

PROSPECTUS

# EDENTREE INVESTMENT FUNDS FOR CHARITIES

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VALID AS AT JULY 2019

PROFIT WITH PRINCIPLES

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# ABOUT THIS PROSPECTUS

This document is the Prospectus for EdenTree Investment Funds for Charities 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.

## 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 for Charities 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 a 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 for Charities ('the Company') formerly known as Ecclesiastical Investment Funds for Charities is an open-ended company incorporated as an investment company with variable capital.

- The Company is an umbrella company with two sub-funds (each referred to throughout this Prospectus as 'a Fund', or together as 'Funds').
- EdenTree Investment Management Limited formerly known as Ecclesiastical 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 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 Class A Shares which are income distributing shares gross of tax. The Company also has the ability to issue gross income accumulating shares, Class B, although at present does not do so
- Title to shares will be evidenced by entry on the Register of Shareholders; share certificates will not be issued.
- 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.
- The annual accounting reference date is 30 June. The interim accounting period ends on 31 December.
- Distributions will be declared and paid quarterly 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 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. The ACD accepts responsibility for this Prospectus on this basis.

The Company is categorised under the rules in the Collective Investment Schemes Sourcebook of the Financial Conduct Authority (the 'FCA Rules' or 'COLL') as a non-UCITS retail 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 IC000866. It was authorised by the Financial Services Authority, now the Financial Conduct Authority ('FCA') on 10 February 2011 under Product Reference Number ('PRN') 534194. The constitutional document of the Company, the Instrument of Incorporation ('Instrument') can be inspected at the head office of the Company, Beaufort House, Brunswick Road, Gloucester GL1 1JZ 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 July 2019. 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. STATEMENT FOR THE PURPOSES OF THE TAX ELECTED FUNDS REGIME

The ACD has applied for the Amity Balanced Fund for Charities to enter the Tax Elected Funds Regime (the regime for the taxation of authorised investment funds under Part 4B of the Authorised Investment Funds (Tax) Regulations 2006 (SI 2006/964). HM Revenue & Customs has confirmed it is satisfied that the Amity Balanced Fund for Charities meets the conditions of entry into the Tax Elected Funds Regime. It is intended that throughout the relevant accounting periods of the Amity Balanced Fund for Charities:

### 2.1 Shares in the Fund shall be:

- (a) Available for subscription by investors who meet the applicable description of the intended categories of investor as detailed in Appendix 2 (in respect of which it is intended that neither the specification of the intended categories of investor nor any other terms or conditions governing participation in the Fund shall have a limiting or deterring effect);
- (b) Widely available to such intended category of investors;

- (c) Marketed and made available sufficiently widely by the ACD to reach such intended categories of investors and in a manner appropriate to attract such categories of investors, who can upon request to the ACD obtain information about the Fund and acquire shares in it.

**2.2** The Fund shall not have a UK or overseas property business as defined in Sections 205 and 206 of the Corporation Tax Act 2009 respectively.

**2.3** In the case of any loan relationship to which the Fund is party as a debtor, the person standing in the position as creditor as respects the debt in question:

- (a) Shall not be entitled to an amount by way of interest which depends to any extent on (i) the results of all or part of the business of the Fund or (ii) the value of any of the assets of the Fund (although a loan shall not be treated as dependent on the results of the business of the Fund by reason only that the terms of the loan provide (a) for the interest to be reduced in the event of results improving or (b) for the interest to be increased in the event of results deteriorating);
- (b) Shall not be entitled to an amount by way of interest which exceeds a reasonable commercial return on the consideration lent; and
- (c) Shall be entitled, on repayment, to an amount which (i) does not exceed the consideration lent or (ii) is reasonably comparable with the amount generally repayable (in respect of an equal amount of consideration) under the terms of issue of securities listed on a recognised stock exchange.

## 3. 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 3.

## 4. SHARES

The sole class of shares currently available in each Fund is Class A Shares. The attributes of the sole share class currently available are as follows:

### 4.1 Class A Shares

Income attributable to Class A Shares will be distributed quarterly 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.

Shareholders are not liable for the debts of the Company.

Holders of net shares in any Fund in respect of which an election has been made to enter the Tax Elected Funds Regime should note that 'other income' which is allocated to such shares and distributed or credited to capital will be net of any tax deducted or accounted for by the Company.

## 5. HOW TO BUY SHARES

Shares may be purchased by sending a completed application form to the Administrator, Northern Trust Global Services SE, PO Box 3733, Swindon SN4 4BG. Alternatively, the shares may be purchased by telephoning the ACD on 0800 358 3010.

Applications received by the ACD before 12 noon 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. In particular the ACD may reject any application from an applicant who cannot satisfy the ACD that it meets the investor profile set out in Appendix 2, that is, it was established for and carries on charitable purposes. 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 £1,000. The ACD may reduce this amount 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 8). Applicants for shares will be notified of such suspension and, unless withdrawn, their applications will be processed 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 17.

Details of an investor's cancellation rights are given in section 20.

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 22.

## 6. 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 £1,000 for Class A Shares provided that the minimum value of a shareholding remaining in a Fund is £1,000 for Class A Shares. 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.

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 behalf of the shareholder 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 communication 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.

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 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 shareholder may within four days of receiving the notice serve a notice on the ACD requiring that the ACD realise the selected scheme property and pay the proceeds to the shareholder. 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.

The ACD may also, at its discretion, permit investors to make in specie transfers into a Fund. The ACD will permit in specie transfers only if the assets meet the ethical screening criteria of the Funds in accordance with the investment policies of the Funds.

Shares may not be repurchased during any period of suspension as more fully described in section 8. 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 17.

## **7. HOW TO SWITCH BETWEEN FUNDS**

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

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 £1,000 for Class A Shares.

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.

Details of charges on switching are given in section 17.2.

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.

## **8. 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.

The ACD shall immediately notify the FCA of any suspension of dealings in shares giving the reason for the suspension followed up by written confirmation as soon as practicable. Shareholders shall also be notified of the suspension as soon as practicable after commencement with an explanation of the exceptional circumstances that have led to the decision to suspend dealings in the shares of the Company.

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.

## **9. GOVERNING LAW**

All transactions in shares are governed by English Law.

## 10. 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.

### 10.1

Property which is not cash (or other assets dealt with in paragraph 10.2 below) nor 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) Exchange-traded derivative contracts:

- (i) if a single price for buying and selling the exchange-traded derivative contract is quoted, at that price; or
- (ii) if separate buying and selling prices are quoted, at the average of the two prices.

(c) Over-the-counter derivative contracts shall be valued in accordance with the method of valuation as shall have been agreed between the ACD and the Depositary.

(d) 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 the most recent price available does not reflect the ACD's best estimate of the value, at a value which, in the opinion of the ACD, is fair and reasonable;
- (e) Property other than that described in (a), (b), (c) and (d) above:

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

### 10.2

Cash and amounts held in current, deposit and margin accounts and in other time-related deposits shall be valued at their nominal values.

### 10.3

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.

### 10.4

In determining the value of the scheme property, all instructions given to issue or cancel shares shall be assumed (unless the contrary is shown) to have been carried out and any cash payment made or received and all consequential action required by the OEIC Regulations, the FCA Rules or the Instrument shall be assumed (unless the contrary has been shown) to have been taken.

### 10.5

Subject to paragraphs 10.6 and 10.7 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 shall not materially affect the final net asset amount.

**10.6**

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 10.5.

**10.7**

All agreements are to be included under paragraph 10.5 which are, or ought reasonably to have been, known to the person valuing the property assuming that all other persons in the ACD's employment take all reasonable steps to inform it immediately of the making of any agreement.

**10.8**

Deduct an estimated amount for anticipated tax liabilities (on unrealised capital gains where the liabilities have accrued and are payable out of the property of the scheme; on realised capital gains in respect of previously completed and current accounting periods; and on income where liabilities have accrued) including (as applicable and without limitation) capital gains tax, income tax, corporation tax, value added tax, stamp duty and stamp duty reserve tax.

**10.9**

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.

**10.10**

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

**10.11**

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

**10.12**

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

**10.13**

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

**10.14**

Currencies or values in currencies other than the base currency or (as the case may be) the designated currency of a Fund shall be converted at the relevant valuation point at a rate of exchange that is not likely to result in any material prejudice to the interests of shareholders or potential shareholders.

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 ACD 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. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

Where accumulation shares are in issue, the equalisation amount will be 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 17.



## 11. 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 7, 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 on or before 28 February, 31 May, 31 August and 30 November in each year 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.

## 12. MANAGEMENT AND ADMINISTRATION

### 12.1 The Directors

EdenTree Investment Management Limited, whose Registered Office and head office is at Beaufort House, Brunswick Road, Gloucester GL1 1JZ, 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. 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 MCJ Hews  
Mr RW Hepworth  
Ms SJ Round  
Ms DP Cockrem  
Mr RS Hughes  
Mr FWM Burkitt

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. It may also act as an Alternative Investment Fund Manager (AIFM) for non-UCITS funds and delegate its activities and retain the services of another person to assist in its functions, see section 15 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.

## 13. DEPOSITARY

The Company has appointed the Bank of New York Mellon (International) Limited as the Depositary of the Company (the 'Depositary'). The Depositary is responsible for the safekeeping of the scheme property of the Company and has a duty to take reasonable care to ensure that the Company is managed in accordance with the provisions of the FCA Rules relating to the pricing of, and dealing in, shares and to the proper allocation of income in the Funds.

The Depositary is a private company and was incorporated in England and Wales under the Companies Act 1985 on 09 August 1996. Its Registered Office and head office is at One Canada Square, London E14 5AL.

Its ultimate holding company is The Bank of New York Mellon Corporation. The principal business activity of the Depositary is the provision of custodial, banking and related financial services. It is authorised by the Prudential Regulation Authority and is dual regulated by the FCA and Prudential Regulation Authority.

The Depositary acts as global custodian to the Company and may appoint other persons to assist in the holding of the assets of the Company. It has delegated safekeeping to The Bank of New York Mellon SA/NV and the Bank of New York Mellon (the 'Global Sub-Custodian').

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 05 April 2011 as novated in favour of the Depositary with effect from [01 February 2018] (the "Depositary Agreement") pursuant to which the ACD and the Depositary agree to carry out various functions in order to comply with, and facilitate compliance with, the requirements of the Directive.

The Depositary Agreement may be terminated on six months' written notice by the Depositary or the Company. However, the Depositary is not permitted to retire voluntarily except on the appointment of a new depositary. The Financial Conduct Authority is entitled to prior notification of any proposal by the ACD to replace the Depositary.

The Depositary Agreement provides indemnities to the Depositary (except in respect of its failure to exercise due care and diligence) and (to the extent permitted by the OEIC Regulations and the FCA Rules) exempts it from liability for special, indirect or consequential loss or damage.

The Depositary is entitled to act as depositary to other companies (as well as carrying on its custodial and other businesses, including with the Company).

#### 14. THE AUDITORS

The auditors of the Company are Deloitte LLP of 110 Queen Street, Glasgow G1 3BX.

#### 15. 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.

#### 16. 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.

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

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 and has delegated safekeeping of the Scheme Property to 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").

#### 17. CHARGES AND EXPENSES

##### **17.1 Initial charge**

An initial charge will not 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 implementation of an 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 any such charge and its date of commencement.

##### **17.2 Switching charge**

The ACD is entitled to levy a charge of 1% for exchanging shares in one Fund for shares in another Fund. The ACD may, at its discretion, waive this charge.

##### **17.3 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 10, as required in the FCA's Collective Investment Scheme's 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'. The FCA 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 into 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 2018 to 31 December 2018, 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%.

#### 17.4 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 accrues daily and is payable monthly in arrears and is calculated by reference to the daily Net Asset Value of the Funds.

#### 17.5 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 is:

First £50 million	– 0.03% per annum
£50-£100 million	– 0.02% per annum
Balance	– 0.015% 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 £5,000 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.

### **17.6 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:

#### **17.6.1**

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

#### **17.6.2**

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

#### **17.6.3**

Any investment adviser fee.

#### **17.6.4**

Insurance, postage, telephone and fax.

#### **17.6.5**

Directors' fees (if any).

#### **17.6.6**

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.

#### **17.6.7**

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.

#### **17.6.8**

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.

#### **17.6.9**

Any fees or levies of the Financial Conduct Authority or any other regulatory authority.

#### **17.6.10**

The costs of preparing any non-UCITS retail scheme key investor information document.

#### **17.6.11**

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.

#### **17.6.12**

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

#### **17.6.13**

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

#### **17.6.14**

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

#### **17.6.15**

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.

#### **17.6.16**

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

#### **17.6.17**

The cost of accounting and book keeping.

#### **17.6.18**

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

#### **17.6.19**

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

#### **17.6.20**

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

**17.6.21**

Interest and other charges relating to permitted borrowing.

**17.6.22**

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.

**17.6.23**

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

**17.6.24**

The Registrar's fee.

**17.6.25**

The costs incurred in publishing the price of the shares in a national or other newspaper or any other form of media.

**17.6.26**

Any other payment permitted to be paid out of the scheme property under the OEIC Regulations and the FCA Rules.

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 directors may consider reasonable.

The maximum Registrar's fee chargeable is £50 per shareholding although the current tariff, which is expected to continue, is £10 charged annually per shareholding.

Expenses can be allocated between income and capital in accordance with COLL. The ACD and Depositary have agreed in accordance with COLL that all charges or expenses to the Funds will be treated as capital expenses. Charges made to capital in this way may not only affect but also constrain capital growth.

**18. REPORTS TO SHAREHOLDERS**

The annual accounting period of the Company ends 30 June in each year (the annual accounting reference date).

The interim accounting period of the Company ends 31 December 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 four 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.

Due to changes in the regulations the ACD will no longer produce Short Reports with effect from April 2017.

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).

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.

**19. MEETINGS OF SHAREHOLDERS AND VOTING RIGHTS****19.1**

The Company does not hold annual general meetings.

**19.2**

The ACD may requisition a general meeting at any time provided at least 14 days prior notice is given to shareholders. Shareholders who together hold not less than one-tenth in value of all 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.

**19.3**

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.

**19.4**

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.

**19.5**

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.

**19.6**

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.

**19.7**

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.

**19.8**

Notices required to be given under the Instrument and the FCA Rules will be sent to the registered address of the shareholder. In the case of a shareholder who is not within the United Kingdom, notices may be sent to an address within the UK as provided by the shareholder concerned, otherwise notices shall be sent to the registered address which is outside the UK unless its doing so would contravene any applicable laws or regulations.

**20. CANCELLATION RIGHTS**

Where a person purchases shares they 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 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.

**21. 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/privacy-policy](http://www.edentreeim.com/privacy-policy) 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 upon request.

**22. ELECTRONIC VERIFICATION**

Current legislation and industry guidance state that we must check the identity of investors in the Funds and the source of the money invested. This will include verifying the identity of individuals, directors, trustees or other officers representing an investor or persons authorised to give instructions on behalf of an investor. Checks may be made of records held on the electoral roll and of 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.

**23. TERMINATION AND AMALGAMATION****23.1**

The ACD will wind up the Company:

**23.1.1**

If the order declaring the Company to be an authorised collective investment scheme is revoked;

**23.1.2**

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;

**23.1.3**

If an extraordinary resolution to that effect is passed;

**23.1.4**

In connection with a duly approved scheme of amalgamation of the Company with another body or scheme;

**23.1.5**

In connection with 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.

**23.2**

The procedure for winding-up the Company will be as follows: in the case of an amalgamation or reconstruction the ACD will commence the process to wind up the Company (which will include seeking approval by the FCA) following approval of the scheme of amalgamation or reconstruction; in any other case, the ACD shall as soon as practicable after the Company falls to be wound up following receipt of FCA approval 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 liabilities of the Company relating to the Fund and:

**23.3.1**

an extraordinary resolution to that effect has been passed by class meeting(s) of the class(es) of shares linked to the Fund;

or

**23.3.2**

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.

The costs of terminating a Fund will be borne by the Fund concerned.

**24. TAXATION**

The information given in this section is based on current UK legislation and HM Revenue & Customs practice in force at the time of printing and does not constitute legal or taxation advice and applies only to shareholders that are Charities for UK tax purposes. All references in this section to a Charity or Charities are references to a body of persons or a trust that is a Charity for UK tax purposes.

**24.1 Stamp duty reserve tax (SDRT)**

The Company will be exempt from SDRT when acquiring UK equities as it will be recognised that the acquisition is made by a body of persons established for charitable purposes only.

**24.2 Taxation of the Company income**

Each Fund is treated as a separate open-ended investment company for the purposes of UK corporation taxation.

Each Fund is liable to UK corporation tax at the basic rate of income tax of 20% on its taxable income. Management expenses and interest expenses can be set off against this income. Dividend income received by the Fund from other UK companies is exempt from UK corporation tax. Generally dividend income received by the Fund from non-UK companies is also exempt from UK corporation tax under Part 9A of the Corporation Tax Act 2009. Other types of income, for example, interest distributions from UK collective investment schemes, bank deposit interest or certain dividends from UK or overseas companies, are taxable.

To the extent that the Fund receives income from, or realises gains on disposal of investments in, foreign countries it may be subject to foreign withholding or other taxation in those jurisdictions. To the extent that it relates to income, this foreign tax may be able to be treated as an expense for UK corporation tax purposes, or it may be treated, up to certain limits, as a credit against UK corporation tax.

Where the Fund holds an investment in any collective investment scheme that during the Fund's accounting period is broadly greater than 60% invested directly or indirectly (through similar funds) in cash and bonds, any movements in the value of that holding will be taxed as income of the Fund for the period concerned. Also where the Fund holds an interest in a collective investment scheme constituted outside the United Kingdom that meets the definition of an 'offshore fund' (contained in Part 8 of the Taxation (International and Other Provisions) Act 2010) but has not been certified by HM Revenue & Customs as a 'reporting fund' for the entire time that the Fund held it, the Fund will be liable to tax on any gain realised on disposal as income rather than it being treated as an exempt capital gain.

Distributions paid by the Fund may be either dividend distributions or interest distributions, depending on the nature of the investments held by the Fund. Interest distributions can be made only where the market value of the Fund's interest-bearing and equivalent investments, including holdings in collective investment schemes that pay interest distributions and cash on deposit, exceeds 60% of the market value of all its assets throughout the accounting period to which the distribution relates.

**24.3 Tax Elected Funds**

A manager of an authorised investment fund that meets certain conditions may make an application to HM Revenue & Customs for the Tax Elected Funds Regime to apply to the Fund. A Fund that has elected into the Tax Elected Funds Regime is still liable to UK corporation tax but it is allowed a deduction for tax purposes for any non-dividend distributions made, such that the Fund should have no net taxable income.

The conditions relevant for entry into the Tax Elected Funds Regime are, broadly, that (i) the Fund must not have a UK property business or an overseas property business (the 'Property Condition'), (ii) the shares in the Fund must be widely marketed and made available to specified categories of investors (the 'Genuine Diversity of Ownership Condition'), (iii) a loan creditor of the Fund must not be entitled to interest dependent on the results of the Fund's business (or value of the Fund's assets) and does not receive an unreasonable commercial return (the 'Loan Creditor Condition') and (iv) the Fund documents must contain specific statements in respect of the Property Condition and the Loan Creditor Condition (the 'Scheme Documentation Condition') (together, the 'Tax Elected Fund Conditions').

For the purposes of the Tax Elected Funds Regime, the income of a Tax Elected Fund consists of dividend income, property investment income (income from a UK real estate investment trust or property authorised investment fund), property business income (income from a UK or overseas property business which the Tax Elected Fund inadvertently and temporarily receives in breach of the Property Condition) or other income.

Generally dividend income received from UK or non-UK companies by an authorised investment fund that has elected into the Tax Elected Funds Regime should benefit from the exemption from the charge to UK corporation tax under Part 9A of the Corporation Tax Act 2009. Dividend income that is not exempt will be subject to UK corporation tax in the same way as taxable income of an authorised investment fund that has not elected into the Tax Elected Funds Regime. Property investment income should be received by a Tax Elected Fund net of income tax at the basic rate (which is not recoverable by the Tax Elected Fund). A Tax Elected Fund is not permitted to receive property business income. However, where such income is received and the Property Condition breached inadvertently and temporarily, such income will be subject to UK corporation tax in the same way as taxable income of an authorised investment fund that is not within the Tax Elected Funds Regime until the breach is remedied.

Other income received by a Tax Elected Fund, which is likely to be mainly interest, is subject to UK corporation tax. However, since such other income must be designated and paid as a non-dividend distribution, which is treated as a payment of yearly interest and a loan relationships debit in respect of which the Tax Elected Fund is allowed a deduction for tax purposes against its 'other income', there should be no net taxable amount of such other income.

All income shown in the accounts of a Tax Elected Fund as available for distribution or accumulation is designated as either a dividend distribution or a non-dividend distribution. Dividend income, property investment income and property business income are designated as dividend distributions and other income is designated as non-dividend distributions. Dividend distributions are treated as dividends on shares which are paid on the distribution date and non-dividend distributions are treated as payments of yearly interest.

The Amity Balanced Fund for Charities has elected to join the Tax Elected Funds Regime.

The Amity Global Equity Fund for Charities has not elected to join the Tax Elected Funds Regime but the ACD reserves the right to do so in the future if it considers it to benefit the tax position of the Fund.

## 24.4 Taxation of shareholders

### 24.4.1 Income

It is anticipated that the net income after expenses and any tax provisions of The Amity Global Equity Fund for Charities will be distributed to shareholders by way of dividend distributions.

With effect from 6 April 2016 dividend distributions will be paid without the application of a tax credit.

It is anticipated that the net income after expenses and any tax provisions of the Amity Balanced Fund for Charities will be distributed to shareholders by way of dividend distributions and non-dividend distributions.

Shareholders are taxed in respect of amounts designated as dividend distributions and non-dividend distributions of a Tax Elected Fund in the same way as dividend distributions and interest distributions, respectively, of Funds which are not within the Tax Elected Fund Regime.

A Charity will not be liable to tax on such income provided that the income is applied for charitable purposes.

A distribution statement, in respect of the first distribution relating to shares which were issued in the same accounting period as that distribution, will indicate that an amount of the distribution represents income equalisation. This amount is not taxable as income, as under current HM Revenue & Customs practice it is treated as a return of capital, but must be deducted from the acquisition cost of income shares for the purposes of calculating any capital gains/loss on disposal of those shares.

### 24.4.2 Capital gains

Charities disposing of shares will not be liable to tax on their capital gains provided that they are applicable to and applied for charitable purposes.

## 24.5 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 obligations, as well as relating to International Tax obligations under the OECD's Common Reporting Standard (CRS) on Reporting and Due Diligence for Financial Account Information and US tax considerations under the Foreign Account Tax Compliance Act (FATCA) of the USA.



## 25. 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.

## 26. 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.

## 27. 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.

## 28. RISKS

### 28.1 Past performance

The table below shows percentage growth to 31 December 2018. Returns are bid to bid (including charges) with net income reinvested. Five year performance is provided.

### 28.2 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.

### 28.3 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.

### 28.4 Suspension of dealing in shares

Investors are reminded that in certain circumstances their right to redeem shares may be suspended (see in section 8).

### 28.5 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.

	Performance Period				
	01/01/18 to 31/12/18	01/01/17 to 31/12/17	01/01/16 to 31/12/16	01/01/15 to 31/12/15	01/01/14 to 31/12/14
Amity Balanced Fund for Charities	-6.7	9.50	9.91	2.38	9.70
Amity Global Equity Fund for Charities (formerly Amity Global Equity Income Fund)*	3.2	15.30	18.22	1.43	8.41

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.

\* Note prior to 1 January 2018 the fund's objective was to provide an above average income yield with a secondary aim of achieving capital appreciation over the long term. The change in emphasis from income to capital growth is not expected to have a material impact on the risk profile of the fund.

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:

- (c) 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.
- (d) 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.
- (e) 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.

### 28.6 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.

### 28.7 Derivatives

**The Company has the power under the Instrument to invest in derivatives only for the purposes of meeting its investment objectives. At the date of this Prospectus the Funds will invest in derivatives only for the purposes of hedging with the aim of reducing the risk profile of the Funds in accordance with the principles of efficient portfolio management.**

**The Company will not change the investment policy of either of the Funds to include investment in derivatives in order to meet investment objectives without giving the required 60 days' notice to shareholders. If derivatives are used for the purpose of meeting the investment objective of a Fund in future this may alter the risk profile of the Fund concerned.**

**Derivatives can expose the scheme property to a higher degree of risk. For example, because of the effect of gearing, relatively small market movements can result in disproportionately high levels of loss. Off exchange transactions can carry higher levels of risk due to lack of liquidity, difficulty in valuing the investment and determining a fair price.**

### 28.8 Collective investment schemes

The Funds may invest in other collective investment schemes, which may include unregulated collective investment schemes, in accordance with the investment restrictions set out in Appendix 3. Unregulated schemes can include hedge funds and alternative investment funds which can be established, for example, as open-ended investment companies, closed-ended schemes, limited partnerships, or unit trusts both in the UK and overseas. Unregulated schemes may be subject to restrictions on redemption or be otherwise illiquid, restricting investors' ability to sell interests in the scheme.

Such schemes may also be geared, that is, amounts borrowed by the scheme may cause a small movement (up or down) in the value of the scheme's assets to create a correspondingly high movement (up or down) in the Net Asset Value of the scheme making the scheme volatile and putting a Fund's capital at risk. They may also be subject to less rigorous regulation than authorised or regulated schemes, and therefore may expose investors in such schemes to a higher degree of risk.

### BREXIT

The full impact of the UK electorate's vote to leave the European Union will not be fully known for some time. Investors should be aware that the value of an investment may be impacted by future changes to the UK's economy as a result of political negotiations to leave the European Union.

### 29. COMPLAINTS

Any issue or complaint should be referred to the ACD at its registered 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)

### 30. ADDRESS FOR SERVICE AND INSPECTION OF DOCUMENTS

The address for service of documents on the Company in the United Kingdom is Beaufort House, Brunswick Road, Gloucester GL1 1JZ.

### 31. 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.

## APPENDIX 1 – DETAILS OF FUNDS

### AMITY BALANCED FUND FOR CHARITIES – PRN 637719

#### Investment objective

This Fund is a Tax Elected Fund and aims to achieve a balance between capital growth and income.

#### Investment policy

The Fund seeks to primarily invest in a diversified portfolio of UK and international equities and fixed interest securities issued by governments and companies which make a positive contribution to society and the environment through sustainable and socially responsible practices.

The Fund seeks to avoid investment in certain areas such as companies which have material involvement in alcohol, tobacco, weapon production, gambling and publication of violent or explicit materials and companies using animals to test cosmetic or household products, whilst favouring companies that follow good Business Ethics, Corporate Governance, Employment & Labour practices, Environmental 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 can be found in our Amity Brochure which is available on request or can be downloaded from our website.

The Fund may also invest in units in collective investment schemes (both regulated and unregulated), money-market instruments, derivatives and forward transactions, deposits, nil and partly paid securities, bonds, convertible bonds, cash and near cash as deemed appropriate to meet the Fund's objective.

**The Fund will invest in derivatives only for the purposes of hedging with the aim of reducing the risk profile of the Fund in accordance with the principles of efficient portfolio management. Derivatives can expose the scheme property to a higher degree of risk. The investment policy of the Fund can be changed to include investment in derivatives only in order to meet its investment objectives by the giving of 60 days' notice to shareholders. If derivatives are used for the purpose of meeting the investment objective of the Fund in future this may alter the risk profile of the Fund.**

#### Fund Benchmark

As there is no one global benchmark that accurately reflects the funds geographical and sector allocations we use a blended benchmark to assess the Fund's performance. We compare the fund's performance to the iBoxx Sterling Non-Gilt Overall Total Return Index (50%), the FTSE All-Share Total Return Index (25%) and FTSE World ex UK GBP Total Return Index (25%), however the portfolio manager is not bound or influenced by these indices when making investment decisions. Investors should note that our Responsible and Sustainable Investment Policy will mean the exclusion of certain investments within the indices which may lead to greater variance in the fund's performance versus the benchmark.

### AMITY GLOBAL EQUITY FUND FOR CHARITIES – PRN 637720

#### Investment objective

The Fund's objective is to deliver longer term capital appreciation and an income from a portfolio of global equities.

#### Investment policy

The Fund seeks to primarily invest in a diversified portfolio of equities of UK and international companies which make a positive contribution to society and the environment through sustainable and socially responsible practices.

The Fund seeks to avoid investment in certain areas such as companies which have material involvement in alcohol, tobacco, weapon production, gambling and publication of violent or explicit materials and companies using animals to test cosmetic or household products, whilst favouring companies that follow good Business Ethics, Corporate Governance, Employment & Labour practices, Environmental 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 can be found in our Amity Brochure which is available on request or can be downloaded from our website.

The Fund may also invest in units in collective investment schemes (both regulated and unregulated), money-market instruments, derivatives and forward transactions, deposits, nil and partly paid securities, bonds, convertible bonds, cash and near cash as deemed appropriate to meet the Fund's objective.

**The Fund will invest in derivatives only for the purposes of hedging with the aim of reducing the risk profile of the Fund in accordance with the principles of efficient portfolio management. Derivatives can expose the scheme property to a higher degree of risk. The investment policy of the Fund can be changed to include investment in derivatives only in order to meet its investment objectives by the giving of 60 days' notice to shareholders. If derivatives are used for the purpose of meeting the investment objective of the Fund in future this may alter the risk profile of the Fund.**

#### Fund Benchmark

As there is no one global benchmark that accurately reflects the funds geographical and sector allocations we use a blended benchmark to assess the Fund's performance. We compare the fund's performance to the FTSE All-Share TR (25%), FTSE World Europe ex UK GBP TR (25%) FTSE World N. America GBP TR (25%) and FTSE World Asia Pacific inc Japan GBP TR (25%), however the portfolio manager is not bound or influenced by these indices when making investment decisions. Investors should note that our Responsible and Sustainable Investment Policy will mean the exclusion of certain investments within the indices which may lead to greater variance in the fund's performance versus the benchmark.

Shares Offered	Initial Charge	Annual Charge
Class A gross income	Nil	0.55% actual

## APPENDIX 2 – INVESTOR PROFILE

Investment in any of the Funds is available only to charitable organisations, that is, any body, organisation or trust that has been established exclusively for charitable purposes as set out in its constitutional documents and is either:

1. In England and Wales, a Charity as defined by Section 1(1) of the Charities Act 2006; registered with the Charity Commission.
2. In Scotland, a Charity as defined by Section 106 of the Charities and Trustee Investment (Scotland) Act 2005 registered with The Office of the Scottish Charity Regulator; or
3. In Northern Ireland, a Charity as defined by Section 1(1) of the Charities Act (Northern Ireland) 2008, registered with the Charity Commission for Northern Ireland.
4. Any other charitable organisation whose objects are for charitable purposes and is recognised as a Charity for tax purposes by HMRC.

The Funds are aimed at investors willing to meet the minimum investment requirements for whom the spread of risk through investment in a range of ethically screened investments will be suitable. Investing Charities will also understand that investment in the Funds may result in loss of capital.

The Amity Balanced Fund for Charities will be suitable for Charities seeking to achieve a balance between capital growth and income earned through investment in equities and fixed interest securities.

The Amity Global Equity Fund for Charities will be suitable for Charities that are seeking longer term capital appreciation and an income through investment in equities.

## APPENDIX 3 – INVESTMENT AND BORROWING POWERS

### 1. GENERAL

The principal investment powers and restrictions applying to each of the Funds under the FCA Rules are set out below. Any additional investment restrictions for the Funds are set out in Appendix 1.

The following is a summary of the investment limits set out in COLL which apply to a non-UCITS retail scheme:

#### 1.1

The property of the Funds may except where otherwise provided for in COLL 5.6R of the FCA Rules, consist of any one or more of transferable securities, money-market instruments, cash and near cash, units in collective investment schemes (see 1.15 below), derivatives and forward transactions, deposits (see 1.11 below), and gold (see 1.12 below).

Transferable securities, including warrants, and money-market instruments must, subject to 1.2 and 1.3 below, (i) be admitted to or dealt in on an eligible market, (ii) be recently issued transferable securities provided the terms of the issue include an undertaking that application will be made to be admitted to an eligible market and such admission is secured within a year of issue, (iii) be approved money-market instruments (as defined for the purposes of COLL) not admitted to or dealt in on an eligible market provided certain requirements of the FCA Rules are satisfied.

#### 1.2

Not more than 20% in value of the scheme property may consist of transferable securities which are not within 1.1 above.

#### 1.3

Not more than 20% in value of the scheme property may consist of transferable securities within 1.2 above or money-market instruments which are not liquid nor which have a value which cannot be determined accurately at any time.

#### 1.4

The limitations in 1.5 to 1.8 do not apply in respect of government and public securities.

#### 1.5

Not more than 20% in value of the scheme property may consist of deposits with a single body.

#### 1.6

Not more than 10% in value of the scheme property may consist of transferable securities or money-market instruments issued by any single body, except that (i) the figure of 10% may be increased to 25% in value of the scheme property in respect of covered bonds; and (ii) the figure of 10% may be increased to 20% in value of the scheme property in shares and debentures which are issued by the same body where the aim of the investment policy of that scheme is to replicate the performance or composition of an index (which index must have a sufficiently diverse composition, be representative of a benchmark for the market to which it refers and be published in an appropriate manner). Where justified by exceptional market conditions and in respect of one body only, the figure of 20% may be increased to 35%.

#### 1.7

The exposure to any one counterparty in an over-the-counter derivative transaction ('OTC') must not exceed 10% in value of the scheme property. For the purposes of calculating such limit:

##### 1.7.1

The exposure in respect of an OTC derivative may be reduced to the extent that collateral is held in respect of it if the collateral meets each of the conditions specified below:

- (a) The collateral is marked-to-market on a daily basis and exceeds the value of the amount at risk;
- (b) The collateral is exposed only to negligible risks (e.g. government bonds of first credit rating or cash) and is liquid;
- (c) The collateral is held by a third party custodian not related to the provider or is legally secure from the consequences of a failure of a related party; and
- (d) The collateral can be fully secured by the Fund at any time.

#### 1.7.2

OTC derivative positions with the same counterparty may be netted provided that the netting procedures:

- (a) Comply with the conditions set out in Section 3 (Contractual netting, Contracts for novation and other netting agreements) of Annex III to the Banking Consolidation Directive; and
- (b) Are based on legally binding agreements.

In applying this section 1.7, all derivative transactions are deemed to be free of counterparty risk if they are performed on an exchange where the clearing house meets each of the following conditions: (a) it is backed by an appropriate performance guarantee; and (b) it is characterised by a daily market-to market valuation of the derivative positions and an at least daily margining.

#### 1.8

Subject to 1.15 below up to 15% in value of the scheme property may consist of the units of any one scheme.

#### 1.9

Up to 35% in value of the scheme property may be invested in government and public securities issued by any one body, in which case there is no limit on the amount which may be invested in such securities or in any one issue.

#### 1.10

More than 35% in value of the scheme property can be invested in government and public securities issued by any one body provided that (a) the ACD has before any such investment is made consulted with the Depositary and as a result considers that the issuer of such securities is one which is appropriate in accordance with the investment objective of the Company; (b) no more than 30% in value of the scheme property of the Fund concerned consists of such securities of any one issue; (c) the scheme property of the Fund includes such securities issued by that or another issuer of at least six different issues; and (d) certain details have been disclosed in the Prospectus. The bodies in which the Funds may invest over 35% in their value are set out in Appendix 5.

#### 1.11

A Fund may invest in deposits only with an approved bank and which are repayable on demand or have the right to be withdrawn, and mature in no more than twelve months.

#### 1.12

Not more than 10% in value of the scheme property may be invested in gold.

#### 1.13

In and for the purposes of sections 1.6, 1.9 and 1.10 above, 'issue', 'issued' and 'issuer' include 'guarantee', 'guaranteed' and 'guarantor' and an issue differs from another if there is a difference as to repayment date, rate of interest, guarantor or other material terms of the issue.

#### 1.14

Nil or partly-paid securities are eligible for investment only provided it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by the scheme, at the time when payment is required, without contravening the rules of Chapter 5 of COLL.

#### 1.15

A Fund must not invest in units in a collective investment scheme unless that other scheme (1) (a) satisfies the conditions necessary for it to enjoy the rights conferred by the UCITS Directive; or (b) is a non-UCITS retail scheme; or (c) is a recognised scheme; or (d) is constituted outside the UK and the investment and borrowing powers of which are the same or more restrictive than those of a non-UCITS retail scheme; or (e) is a scheme not falling within (a) to (d) and in respect of which no more than 20% in value of the scheme property (including any transferable securities which are not approved securities) is invested; (2) operates on the principle of the prudent spread of risk; (3) is prohibited from having more than 15% in value of the property of its scheme property consisting of units in collective investment schemes; and (4) the participants must be entitled to have their units redeemed in accordance with the scheme at a price (a) related to the net value of the property to which the units relate and (b) determined in accordance with the scheme.

#### 1.16

A Fund may invest in another collective investment scheme managed or operated by, or which has as its authorised corporate director, the ACD or an associate of the ACD provided that certain provisions of the FCA Rules regarding investment in such scheme are complied with.

#### 1.17

A Fund may hold 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. DERIVATIVES AND FORWARD TRANSACTIONS

### 2.1

Only certain types of derivatives and forward transactions can be effected for a non-UCITS retail scheme, namely transactions in approved derivatives (i.e. traded or dealt in on an eligible derivatives market) and permitted over-the-counter transactions in derivatives.

### 2.2

The underlying must consist of any or all of the following (to which the scheme is dedicated): transferable securities; permitted money-market instruments; permitted deposits; permitted derivatives; permitted collective investment scheme units; financial indices (which satisfy the criteria in 5.2.20AR of COLL); interest rates; foreign exchange rates and currencies. A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market. A derivatives transaction must not cause a Fund to diverge from its stated investment objective and 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, collective investment scheme units or derivatives; provided that a sale is not to be considered as uncovered if the conditions in 5.2.22R(3) of COLL (requirements to cover sales) are satisfied.

### 2.3

Any forward transaction must be with an eligible institution or an approved bank.

### 2.4

Where a non-UCITS retail scheme invests in derivatives, the exposure to the underlying assets must not exceed the limits in sections 1.5 to 1.9 above. Where a transferable security or money-market instrument embeds a derivative this must be taken into account for the purposes of complying with the limits. Subject to the ACD taking account of the requirements of 5.6.3R of COLL, where a Fund invests in an index-based derivative, the underlying constituents of the index do not have to be taken into account for the purposes of 5.6.7R and 5.6.8R of COLL provided the relevant index falls within 5.6.23R of COLL.

### 2.5

A derivative or forward transaction which will or could lead to the delivery of property for the account of a non-UCITS retail scheme may be entered into only if such property can be held for the account of such scheme and the ACD having taken reasonable care determines that delivery of the property under the transaction will not occur and will not lead to a breach of the FCA Rules.

### 2.6

Except in relation to deposits, no agreement by the ACD on behalf of the Funds to dispose of property or rights may be made unless the obligation (and any other similar obligation) could immediately be honoured by delivery of the property or the assignment (or, in Scotland, assignation) of rights and the property and rights are owned on behalf of the Funds at the time of the agreement.

### 2.7

The above paragraph does not apply where:

- (a) The risks of the underlying financial instrument of a derivative can be appropriately represented by another financial instrument and the underlying financial instrument is highly liquid; or
- (b) The ACD or the Depositary has the right to settle the derivative in cash, and cover exists within the scheme property which falls within one of the following asset classes: cash; liquid debt instruments (e.g. government bonds of first credit rating) with appropriate safeguards (in particular, haircuts); or other highly liquid assets having regard to their correlation with the underlying of the financial derivative instruments, subject to appropriate safeguards (e.g. haircuts where relevant).

In the asset classes referred to above, an asset may be considered as liquid where the instrument can be converted into cash in no more than seven business days at a price closely corresponding to the current valuation of the financial instrument on its own market.

### 2.8

A transaction in an over-the-counter derivative must be (1) with an approved counterparty (namely an eligible institution, an approved bank or a person whose FCA permission or Home State authorisation permits it to enter into the transaction as principal off-exchange); (2) on approved terms (i.e. the ACD carries out, at least daily, a reliable and verifiable valuation in respect of that transaction corresponding to its fair value and which does not rely only on market quotations by the counterparty and can enter into one or more further transactions to sell, liquidate or close out that transaction at any time, at a fair value); (3) capable of reliable valuation (i.e. if the ACD having taken reasonable care determines that, throughout the life of the derivative (if the transaction is entered into), it will be able to value the investment concerned with reasonable accuracy on the basis of an up-to-date market value which the ACD and the Depositary have agreed is reliable or (if this is not available) on the basis of a pricing model which the ACD and the Depositary have agreed uses an adequate recognised methodology); and (4) subject to verifiable valuation (i.e. if throughout the life of the derivative (if the transaction is entered into) verification

of the valuation is carried out by an appropriate third party which is independent from the counterparty at an adequate frequency in such a way that the ACD is able to check it, or by a department within the ACD which is independent from the department managing the scheme property and which is adequately equipped for such a purpose).

A transaction in a derivative or forward transaction may be entered into only if the maximum exposure (in terms of the principal or notional principal created by the transaction to which the trust is or may be committed by another person) is covered globally. Exposure is covered globally if adequate cover from the scheme property is available to meet the scheme's total exposure, taking into account the value of the underlying assets, any reasonably foreseeable market movement, counterparty risk and the time available to liquidate any positions. Cash not yet received into the scheme property, but which is due to be received within one month, is available as cover as is property subject to a permitted stock lending transaction if the ACD has taken reasonable care to determine that it is obtainable in time to meet the obligation for which cover is required. Total exposure relating to derivatives held within a non-UCITS retail scheme may not exceed the net value of the scheme property.

Please note that use of derivatives may affect the risk profile of a Fund. Please refer to the risk warning in section 28.7 for more information.

### 3. PROPERTY

Subject to the rules in COLL, up to 100% of the scheme property of a non-UCITS retail scheme may be held in property (that is, land or buildings ('immoveables')). The Company does not intend to invest in immoveables.

### 4. STOCK LENDING

#### 4.1

The Depositary may, at the request of the ACD, enter into repo contracts and certain stock lending transactions. Such transactions must comply with the requirements of the FCA Rules which state, inter alia that:

##### 4.1.1

All the terms of the agreement under which securities are to be reacquired by the Depositary are in a form which is acceptable to the Depositary and are in accordance with good practice.

#### 4.1.2

The counterparty is for the purposes of the Act:

- (a) An authorised person; or
- (b) A person authorised by a Home State regulator; or
- (c) A person registered as a broker or dealer with the Securities and Exchange Commission of the United States of America, or certain banks or bank branches as permitted by the FCA Rules.

#### 4.1.3

Collateral is obtained to secure the obligation of the counterparty and the collateral is acceptable to the Depositary, is adequate in terms of the FCA Rules and is sufficiently immediate (i.e. that it can be transferred before or at the time of the transfer of the securities by the Depositary or the Depositary takes reasonable care to determine before or at the time of transfer the collateral will be transferred at the latest by the close of business on the day of the transfer).

Such transactions must comply with the relevant requirements of the Taxation of Chargeable Gains Act 1992 together with the requirements of COLL.

Note: The ACD will not enter into repo contracts for a Fund nor deal with counterparties who are not authorised persons or persons authorised by a Home State regulator.

### 5. BORROWING

The Company may, subject to COLL, borrow money from an eligible institution or an approved bank for the use of the Company on terms that the borrowing is to be repayable out of the scheme property.

Borrowing will be on a temporary basis, will not be persistent, and in any event will not exceed three months without the prior consent of the Depositary.

The ACD must ensure that borrowing does not, on any Dealing Day, exceed 10% of the value of each Fund.

These borrowing restrictions do not apply to 'back to back' borrowing for currency hedging purposes (ie borrowing permitted in order to reduce or eliminate risk arising by reason of fluctuations in exchange rates).

## APPENDIX 4 – LIST OF 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:

### 1. ELIGIBLE SECURITIES MARKETS

#### 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

- Swiss Exchange

#### Thailand

- Stock Exchange of Thailand

#### Turkey

- Istanbul Stock Exchange

#### United Kingdom

- Alternative Investment Market (AIM) Grey Book Market

#### United States

- NYSE Euronext
- 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.

### 2. ELIGIBLE DERIVATIVES MARKETS

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



## APPENDIX 5 – LIST OF SECURITIES

List of all government and other public securities specified in Appendix 3, paragraph 1.10:

- 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 6 – AUTHORISED COLLECTIVE INVESTMENT SCHEMES OF WHICH THE ACD IS THE AUTHORISED CORPORATE DIRECTOR

### EDENTREE INVESTMENT FUNDS

# DIRECTORY

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## **AUTHORISED CORPORATE DIRECTOR (ACD)**

### **EdenTree Investment Management Limited**

24 Monument Street  
London  
EC3R 8AJ

Tel 020 7528 7364  
Fax 020 7528 7365

Whose Registered Office is:

Beaufort House  
Brunswick Road  
Gloucester  
GL1 1JZ

Tel 0845 777 3322  
Fax 01452 311 690

Authorised and regulated by the Financial  
Conduct Authority (FCA).

## **DEPOSITARY**

### **The Bank New York Mellon (International) Limited**

Whose Registered and Head Office is:

One Canada Square  
London  
E1 5AL

Tel 020 7163 5566  
Fax 020 7163 3693

Authorised by the Prudential Regulation Authority and  
dual-regulated by the Financial Conduct Authority (FCA)  
and Prudential Regulation Authority.

## **AUDITORS**

### **Deloitte LLP**

110 Queen Street  
Glasgow  
G1 3BX

## **LEGAL ADVISERS**

### **Pinsent Mason LLP**

30 Crown Place  
London  
EC2A 4ES

Tel 020 7418 7000  
Fax 020 7418 7050

## **ADMINISTRATOR AND REGISTRAR**

### **Northern Trust Global Services SE**

50 Bank Street  
Canary Wharf  
London  
E14 5NT

Tel 020 7982 2000  
Fax 020 7982 2002

## **REGULATORS**

### **Financial Conduct Authority**

12 Endeavour Square  
London  
E20 1JN

Tel 020 7628 6000

# NOTES

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For further information on any  
of our products, call us on

**0800 358 3010**

Monday to Friday 9am to 5pm.

We may monitor or record calls to improve our service.

You can email us at

**[charityinvestments@edentreeim.com](mailto:charityinvestments@edentreeim.com)**

Or visit us at

**[www.edentreeim.com](http://www.edentreeim.com)**

