment Funds – Series 1 (‘the Company’) is an open-ended company incorporated as an investment company with variable capital.

- The Company is an umbrella company with nine sub-funds.
- EdenTree Investment Management Limited is the Authorised Corporate Director (ACD) of the Company.
- The Bank of New York Mellon (International) Limited is the Depositary of the Company.
- Shareholders are not liable for the debts of the Company.
- The Company has a minimum share capital of £1 and a maximum of £10,000,000,000.
- The accounts of the Company are prepared in Sterling and this is the base currency.
- Should the Company or any Fund of the Company not have a minimum share capital of £1,000,000 in the Company or relevant Fund then the Company or the relevant Fund at the ACD’s discretion may be wound up.

- The Company currently issues four types of share: Class A (retail) shares which are income distributing shares aimed at smaller investors; Class B (institutional) shares which are income distributing shares for larger investors; Class C (institutional) shares income accumulating shares for larger investors and Class D (restricted) shares which are income distributing shares for the multi-asset funds and institutional clients who enter into a separate investment management agreement with the ACD.
- Shares of any Class may be issued as either net or gross paying according to permissible tax treatments under United Kingdom tax legislation as set out in part 3.1 of this Prospectus.
- Title to shares will be evidenced by entry on the Register of Shareholders; share certificates will not be issued.
- There are two denominations of share, larger and smaller in a ratio of 1:1,000.
- The shares are not listed on any stock exchange.
- The minimum value of shares which may be held in Class A Shares in a Fund is £1,000; in Class B, C and D the minimum value of shares which may be held is £1,000,000.
- The annual accounting reference date is 31 December.
- Distributions will be declared and paid twice yearly on 28 February and 31 August except for the EdenTree Responsible and Sustainable Sterling Bond Fund, the EdenTree Responsible and Sustainable Short Dated Bond Fund and the EdenTree Global Impact Bond Fund which make quarterly distributions on 28 February, 31 May, 31 August and 30 November.
- The Dealing Day for the Company is any day on which the London Stock Exchange is open for business.
- The valuation point is normally 12 noon on a Dealing Day.
- Prices are published daily in the Financial Times and on our website at [www.edentreeim.com](http://www.edentreeim.com)

## 1. INTRODUCTION

EdenTree Investment Management Limited, as the Authorised Corporate Director ('ACD') of EdenTree Investment Funds – Series 1 ('the Company'), is the body responsible for the information contained in this Prospectus. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus does not contain any untrue or misleading statement or omit any matters required by the FCA Rules to be included in it. EdenTree Investment Management Limited accepts responsibility for this Prospectus on this basis.

The Company is categorised under the FCA Rules as a UCITS Scheme and is an umbrella investment company with variable capital incorporated under the Open-Ended Investment Companies Regulations 2001 ('OEIC Regulations') in England and Wales under number IC00037. It was authorised by the Financial Services Authority (now the Financial Conduct Authority) on 29 June 1999 under Product Reference Number (PRN) 189311. The constitutional document of the Company, the Instrument of Incorporation ('Instrument') can be inspected at the head office of the Company, Benefact House, 2000, Pioneer Avenue, Gloucester Business Park, Brockworth, Gloucester, GL3 4AW where the Prospectus is also lodged. The Instrument is binding on all shareholders of the Company.

This Prospectus is based on information, law and practice at January 2022. The Company cannot be bound by an out of date Prospectus when it has issued a new one. This Prospectus does not give investment, legal or tax advice. Investors should consult their own advisers in relation to taking any action.

## 2. INVESTMENT OBJECTIVE AND POLICIES

The fundamental investment objective of the Company is the spreading of risk through pooled investment.

The detailed investment objectives and the policy for each Fund for achieving those objectives are set out in Appendix 1.

The investment restrictions applying to the Company are set out in Appendix 2.

## 3. SHARES

The classes of share currently available in each Fund are Class A Shares, Class B Shares, Class C Shares and Class D shares (excluding the EdenTree Responsible and Sustainable Sterling Bond Fund which only issues Class A, Class B and Class D shares and the EdenTree Responsible and Sustainable Short Dated Bond Fund which only issues Class B and Class D shares). The attributes of the various classes of share are as follows:

### 3.1 Class A Shares:

Income attributable to Class A Shares will be distributed to shareholders (after deduction of any relevant tax) in respect of each accounting period. Interest distributions payable in

respect of the EdenTree Responsible and Sustainable Sterling Bond Fund, the EdenTree Responsible and Sustainable Short Dated Bond Fund and the EdenTree Global Impact Bond Fund will be distributed to shareholders gross of tax in respect of each accounting period. The shareholder can choose to receive the income or the income may be reinvested by purchasing additional shares. Class A Shares are available for investments of £1,000 and over.

### 3.2 Class B Shares:

Income attributable to Class B Shares will be distributed to shareholders (after deduction of any relevant tax) in respect of each accounting period. Interest distributions payable in respect of the EdenTree Responsible and Sustainable Sterling Bond Fund, the EdenTree Responsible and Sustainable Short Dated Bond Fund and the EdenTree Global Impact Bond Fund will be distributed to shareholders gross of tax in respect of each accounting period. The shareholder can choose to receive the income or the income may be reinvested by purchasing additional shares. Class B Shares are available for investments of £1 million and over.

### 3.3 Class C Shares:

Net income attributable to Class C Shares will be accumulated to the shareholding of shareholders in respect of each accounting period. Class C Shares are available for investments of £1 million and over.

### 3.4 Class D shares:

Class D shares are restricted and only available to the Multi-Asset Funds or institutional clients who have entered into a separate investment management agreement.

Income attributable to Class D Shares will be distributed to shareholders (after deduction of any relevant tax) in respect of each accounting period. Interest distributions payable in respect of the EdenTree Responsible and Sustainable Sterling Bond Fund, the EdenTree Responsible and Sustainable Short Dated Bond Fund and the EdenTree Global Impact Bond Fund will be distributed to shareholders gross of tax in respect of each accounting period.

Shareholders are not liable for the debts of the Company.

## 4. HOW TO BUY SHARES

Shares may be purchased by sending a completed application form to EdenTree Investment Management Ltd, Sunderland SR43 4AU. Alternatively, the shares may be purchased by telephoning the ACD on [0800 358 3010](tel:08003583010).

Applications received by the ACD before the valuation point on a Dealing Day (being a day on which the London Stock Exchange is open for business) will be dealt with on that day. Applications received after the valuation point on such a Dealing Day will be dealt with on the following Dealing Day.

The ACD has the right to reject any application for shares in whole or in part on reasonable grounds relating to the circumstances of the investor. If the ACD does reject the application then either the whole or the balance of subscription money will be returned at the risk of the investor.

The minimum initial investment for Class A Shares in any Fund is £1000 and £1million for Classes B, C and D. The minimum additional investment is £200 for Class A and £1million for Classes B, C and D. The ACD may reduce these amounts if, in its absolute discretion, it considers that the circumstances warrant such a reduction.

Shares may not be issued during any period of suspension (which is more fully described in section 7). Applicants for shares will be notified of such suspension and, unless withdrawn, their applications will be considered as at the next Dealing Day following the ending of such suspension.

The number of shares issued will be the greatest number of larger denomination shares with the balance of the subscription money being used to purchase smaller denomination shares.

Settlement is required four days after trade date and will normally be made by bank transfer or cheque. Payment will be made in Sterling and further settlement details can be found on the application form and the contract note. The ACD may cancel any purchase contract where the payment is not honoured in full within four days of the relevant Dealing Day. The applicant remains liable for any loss incurred by the ACD in the case of non-settlement.

Purchase contract notes will normally be issued no later than the close of business on the day following the day on which the transaction is effected and the issue price is determined.

Details of charges on buying are given in section 16.

Details of an investor's cancellation rights are given in section 19.

The Company is subject to the Money Laundering Regulations 2007, which came into force from 15 December 2007, as amended by the Fourth EU Money Laundering Directive effective 26 June 2017. The ACD may require verification of identity of any applicant for shares or the person on whose behalf the application is being made. Details are given in section 21.

The ACD is also required to comply with the UK's obligations under various intergovernmental agreements relating to the automatic exchange of information to improve tax compliance in the United States and the European Union. Shareholders should be aware that they may be required to provide further information to verify their identity and tax status which the ACD is obliged to pass on to HMRC and any relevant overseas tax authorities.

## 5. HOW TO SELL SHARES

Instructions to sell shares should be addressed to the ACD and may be made by telephone or fax. The ACD may require that such instructions be confirmed in writing.

Instructions received by the ACD before the valuation point on a Dealing Day will be dealt with on that Dealing Day. Instructions received after the valuation point will be dealt with on the next Dealing Day.

The minimum value of shares which may be sold is £200 for Class A Shares and £1million for Classes B, C and D Shares provided that the minimum value of a shareholding remaining in a Fund is £1000 for Class A and £1million for Classes B, C and D. The ACD may reduce these minima if, in its absolute discretion, it considers that the circumstances so warrant.

Contract notes will normally be issued no later than the close of business on the day following the day on which the transaction is effected and the issue price is determined.

Settlement will normally be made by bank transfer or cheque. Payment will normally be made in Sterling, unless otherwise requested, within four business days of receipt of repurchase confirmation, and provided all relevant identification documents have been received for anti-money laundering purposes.

Where the ACD becomes aware that for a shareholder to continue to hold legally or beneficially any or all shares in the Company that would result in a breach of law or governmental regulation or requirement of any jurisdiction, or may result in the Company incurring any additional liability to taxation or any other liability, then the ACD may give notice to the shareholder to transfer the shares to another person or to satisfy it that the shareholder is suitably qualified to hold the shares or if no such action is taken within 30 days of the notice then the ACD may compulsorily redeem the shares.

Where a shareholder is selling his shares, if the redemption is 5% or more of the net asset value of the Fund and is likely in some way to be detrimental to the Fund the ACD may at its discretion arrange that instead of making a payment in cash for the price of the shares, certain identified property of the relevant Fund is transferred to the shareholder. The ACD will serve a notice on the shareholder within two days of receipt of the sale instructions that it proposes to make such in specie redemption. The selection of the scheme property will be made by the ACD in consultation with the Depositary with a view to ensuring that the redeeming shareholder is not advantaged or disadvantaged vis-à-vis the continuing shareholders.

Shares may not be repurchased during any period of suspension as more fully described in section 7. Shareholders requesting repurchase will be notified of such suspension and, unless withdrawn, repurchase requests will be processed as at the next business day following the end of such suspension.

Details of charges are given in section 16.

## 6. HOW TO SWITCH/CONVERT BETWEEN FUNDS AND SHARECLASSES

Shareholders may switch some or all of their shares in one Fund to shares in another Fund.

Shareholders may also convert from one class of share to another class of share in the same Fund, provided any minimum criteria are met and the investor qualifies to hold shares in that class.

Instructions to switch shares must be sent to the ACD by fax or by letter and must be given by all joint shareholders. Instructions should include full registration details together with the number of shares to be switched between named Funds. The ACD will require that such instructions are confirmed in writing.

Switching instructions received before the valuation point on a Dealing Day will be dealt with on that Dealing Day. Instructions received after the valuation point will be dealt with on the following Dealing Day.

Shareholders must normally make an initial switch of the minimum holding of the Fund into which they are switching. Subsequent switches must be for a minimum of £200 for Class A Shares and £1million for Classes B, C and D Shares.

A conversion is the exchange of shares in one class in a Fund for shares of another class in the same Fund. Following receipt of instructions, the number of new shares issued will be determined by reference to the respective prices of the current shares and those in the new class at the next applicable valuation point. A conversion of shares between different share classes within the same Fund will not be deemed to be a realisation for the purposes of capital gains taxation.

If a shareholder ceases to qualify to hold a certain class of shares or the ACD reasonably believes that for the shareholder to continue to hold such shares would constitute a breach of law or regulation then the ACD may require that the shareholder switches to another class of share for which the shareholder would qualify.

The number of new shares to be issued or sold to a shareholder on a switch will be in accordance with the formula set out from time to time in the Instrument of Incorporation.

Details of charges on switching are given in section 16.2.

An exchange of shares in one Fund for shares in another Fund is treated as a redemption and sale and will for persons subject to United Kingdom taxation be a realisation for the purposes of capital gains taxation.

Under no circumstances will a shareholder who exchanges shares in one Fund for shares in any other Fund be legally entitled to withdraw from or cancel the transaction.

## 7. SUSPENSION OF DEALING

The ACD may, with the prior agreement of the Depositary, or shall without delay if the Depositary requires, at any time suspend the issue and redemption of shares if the ACD (or the Depositary) is of the opinion that there is good and sufficient reason to do so having regard to the interests of shareholders or potential shareholders.

The FCA will be notified of such suspension.

Such suspension shall be allowed to continue only for as long as it is justified taking into account the interests of the shareholders.

Any period of suspension shall be reviewed at least every 28 days to determine whether its continuation is justified.

The FCA will be notified of the outcome of these reviews.

Shares may not be created or cancelled while the suspension remains in force.

Recalculation of prices will commence at the valuation point on the Dealing Day immediately following the end of the suspension period.

## 8. GOVERNING LAW

All transactions in shares are governed by English Law.

## 9. VALUATION AND PRICING

The scheme property of the Company and any Fund will normally be valued at the valuation point on each Dealing Day for the purpose of calculating the price at which shares in any Fund may be issued, sold, repurchased or redeemed.

The ACD reserves the right to revalue the Company or any Fund at any time if it considers it desirable to do so.

Additional valuations may also be carried out in accordance with the OEIC Regulations and the FCA Rules in connection with a scheme of amalgamation or reconstruction, or on the day the annual or half-yearly accounting period ends.

The Net Asset Value of the scheme property of the Company or Fund (as the case may be) shall be the value of its assets less the value of its liabilities determined in accordance with the following provisions.

All the scheme property (including receivables) is to be included, subject to the following provisions.

**9.1** Property which is not cash (or other assets dealt within paragraph 9.2 below) or a contingent liability transaction shall be valued as follows and the prices used shall be the most recent prices which it is practicable to obtain.

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

- (i) If a single price for buying and selling units or shares is quoted, at that price; or
- (ii) If separate buying and selling prices are quoted, at the average of the two prices providing the buying price has been reduced by any initial charge included therein and the selling price has been increased by any exit or redemption charge attributable thereto; or
- (iii) If, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no recent price exists, at a value which, in the opinion of the ACD, is fair and reasonable or at the last price available if fair and reasonable.

- (b) Any other transferable security:
- (i) If a single price for buying and selling the security is quoted, at that price; or
  - (ii) If separate buying and selling prices are quoted, at the average of the two prices; or
  - (iii) If, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no price exists, at a value which, in the opinion of the ACD, is fair and reasonable or at the last price available if fair and reasonable.

- (c) Property other than that described in (a) and (b) above:

At a value which, in the opinion of the ACD, represents a fair and reasonable mid-market price.

- 9.2** Cash and amounts held in current and deposit accounts and in other time-related deposits shall be valued at their nominal values.
- 9.3** Property which is a contingent liability transaction shall be treated as follows:
- (a) If a written option (and the premium for writing the option has become part of the scheme property), deduct the amount of the net valuation of premium receivable. If the property is an off-exchange derivative, the method of valuation shall be agreed between the ACD and Depositary.
  - (b) If an off-exchange future, include at the net value of closing out in accordance with a valuation method agreed between the ACD and the Depositary.
  - (c) If any other form of contingent liability transaction, include at the net value of margin on closing out (whether as a positive or negative value). If the property is an off-exchange derivative, include at a valuation method agreed between the ACD and the Depositary.
- 9.4** In determining the value of the scheme property, all instructions given to issue or cancel shares shall be assumed to have been carried out (and any cash paid or received) whether or not this is the case.
- 9.5** Subject to paragraphs 9.6 and 9.7 below, agreements for the unconditional sale or purchase of property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and, in the opinion of the ACD, their omission will not materially affect the final net asset amount.
- 9.6** 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 9.5.

- 9.7** All agreements are to be included under paragraph 9.5 which are, or ought reasonably to have been, known to the person valuing the property.

- 9.8** Deduct an estimated amount for anticipated tax liabilities at that point in time including (as applicable and without limitation) capital gains tax, income tax, corporation tax and advance corporation tax, value added tax, stamp duty and stamp duty reserve tax.

- 9.9** Deduct an estimated amount for any liabilities payable out of the scheme property and any tax thereon treating periodic items as accruing from day to day.

- 9.10** Deduct the principal amount of any outstanding borrowings whenever payable and any accrued but unpaid interest on borrowings.

- 9.11** Add an estimated amount for accrued claims for tax of whatever nature which may be recoverable.

- 9.12** Add any other credits or amounts due to be paid into the scheme property.

- 9.13** Add a sum representing any interest or any income accrued due or deemed to have accrued but not received.

- 9.14** Add the total amount of any cost determined to be, but not yet, amortised relating to the authorisation and incorporation of the Company and of its initial offer or issue of shares.

For the above purposes, instructions given to issue or cancel shares are assumed to have been carried out (and any cash paid or received); and uncompleted arrangements for the unconditional sale or purchase of property are (with certain exceptions) assumed to have been completed and all consequential action taken.

Each Fund will have credited to it the proceeds of all shares issued in respect of it, together with the assets in which such proceeds are invested or reinvested and all income, earnings, profits or assets deriving from such investments. All liabilities and expenses attributable to a Fund will be charged to it.

The Company will allocate any assets, costs, charges or expenses which are not attributable to a particular Fund among the Funds generally in a manner which is fair to all the shareholders.

#### **Single pricing**

There is a single price for buying, selling and switching shares in a Fund of the Company which represents the Net Asset Value of the relevant Fund. The price of a share is calculated by taking the value of a particular Fund attributable to the shares in the class in question on the basis of the shares of entitlement in the property of the Fund attributable to that class at the most recent valuation of the Fund and dividing that value by the number of shares of the relevant class in issue relating to that Fund immediately prior to the valuation point.

The prices of shares are published daily in the Financial Times and on our website at [www.edentreeim.com](http://www.edentreeim.com). The ACD and the Company cannot be held responsible for any errors in the publication of the prices. The shares in the Company will be issued and redeemed on a forward pricing basis which means that the price will not necessarily be the same as the published price.

Included in the price of shares and so reflected as a capital sum in the price will be an income equalisation amount representing the value of income attributable to the shares accrued since the record date for the last income distribution for income shares or deemed distribution for accumulation shares. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

For accumulation shares, the equalisation amount is reinvested alongside the taxed income.

This means that no adjustment need be made to the cost of the shares in calculating the relevant capital gains tax.

Equalisation applies only to shares purchased during the relevant accounting period. It is the average amount of income included in the price of all shares issued during that period.

Details of charges payable are contained in section 16.

## 10. DISTRIBUTIONS

The Company intends to distribute all of the surplus net income (including deemed income for accounting purposes) represented by the distributions and interest received for each Fund to the shareholders, after charging expenses and various other items, as set out in section 16, attributable to that Fund.

Income available for distribution will be determined in accordance with the FCA Rules and in consultation with the Auditor.

Distributions will be declared and paid twice yearly on 28 February and 31 August except for the EdenTree Responsible and Sustainable Sterling Bond Fund, the EdenTree Responsible and Sustainable Short Dated Bond Fund and the EdenTree Global Impact Bond Fund which make quarterly distributions on 28 February, 31 May, 31 August and 30 November by cheque or by direct credit to a bank account.

Distributions are to be forfeited if not claimed within a six year period. Any unclaimed distributions will be added back to the capital of the relevant Fund.

## 11. MANAGEMENT AND ADMINISTRATION

### 11.1 The Directors

EdenTree Investment Management Limited, whose Registered Office is at Benefact House, 2000, Pioneer Avenue, Gloucester Business Park, Brockworth, Gloucester, GL3 4AW, is the Authorised Corporate Director (or 'ACD') of the Company. It is currently the only director of the Company.

The ACD is a company limited by shares with an authorised, issued and fully paid share capital of £3,150,002 as at the date of this Prospectus. The ACD was incorporated in England and Wales on 6 July 1990.

As at the date of this Prospectus, the Directors of the ACD are:

Mr FWM Burkitt  
Mr A Clark  
Ms DP Cockrem  
Mr MCJ Hews  
Mr RS Hughes  
Ms SJ Round  
Mr CLW Thomas

The ultimate parent company of the ACD is Allchurches Trust Ltd which is incorporated in England and Wales. The ACD is authorised and regulated by the Financial Conduct Authority and by virtue of this, is authorised to carry on investment business in the United Kingdom.

The ACD may act as an authorised Unit Trust manager or ACD to other clients and Funds and to companies in which the Company may invest. The ACD is also the ACD of EdenTree Investment Fund for Charities. The ACD may also delegate its activities and retain the services of another person to assist in its functions, see section 14 for more information.

The agreement between the ACD and the Company (the 'ACD Agreement') is for a minimum period of three years terminable on 12 months' notice in writing. The Company agrees to indemnify the ACD against losses, liabilities, costs, claims, actions, damages, expenses or demands incurred by the ACD acting as ACD except where caused by the fraud, negligence or wilful default of the ACD. A copy of the agreement between the ACD and the Company is available to shareholders on request.

## 12. DEPOSITARY

The Bank of New York Mellon (International) Limited is the Depositary of the Company.

The Company has appointed the Depositary to act as depositary for purposes of Directive 2009/65/ EC of the European Parliament and European Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities, as amended by Directive 2014/91/ EU of the European Parliament and of the Council of 23 July 2014 (the "UCITS V Directive") as supplemented by the Level 2 Regulations adopted as delegated acts by the European Commission pursuant to Article 112a of the UCITS V Directive, following their entry into full legal force and effect in the European Union (and for the avoidance of doubt, following the expiration of any implementation period applicable to such regulations) (the "UCITS V Regulations"), and as incorporated into English law by any Statutory Instrument as may be issued from time to time to implement the UCITS V Directive in the UK (the "UK Implementing Legislation"). References hereinafter to the "Directive" shall



include the UCITS V Directive as supplemented by the UCITS V Regulations and as incorporated into English law by the UK Implementing Legislation, and any other implementing legislation on an EU or UK level.

The Depositary is a private company limited by shares incorporated in England and Wales on 09 August 1996. Its ultimate holding company is The Bank of New York Mellon Corporation, a public company incorporated in the United States. Its registered and head office is at One Canada Square, London E14 5AL.

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

The Depositary is responsible for the safekeeping of the Scheme Property, monitoring the cash flows of the Company, and must ensure that certain processes carried out by the ACD are performed in accordance with the applicable rules and the Scheme Documents.

#### **Conflicts of Interest**

For the purposes of this section, the following definitions shall apply:

“Link” means a situation in which two or more natural or legal persons are either linked by a direct or indirect holding in an undertaking which represents 10% or more of the capital or of the voting rights or which makes it possible to exercise a significant influence over the management of the undertaking in which that holding subsists.

“Group Link” means a situation in which two or more undertakings or entities belong to the same group within the meaning of Article 2(11) of Directive 2013/34/EU or international accounting standards adopted in accordance with Regulation (EC) No. 1606/2002.

#### **Company, ACD and shareholders**

The Depositary shall ensure that policies and procedures are in place to identify all conflicts of interests arising and shall take all reasonable steps to avoid such conflicts of interests. Where such conflicts of interests cannot be avoided, the Depositary and the ACD will ensure that such conflicts of interests are managed, monitored and disclosed in order to prevent adverse effects on the interests of the Company and its shareholders.

#### **Delegation**

The following conflicts of interests may arise as a result of the delegation arrangements relating to safekeeping outlined above:

A Group Link where the Depositary has delegated the safekeeping of the Scheme Property to an entity within the same corporate group as the Depositary.

The Depositary shall ensure that policies and procedures are in place to identify all conflicts of interests arising from such Group Link[s] and shall take all reasonable steps to avoid such conflicts of interests. Where such conflicts of interests cannot be avoided, the Depositary will ensure that such conflicts of interests are managed, monitored and disclosed in order to prevent adverse effects on the interests of the Company and its shareholders.

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

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

The Depositary acts as global custodian to the Company and has delegated safekeeping of the Scheme Property to The Bank of New York Mellon SA/NV and The Bank of New York Mellon (the “Global Sub-Custodian”). In turn, the Global Sub-Custodian has sub-delegated the custody of assets in certain markets in which the Company may invest to various sub-delegates (“Sub-Custodians”). A list of Sub-Custodians is given in Appendix 5. Investors should note that, except in the event of material changes requiring a prompt update of this Prospectus, the list of Sub-Custodians is updated only at each Prospectus review. An updated list of Sub-Custodians is maintained by the ACD and is available free of charge from the ACD on request.

#### **Updated Information**

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

#### **Terms of Appointment**

The ACD is required to enter into a written contract with the Depositary to evidence its appointment as depositary of the Company for purposes of the Directive. BNY Mellon Trust & Depositary (UK) Limited (“BNYMTD”) was appointed as depositary of the Company under an agreement dated 4 August 1999 (the “Depositary Agreement”). The ACD, BNYMTD and the Company entered into an amended and restated Depositary Agreement dated 13 April 2016, pursuant to which the ACD and BNYMTD agreed to carry out various functions in order to comply with, and facilitate compliance with, the requirements of the Directive. The amended and restated Depositary Agreement was novated in favour of the Depositary with effect from 1 February 2018. Details of the Depositary’s remuneration are set out in Section 16 Charges and Expenses.

### **13. THE AUDITORS**

The auditors of the Company are PricewaterhouseCoopers LLP of 2 Glass Wharf, Bristol BR2 0FR.

### **14. ADMINISTRATOR AND REGISTRAR – DELEGATED FUNCTIONS**

The ACD has appointed Northern Trust Global Services SE of 50 Bank Street, Canary Wharf, London E14 5NT (the ‘Administrator’) to assist with administration functions and keeping the share register.

The Administrator, a private limited company incorporated in Luxembourg is responsible, inter alia, for the calculation of the Net Asset Value of each Fund. The share register is kept at 50 Bank Street, Canary Wharf, London E14 5NT where it may be inspected by shareholders.

## 15. CONFLICTS OF INTEREST

The ACD and its associates may, from time to time, act as investment managers or advisers to other companies or funds which follow similar investment objectives to those of the Company's Funds. It is therefore possible that the ACD may in the course of its business have potential conflicts of interest with the Company or a particular Fund. The ACD will, however, have regard in such event to its obligations to the Company under the ACD Agreement and, in particular, to its obligation to act fairly as regards the Company.

## 16. CHARGES AND EXPENSES

### 16.1 Initial charge

An initial charge up to a maximum of 5% may be made on the purchase of shares by a shareholder. A purchase of shares does not include an exchange of shares in one Fund for another. The charge will be added to the price of the shares and will be paid by the Company to the ACD.

The current actual initial charges are set out in Appendix 1. Any increase to the actual initial charge may be made only after the ACD has given 60 days' prior notice in writing to those persons who ought reasonably to be known to the ACD to have made an arrangement for the purchase of shares at regular intervals. The ACD is also required to revise this Prospectus to reflect the new rate and its date of commencement. The ACD may reduce the initial charge or waive it at its discretion.

### 16.2 Switching charge

The ACD is entitled to levy a charge of 1% for exchanging shares in one Fund for shares in another Fund. No switching charge is currently applied for switches between Funds.

There is no charge for conversions.

### 16.3 Dilution levy

The basis on which the Company's investments are valued for the purposes of calculating the dealing price of shares is documented in Section 9, as required in the FCA's Collective Investment Scheme Sourcebook and the Company's instrument of incorporation.

However, the actual cost of purchasing or selling assets and investments for the Company's portfolio may deviate from the mid-market value used in calculating the share price, due to dealing charges, taxes and any spread between buying and selling prices of the investments. These costs have an adverse effect on the value of the Fund, known as 'dilution'. FCA's rules allow the cost of dilution to be met directly from the Fund's assets or to be recovered from investors on the purchase or redemption of shares in a Fund.

To mitigate the effects of dilution, the ACD has discretion to charge a dilution levy on the purchase or redemption of shares in a Fund. Circumstances in which the ACD may exercise this discretion include, for example, where a large deal takes place, or where the ACD believes it would be in the interests of the existing shareholders.

A dilution levy is a separate charge of such amount or rate as is determined on the price of a share:

- Redeemed on a Dealing Day on which the net redemptions of shares linked to a Fund exceed 5% in value (calculated by reference to their current price) of the issued shares linked to that Fund;
- Sold on a Dealing Day on which net sales of shares linked to a Fund exceed the same percentage.

This amount is not retained by the ACD but is paid to the Fund.

On occasions when the dilution levy is not applied there may be an adverse impact on the total assets of the Fund.

As dilution is directly related to the inflows and outflows of monies from a Fund it is not possible to accurately predict whether dilution will occur at any future point in time. Consequently it is also not possible to accurately predict how frequently the ACD will need to make such a dilution levy.

For the 12 month period from 1 January 2021 to 31 December 2021, a dilution levy was not made on any occasion. We would not expect that a dilution levy would be applied in the future although this cannot be guaranteed. In the event that it were to be levied we estimate it would be charged in the region of up to 1%.

### 16.4 Management fees

The ACD is entitled to receive from each Fund an annual management fee, the details of which are set out in Appendix 1. The management fee is accrued and calculated daily and is payable monthly in arrears. It is calculated by reference to the daily Net Asset Value of the Funds.

### 16.5 Depositary's fees

The Depositary is entitled to receive out of the property of each Fund for its own account, by way of remuneration, a periodic charge (and value added tax thereon) which will accrue daily and be payable monthly. The rate of the Depositary's periodic charge will be such amount as the Company and the Depositary may from time to time agree. The current rate of the Depositary's periodic charge in respect of each Fund, except the EdenTree Responsible and Sustainable Short Dated Bond Fund is:

First £50 million – 0.0345% per annum  
 Next £50-£100 million – 0.0230% per annum  
 Balance – 0.01725% per annum

The current rate of the Depositary's periodic charge in respect of the EdenTree Responsible and Sustainable Short Dated Bond Fund is:

First £50 million – 0.025% per annum  
 Next £50-£100 million – 0.0175% per annum  
 Balance – 0.0100% per annum

The Depositary fee is calculated daily by reference to the Net Asset Value of the Fund and is payable monthly in arrears (subject to a minimum charge of £5,750 for each Fund per annum). This rate may be subject to change from time to time, with the agreement of the Depositary and the ACD.

In addition, the Depositary will be entitled to make charges consisting of custody fees, transaction fees and other related fees. The custody fees range from 0.0025% to a maximum of 0.045% per annum depending on the geographic location of the shares and the transaction fees range from £5 to a maximum of £25 per transaction.

The Depositary will be reimbursed by the Company for expenses properly incurred in performing or arranging for the performance of functions conferred on it by the OEIC Regulations and FCA Rules, or the Depositary Agreement or by general law. These functions may (without limitation of the foregoing) include custody, insurance, acquisition and dealing with assets of the Company; making deposits or loans, dealing with borrowings, effecting foreign currency dealings and effecting efficient portfolio management transactions, as permitted by the FCA Rules; collection of income or capital; submission of tax returns and handling tax claims; preparation of the Depositary's annual report; calling shareholders' meetings and communicating with shareholders; preparing, clearing and dispatching distribution warrants; obtaining professional advice; conducting legal proceedings; carrying out administration relating to the Company; and supervision of certain of the activities of the ACD.

The amount or rate of any expenses shall be determined either by the Depositary or by reference to the scale or tariff or other basis from time to time agreed between the ACD and the Depositary and notified to the ACD by the Depositary provided that in either case such charges shall be at least as favourable as if they had been effected on normal commercial terms negotiated at arm's length between the Depositary and a comparable customer.

Any service charges or additional remuneration payable to the Depositary as above shall accrue due when the relevant transaction or other dealing is effected or relevant service is provided or as may otherwise be agreed between the Depositary and the ACD and shall be paid to the Depositary as soon as practicable after they have accrued.

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

Value added tax will be added to all these payments, where applicable.

### **16.6 General expenses**

In addition to the fees already listed, the costs, charges and expenses (together with any value added tax payable) which may be charged to the Company include:

#### **16.6.1**

All taxes and other duties which may be due on the assets and the income or otherwise of the Company.

#### **16.6.2**

Usual banking and brokerage fees due on transactions involving portfolio securities of the Company.

#### **16.6.3**

Any investment adviser fee.

#### **16.6.4**

Insurance, postage, telephone and fax.

#### **16.6.5**

Directors' fees (if any).

#### **16.6.6**

Remuneration (and out-of-pocket expenses) of the ACD and the Depositary to include the remuneration and expenses of the Administrator, the Registrar, any distributor or paying agent appointed.

#### **16.6.7**

Formation expenses including the cost of preparing and filing the Instrument and all other documents concerning the Company including registration statements and offering circulars with all authorities (including local securities dealers' associations) having jurisdiction over the Company or the offering of shares.

#### **16.6.8**

Any costs incurred in relation to a unitisation, amalgamation or reconstruction of the Company where the property of another body corporate or collective investment scheme is transferred to the Company in consideration for shares, and any liability arising after the transfer, which if it had arisen prior to the transfer would have been properly payable out of such property, provided that the ACD is satisfied that proper provision was made for satisfying such liability as was known or could have reasonably been anticipated at the time of the transfer.

#### **16.6.9**

Any fees or levies of the Financial Conduct Authority relating to the Company.

#### **16.6.10**

The costs of preparing Key Investor Information Documents.

#### **16.6.11**

The cost of convening and holding any meeting of shareholders (including meetings of shareholders of a particular Fund or class of shareholder) requisitioned by shareholders other than the ACD or an associate of the ACD.

#### **16.6.12**

The cost incurred in amending the Instrument or this Prospectus including the costs of covering any meeting for shareholders and/or directors.

#### **16.6.13**

Any sum incurred by the Company or the ACD on behalf of the Company in order to comply with any governmental or regulatory requirement.

#### **16.6.14**

The cost of qualifying the Company for the sale of shares in any jurisdiction or a listing on any stock exchange.

**16.6.15**

The cost of preparing, printing and publishing in such languages as are necessary, and distributing annual and semi-annual reports of the Company or any Fund and such other reports or documents as may be desirable or required under the applicable laws or regulations of any relevant jurisdiction.

**16.6.16**

The cost of preparing, printing, publishing and distributing public notices and other communications to the shareholders including share certificates and proxies.

**16.6.17**

The cost of accounting and book keeping.

**16.6.18**

The cost of calculating the Net Asset Value of shares of each Fund.

**16.6.19**

The cost of making distributions for any Fund or for the Company.

**16.6.20**

Any legal, auditing and other professional fees incurred by the Company or the ACD in relation to the Company.

**16.6.21**

Interest and other charges relating to permitted borrowing.

**16.6.22**

The sums incurred by reason of indemnifying the ACD against all losses and liabilities incurred by reason of acting as ACD of the Company except where the ACD has been negligent, fraudulent or acting by wilful default.

**16.6.23**

The sums incurred by reason of any indemnity given to the Depositary.

**16.6.24**

Administrative and other expenses of a regular or recurring nature may be calculated on an estimated basis for yearly or other periods in advance, and the same may be accrued in equal proportion over any such period. Costs, charges and expenses which may be attributed to a Fund will be borne by that Fund; otherwise they will be allocated pro rata to the values of the net assets of all, or all appropriate, Funds on such basis as the ACD may consider reasonable.

The Registrars' fee is currently £10 per shareholder per annum.

Expenses can be allocated between income and capital in accordance with the Financial Conduct Authority Collective Investment Schemes Sourcebook Rule 6.7.10. All expense payments will be made from income unless the ACD and Depositary agree in accordance with the Collective Investment Scheme Sourcebook that a charge or expense may be treated as a capital expense. This is the case with the EdenTree Responsible and Sustainable Managed Income Fund, the EdenTree Responsible and Sustainable Sterling Bond Fund and the EdenTree Global Impact Bond Fund where the ACD charges all of the annual management charge to capital. Items treated as a capital expense may not only affect but also constrain capital growth.

**16.7 Efficient portfolio management fee policy**

The Company does not currently use efficient portfolio management and, accordingly, does not have a fee policy regarding such strategy. If any efficient portfolio management strategy becomes operative, the Company will disclose the relevant fee policy to shareholders by releasing an updated copy of this Prospectus.

**17. REPORTS TO SHAREHOLDERS**

The annual accounting period of the Company ends 31 December in each year (the annual accounting reference date). The interim accounting period of the Company ends 30 June in each year, or such other date as the ACD may determine.

The Company's Annual Long Report incorporating audited financial statements will be published within two months after the end of the financial year and the interim Long Report within two months of the end of the interim accounting period. Copies of the interim and annual Long Reports will be available on request from the ACD.

Copies of all reports to shareholders will be available for inspection by the general public at the ACD's offices (please see the address at the end of this document) and are available on our website.

The ACD will provide the following information to shareholders on request:

- (a) The quantitative limits applying to the risk management of the Company;
- (b) The methods used in relation to (a); and
- (c) Any recent development of the risk and yields of the main categories of investment.

**18. MEETINGS OF SHAREHOLDERS AND VOTING RIGHTS****18.1**

The Company does not hold annual general meetings.

**18.2**

The ACD may requisition a general meeting at any time. Shareholders who together hold not less than one tenth in value of all of the shares may also requisition a general meeting of the Company. Such requisition must be in writing, state the objects of the meeting and be signed by the shareholders. The ACD must convene a general meeting within eight weeks of receiving a requisition. Notices of meetings and adjourned meetings will be sent to shareholders at their registered address.

**18.3**

The quorum for a meeting of shareholders is two shareholders present in person or by proxy. The quorum for an adjourned meeting is one shareholder present in person or by proxy.

**18.4**

The rules applicable to the Company as a whole also apply to meetings of a class or Fund as if they were general meetings of the shareholders, but by reference to the shares of the class concerned and the shareholders and prices of such shares.

**18.5**

At any meeting of shareholders or a class of shareholders of the Company or a Fund on a show of hands every shareholder who (being an individual) is present in person or (being a corporation) is represented in person by its properly authorised representative has one vote. A poll may be demanded by the Chairman of the meeting, by the Depositary, or by two or more shareholders present in person or by proxy. On a poll every shareholder who is present in person or by proxy will be entitled to a number of votes calculated in accordance with the value that his shareholding bears in relation to the value of the Fund or Company as relevant. A shareholder entitled to more than one vote need not, if they vote, use all their votes or cast all the votes they use in the same way.

**18.6**

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

**18.7**

A Director is entitled to receive notice of and attend any meeting of shareholders but is not entitled to vote or be counted in the quorum. No director or any associate of a director holding shares shall be entitled to vote at such a meeting except in respect of shares which he holds on behalf of a person who, if he himself were the registered shareholder, would be entitled to vote and from whom he has received voting instructions.

**18.8**

Investors should note that due to the ongoing pandemic it may not be possible to call a physical meeting of the Company or any Fund and the ACD may look to hold a closed meeting. When a meeting is called on a closed basis this means that Shareholders will be able to express their opinions and exercise their voting rights in writing or online but will not need to be in the same place. The notice of any such Meeting will contain the details of the arrangements that the ACD puts in place to enable the meeting to be held on a closed basis.

The notice of any such Meeting will contain the details of the arrangements that the ACD puts in place to enable the meeting to be held on a closed basis.

The ACD will only exercise its powers to hold closed meetings in exceptional circumstances where it is not possible on legal or health and safety grounds to convene a physical meeting.

**19. CANCELLATION RIGHTS**

Where a person purchases shares he may have the right to cancel the relevant purchase within 14 days of receipt of the requisite notice of a right to cancel. The right to cancel will not arise if (a) the investor is a professional investor, (b) the investor is an execution-only customer, (c) the agreement to purchase is entered into in the absence of any oral recommendation by an authorised person, or (d) the purchase is made pursuant to a customer agreement with an authorised person or during negotiations with a view to entering into such an agreement. Cancellation rights do not exist on the exchange of shares.

Where the investment is a lump sum investment (or the first payment, being larger than the second payment, in a regular payment savings plan) an applicant who is entitled to cancel and does so will not get a full refund of the money paid by him if the purchase price of the shares falls before the cancellation request is received by the ACD: an amount equal to such fall ('the shortfall') will be deducted from the refund he would otherwise receive.

Where the purchase price has not yet been paid the applicant will be required to pay the amount of the shortfall to the ACD. The deduction does not apply where the service of the notice of the right to cancel precedes the entering into of the agreement.

**20. HOW WILL YOUR INFORMATION BE USED?**

We use your information in the ways described in our Privacy Policy. Our Privacy Policy can be found at [www.edentreeim.com](http://www.edentreeim.com) or by writing to us at our Registered Office address.

Depending on the circumstances, we may transfer your personal data to countries outside the European Economic Area that have less robust data protection laws. We have put appropriate safeguards in place to ensure that such transfers comply with data protection laws and that your personal data is protected. Details relevant to you may be provided on request.

**21. ELECTRONIC VERIFICATION**

Current legislation and industry guidance state that we must check your identity and the source of the money invested. The checks may include an electronic search of information held about you on the electoral roll and using credit reference agencies. If you fill in the application form or instruct us to deal via the telephone, you are giving us permission to ask for this information in line with the General Data Protection Regulations effective 25 May 2018. If you invest through a financial adviser they must fill in an Identity Verification Certificate on your behalf and send it to us with your application.

## 22. TERMINATION AND AMALGAMATION

### 22.1 The ACD will wind up the Company:

- If the order declaring the Company to be an authorised collective investment scheme is revoked;
- If the ACD or Depositary requests the Financial Conduct Authority to revoke the order declaring the Company to be an authorised investment company with variable capital and the Financial Conduct Authority has agreed that on the conclusion of the winding-up of the Company it will accede to that request;
- If an extraordinary resolution to that effect is passed;
- On the effective date of a duly approved scheme of amalgamation of the Company with another body or scheme;
- On the effective date of a duly approved scheme of reconstruction which results in all the property of the reconstructed scheme becoming the property of two or more authorised or recognised schemes; or if a court scheme is initiated under Part V of the Insolvency Act 1986 for an unregistered company.

### 22.2

- The procedure for winding-up of the Company will be as follows: in the case of an amalgamation or reconstruction the ACD will wind up the Company in accordance with the approved scheme of amalgamation or reconstruction; in any other case, the ACD shall as soon as practicable after the Company falls to be wound up and after notifying holders of the proposal to wind up the Company, realise the scheme property and, after paying out of all liabilities of the Company properly so payable and retaining provision for the costs of the winding-up, distribute the proceeds to the holders and to itself (upon production by them of evidence as to their entitlement) proportionately to their respective interests in the Company. Any unclaimed net proceeds or other cash held to the account of the Company after the expiry of one month from the date of dissolution of the Company will be paid by the ACD into court subject to the ACD having a right to receive out of it any expenses incurred by it in making that payment into court. On completion of the winding-up, the Depositary shall notify the FCA and the ACD shall request the FCA to revoke the order of authorisation. A Fund may be terminated with the approval of the FCA, if a solvency statement is lodged with the FCA in respect of the liabilities of the Company relating to the Fund and:
  - An extraordinary resolution to that effect has been passed by class meeting(s) of the class(es) of shares linked to the Fund; or
  - The FCA has agreed to a request by the ACD for the termination of the Fund.

The ACD may make such a request, among other circumstances, if at any time after the first anniversary of the issue of the first shares linked to the Fund the net value of the assets of the Company attributable to the Fund is less than £1,000,000.

Termination of a Fund will be carried out by the ACD in accordance with the FCA Rules in a similar way to the winding-up of the Company as described above.

## 23. TAXATION

The following is a summary only of the UK taxation of the Company and the shareholders and should not be regarded as exhaustive. It does not constitute legal or taxation advice and shareholders are recommended to consult their professional advisers if they are in any doubt as to their taxation position.

### 23.1 Stamp duty reserve tax (SDRT)

SDRT at 0.5% may be charged on in specie redemptions which are not pro rata to holdings in a Fund. This is called the principal SDRT charge and is payable by the investor by reference to the value of chargeable securities redeemed in this type of transaction.

### 23.2 Taxation of the Company income

The Company is liable to corporation tax at a rate of 20% on its taxable income. Management expenses and interest (including interest distributions) can be set off against this income. Dividends received by the Company from another UK company are not taxable.

### Taxation of capital gains

Any capital gains or losses realised on disposal of investments held by the Company are exempt from tax.

### 23.3 Taxation of shareholders

There are two types of income which may be received, each of which is treated differently:

#### Interest distributions

In respect of those Funds with over 60% invested for the whole of the accounting period in interest paying investments e.g. Fixed Interest or Bond Funds the Company makes interest distributions. Due to changes in UK tax legislation which came into force on 6 April 2017 all interest distributions will be paid gross without deduction of income tax.

From 6 April 2016, there is a tax free Personal Savings Allowance of the first £1,000 of interest (including interest distributions) received in a tax year for individual basic rate taxpayers. For Higher rate taxpayers the allowance will be £500 and for additional rate taxpayers there will be no allowance.

Shareholders liable to pay higher or additional rate income tax or corporation tax may have a further tax liability.

#### Dividend distributions

From 6 April 2018, the first £2,000 of dividends (including dividend distributions) received by a UK resident individual in a tax year will not be subject to income tax. Above this level, the income tax rates applying to dividends will be 7.5% for basic rate tax payers, 32.5% for higher rate tax payers and 38.1% for additional rate taxpayers.

Corporate shareholders who receive dividend distributions may have to divide them into two (the division will be indicated on the tax voucher). No tax is due on any part representing dividends received from a UK company.

The remainder will be received as an annual payment after deduction of tax at the lower rate. The corporate shareholders may be liable to tax on the grossed up amount.

#### **Withholding tax**

Dividend distributions made or treated as made by the Company are not subject to UK withholding tax.

#### **Reporting requirements**

The Company is required to report details of interest paid to residents of the European Union and certain other jurisdictions to HM Revenue & Customs each year and also, on request, payments to residents of the UK.

The Company may also be required to report information about shareholders to HM Revenue & Customs in order to comply with its UK (and any overseas) obligations under the International Tax Compliance Regulations, which implement the Common Reporting Standard (CRS) including the Foreign Account Tax Compliance Act (FATCA) of the USA and such other intergovernmental information sharing agreements entered into from time to time.

#### **Income equalisation**

Income equalisation applies in relation to all the Funds.

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

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

#### **Taxation of capital gains**

Shareholders who are resident in the UK for tax purposes may be liable to capital gains tax or, if a company, corporation tax in respect of gains arising from the sale, exchange or other disposal of shares (but not on switches between classes within a Fund).

The amount representing the income equalisation in the share's price is a return of capital and is not taxable in the hands of shareholders. This amount should be deducted from the cost of shares in computing any capital gain realised on the disposal.

#### **General**

These statements are based on UK law and HM Revenue & Customs practice as known at the date of this document. Shareholders are recommended to consult their professional advisers if they are in any doubt about their tax position.

## **24. UMBRELLA COMPANY ISSUES**

Each Fund is a segregated portfolio of assets and, accordingly, the assets of a Fund belong exclusively to that Fund and shall not be used to discharge directly or indirectly the liabilities of, or claims against, any other person or body, including the Company or any other Fund, and shall not be available for any such purpose.

Whilst the provisions of the OEIC Regulations provide for segregated liability between Funds, the concept of segregated liability is relatively new. Accordingly, where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known how these foreign courts will react to regulations 11A and 11B of the OEIC Regulations.

Although each Fund will be treated as bearing the liabilities, expenses, costs and charges attributable to it, in the event that assets or liabilities are not attributable to any particular Fund, the ACD may allocate such amounts between Funds in accordance with the OEIC Regulations and the FCA Rules in a manner which the ACD considers is fair to the shareholders of the Company.

A shareholder is not liable to make any further payment to the Company or Fund after he has paid the price on purchase of the shares.

## **25. INSTRUMENT, PROSPECTUS AND REPORTS**

Copies of the Instrument, the Prospectus and the most recent annual and half-yearly reports of the Company are kept and may be inspected at and obtained from the Registered Office of the ACD. Copies of other material contracts may be inspected at the ACD's offices.

## 26. RISKS

### Past performance

The table below shows percentage growth to 31 December 2021. Prices are bid to bid (including charges) with net income reinvested. Five year performance is provided.

	Performance Period				
	01/01/21 to 31/12/21	01/01/20 to 31/12/20	01/01/19 to 31/12/19	01/01/18 to 31/12/18	01/01/17 to 31/12/17
EdenTree Responsible and Sustainable Sterling Bond A	-1.02%	5.74%	8.01%	-2.80%	8.07%
EdenTree Responsible and Sustainable UK Equity A	14.52%	-6.30%	25.60%	-12.89%	11.88%
EdenTree Responsible and Sustainable UK Equity Opportunities A	21.89%	-5.38%	27.00%	-11.84%	19.20%
EdenTree Responsible and Sustainable European Equity A	16.82%	5.12%	13.93%	-14.01%	17.86%
EdenTree Responsible and Sustainable Managed Income A	16.35%	-5.80%	13.27%	-5.47%	8.31%
EdenTree Responsible and Sustainable Global Equity A	18.68%	10.81%	18.18%	-10.50%	13.46%
EdenTree Responsible and Sustainable Sterling Bond B	-0.31%	6.38%	8.77%	-2.29%	8.77%
EdenTree Responsible and Sustainable UK Equity B	15.11%	-5.61%	26.66%	-12.21%	12.76%
EdenTree Responsible and Sustainable UK Equity Opportunities B	22.51%	-4.66%	28.05%	-11.16%	20.19%
EdenTree Responsible and Sustainable European Equity B	17.52%	5.91%	14.83%	-13.32%	18.84%
EdenTree Responsible and Sustainable Managed Income B	16.95%	-5.32%	13.85%	-4.94%	8.80%
EdenTree Responsible and Sustainable Global Equity B	19.29%	11.60%	19.10%	-9.81%	14.37%
EdenTree Responsible and Sustainable Short Dated Bond	-1.38%	2.29%	2.89%	-0.39%	N/A*

Past performance should not be seen as an indication of future performance. The value of investments may fall as well as rise. Stocks and shares should be viewed as medium to long-term investments, for a period of at least five years.

\*Performance data is available for four years only as the EdenTree Responsible and Sustainable Short Dated Bond Fund was not launched until 1 September 2017.

#### Fluctuations in value:

No stock market investment can guarantee the capital value of your original investment. The value of investments and the income from them may go down as well as up and the investor may not get back the amount invested.

#### Effect of initial charge:

Where an initial charge is imposed, an investor who realises his shares after a short period may not (even in the absence of a fall in the value of the relevant investments) realise the amount originally invested. The shares should be viewed as a long-term investment.

#### Suspension of dealing in shares:

Investors are reminded that in certain circumstances their right to redeem shares may be suspended (see section 7).

#### Emerging markets:

Where Funds invest in some overseas markets these investments may carry risks associated with failed or delayed settlement of market transactions and with the registration and custody of securities.

Investment in emerging markets may involve a higher than average risk.



Investors should consider whether or not investment in such Funds is either suitable for or should constitute a substantial part of an investor's portfolio.

Companies in emerging markets may not be subject:

- (a) To accounting, auditing and financial reporting standards, practices and disclosure requirements comparable to those applicable to companies in major markets;
- (b) To the same level of government supervision and regulation of stock exchanges as countries with more advanced securities markets.

Accordingly, certain emerging markets may not afford the same level of investor protection as would apply in more developed jurisdictions.

- (a) Restrictions on foreign investment in emerging markets may preclude investment in certain securities by certain Funds and, as a result, limit investment opportunities for the Funds. Substantial government involvement in, and influence on, the economy may affect the value of securities in certain emerging markets.
- (b) The reliability of trading and settlement systems in some emerging markets may not be equal to that available in more developed markets, which may result in delays in realising investments.
- (c) Lack of liquidity and efficiency in certain of the stock markets or foreign exchange markets in certain emerging markets may mean that from time to time the ACD may experience more difficulty in purchasing or selling holdings of securities than it would in a more developed market.

#### **Overseas investments:**

A Fund which invests overseas is Sterling-based but holds foreign investments. This means that it will be affected by fluctuations in rates of currency exchange in addition to the usual stock market fluctuations.

#### **Risks relating to derivatives:**

**Derivative instruments can be highly volatile and expose investors to a high risk of loss. Derivatives may be used only for efficient portfolio management (EPM) and are not intended to increase the risk profile of the Funds.**

The low initial margin deposits sometimes required to establish a position at the outset in such instruments may permit a high degree of leverage. As a result, depending on the type of instrument, a relatively small movement in the price of a contract may result in a profit or a loss which is high in proportion to the amount of funds actually placed as initial margin and may result in potentially unquantifiable further loss exceeding any margin deposited.

In the event that a call for further margin exceeds the amount of cash available in the Company, the Company will be required to close out the relevant contract. In addition, daily limits on price fluctuations and speculative position limits on exchanges may prevent prompt liquidation of positions resulting in potentially greater losses. Further, when used for hedging purposes there may be an imperfect correlation between these instruments and the investments or market sectors being hedged.

Transactions in over-the-counter contracts may involve additional risk as there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of a position or to assess the exposure to risk. Contractual asymmetries and inefficiencies can also increase risk, such as break clauses, whereby a counterparty can terminate a transaction on the basis of a certain reduction in Net Asset Value, incorrect collateral calls or delays in collateral recovery.

#### **Derivative counterparty risk:**

The Funds and the Company are subject to the risk of the inability of any derivative counterparty to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes.

#### **Fixed income securities**

Changes in the interest rate will affect the value and interest earned from the fixed income securities held by the Fund. When interest rates rise, the capital value of the Fund is likely to fall and vice versa.

Duration will affect the portfolio's sensitivity to interest rates. A higher duration is expected to result in a bigger fall in market value of a fixed interest security when interest rates rise and vice versa.

The value of the Fund will fall if the issuer of a fixed income security held is unable to pay income payments or repay its debt (known as a default). A default, expected default or downgrading will make a fixed income security harder to sell as its value and income are likely to fall. Fixed income securities that pay a higher level of income usually have a lower credit rating because of the increased risk of default. The higher the rating the less likely it is that the issuer will default, but ratings are subject to change.

Debt securities are subject to Liquidity risk i.e. the risk arising from not being able to sell an instrument at the desired time or at a fair value due to unexpected cash flow. Factors affecting liquidity include the size of the debt outstanding, the credit quality, whether a readily available over-the-counter market exists in a particular debt instrument and how frequently such instruments trade.

#### **BREXIT**

The United Kingdom left the European Union on 31 January 2020 and the transitional and implementation period under the UK-EU Withdrawal Agreement expired on 31 December 2020. Since the United Kingdom is no longer a member of the European Union or European Economic Area, references in this document to the European Union (EU) or European Economic Area (EEA) should generally be understood to mean the United Kingdom and the European Union / European Economic Area (as relevant). References to members of, states within, or markets within, the European Union or European Economic Area should be interpreted accordingly. Any reference to legislation of a European origin shall be understood to refer to the relevant rules implemented in the United Kingdom and/or the on-shored version of that legislation as relevant. Statements that the fund is a UCITS shall be understood to be statements that the fund is a UK UCITS as defined in the FCA glossary.

## LIBOR

Investors should note that the London Interbank Offered Rate (LIBOR) is due to be abolished in 2021. This may impact the way some of the Company's fixed interest assets are valued. It is the ACD's intention to use the Sterling Overnight Index Average (SONIA).

## 27. COMPLAINTS

Any issue or complaint should be referred to the ACD at its London Office. If a complaint is not resolved satisfactorily it may be referred to the Financial Ombudsman Service. Address: Financial Ombudsman Service, Exchange Tower, London E14 9SR.

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

## 28. ADDRESS FOR SERVICE AND INSPECTION OF DOCUMENTS

The address for service of documents on the Company in the United Kingdom is Benefact House, 2000, Pioneer Avenue, Gloucester Business Park, Brockworth, Gloucester, GL3 4AW.

## 29. CLIENT MONEY

Client money is held in a segregated account and will not earn or therefore pay any interest. This applies to any client money which is not invested in our Funds.

Investors should note that the ACD may make use of the delivery versus payment (DVP) exemption as set out in the FCA rules. This provides a one-day window during which money received from an investor for the purchase of shares between trade date and settlement date is not treated as client money.

## 30. ELECTRONIC TRANSFER INSTRUCTIONS

The ACD will accept instructions to transfer or renunciation of title to shares on the basis of an authority communicated by electronic means and sent by the shareholder, or delivered on their behalf by a person that is authorised by the FCA or regulated in another jurisdiction by an equivalent supervisory authority, subject to:

- (a) Prior agreement between the ACD and the person making the communication as to:
  - (i) The electronic media by which such communications may be delivered; and
  - (ii) How such communications will be identified as conveying the necessary authority; and
- (b) Assurance from any person who may give such authority on behalf of the investor that they will have obtained the required appointment in writing from the shareholder.

## 31. TYPICAL INVESTOR

The Funds are aimed at retail investors who are able to commit Funds for the longer term, typically a minimum period of five years is envisaged.

## 32. REMUNERATION POLICY

The ACD has established and applies a remuneration policy which is consistent with and promotes sound and efficient risk management.

The remuneration includes a fixed (salary, pension and benefits according to responsibility and experience) and a variable component (annual bonus and for senior executives long term incentives).

As part of the Ecclesiastical Insurance Group the remuneration policy of EdenTree is managed and reviewed by the Group's Remuneration Committee, which consists of four non-executive directors. Reward structures will achieve a balance between short term and long term incentive pay.

Annual bonuses and long term incentives are currently paid in cash and linked to key strategic goals; the Group's and Edentree's profitability; investment performance (for fund managers); customer & conduct and individual performance targets. For senior managers, material risk takers and control functions the variable component may be deferred and vest over a three year period. It may also be subject to clawback.

Up to date details of the remuneration policy including how remuneration and benefits are calculated and the identities of the persons responsible for awarding remuneration, including composition of the Remuneration Committee are available on our internet site: [www.edentreeim.com](http://www.edentreeim.com). A paper copy will be made available free of charge upon request.

## APPENDIX 1 – DETAILS OF FUNDS

### EDENTREE RESPONSIBLE AND SUSTAINABLE UK EQUITY FUND – PRN 636420

#### Investment objective

To achieve long-term capital appreciation over five years or more and an income, through a diversified portfolio of UK companies.

#### Investment policy

The EdenTree Responsible and Sustainable UK Equity Fund aims to invest at least 80% in UK companies whose primary listing is in the UK by investing in a portfolio of companies which make a positive contribution to society and the environment through sustainable and socially responsible practices.

The portfolio will consist of at least 80% listed securities but the Manager may also invest in units in collective investment schemes, money-market instruments, derivatives and forward transactions, deposits, nil and partly-paid securities, bonds, convertible bonds, cash and near cash as deemed economically appropriate to meet the Fund's objective.

The Fund seeks to avoid investment in certain areas such as companies which have a material involvement (10% or more) in alcohol and tobacco production, conventional weapon production, gambling, publication of violent or explicit materials, intensive farming, fossil fuel exploration and production and high interest (sub-prime) lending.

The Fund will seek to avoid companies with material operations in oppressive regimes. The Fund has a proprietary means of assessing oppressive regime risk, and operates this on a case by case basis. It will also seek to avoid companies that have exposure to the manufacture of unconventional weapons where these are defined as nuclear, biological and chemical weapons, land mines and cluster bombs. Finally, the Fund will seek to avoid companies using animals to test cosmetic, beauty or household products. It will invest in pharmaceuticals companies that may conduct animal testing but will encourage the adoption of the 3R principles: refine, reduce, and replace.

Our responsible and sustainable screening captures the quality and strength of a company's approach to sustainable business. This includes assessing a diverse range of indicators including environment and climate change, conflict minerals, custody of supply in raw materials sourcing (e.g. timber) and pollution etc. By way of example when specifically assessing corporate sustainability as it relates to climate change we would analyse key indicators such as emissions disclosure, how targets are set, whether they are science based and ambitious enough to demonstrate commitment to a low carbon economy and whether the company is providing solutions that support climate resilience, mitigation and / or adaptation.

The Fund favours companies that follow good Business Ethics, Corporate Governance, Employment & Labour practices, Environment and Climate Change Management, Human Rights, and Community Relations and is particularly positive on companies that contribute to Education, Health & Wellbeing, Social Infrastructure and Sustainable Solutions.

Further details of EdenTree's Responsible and Sustainable Investment Policy are available on request or can be downloaded from our website at [www.edentreeim.com](http://www.edentreeim.com).

This Fund is marketable to all retail investors.

**The Manager does not currently intend to use derivatives for any purpose other than the efficient portfolio management of the Fund, although it may subject to obtaining and maintaining the requisite permissions from the FCA under the Financial Services and Markets Act 2000 and on giving not less than 60 days' notice to shareholders in the Fund, use derivatives in pursuit of its investment objective in the future.**

**If derivatives are used for the purpose of meeting the investment objective of the Fund it is not intended that the use of derivatives would cause the Net Asset Value of the Fund to have higher volatility or otherwise cause the existing risk profile of the Fund to change.**

The Fund will be managed in line with the requirements for inclusion in an Individual Savings Account (ISA).

#### Fund Benchmark

As the Fund invests in a diverse range of UK companies and sectors, we compare the Fund's performance to the FTSE All Share Index, however the portfolio manager is not bound or influenced by the index when making investment decisions. Investors should note that our Responsible and Sustainable Investment Policy will mean the exclusion of certain investments within the index which may lead to greater variance in the Fund's performance versus the benchmark.

Shares Offered	Initial Charge	Annual Charge
Class A net income	0% actual	1.25% actual
Class B net income (£1m or more invested)	0% actual	0.75% actual
Class C net accumulation (£1m or more invested)	5% actual	1.25% actual
Class D net income (£1m or more invested)	0% actual	0% actual

## EDENTREE RESPONSIBLE AND SUSTAINABLE EUROPEAN EQUITY FUND – PRN 636421

### Investment objective

To achieve long-term capital growth over five years or more with an income through a diversified portfolio of European (ex-UK) companies.

### Investment policy

The EdenTree Responsible and Sustainable European Equity Fund aims to invest at least 80% in European (ex-UK) companies by investing in companies which make a positive contribution to society and the environment through sustainable and socially responsible practices.

The portfolio will consist of at least 80% listed securities but the Manager may also invest in units in collective investment schemes, money-market instruments, derivatives and forward transactions, deposits, nil and partly-paid securities, bonds, convertible bonds, cash and near cash as deemed economically appropriate to meet the Fund's objective.

The Fund seeks to avoid investment in certain areas such as companies which have a material involvement (10% or more) in alcohol and tobacco production, conventional weapon production, gambling, publication of violent or explicit materials, intensive farming, fossil fuel exploration and production and high interest (sub-prime) lending.

The Fund will seek to avoid companies with material operations in oppressive regimes. The Fund has a proprietary means of assessing oppressive regime risk, and operates this on a case by case basis. It will also seek to avoid companies that have exposure to the manufacture of unconventional weapons where these are defined as nuclear, biological and chemical weapons, land mines and cluster bombs. Finally, the Fund will seek to avoid companies using animals to test cosmetic, beauty or household products. It will invest in pharmaceuticals companies that may conduct animal testing but will encourage the adoption of the 3R principles: refine, reduce, and replace.

Our responsible and sustainable screening captures the quality and strength of a company's approach to sustainable business. This includes assessing a diverse range of indicators including environment and climate change, conflict minerals, custody of supply in raw materials sourcing (e.g. timber) and pollution etc. By way of example when specifically assessing corporate sustainability as it relates to climate change we would analyse key indicators such as emissions disclosure, how targets are set, whether they are science based and ambitious enough to demonstrate commitment to a low carbon economy and whether the company is providing solutions that support climate resilience, mitigation and / or adaptation.

The Fund favours companies that follow good Business Ethics, Corporate Governance, Employment & Labour practices, Environment and Climate Change Management, Human Rights, and Community Relations and is particularly positive on companies that contribute to Education, Health & Wellbeing, Social Infrastructure and Sustainable Solutions.

Further details of EdenTree's Responsible and Sustainable Investment Policy are available on request or can be downloaded from our website at [www.edentreeim.com](http://www.edentreeim.com).

This Fund is marketable to all retail investors.

**The Manager does not currently intend to use derivatives for any purpose other than the efficient portfolio management of the Fund, although it may subject to obtaining and maintaining the requisite permissions from the FCA under the Financial Services and Markets Act 2000 and on giving not less than 60 days' notice to shareholders in the Fund, use derivatives in pursuit of its investment objective in the future.**

**If derivatives are used for the purpose of meeting the investment objective of the Fund it is not intended that the use of derivatives would cause the Net Asset Value of the Fund to have higher volatility or otherwise cause the existing risk profile of the Fund to change.**

The Fund will be managed in line with the requirements for inclusion in an Individual Savings Account (ISA).

### Fund Benchmark

As the Fund invests in a diverse range of European (ex UK) companies and sectors we compare the Fund's performance to the FTSE World Europe ex UK Index, however the portfolio manager is not bound or influenced by the index when making investment decisions. Investors should note that our Responsible and Sustainable Investment Policy will mean the exclusion of certain investments within the index which may lead to greater variance in the Fund's performance versus the benchmark.

Shares Offered	Initial Charge	Annual Charge
Class A net income	0% actual	1.25% actual
Class B net income (£1m or more invested)	0% actual	0.75% actual
Class C net accumulation (£1m or more invested)	5% actual	1.25% actual
Class D net income (£1m or more invested)	0% actual	0% actual

## EDENTREE RESPONSIBLE AND SUSTAINABLE GLOBAL EQUITY FUND – PRN 636422

### Investment objective

To achieve long-term capital growth over five years or more with an income through a diversified portfolio of international (including the UK) companies.

### Investment policy

The EdenTree Responsible and Sustainable Global Equity Fund seeks to invest in a portfolio of companies which make a positive contribution to society and the environment through sustainable and socially responsible practices.

The portfolio will consist of at least 80% listed securities but the Manager may also invest in units in collective investment schemes, money-market instruments, derivatives and forward transactions, deposits, nil and partly-paid securities, bonds, convertible bonds, cash and near cash as deemed economically appropriate to meet the Fund's objective.

The Fund seeks to avoid investment in certain areas such as companies which have a material involvement (10% or more) in alcohol and tobacco production, conventional weapon production, gambling, publication of violent or explicit materials, intensive farming, fossil fuel exploration and production and high interest (sub-prime) lending.

The Fund will seek to avoid companies with material operations in oppressive regimes. The Fund has a proprietary means of assessing oppressive regime risk, and operates this on a case by case basis. It will also seek to avoid companies that have exposure to the manufacture of unconventional weapons where these are defined as nuclear, biological and chemical weapons, land mines and cluster bombs. Finally, the Fund will seek to avoid companies using animals to test cosmetic, beauty or household products. It will invest in pharmaceuticals companies that may conduct animal testing but will encourage the adoption of the 3R principles: refine, reduce, and replace.

Our responsible and sustainable screening captures the quality and strength of a company's approach to sustainable business. This includes assessing a diverse range of indicators including environment and climate change, conflict minerals, custody of supply in raw materials sourcing (e.g. timber) and pollution etc. By way of example when specifically assessing corporate sustainability as it relates to climate change we would analyse key indicators such as emissions disclosure, how targets are set, whether they are science based and ambitious enough to demonstrate commitment to a low carbon economy and whether the company is providing solutions that support climate resilience, mitigation and / or adaptation.

The Fund favours companies that follow good Business Ethics, Corporate Governance, Employment & Labour practices, Environment and Climate Change Management, Human Rights, and Community Relations and is particularly positive on companies that contribute to Education, Health & Wellbeing, Social Infrastructure and Sustainable Solutions.

Further details of EdenTree's Responsible and Sustainable Investment Policy are available on request or can be downloaded from our website at [www.edentreeim.com](http://www.edentreeim.com).

This Fund is marketable to all retail investors.

**The Manager does not currently intend to use derivatives for any purpose other than the efficient portfolio management of the Fund, although it may subject to obtaining and maintaining the requisite permissions from the FCA under the Financial Services and Markets Act 2000 and on giving not less than 60 days' notice to shareholders in the Fund, use derivatives in pursuit of its investment objective in the future.**

**If derivatives are used for the purpose of meeting the investment objective of the Fund it is not intended that the use of derivatives would cause the Net Asset Value of the Fund to have higher volatility or otherwise cause the existing risk profile of the Fund to change.**

The Fund will be managed in line with the requirements for inclusion in an Individual Savings Account (ISA).

### Fund Benchmark

As the Fund invests in a diverse range of global companies and sectors, we compare the Fund's performance to the FTSE World Index, however the portfolio manager is not bound or influenced by the index when making investment decisions. Investors should note that our Responsible and Sustainable Investment Policy will mean the exclusion of certain investments within the index which may lead to greater variance in the Fund's performance versus the benchmark.

Shares Offered	Initial Charge	Annual Charge
Class A net income	0% actual	1.25% actual
Class B net income (£1m or more invested)	0% actual	0.75% actual
Class C net accumulation (£1m or more invested)	5% actual	1.25% actual
Class D net income (£1m or more invested)	0% actual	0% actual

## EDENTREE RESPONSIBLE AND SUSTAINABLE STERLING BOND FUND – PRN 636423

### Investment objective

The Fund aims to generate a regular level of income payable quarterly.

### Investment policy

The EdenTree Responsible and Sustainable Sterling Bond Fund seeks to invest in a highly diversified portfolio of Government bonds and good quality fixed-interest securities issued by companies which make a positive contribution to society and the environment through sustainable and socially responsible practices. The Fund's investments will be at least 80% denominated in Sterling but the Fund may invest in other currency bonds and securities that the Manager thinks appropriate to meet the investment objective.

The portfolio will consist of at least 80% listed securities but the Manager may also invest in units in collective investment schemes, money-market instruments, derivatives and forward transactions, deposits, nil and partly-paid securities, bonds, convertible bonds, cash and near cash as deemed economically appropriate to meet the Fund's objective.

The Fund seeks to avoid investment in certain areas such as companies which have a material involvement (10% or more) in alcohol and tobacco production, conventional weapon production, gambling, publication of violent or explicit materials, intensive farming, fossil fuel exploration and production and high interest (sub-prime) lending.

The Fund will seek to avoid companies with material operations in oppressive regimes. The Fund has a proprietary means of assessing oppressive regime risk, and operates this on a case by case basis. It will also seek to avoid companies that have exposure to the manufacture of unconventional weapons where these are defined as nuclear, biological and chemical weapons, land mines and cluster bombs. Finally, the Fund will seek to avoid companies using animals to test cosmetic, beauty or household products. It will invest in pharmaceuticals companies that may conduct animal testing but will encourage the adoption of the 3R principles: refine, reduce, and replace.

Our responsible and sustainable screening captures the quality and strength of a company's approach to sustainable business. This includes assessing a diverse range of indicators including environment and climate change, conflict minerals, custody of supply in raw materials sourcing (e.g. timber) and pollution etc. By way of example when specifically assessing corporate sustainability as it relates to climate change we would analyse key indicators such as emissions disclosure, how targets are set, whether they are science based and ambitious enough to demonstrate commitment to a low carbon economy and whether the company is providing solutions that support climate resilience, mitigation and / or adaptation.

The Fund favours companies that follow good Business Ethics, Corporate Governance, Employment & Labour

practices, Environment and Climate Change Management, Human Rights, and Community Relations and is particularly positive on companies that contribute to Education, Health & Wellbeing, Social Infrastructure and Sustainable Solutions.

Further details of EdenTree's Responsible and Sustainable Investment Policy are available on request or can be downloaded from our website at [www.edentreeim.com](http://www.edentreeim.com).

This Fund is marketable to all retail investors.

**The Manager does not currently intend to use derivatives for any purpose other than the efficient portfolio management of the Fund, although it may subject to obtaining and maintaining the requisite permissions from the FCA under the Financial Services and Markets Act 2000 and on giving not less than 60 days' notice to shareholders in the Fund, use derivatives in pursuit of its investment objective in the future.**

**If derivatives are used for the purpose of meeting the investment objective of the Fund it is not intended that the use of derivatives would cause the Net Asset Value of the Fund to have higher volatility or otherwise cause the existing risk profile of the Fund to change.**

The Fund will be managed in line with the requirements for inclusion in an Individual Savings Account (ISA).

### Fund Benchmark

As the Fund has greater exposure to corporate bonds over gilts we compare the Fund's performance to the iBoxx Sterling Non-Gilt Overall Total Return Index, however the portfolio manager is not bound or influenced by the index when making investment decisions. Investors should note that our Responsible and Sustainable Investment Policy will mean the exclusion of certain investments within the index which may lead to greater variance in the Fund's performance versus the benchmark.

Shares Offered	Initial Charge	Annual Charge
Class A gross income	0% actual	1.15% actual
Class B gross income (£1m or more invested)	0% actual	0.55% actual
Class D gross income (£1m or more invested)	0% actual	0% actual

## EDENTREE RESPONSIBLE AND SUSTAINABLE MANAGED INCOME FUND – PRN 636418

### Investment objective

To prioritise income, with the aim of exceeding the yield of the FTSE 250 Mid-Cap Index, together with capital growth over the longer term, five years or more.

### Investment policy

The Manager will seek to achieve the investment objective by investing in a mix of equities, fixed-interest securities and cash equivalents. The Fund will maintain a bias towards equities of 60 – 85%.

The portfolio will consist of at least 90% listed stocks and shares but the Manager may also invest in units in collective investment schemes, money-market instruments, derivatives and forward transactions, deposits, nil and partly-paid securities, bonds, convertible bonds, cash and near cash as deemed economically appropriate to meet the Fund's objective. The fund has no geographical restrictions or limits and may invest in any of the eligible markets listed in Appendix 3 of the Prospectus.

The Fund seeks to avoid investment in certain areas such as companies which have a material involvement (10% or more) in alcohol and tobacco production, conventional weapon production, gambling, publication of violent or explicit materials, intensive farming, fossil fuel exploration and production and high interest (sub-prime) lending.

The Fund will seek to avoid companies with material operations in oppressive regimes. The Fund has a proprietary means of assessing oppressive regime risk, and operates this on a case by case basis. It will also seek to avoid companies that have exposure to the manufacture of unconventional weapons where these are defined as nuclear, biological and chemical weapons, land mines and cluster bombs. Finally, the Fund will seek to avoid companies using animals to test cosmetic, beauty or household products. It will invest in pharmaceuticals companies that may conduct animal testing but will encourage the adoption of the 3R principles: refine, reduce, and replace.

Our responsible and sustainable screening captures the quality and strength of a company's approach to sustainable business. This includes assessing a diverse range of indicators including environment and climate change, conflict minerals, custody of supply in raw materials sourcing (e.g. timber) and pollution etc. By way of example when specifically assessing corporate sustainability as it relates to climate change we would analyse key indicators such as emissions disclosure, how targets are set, whether they are science based and ambitious enough to demonstrate commitment to a low carbon economy and whether the company is providing solutions that support climate resilience, mitigation and / or adaptation.

The Fund favours companies that follow good Business Ethics, Corporate Governance, Employment & Labour practices, Environment and Climate Change Management, Human Rights, and Community Relations and is particularly

positive on companies that contribute to Education, Health & Wellbeing, Social Infrastructure and Sustainable Solutions.

Further details of EdenTree's Responsible and Sustainable Investment Policy are available on request or can be downloaded from our website at [www.edentreeim.com](http://www.edentreeim.com).

This Fund is marketable to all retail investors.

**The Manager does not currently intend to use derivatives for any purpose other than the efficient portfolio management of the Fund, although it may subject to obtaining and maintaining the requisite permissions from the FCA under the Financial Services and Markets Act 2000 and on giving not less than 60 days' notice to shareholders in the Fund, use derivatives in pursuit of its investment objective in the future.**

**If derivatives are used for the purpose of meeting the investment objective of the Fund it is not intended that the use of derivatives would cause the Net Asset Value of the Fund to have higher volatility or otherwise cause the existing risk profile of the Fund to change.**

The Fund will be managed in line with the requirements for inclusion in an Individual Savings Account (ISA).

### Fund Benchmark

Benchmarks may be used for Target or Comparator purposes.

### Target Benchmark

Yield : FTSE 250 Mid-Cap Index – This benchmark is the target which the fund seeks to outperform and has been chosen as it is an appropriate target given the fund's investment policy.

### Comparator Benchmark

FTSE All-Share Index – This benchmark is a comparator against which the overall performance of the fund can be measured. It has been chosen as the Fund's average market and sector exposure is biased in favour of UK equities and corporate bonds. The portfolio manager is not bound or influenced by the index when making investment decisions and the Fund's holdings may deviate from the benchmarks constituents. Investors should note that our Responsible and Sustainable Investment Policy will mean the exclusion of certain investments within the index which may lead to greater variance in the Fund's performance versus the benchmark.

Shares Offered	Initial Charge	Annual Charge
Class A net income	0% actual	1.25% actual
Class B net income (£1m or more invested)	0% actual	0.75% actual
Class C net accumulation (£1m or more invested)	5% actual	1% actual
Class D gross income (£1m or more invested)	0% actual	0% actual

## EDENTREE RESPONSIBLE AND SUSTAINABLE UK EQUITY OPPORTUNITIES FUND – PRN 636419

### Investment objective

To achieve long-term capital growth over five years or more with an income.

### Investment policy

The EdenTree Responsible and Sustainable UK Equity Opportunities Fund aims to invest at least 80% in a range of UK incorporated companies whose primary listing is in the UK which the Manager believes offer good potential for long-term capital growth. The portfolio will consist of at least 80% listed securities with a bias towards small and mid-cap companies and those that the Manager considers are undervalued opportunities. The Manager may also invest in units in collective investment schemes, money-market instruments, derivatives and forward transactions, deposits, nil and partly-paid securities, bonds, convertible bonds, cash and near cash as deemed economically appropriate to meet the Fund's objective.

The Fund seeks to avoid investment in certain areas such as companies which have a material involvement (10% or more) in alcohol and tobacco production, conventional weapon production, gambling, publication of violent or explicit materials, intensive farming, fossil fuel exploration and production and high interest (sub-prime) lending.

The Fund will seek to avoid companies with material operations in oppressive regimes. The Fund has a proprietary means of assessing oppressive regime risk, and operates this on a case by case basis. It will also seek to avoid companies that have exposure to the manufacture of unconventional weapons where these are defined as nuclear, biological and chemical weapons, land mines and cluster bombs. Finally, the Fund will seek to avoid companies using animals to test cosmetic, beauty or household products. It will invest in pharmaceuticals companies that may conduct animal testing but will encourage the adoption of the 3R principles: refine, reduce, and replace.

Our responsible and sustainable screening captures the quality and strength of a company's approach to sustainable business. This includes assessing a diverse range of indicators including environment and climate change, conflict minerals, custody of supply in raw materials sourcing (e.g. timber) and pollution etc. By way of example when specifically assessing corporate sustainability as it relates to climate change we would analyse key indicators such as emissions disclosure, how targets are set, whether they are science based and ambitious enough to demonstrate commitment to a low carbon economy and whether the company is providing solutions that support climate resilience, mitigation and / or adaptation.

The Fund favours companies that follow good Business Ethics, Corporate Governance, Employment & Labour practices, Environment and Climate Change Management, Human Rights, and Community Relations and is particularly positive on companies that contribute to Education, Health & Wellbeing, Social Infrastructure and Sustainable Solutions.

Further details of EdenTree's Responsible and Sustainable Investment Policy are available on request or can be downloaded from our website at [www.edentreeim.com](http://www.edentreeim.com).

This Fund is marketable to all retail investors.

**The Manager does not currently intend to use derivatives for any purpose other than the efficient portfolio management of the Fund, although it may subject to obtaining and maintaining the requisite permissions from the FCA under the Financial Services and Markets Act 2000 and on giving not less than 60 days' notice to shareholders in the Fund, use derivatives in pursuit of its investment objective in the future.**

**If derivatives are used for the purpose of meeting the investment objective of the Fund it is not intended that the use of derivatives would cause the Net Asset Value of the Fund to have higher volatility or otherwise cause the existing risk profile of the Fund to change.**

The Fund will be managed in line with the requirements for inclusion in an Individual Savings Account (ISA).

### Fund Benchmark

As the Fund invests in a diverse range of UK companies and sectors, we compare the Fund's performance to the FTSE All Share Index, however the portfolio manager is not bound or influenced by the index when making investment decisions. Investors should note that our Responsible and Sustainable Investment Policy will mean the exclusion of certain investments within the index which may lead to greater variance in the Fund's performance versus the benchmark.

Shares Offered	Initial Charge	Annual Charge
Class A net income	0% actual	1.25% actual
Class B net income (£1m or more invested)	0% actual	0.75% actual
Class C net accumulation (£1m or more invested)	5% actual	1.25% actual
Class D net income (£1m or more invested)	0% actual	0% actual



## EDENTREE RESPONSIBLE AND SUSTAINABLE SHORT DATED BOND FUND – PRN 787953

### Investment objective

The Fund aims to preserve capital and generate a regular income payable quarterly.

### Investment policy

The EdenTree Responsible and Sustainable Short Dated Bond Fund seeks to invest at least 80% in short dated government bonds and debt instruments issued by companies that the manager believes make a positive contribution to society and the environment through sustainable and socially responsible practices.

In line with the Fund's objective to preserve capital, the Fund will aim to invest at least 80% in sterling denominated fixed interest securities of short duration. Portfolio duration will be expected to average around 2 years, with the anticipated upper limit being 3 years. The portfolio will also look to maintain high credit quality. Securities will usually have a minimum credit rating of A by Moody's, S&P and or Fitch to be considered for investment. A maximum of 10% of the holdings may be invested in BBB-rated debt, seeking a target overall portfolio rating of A or better.

The Manager may also invest in units in collective investment schemes, money-market instruments, derivatives and forward transactions, term deposits, nil and partly-paid securities, cash and near cash as deemed economically appropriate to meet the Fund's objective.

The Fund seeks to avoid investment in certain areas such as companies which have a material involvement (10% or more) in alcohol and tobacco production, conventional weapon production, gambling, publication of violent or explicit materials, intensive farming, fossil fuel exploration and production and high interest (sub-prime) lending.

The Fund will seek to avoid companies with material operations in oppressive regimes. The Fund has a proprietary means of assessing oppressive regime risk, and operates this on a case by case basis. It will also seek to avoid companies that have exposure to the manufacture of unconventional weapons where these are defined as nuclear, biological and chemical weapons, land mines and cluster bombs. Finally, the Fund will seek to avoid companies using animals to test cosmetic, beauty or household products. It will invest in pharmaceuticals companies that may conduct animal testing but will encourage the adoption of the 3R principles: refine, reduce, and replace.

Our responsible and sustainable screening captures the quality and strength of a company's approach to sustainable business. This includes assessing a diverse range of indicators including environment and climate change, conflict minerals, custody of supply in raw materials sourcing (e.g. timber) and pollution etc. By way of example when specifically assessing corporate sustainability as it relates to climate change we would analyse key indicators such as emissions disclosure, how targets are set, whether they are science based and ambitious enough to demonstrate

commitment to a low carbon economy and whether the company is providing solutions that support climate resilience, mitigation and / or adaptation.

The Fund favours companies that follow good Business Ethics, Corporate Governance, Employment & Labour practices, Environment and Climate Change Management, Human Rights, and Community Relations and is particularly positive on companies that contribute to Education, Health & Wellbeing, Social Infrastructure and Sustainable Solutions.

Further details of EdenTree's Responsible and Sustainable Investment Policy are available on request or can be downloaded from our website at [www.edentreeim.com](http://www.edentreeim.com).

**The Manager does not currently intend to use derivatives for any purpose other than the efficient portfolio management of the Fund. Should the Manager decide to use derivatives in pursuit of its investment objective in the future, it may do so on giving not less than 60 days' notice to shareholders in the Fund.**

**If derivatives are used for the purpose of meeting the investment objective of the Fund it is not intended that the use of derivatives would cause the Net Asset Value of the Fund to have higher volatility or otherwise cause the existing risk profile of the Fund to change.**

This Fund is marketable to retail investors and will be managed in line with the requirements for inclusion in an Individual Savings Account (ISA) but is not available for direct investment in our stocks and shares ISA.

### Fund Benchmark

As the Fund has greater exposure to short dated corporate bonds over gilts, we compare the Fund's performance to the iBoxx Non-Gilts 1-5 years ex BBB Benchmark, however the portfolio manager is not bound or influenced by the index when making investment decisions. Investors should note that our Responsible and Sustainable Investment Policy will mean the exclusion of certain investments within the index which may lead to greater variance in the Fund's performance versus the benchmark.

Shares Offered	Initial Charge	Annual Charge
Class B gross income (£1m or more invested)	0% actual	0.35% actual
Class D gross income (£1m or more invested)	0% actual	0% actual

## EDENTREE GREEN FUTURE FUND

### Investment objective

To provide long term capital growth over 5 years or more with an income by investing globally in companies which, at the core of their business, provide sustainable solutions to some of the world's environmental challenges.

### Investment policy

The EdenTree Green Future Fund will seek to achieve the investment objective by investing at least 80% of the Fund globally in shares of companies whose core products and services address global sustainability challenges, with a particular focus on the environment. Up to 20% of the Fund may be invested in other assets, including shares of other companies, open-ended funds (including funds managed by EdenTree and its associates), money-market instruments, derivatives and forward transactions, deposits, nil and partly-paid securities, bonds, convertible bonds, cash and near cash as deemed economically appropriate to meet the Fund's objective.

The Fund will focus on companies whose products and services offer solutions for the following themes;

- Alternative Energy (the generation, storage and distribution of clean energy)
- Energy Efficiency (the enabling of a low carbon transition)
- A Circular Economy (solutions for sustainable materials and resource stewardship)
- Environmental Services (pollution control, testing and impact management)
- Water Management (water conservation and management)
- Future Mobility (technologies and services enabling sustainable transportation)
- Regenerative Agriculture (sustainable food production)

The Fund will avoid investment where there is material involvement (10% or more) in alcohol and tobacco production, conventional weapon production, gambling, publication of violent or explicit materials, intensive farming, fossil fuel exploration and production and high interest (sub-prime) lending.

The Fund will avoid companies with material operations in oppressive regimes. The Fund has a proprietary means of assessing oppressive regime risk, and operates this on a case by case basis. It will also seek to avoid companies that have exposure to the manufacture of unconventional weapons where these are defined as nuclear, biological and chemical weapons, land mines and cluster bombs. Finally, the Fund will seek to avoid companies using animals to test cosmetic, beauty or household products. It will invest in pharmaceuticals companies that may conduct animal testing but will encourage the adoption of the 3R principles: refine, reduce, and replace.

This Fund is marketable to all retail investors.

Further details of the Investment Policy and how we screen our funds are available on request or can be downloaded from our website at [www.edentreeim.com](http://www.edentreeim.com).

**The Manager does not currently intend to use derivatives for any purpose other than the efficient portfolio management of the Fund, although it may subject to obtaining and maintaining the requisite permissions from the FCA under the Financial Services and Markets Act 2000 and on giving not less than 60 days' notice to shareholders in the Fund, use derivatives in pursuit of its investment objective in the future.**

**If derivatives are used for the purpose of meeting the investment objective of the Fund it is not intended that the use of derivatives would cause the Net Asset Value of the Fund to have higher volatility or otherwise cause the existing risk profile of the Fund to change.**

The Fund will be managed in line with the requirements for inclusion in an Individual Savings Account (ISA).

### Fund Benchmark

As the Fund invests globally in companies whose products address environmental and sustainability challenges, we compare the Fund's performance to the FTSE World TR GBP. The portfolio manager is, however, not bound or influenced by the index when making investment decisions and the fund's holdings may deviate from the benchmark's constituents.

Investors should note that our investment objective of investing globally in companies whose core products and services address environmental and sustainability challenges may lead to greater variance in the Fund's performance versus the benchmark.

Shares Offered	Initial Charge	Annual Charge
Class B net income (£1m or more invested)	0% actual	0.75% actual
Class D net income (£1m or more invested)	0% actual	0% actual

## EDENTREE GLOBAL IMPACT BOND FUND

### Investment objective

To deliver measurable positive environmental and social impact alongside a regular level of income, payable quarterly.

### Investment policy

The EdenTree Global Impact Bond Fund will seek to achieve the investment objective by investing in a globally diversified set of publically listed fixed interest securities issued by companies that make a positive contribution to society and the environment through sustainable and socially responsible practices. The Fund's investments will have a minimum 80% exposure to impact instruments, which may include ESG-labelled debt such as Green, Social and Sustainable bonds. This exposure will also consist of debt instruments issued by companies contributing to positive measurable environmental and or social outcomes falling under EdenTree's themes of Sustainable Solutions, Social Infrastructure, Health & Wellbeing, Education and or related UN Sustainable Development Goals.

The Fund will consist of at least 80% of publically listed fixed interest securities but may also invest in units in collective investment schemes, money-market instruments, derivatives and forward transactions, deposits, nil and partly-paid securities, bonds, convertible bonds, cash and near cash as deemed appropriate economically and from an impact standpoint.

The Fund will avoid investment in certain areas such as companies which have a material involvement (10% or more) in alcohol and tobacco production, conventional weapon production, gambling, publication of violent or explicit materials, intensive farming, fossil fuel exploration and production and high interest (sub-prime) lending.

The Fund will avoid companies with material operations in oppressive regimes. The Fund has a proprietary means of assessing oppressive regime risk, and operates this on a case by case basis. It will also avoid companies that have exposure to the manufacture of unconventional weapons where these are defined as nuclear, biological and chemical weapons, land mines and cluster bombs. Finally, the Fund will avoid companies using animals to test cosmetic, beauty or household products. It will invest in pharmaceuticals companies that may conduct animal testing but will encourage the adoption of the 3R principles: refine, reduce, and replace.

Our responsible and sustainable screening captures the quality and strength of a company's approach to sustainable business. This includes assessing a diverse range of indicators including environment and climate change, conflict minerals, custody of supply in raw materials sourcing (e.g. timber) and pollution etc. By way of example when specifically assessing corporate sustainability as it relates to climate change we would analyse key indicators such as emissions disclosure, how targets are set, whether they are science based and ambitious enough to demonstrate commitment to a low carbon economy and whether

the company is providing solutions that support climate resilience, mitigation and / or adaptation.

The Fund favours companies that follow good Business Ethics, Corporate Governance, Employment & Labour practices, Environment and Climate Change Management, Human Rights, and Community.

The Fund will disclose the impact of its investments annually, thereby offering transparency on use of proceeds with measurable outcomes data and Key Performance Indicator metrics based on the themes of Sustainable Solutions, Social Infrastructure, Health & Wellbeing and Education. Where companies have declared contribution to the UN Sustainable Development Goals and the corresponding underlying targets, this data will be reported and monitored.

Examples of the Key Performance Indicators for each theme may include (but not limited to);

- Sustainable Solutions
- GHG emissions avoided (metric tonnes)
- Energy Savings (megawatt hours (MWH))
- Water Savings (gallons)
- Social Infrastructure
- Number of jobs created
- Number of social/ affordable homes
- Health and Wellbeing
- Number of doses provided
- Number of shipments to low income countries
- Education
- Number of Educational Institutions funded

In the event that the KPIs fall below expectations, the Manager will engage with the issuers to understand the reasons for the level of impact reported, and review the investment if required to ensure it is still appropriate for meeting the investment objective of the Fund.

Further details of EdenTree's Impact Investing Framework is available on request or can be downloaded from our website at [www.edentreeim.com](http://www.edentreeim.com).

This Fund is marketable to all retail investors.

**The Manager does not currently intend to use derivatives for any purpose other than the efficient portfolio management of the Fund, although it may subject to obtaining and maintaining the requisite permissions from the FCA under the Financial Services and Markets Act 2000 and on giving not less than 60 days' notice to shareholders in the Fund, use derivatives in pursuit of its investment objective in the future.**

**If derivatives are used for the purpose of meeting the investment objective of the Fund it is not intended that the use of derivatives would cause the Net Asset Value of the Fund to have higher volatility or otherwise cause the existing risk profile of the Fund to change.**

The Fund will be managed in line with the requirements for inclusion in an Individual Savings Account (ISA).

### **Fund Benchmark**

iBoxx Global Green, Social & Sustainability Bonds Total Return Index (GBP Hedged)

This benchmark is a comparator against which the overall performance of the fund can be measured. It has been chosen based on the Fund's multi-currency portfolio of debt instruments, the bulk of which possess a clear use of proceeds and as such are labelled Green, Social and or Sustainable. The portfolio manager is not bound or influenced by the index when making investment decisions and the fund's holdings may deviate from the benchmarks constituents. Investors should note that our Responsible and Sustainable Investment Policy will mean the exclusion of certain investments within the index which may lead to greater variance in the Fund's performance versus the benchmark.

Shares Offered	Initial Charge	Annual Charge
Class B gross income (£1m or more invested)	0% actual	0.55% actual
Class D gross income (£1m or more invested)	0% actual	0% actual

## APPENDIX 2 – INVESTMENT RESTRICTIONS

The principal investment restrictions applying to each of the Funds of the Company under the FCA Rules are set out below. These are, however, subject to the qualifications and exceptions contained in the FCA Rules. Any additional investment restrictions for other Funds will be formulated by the ACD at the time of creation of such Funds. The limits on investment are set out in the FCA Rules, a summary of which is as follows:

### 1.1

A Fund can invest only in 'transferable securities' within the meaning of the FCA Rules, money-market instruments, cash and near cash, deposits, derivative instruments and forward transactions and units or shares in collective investment schemes.

### 1.2

There is no limit on the value of the property of the Fund that may consist of 'approved securities' within the meaning of the FCA Rules (broadly, listed securities in a member state of the European Union or European Economic Area ('Member State') and securities traded on or under the rules of an eligible securities market (as listed in Appendix 3) provided that such securities meet the criteria set out in the Collective Investment Schemes Sourcebook which in summary are:

- (a) The potential loss that any Fund may incur in connection with the transferable security is limited to the amount paid for it;
- (b) Its liquidity does not affect the ACD's ability to redeem shares;
- (c) A reliable valuation can be obtained for it;
- (d) It is negotiable; and
- (e) Its risks are adequately captured by the risk management process of the ACD. Transferable securities tracked on an eligible market will be deemed to meet these criteria unless the ACD knows otherwise.

### 1.3

Up to 10% in value of the Fund's property may consist of transferable securities which are not 'approved securities' within the meaning of the FCA Rules.

### 1.4

Up to 35% in value of the Fund's Property may consist of government and other public securities issued by any one issuer, and, provided that the Depositary agrees with the ACD that the issuer is one which is appropriate in accordance with the Fund's investment objectives and subject to the conditions in the FCA Rules, more than 35% and up to 100% in value of the Fund's property may consist of government and other public securities issued by or on behalf of or guaranteed by any one or more of:

- (a) The government of the United Kingdom or Belgium, France, Germany, Italy, Luxembourg, the Netherlands, Denmark, Ireland, Greece, Spain, Portugal, Austria, Finland, Sweden, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia, Romania and Bulgaria;

- (b) The government of any of the countries for the time being specified in Appendix 4; or are issued by or on behalf of any international organisation of which the United Kingdom or another Member State is a member, including The European Investment Bank.

### 1.5

Save in respect of Government and other public securities:

- (a) No more than 20% in value of the Fund's property may consist of deposits with a single body.
- (b) No more than 5% in value of the Fund's property may consist of transferable securities issued by any one issuer, but this latter limit can be regarded as 10% in value in respect of up to 40% of the value of the property of the Fund.
- (c) A Fund's exposure to any one counterparty in an OTC derivative transaction must not exceed 5% in value of the Fund's property or 10% where the counterparty is an approved bank.
- (d) No more than 20% in value of the Fund's property may consist of transferable securities and deposits issued by the same group of companies.
- (e) No more than 20% in value of the Fund's property may consist of units in any one collective investment scheme.
- (f) No more than 20% in value of the Fund's property may consist of any combination of transferable securities or money-market instruments or deposits or OTC derivatives issued by or made with a single body.

### 1.6

There is no more than 5% of the value of the Fund's Property that may consist of warrants but the Fund has power to invest in warrants only if it is reasonably foreseeable that the rights to subscribe conferred by such warrants could be exercised without contravening the FCA Rules. The Fund also has power to invest in nil or partly-paid transferable securities but only if it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be met by the Fund at the time when payment is required without contravening the FCA Rules. Subject to that requirement there is no limit on the value of the Fund's Property that may be invested in nil or partly-paid transferable securities.

### 1.7

The Fund's Property may not include more than:

- (a) 10% of the non-voting shares issued by a body corporate;
- (b) 25% of the shares of a collective investment scheme.

### 1.8

The Fund may not:

- (a) Acquire more than 10% of the debt securities issued by any single body;
- (b) Acquire more than 10% of the money-market instruments issued by a single body;
- (c) Be invested in another Fund.

**1.9**

Up to 10% of the value of any Fund may be invested in units of another collective investment scheme provided that the second scheme is either a UCITS scheme or satisfies the conditions necessary for it to enjoy the rights conferred by the UCITS Directive or is recognised under the Financial Services and Markets Act 2000 (FSMA), or is an authorised non UCITS retail scheme under FSMA or authorised in another EEA state, or is authorised in an OECD member country in accordance with the COLL provisions.

Investment by any Fund in any of the schemes described above is permitted provided that the second scheme has terms that prohibit more than 10% of its property being invested in collective investment schemes. The Funds will not invest in such other collective investment schemes with an initial management fee of over 5%. Any shares which are not approved securities count towards the 10% limit described in 1.3 above.

**1.10**

The Instrument of Incorporation provides that the Fund may invest in the shares of collective investment schemes which are managed or operated by the ACD or by an associate of the ACD but this is subject to certain restrictions set out in the Regulations, including restrictions to avoid double charging, and the limits referred to in 1.8 above.

**1.11**

A Fund may invest in approved money-market instruments provided that they are normally dealt in on the money-market, are liquid and their value can be accurately determined at any time and they are issued by a body whose securities are dealt on an eligible market or issued or guaranteed by any of the bodies listed in the FCA rules. Up to 10% in value of the property of a Fund may consist of money-market instruments that do not meet the above criteria, and any such money-market instruments count towards the 10% limit described in 1.3 above.

**1.12**

Subject to certain conditions set out in the Regulations, underwriting or sub-underwriting transactions and stocklending transactions may be entered into on behalf of the Fund.

**1.13**

Cash and near cash where this may reasonably be regarded as necessary in order to enable redemption of shares, efficient management of the Fund in question in accordance with its objectives or other purposes which may reasonably be regarded as ancillary to the objectives of that Fund. Within the context of the ACD's policy of active asset allocation the liquidity of the Funds may vary in response to market conditions. Where the ACD considers that a defensive investment strategy is appropriate, cash and near cash may comprise up to 25% by value of the property of a Fund. This range may be exceeded in exceptional circumstances.

**2. TRANSACTIONS IN DERIVATIVES**

**The ACD may enter into transactions in derivatives (i.e. futures, options, contracts for differences or forward transactions) but will do so only for the purposes of hedging the Funds' investments or 'efficient portfolio management'.** There is no set limit on the amount of scheme property which may be used for efficient portfolio management but in most situations the transaction must be economically appropriate for the purpose of the reduction of the relevant risk or costs and/or for the generation of additional capital or income of the Fund with an acceptably low level of risk and the exposure must be fully 'covered' by cash or other property sufficient to meet any obligation to pay or deliver that could arise.

Such transactions may include derivatives which are dealt in or traded on an eligible derivatives market (as listed in Appendix 3) or, in special circumstances, 'off-exchange options' or 'synthetic futures' and forward transactions in currencies with certain counterparties.

**2.1****Transactions in approved derivatives:**

Will be only of a type permitted under COLL. These include approved derivatives where the underlying asset is one of the following: transferable securities, money-market instruments, deposits, derivatives, collective investment schemes, financial indices, interest rates, foreign exchange rates and currencies.

**2.2**

Must be entered into with an approved counterparty and must not cause divergence from the investment objectives of the Funds.

**2.3**

Must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more transferable securities, money-market instruments, units in collective investment schemes, or derivatives, or cause a Fund to exceed the investment limits set out in this Prospectus through exposure to the underlying asset of the derivative. Any transaction that leads to delivery of property can be entered into only if the Fund concerned is permitted to hold such property.

Any transactions in over-the-counter (OTC) derivatives can be entered into only with an approved counterparty, on approved terms, that is, once the Depositary has ensured that the counterparty has agreed with the Company to provide a reliable and verifiable valuation at least on a daily basis and at any other time on request and that it will at the request of the Company close out the transaction at a fair value.

**The ACD is permitted to use derivatives for investment purposes and not just for efficient portfolio management. The ACD's current intention is not to adopt such wider use of derivatives for the time being. If a decision is taken at a later date to do so then shareholders will be informed of the details of such use at that time on 60 days' notice.** Any proposed wider use of derivatives will comply with the rules in COLL and, in particular:

**Risk management policy**

In order to monitor any potential additional risk arising as a result of exposure of a Fund's assets to open derivative positions the Company will employ a derivatives risk management policy which will be notified to the FCA in advance of being adopted and will include details of:

- (a) The methods for estimating risk in derivative and forward transactions; and
- (b) The types of derivatives and forwards to be used by a Fund together with the underlying risks and any relevant quantitative limits.

**3. BORROWING AND LENDING POWERS**

The Company may borrow money from an eligible institution or approved bank for the use of any Fund, on terms that the borrowing is to be repayable out of the property of the Fund. Borrowings may be made only on a temporary basis and in any event must not exceed three months without the prior consent of the Depositary which may be given only on such conditions as appear appropriate to the Depositary to ensure that the borrowing does not cease to be on a temporary basis. Borrowing must not, on any business day, exceed 10% of the value of the property of the Fund. This limit does not apply to 'back to back' borrowing for currency hedging purposes.

**4. MOVABLE AND IMMOVABLE PROPERTY**

The Company will not have any interest in any immovable property or tangible moveable property.

**5. SIGNIFICANT INFLUENCE PROVISIONS**

The Company will not hold or exercise control of more than 20% of the voting rights of the transferable securities in a body corporate.

**Transferable securities**

(1) Transferable securities are:

- (a) Shares in companies and other securities equivalent to shares in companies;
- (b) Debentures;
- (c) Government and public securities;
- (d) Warrants; and
- (e) Any other negotiable securities which carry the right to acquire any such transferable securities by subscription or exchange.

The Company may invest only in transferable securities that fulfil the following criteria (and subject to the investment limits set out below):

- (i) The potential loss which the Company may incur with respect to holding the transferable security is limited to the amount paid for it;
- (ii) Its liquidity does not compromise the ability of the ACD to comply with its obligation to redeem shares at the request of any qualifying shareholder;
- (iii) Reliable valuation is available for it as follows:
  - (1) In the case of a transferable security admitted to or dealt in on an eligible market, where there are accurate, reliable and regular prices which are either market prices or prices made available by valuation systems independent from issuers;
  - (2) In the case of a transferable security not admitted to or dealt in on an eligible market, where there is a valuation on a periodic basis which is derived from information from the issuer of the transferable security or from competent investment research;
- (iv) It is negotiable; and
- (v) Its risks are adequately captured by the risk management process of the ACD.

Transferable securities admitted to or dealt in on an eligible market will be deemed to meet the conditions in (ii) and (iv) unless the ACD has information that would lead to a different determination. The ACD will assess the liquidity risk that may result from investment in illiquid transferable securities in the light of its obligations to redeem shares at the request of shareholders.

An investment is not a transferable security if the title to it cannot be transferred, or can be transferred only with the consent of a third party (which does not include the issuing body corporate or any members of debenture holders of it).

Also an investment is not a transferable security unless the liability of the holder of it to contribute to the debts of the issuer is limited to any amount for the time being unpaid by the holder of it in respect of the investment.

Transferable securities held by the Company must be approved securities, that is admitted to or dealt on an eligible market, and must remain so until disposed of by the Company. Up to 10% in value of the scheme property may consist of transferable securities which are not approved securities. See Appendix 3 for details of the eligible markets of the Company.

If a market ceases to be an eligible market, investments on that market cease to be approved securities and must then be included in the calculation of the 10% restriction on investing in non-approved securities.

(2) Money-market Instruments

The Company may invest in money-market instruments provided that:

- (a) They are normally dealt in on an eligible money-market;
- (b) They are liquid;
- (c) Their value can be accurately determined at any time; and
- (d) The money-market instrument has been issued by or guaranteed by a central, regional or local authority; 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 or guaranteed by an establishment subject to prudential supervision in accordance with criteria defined by European Union 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 European Union Law; or issued by a body, any securities of which are dealt in on an eligible market.

Save that, the Company may invest up to 10% of the scheme property in money-market instruments which do not meet these criteria.

In addition to instruments admitted to or dealt in on an eligible market the Company may with the express consent of the FCA by waiver application invest in an approved money-market instrument meeting the following requirements:

- (i) The issue or the issuer is regulated for the purpose of protecting investors and savings; and
- (ii) The instrument is issued or guaranteed by one of the bodies listed for the purpose in the COLL Sourcebook.

For the condition in (i), the issue or the issuer of a money-market instrument (other than one dealt in on an eligible market) shall be regarded as regulated for the purpose of protecting investors and savings if:

- (1) The instrument is an approved money-market instrument;
- (2) Appropriate information is available for the instrument (including information which allows an appropriate assessment of the credit risks related to investment in it), in accordance with the COLL Sourcebook; and
- (3) The instrument is freely transferable.



## APPENDIX 3 – LIST OF ELIGIBLE MARKETS

### ELIGIBLE SECURITIES MARKETS

In addition to any market established in a member state of the European Union, or any other state which is within the European Economic Area ('Member State') on which transferable securities admitted to official listing are traded, the following securities markets are also eligible markets.

The principal market or only market established under the rules of any of the following investment exchanges:

#### Australia

- Australian Securities Exchange Limited (ASX)

#### Brazil

- Bolsa de Valores de Sao Paulo (BM & FBOVESPA)

#### Canada

- Toronto Stock Exchange
- Montreal Stock Exchange
- TSX Venture Exchange

#### Hong Kong

- Hong Kong Stock Exchange

#### Japan

- Tokyo Stock Exchange
- Osaka Securities Exchange
- Fukuoka Stock Exchange

#### Republic of Korea

- Korea Exchange

#### Malaysia

- Bursa Malaysia

#### Mexico

- The Mexican Stock Exchange

#### New Zealand

- New Zealand Stock Exchange

#### Singapore

- Singapore Exchange

#### South Africa

- JSE Securities Exchange

#### Switzerland

- Six Swiss Exchange

#### Taiwan

- The Taiwan Stock Exchange
- The Taipei Stock Exchange

#### Thailand

- Stock Exchange of Thailand

#### Turkey

- Istanbul Stock Exchange

#### United Kingdom

- Alternative Investment Market (AIM) Grey Book Market

#### United States

- NYSE Euronext
- The NASDAQ Stock Market
- NASDAQ OMX BX
- National Stock Exchange
- Chicago Stock Exchange
- Pacific Stock Exchange
- NYSE Arca Inc.
- NASDAQ OMX PHLX
- Philadelphia Stock Exchange
- The market in transferable securities issued by or on behalf of the Government of the United States of America conducted through those persons for the time being recognised and supervised by the Federal Reserve Bank of New York and known as primary dealers.

### ELIGIBLE DERIVATIVES MARKETS

- The London International Financial Futures and Options Exchange (Euronext LIFFE)

## **APPENDIX 4 – LIST OF ALL GOVERNMENT AND OTHER PUBLIC SECURITIES**

### **SPECIFIED IN APPENDIX 2, ITEM 1.4:**

- United Kingdom or any other Member State of the European Union
- Australia
- Brazil
- Canada
- Chile
- Egypt
- Hong Kong
- Japan
- Korea
- New Zealand
- Norway
- Singapore
- Switzerland
- Turkey
- United States

## APPENDIX 5 – LIST OF SUBCUSTODIANS

Country/Market	Sub-Custodian	Location
Argentina	Citibank N.A., Argentina	Buenos Aires
Australia	HSBC Limited, Australia Branch	Parramatta, NSW
Austria	UniCredit Bank Austria AG	Vienna
Bahrain	HSBC Bank Middle East Limited	Bahrain
Bangladesh	The Hongkong and Shanghai Banking Corporation Limited	Dhaka
Belgium	Citibank Europe Plc	London, United Kingdom
Bermuda	HSBC Bank Bermuda Limited	Hamilton
Botswana	Stanbic Bank Botswana Limited	Gaborone
Brazil	Citibank N.A., Brazil	Sao Paulo
Bulgaria	Citibank Europe plc, Bulgaria Branch	Sofia
Canada	CIBC Mellon Trust Company (CIBC Mellon)	Toronto
Cayman Islands	The Bank of New York Mellon	New York, United States
Chile	Banco de Chile	Santiago
China	HSBC Bank (China) Company Limited	Shanghai
Colombia	Cititrust Colombia S.A. Sociedad Fiduciaria	Bogota
Costa Rica	Banco Nacional de Costa Rica	San José
Croatia	Privredna banka Zagreb d.d.	Zagreb
Cyprus	BNP Paribas Securities Services S.C.A., Athens	Athens
Czech Republic	Citibank Europe plc, organizacni slozka	Prague
Denmark	Skandinaviska Enskilda Banken AB (Publ)	Stockholm, Sweden
Egypt	HSBC Bank Egypt S.A.E.	Cairo
Estonia	SEB Pank AS	Tallinn
Euromarket	Clearstream Banking SA/NV	Luxembourg
Euromarket	Euroclear Bank SA/NV	Belgium
Finland	Skandinaviska Enskilda Banken AB (Publ)	Helsinki, Finland
France	BNP Paribas Securities Services S.C.A.	Paris
Germany	The Bank of New York Mellon SA/NV	Frankfurt am Main
Ghana	Stanbic Bank Ghana Limited	Accra
Greece	BNP Paribas Securities Services S.C.A., Athens	Athens
Hong Kong	The Hongkong and Shanghai Banking Corporation Limited	Hong Kong
Hungary	Citibank Europe plc. Hungarian Branch Office	Budapest
Iceland	Landsbankinn hf.	Reykjavik
India	Deutsche Bank AG	Mumbai
India	The Hongkong and Shanghai Banking Corporation Limited	Mumbai
Indonesia	Deutsche Bank AG	Jakarta
Ireland	The Bank of New York Mellon	New York, United States
Israel	Bank Hapoalim B.M.	Tel Aviv
Italy	Citibank N.A. Milan	Milan
Italy	Monte Titoli	Milan
Italy	Intesa Sanpaolo S.p.A	Torino
Japan	Mizuho Bank, Ltd.	Tokyo
Japan	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Tokyo
Jordan	Standard Chartered Bank	London, United Kingdom
Kazakhstan	Joint-Stock Company Citibank Kazakhstan	Almaty
Kenya	Stanbic Bank Kenya Limited	Nairobi
Kuwait	HSBC Bank Middle East Limited, Kuwait	Kuwait
Latvia	AS SEB banka	Kekavas novads
Lebanon	HSBC Bank Middle East Limited – Beirut Branch	Beirut
Lithuania	AB SEB bankas	Vilnius
Luxembourg	Euroclear Bank	Brussels, Belgium
Malaysia	Deutsche Bank (Malaysia) Berhad	Kuala Lumpur
Malta	The Bank of New York Mellon SA/NV	Frankfurt am Main, Germany
Mauritius	The Hongkong and Shanghai Banking Corporation Limited	Ebene
Mexico	Banco Nacional de México S.A.	Colonia Centro, Mexico

**APPENDIX 5 – LIST OF SUBCUSTODIANS (continued)**

Country/Market	Sub-Custodian	Location
Morocco	Citibank Maghreb	Casablanca
Namibia	Standard Bank Namibia Limited	Windhoek
Netherlands	The Bank of New York Mellon SA/NV	Brussels, Belgium
New Zealand	The Hongkong and Shanghai Banking Corporation Limited	Auckland, New Zealand
Nigeria	Stanbic IBTC Bank Plc.	Victoria Island Lagos
Norway	Skandinaviska Enskilda Banken AB (Publ)	Stockholm, Sweden
Oman	HSBC Bank Oman S.A.O.G.	Sultanate of Oman
Pakistan	Deutsche Bank AG	Karachi
Peru	Citibank del Peru S.A.	Lima
Philippines	Deutsche Bank AG	Makati City
Philippines	The Hongkong and Shanghai Banking Corporation Limited	Taguig City
Poland	Bank Polska Kasa Opieki S.A.	Warszawa
Portugal	Citibank Europe Plc, Sucursal em Portugal	Lisbon
Qatar	HSBC Bank Middle East Limited, Doha	Doha
Romania	Citibank Europe plc, Romania Branch	Bucharest
Russia	PJSC ROSBANK	Moscow
Saudi Arabia	HSBC Saudi Arabia	Riyadh
Serbia	UniCredit Bank Serbia JSC	Belgrade
Singapore	DBS Bank Ltd	Singapore
Singapore	United Overseas Bank Limited	Singapore
Slovak Republic	Citibank Europe plc, pobočka zahraničnej banky	Bratislava
Slovenia	UniCredit Banka Slovenia d.d.	Ljubljana
South Africa	The Standard Bank of South Africa Limited	Johannesburg
South Korea	The Hongkong and Shanghai Banking Corporation Limited	Seoul
South Korea	Deutsche Bank AG	Seoul
Spain	Banco Bilbao Vizcaya Argentaria, S.A.	Bilbao
Spain	Santander Securities Services, S.A.U.	Madrid
Sri Lanka	The Hongkong and Shanghai Banking Corporation Limited	Colombo
Swaziland	Standard Bank Swaziland Limited	Mbabane
Sweden	Skandinaviska Enskilda Banken AB (Publ)	Stockholm
Switzerland	Credit Suisse AG	Zurich
Taiwan	HSBC Bank (Taiwan) Limited	Taipei
Thailand	The Hongkong and Shanghai Banking Corporation Limited	Bangkok
Tunisia	Banque Internationale Arabe de Tunisie	Tunis
Turkey	Deutsche Bank A.S.	Istanbul
Uganda	Stanbic Bank Uganda Limited	Kampala
Ukraine	Public Joint Stock Company "Citibank"	Kiev
U.A.E.	HSBC Bank Middle East Limited, Dubai	Dubai, United Arab Emirates
U.K.	Depository and Clearing Centre (DCC) Deutsche Bank AG, London Branch	London
U.K.	The Bank of New York Mellon	New York, United States
U.S.A.	The Bank of New York Mellon	New York
Uruguay	Banco Itaú Uruguay S.A.	Montevideo
Venezuela	Citibank N.A., Sucursal Venezuela	Caracas
Vietnam	HSBC Bank (Vietnam) Ltd	Ho Chi Minh City
Zambia	Stanbic Bank Zambia Limited	Lusaka
Zimbabwe	Stanbic Bank Zimbabwe Limited	Harare

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# NOTES

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We may monitor or record calls to improve our service.

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