

# Prospectus of Embark Investment Funds ICVC

(An open-ended investment company incorporated with limited liability and registered in England and Wales under registered number IC001030)

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

Embark Investments Limited, the authorised corporate director of the Company, is the person responsible for the information contained in this Prospectus. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained herein does not contain any untrue or misleading statement or omit any matters required by the Collective Investment Schemes Sourcebook to be included in it. Embark Investments Limited accepts responsibility accordingly.

This document constitutes the Prospectus for Embark Investment Funds ICVC which has been prepared in accordance with the Collective Investment Schemes Sourcebook (COLL).

This Prospectus is dated, and is valid as at 26 April 2022.

Copies of this Prospectus have been sent to the Financial Conduct Authority and the Depositary.

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## Important Information

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

The distribution of this Prospectus and the offering of Shares in certain jurisdictions may be restricted. Persons into whose possession this Prospectus comes are required by the Company to inform themselves about it and to observe any such restrictions. This Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

The Shares have not been and will not be registered in the United States of America under any applicable legislation. Shares in the Company are not available for offer or sale in any state in the United States, or to persons (including companies, partnerships, trusts or other entities) who are US persons, nor may Shares be owned or otherwise held by such persons. Accordingly, this Prospectus may not be distributed in the United States or to a US person. The ACD reserves the right to give notice to any Shareholder that is or that subsequently becomes incorporated in the United States or to a US person to (i) transfer the Shares to a person that is not a US person or (ii) request a redemption or cancellation of the Shares and the ACD may redeem or cancel the Shares if the Shareholder fails to make such transfer or request within 30 days of that notice provided by the ACD. The Company and the ACD have not been and will not be registered in the United States of America under any applicable legislation for the purpose of distributing or selling Shares.

Potential investors should not treat the contents of this Prospectus as advice relating to legal, taxation, investment or any other matters and are recommended to consult their own professional advisers concerning the acquisition, holding or disposal of Shares.

The provisions of the Instrument of Incorporation (a summary of which is included in this Prospectus) are binding on each of the Shareholders and a copy of the Instrument of Incorporation is available on request from Embark Investments Limited.

This Prospectus has been issued for the purpose of section 21 of the Financial Services and Markets Act 2000 by Embark Investments Limited.

The distribution of this Prospectus in certain jurisdictions may require that this Prospectus is translated into the official language of those countries. Should any inconsistency arise between the translated version and the English version, the English version shall prevail. All communications by the Investment Manager and the ACD in relation to this Prospectus shall be in English.

This Prospectus is based on information, law and practice at the date hereof. The Company and ACD cannot be bound by an out of date prospectus when a new version has been issued and investors should check with Embark Investments Limited that this is the most recently published prospectus.

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

1. **DEFINITIONS**

<b>“ACD”</b>	Embark Investments Limited, the authorised corporate director of the Company;
<b>“ACD Agreement”</b>	an agreement between the Company and the ACD as amended from time to time;
<b>“AIF”</b>	an alternative investment fund as defined in the AIFM Directive;
<b>“AIFM”</b>	the legal person appointed on behalf of the Company and which (through this appointment) is responsible for managing the Company in accordance with the AIFM Directive and The Alternative Investment Fund Managers Regulations 2013, which at the date of this Prospectus is the ACD;
<b>“AIFM Directive”</b>	Alternative Investment Fund Managers Directive 2011/61/EU of the European Parliament and Council of 8 June 2011 as it applies in the UK and as amended from time to time;
<b>“Approved Bank”</b>	(in relation to a bank account opened by the Company):  (a) if the account is opened at a branch in the United Kingdom:  (i) the Bank of England; or  (ii) the central bank of a member state of the OECD; or  (iii) a bank; or  (iv) a building society; or  (v) a bank which is supervised by the central bank or other banking regulator of a member state of the OECD; or  (b) if the account is opened elsewhere:  (i) a bank in (a); or  (ii) a credit institution established in an EEA State and duly authorised by the relevant Home State Regulator; or  (iii) a bank which is regulated in the Isle of Man or the Channel Islands; or  (c) a bank supervised by the South African Reserve Bank;
<b>“Associate”</b>	any other person whose business or domestic relationship with the ACD or the ACD’s associate might reasonably be expected to give rise to a community of interest between them which may involve a conflict of interest in dealings with third parties;

<b>“Auditor”</b>	KPMG LLP, or such other entity as is appointed to act as auditor to the Company from time to time;
<b>“AUT”</b>	authorised unit trust scheme;
<b>“Business Day”</b>	a day on which the London Stock Exchange is open. If the London Stock Exchange is closed as a result of a holiday or for any other reason, or there is a holiday elsewhere or other reason which impedes the calculation of the fair market value of a Sub-fund’s portfolio of securities or a significant portion thereof, the ACD may decide that any business day shall not be construed as such;
<b>“Class” or “Classes”</b>	in relation to Shares, means (according to the context) all of the Shares related to a single Sub-fund or a particular class or classes of Share related to a single Sub-fund;
<b>“COLL”</b>	refers to the appropriate chapter or rule in the COLL Sourcebook;
<b>“the COLL Sourcebook”</b>	the Collective Investment Schemes Sourcebook issued by the FCA as amended from time to time;
<b>“Company”</b>	Embark Investment Funds ICVC;
<b>“Conversion”</b>	the conversion of Shares in one Class in a Sub-fund to Shares of another Class in the same Sub-fund and “Convert” shall be construed accordingly;
<b>“Custodian”</b>	The Northern Trust Company, London Branch;
<b>“Data Protection Laws”</b>	all applicable laws and regulations relating to the processing of Personal Data and privacy including, but not limited, to the DPA and the GDPR (each of these, as and when enacted and in force) and all law and regulations implementing or made under them, any amendment or re-enactment of them and, where applicable, the guidance and codes of practice issued by any applicable regulatory bodies or supervisory authorities;
<b>“Dealing Day”</b>	Monday to Friday where these days are Business Days;
<b>“Depositary”</b>	Northern Trust Investor Services Limited, or such other person as is appointed to act as Depositary of the Company from time to time);
<b>“Depositary Agreement”</b>	The agreement between the ACD and the Depositary, as amended from time to time;
<b>“Director” or “Directors”</b>	the directors of the Company from time to time (including the ACD);
<b>“DPA”</b>	the United Kingdom’s Data Protection Act 2018 (as updated or replaced from time to time);
<b>“EEA State”</b>	a member state of the European Union and any other state which is within the European Economic Area;

<b>“Efficient Portfolio Management” or “EPM”</b>	<p>for the purposes of this prospectus, techniques and instruments which relate to transferable securities and approved money-market instruments and which fulfil the following criteria:</p> <p>(a) they are economically appropriate in that they are realised in a cost effective way;</p> <p>(b) they are entered into for one or more of the following specific aims:</p> <p>(i) reduction of risk;</p> <p>(ii) reduction of cost;</p> <p>(iii) generation of additional capital or income for a Sub-fund with a risk level which is consistent with the risk profile of the Sub-fund and the risk diversification rules laid down in COLL as more fully described in Appendix III;</p>
<b>“Eligible Institution”</b>	one of certain eligible institutions as defined in the glossary to the FCA Handbook;
<b>“FCA”</b>	the Financial Conduct Authority or any other regulatory body which may assume its regulatory responsibilities from time to time;
<b>“FCA Handbook”</b>	the FCA Handbook of Rules and Guidance, as amended from time to time;
<b>“FCA Register”</b>	<p>the public record, as required by section 347 of the Financial Services and Markets Act 2000 (The public record) of every:</p> <p>(a) authorised person;</p> <p>(b) AUT;</p> <p>(c) ICVC;</p> <p>(d) recognised scheme;</p> <p>(e) recognised investment exchange;</p> <p>(f) recognised clearing house;</p> <p>(g) individual to whom a prohibition order relates;</p> <p>(h) approved person; and</p> <p>(i) person within such other class (if any) as the FCA may determine;</p> <p>except as provided by any transitional provisions;</p>
<b>“FUND”</b>	refers to the appropriate chapter or rule in the FUND Sourcebook;



<b>“FUND Sourcebook”</b>	the Investment Funds Sourcebook issued by the FCA as amended from time to time;
<b>“GDPR”</b>	the European Union’s General Data Protection Regulation (Regulation (EU) 2016/679) as it applies in the UK;
<b>“Group”</b>	in relation to a company, that company, any subsidiary or holding company from time to time of that company, and any subsidiary from time to time of a holding company of that company. Each company in a Group is a member of the Group. A reference to a holding company or a subsidiary means a holding company or a subsidiary (as the case may be) as defined in section 1159 of the Companies Act 2006 and a company shall be treated, for the purposes only of the membership requirement contained in sections 1159(1)(b) and (c), as a member of another company even if its shares in that other company are registered in the name of (a) another person (or its nominee) by way of security or in connection with the taking of security, or (b) its nominee. In the case of a limited liability partnership which is a subsidiary of a company or another limited liability partnership, section 1159 of the Companies Act 2006 shall be amended so that: (a) references in sections 1159(1)(a) and (c) to voting rights are to the members' rights to vote on all or substantially all matters which are decided by a vote of the members of the limited liability partnership; and (b) the reference in section 1159(1)(b) to the right to appoint or remove a majority of its board of directors is to the right to appoint or remove members holding a majority of the voting rights;
<b>“Home State”</b>	as defined in the glossary to the FCA Handbook;
<b>“ICVC”</b>	Investment Company with Variable Capital;
<b>“Instrument of Incorporation”</b>	the instrument of incorporation of the Company as amended from time to time;
<b>“IOSCO”</b>	the International Organisation of Securities Commissions;
<b>“Investment Manager”</b>	Threadneedle Asset Management Limited, the investment manager to the ACD in respect of the Company;
<b>“KIID”</b>	the key investor information document of a Sub-fund or Class of Shares prepared in accordance with the COLL Sourcebook;
<b>“Net Asset Value” or “NAV”</b>	the value of the Scheme Property of the Company or of any Sub-fund (as the context may require) less the liabilities of the Company (or of the Sub-fund concerned) as calculated in accordance with the Instrument of Incorporation;
<b>“Non-UCITS retail scheme”</b>	a scheme which is not constituted in accordance with the UCITS Directive (a European Directive relating to undertaking for collective investment in transferable securities which has been adopted in the UK) but is available to retail investors;
<b>“OECD”</b>	the Organisation for Economic Co-operation and Development;

<b>“OEIC Regulations”</b>	the Open-Ended Investment Companies Regulations 2001 as amended or re-enacted from time to time;
<b>“OTC”</b>	Over-the-counter derivative: a derivative transaction which is not traded on an investment exchange;
<b>“Register”</b>	the register of Shareholders of the Company;
<b>“Registrar”</b>	Northern Trust Investor Services Limited, or such other entity as is appointed to act as Registrar to the Company from time to time;
<b>“Regulated Activities Order”</b>	the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544);
<b>“Regulations”</b>	the OEIC Regulations and the FCA Handbook (including the COLL Sourcebook and the FUND Sourcebook);
<b>“Risk Profile Service Provider”</b>	EV (EValue Limited), or such other risk profile service provider that may be appointed from time to time, uses the outputs from investment research tools to produce strategic weightings of asset classes to serve as guidance for the Investment Manager, based on a long-term investment horizon;
<b>“Scheme Property”</b>	the scheme property of the Company or a Sub-fund (as appropriate) required under the COLL Sourcebook and the FUND Sourcebook to be given for safekeeping to the Depositary;
<b>“Share” or “Shares”</b>	a share or shares in the Company (including larger denomination shares, and smaller denomination shares equivalent to one thousandth of a larger denomination share);
<b>“Shareholder”</b>	a holder of registered Shares in the Company;
<b>“Sub-fund”</b>	a sub-fund of the Company (being part of the Scheme Property of the Company which is pooled separately) to which specific assets and liabilities of the Company may be allocated and which is invested in accordance with the investment objective applicable to such sub-fund;
<b>“Switch”</b>	the exchange of Shares of one Class in a Sub-fund for Shares in a Class of another Sub-fund of the Company or (as the context may require) the act of so exchanging and “Switching” shall be construed accordingly;
<b>“UK CRR”</b>	the UK version of Regulation of the European Parliament and the Council on prudential requirements for credit institutions and investment firms (Regulation (EU) No 575/2013) and amending Regulation (EU) No 648/2012;
<b>“UK UCITS”</b>	has the meaning set out in the glossary to the FCA Handbook;
<b>“Valuation Point”</b>	the point on a Dealing Day whether on a periodic basis or for a particular valuation, at which the ACD carries out a valuation of the Scheme Property for the Company or a Sub-fund (as the case may be) for the purpose of determining the price at which Shares of a Class may be issued, cancelled, redeemed or Switched. The current Valuation Point is set out in Appendix I for each Sub-fund.

The regular valuation point may be changed on reasonable notice being given to Shareholders;

**“VAT”**

Value Added Tax.

## **2. DETAILS OF THE COMPANY**

### **2.1 General Information**

The Company is an investment company with variable capital incorporated in England and Wales under registered number IC1030 and authorised by the Financial Conduct Authority with effect from 18 March 2015. Please note that approval by the FCA in this context refers only to approval under the OEIC Regulations 2001 and does not in any way indicate or suggest endorsement or approval of the Sub-funds as an investment.

The FCA's Product Reference Number ("PRN") for the company is 604040. The Product Reference Number for each Sub-fund is set out in Appendix 1. The Company has an unlimited duration.

Shareholders are not liable for the debts of the Company. A Shareholder is not liable to make any further payment to the Company after he has paid the price on purchase of the Shares.

### **2.2 Head Office**

The head office of the Company is at 7<sup>th</sup> Floor, 100 Cannon Street, London, EC4N 6EU.

### **2.3 Address for Service**

The head office is the address of the place in the UK for service on the Company of notices or other documents required or authorised to be served on it.

### **2.4 Base Currency**

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

### **2.5 Share Capital**

Maximum £100,000,000,000

Minimum £100

Shares have no par value. The share capital of the Company at all times equals the sum of the Net Asset Values of each of the Sub-funds.

### **2.6 The Structure of the Company**

#### **2.6.1 The Sub-funds**

The Company is structured as an umbrella company, in that different Sub-funds may be established from time to time by the ACD with the approval of the FCA. On the introduction of any new Sub-fund, a revised Prospectus will be prepared setting out the relevant details of each Sub-fund.

The Company is a Non-UCITS retail scheme and is an AIF for the purposes of the AIFMD.

The assets of each Sub-fund will be treated as separate from those of every other Sub-fund and will be invested in accordance with the investment objective and investment policy applicable to that Sub-fund. Investment of the assets of each of the Sub-funds must comply with the COLL Sourcebook and the investment objective and policy of the relevant Sub-fund. Details of the Sub-funds, including their investment objectives and policies, are set out in Appendix I.

The eligible securities markets and eligible derivatives markets in which the Sub-funds may invest are set out in Appendix II. A detailed statement of the general investment and borrowing restrictions in respect of each type of Sub-fund is set out in Appendix III.

The Sub-funds are segregated portfolios of assets and, accordingly, the assets of a Sub-fund belong exclusively to that Sub-fund and shall not be used or made available to discharge (directly or indirectly) the liabilities of, or claims against, any other person or body, including the Company and any other Sub-fund and shall not be available for any such purpose.

Subject to the above, each Sub-fund will be charged with the liabilities, expenses, costs and charges of the Company attributable to that Sub-fund, and within each Sub-fund charges will be allocated between Classes in accordance with the terms of issue of Shares of those Classes. Any assets, liabilities, expenses, costs or charges not attributable to a particular Sub-fund may be allocated by the ACD in a manner which it believes is fair to the Shareholders generally. This will normally be pro rata to the Net Asset Value of the relevant Sub-funds.

Please also see paragraph 5.15 below “Liabilities of the Company and the Sub-funds”.

### 2.6.2 **Shares**

Each of the Sub-funds of the Company is designed and managed to support longer-term investment and active trading is discouraged. Short-term or excessive trading into and out of a Sub-fund may harm performance by disrupting portfolio management strategies and by increasing expenses. The ACD may at its discretion refuse to accept applications for, or Switching of, Shares, especially where transactions are deemed disruptive, particularly from possible market timers or investors who, in its opinion, have a pattern of short-term or excessive trading or whose trading has been or may be disruptive to a Sub-fund(s). For these purposes, the ACD may consider an investor’s trading history in the Sub-fund(s) and accounts under common ownership or control.

The rights attached to Shares of each Class are expressed in two denominations - smaller denomination and larger denomination. Each smaller denomination share represents one thousandth of a larger denomination share.

Shares have no par value and, within each Class in each Sub-fund subject to their denomination, are entitled to participate equally in the profits arising in respect of, and in the proceeds of, the liquidation of the Company or termination of a relevant Sub-fund. Shares do not carry preferential or pre-emptive rights to acquire further Shares.

The details of the Shares presently available for each Sub-fund, including details of their criteria for subscription and fee structure, are set out in Appendix I. Further Classes of Share may be established from time to time by the ACD with the agreement of the Depositary and in accordance with the Instrument of Incorporation and the Regulations. On the introduction of any new Class, a revised Prospectus will be prepared setting out the details of each Class.

The currency in which each new Class will be denominated will be determined at the date of creation and set out in the Prospectus issued in respect of the new Class.

The net proceeds from subscriptions to a Sub-fund will be invested in the specific pool of assets constituting that Sub-fund. The Company will maintain for each current Sub-fund a separate pool of assets, each invested for the exclusive benefit of the relevant Sub-fund.

To the extent that any Scheme Property, or any assets to be received as part of the Scheme Property, or any costs, charges or expenses to be paid out of the Scheme Property, are not attributable to one Sub-fund only, the ACD will allocate such Scheme Property, assets, costs, charges or expenses between Sub-funds in a manner which is fair to all Shareholders of the Company.

Holders of income Shares are entitled to be paid the distributable income attributed to such Shares on any relevant interim and annual allocation dates.

Holders of accumulation Shares are not entitled to be paid the income attributed to such Shares, but that income is automatically transferred to (and retained as part of) the capital assets of the relevant

Sub-fund on the relevant annual accounting dates. This is reflected in the price of an accumulation Share.

The Instrument of Incorporation allows gross income and gross accumulation Shares to be issued, as well as net income and net accumulation Shares, but currently no gross Shares are in issue. Net Shares are Shares in respect of which income allocated to them is distributed periodically to the relevant Shareholders (in the case of income Shares) or credited periodically to capital (in the case of accumulation Shares), in either case in accordance with relevant tax law, net of any tax deducted or accounted for by the Company. Gross Shares are income or accumulation Shares where, in accordance with relevant tax law, distribution or allocation of income is made without any tax being deducted or accounted for by the Company. All references in this Prospectus are to net Shares unless otherwise stated.

Where a Sub-fund has different Classes, each Class may attract different charges and so monies may be deducted from the Scheme Property attributable to such Classes in unequal proportions. In these circumstances, the proportionate interests of the Classes within a Sub-fund will be adjusted accordingly.

Shareholders are entitled (subject to certain restrictions) to Switch all or part of their Shares in a Sub-fund for Shares of another Sub-fund or to Convert all or part of their Shares in one Class in a Sub-fund for Shares of another Class of the same Sub-fund. Details of the Switching and conversion facilities and the applicable restrictions are set out in paragraph 3.5 "Switching and Conversion".

### 3. **BUYING, REDEEMING AND SWITCHING SHARES**

#### 3.1 **General**

The dealing office of the ACD is normally open from 9.00 a.m. to 5.00 p.m. (London time) on each Business Day to receive postal requests for the purchase, sale, Conversion and Switching of Shares. The ACD may vary these times at its discretion. Initial purchases must, at the discretion of the ACD, be accompanied by an application form.

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

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

The ACD may also, at its discretion, introduce further methods of dealing in Shares in the future.

In its dealings in Shares of the Sub-funds the ACD is dealing as principal. The ACD does not actively seek to make a profit from dealing in Shares as principal but does so in order to facilitate the efficient management of the Company. The ACD is not accountable to Shareholders for any profit it makes from dealing in Shares as principal.

#### 3.2 **Anti-money laundering**

As a result of legislation in force in the UK to prevent money laundering, the ACD is responsible for compliance with anti-money laundering regulations. In order to implement these regulations, in certain circumstances investors may be asked to provide proof of identity when buying or redeeming Shares. Until satisfactory proof of identity is provided, the ACD reserves the right to refuse to issue Shares, pay the proceeds of a redemption of Shares, or pay income on Shares to the investor. In the case of a purchase of Shares where the applicant is not willing or is unable to provide the information requested within a reasonable period, the ACD also reserves the right to sell the Shares purchased and return the proceeds to the account from which the subscription was made. These proceeds may be less than the original investment.

#### 3.3 **Buying Shares**

##### 3.3.1 **Procedure**

Shares may be bought directly from the ACD or through a professional adviser or other intermediary. For details of dealing charges see paragraph 3.6 below. Application forms may be obtained from the ACD.

Valid applications to purchase Shares received before the Valuation Point on a Business Day will be processed at the Share price calculated at the Valuation Point on that Business Day except where dealing in the Sub-fund has been suspended as set out in paragraph 3.12. Valid applications to purchase Shares received after the Valuation Point on a Business Day will be processed at the Share price calculated at the Valuation Point on the next Business Day except where dealing in the Sub-fund has been suspended as set out in paragraph 3.12.

The ACD at its discretion, has the right to request, and be in receipt of cleared funds before processing an application or other instruction to purchase Shares.

Settlement is due within four Business Days of the relevant Valuation Point. An order for the purchase of Shares will only be deemed to have been accepted by the ACD once it is in receipt of cleared funds for the application.

The ACD, at its discretion, has the right to cancel a purchase deal if settlement is overdue (being more than four Business Days after the Valuation Point used for processing the Share price of the application to purchase Shares) and any loss arising on such cancellation shall be the liability of the applicant. The ACD is not obliged to issue Shares unless it has received cleared funds from an investor.

The ACD reserves the right to charge interest at an annual rate of 4% above the prevailing Bank of England base rate, on the value of any settlement received later than the fourth Business Day following the Valuation Point. No interest will be paid on client money held prior to investment. Shares that have not been paid for cannot be redeemed.

A purchase of Shares in writing or by telephone or any other communication media made available is a legally binding contract. Applications to purchase, once made are, except in the case where cancellation rights are applied, irrevocable. For postal applications payment in full must accompany the application.

However, subject to its obligations under the Regulations, the ACD has the right to reject, on reasonable grounds relating to the circumstances of the applicant, any application for Shares in whole or part, and in this event the ACD will return any money sent, or the balance of such monies, at the risk of the applicant.

Any subscription monies remaining after a whole number of Shares have been issued will not be returned to the applicant. Instead, smaller denomination Shares will be issued. A smaller denomination Share is equivalent to one thousandth of a larger denomination Share.

Applicants who have received advice may have the right to cancel their application to buy Shares at any time during the 14 days after the date on which they receive a cancellation notice from the ACD. If an applicant decides to cancel the contract, and the value of the investment has fallen at the time the ACD receives the completed cancellation notice, they will not receive a full refund as an amount equal to any fall in value will be deducted from the sum originally invested. The ACD may extend cancellation rights to other investors but is under no obligation to do so.

The ACD may refuse to accept applications for subscriptions, Switches or Conversions of Shares in a Sub-fund which it knows or in its absolute discretion considers to be, associated with market timing activities. In general terms, market timing activities are strategies which may include frequent purchases and sales of Shares with a view to profiting from anticipated changes in market prices between valuation points or arbitraging on the basis of market price changes subsequent to those used in the valuation of a Sub-fund. Such market timing activities are disruptive to fund management, may lead to additional dealing charges which cause losses/dilution to a Sub-fund and may be detrimental to performance and to the interests of long term Shareholders. Accordingly the ACD may in its absolute discretion reject any application for subscription or Switching of Shares from applicants that it considers to be associated with market timing activities.

The ACD makes use of the "Delivery versus Payment Exemption" as set out in the FCA Handbook, which provides for a one day window during which money, held for the purposes of settling a transaction in relation to shares in a collective investment scheme, is not treated as client money if the ACD receives the money from a person for the



subscription of Shares and the money is passed to the Depositary for the purpose of creating Shares in the relevant Sub-fund within the timeframes set out in the FCA Handbook. The ACD will be entitled to assume that when a new investor, or an existing Shareholder, buys Shares in a Sub-fund they consent to the ACD's use of the Delivery versus Payment Exemption.

### 3.3.2 Documents the buyer will receive

A confirmation giving details of the number and price of Shares bought will be issued no later than the end of the Business Day following the Valuation Point by reference to which the price is determined, together with, where appropriate, a notice of the applicant's right to cancel.

Registration of Shares will be completed by the ACD only upon receipt of any required registration details. These details may be supplied in writing to the ACD or by returning to the ACD the properly completed registration form and copy of the confirmation.

Share certificates will not be issued in respect of Shares. Ownership of Shares will be evidenced by an entry on the Register. Tax vouchers in respect of periodic distributions on Shares will show the number of Shares held by the recipient.

### 3.3.3 Minimum subscriptions and holdings

The minimum initial subscriptions, subsequent subscriptions and holdings levels for each Class of Share in a Sub-fund are set out in Appendix I.

The ACD may at its sole discretion accept subscriptions and/or holdings lower than the minimum amount(s).

If following a redemption, Switch, Conversion or transfer, a holding in any Class should fall below the minimum holding for that Class, the ACD has the discretion to effect a redemption of that Shareholder's entire holding in that Class of Share. The ACD may use this discretion at any time. Failure not to use this discretion immediately after such redemption, Switch, Conversion or transfer does not remove this right.

## 3.4 Redeeming Shares

### 3.4.1 Procedure

Every Shareholder is entitled on any Dealing Day to redeem its Shares, which shall be purchased by the ACD dealing as principal.

Valid applications to redeem Shares received before the Valuation Point on a Business Day will be executed at the Share price calculated at that Valuation Point except where dealing in the Sub-fund has been suspended as set out in paragraph 3.11. Valid applications to redeem Shares received after the Valuation Point on a Business Day will be executed at the Share price calculated at the Valuation Point on the next Business Day except where dealing in the Sub-fund has been suspended as set out paragraph 3.11.

A redemption instruction in respect of Shares in writing or by telephone or any other communication media made available is a legally binding contract. However, an instruction to the ACD to redeem Shares, although irrevocable, may not be settled by either the Company or the ACD if the redemption represents Shares where the money due on the earlier purchase of those Shares has not yet been received or if insufficient documentation or anti-money laundering information has been received by the ACD.

For details of dealing charges see paragraph 3.6 below.

The ACD makes use of the “Delivery versus Payment Exemption” as set out in the FCA Handbook, which provides for a one day window during which money, held for the purposes of settling a transaction in relation to shares in a collective investment scheme, is not treated as client money if the ACD holds the money in the course of redeeming Shares provided that the proceeds of that redemption are paid to a Shareholder within the timeframes set out in the FCA Handbook. The ACD will be entitled to assume that when a Shareholder redeems Shares in a Sub-fund they consent to the ACD’s use of the Delivery versus Payment Exemption.

#### 3.4.2 Documents a redeeming Shareholder will receive

A confirmation giving details of the number and price of Shares redeemed will be sent to the redeeming Shareholder (or the first named Shareholder, in the case of joint Shareholders) together with (if sufficient written instructions have not already been given) a form of renunciation for completion and execution by the Shareholder (or, in the case of a joint holding, by all the joint Shareholders) no later than the end of the Business Day following the later of the request to redeem Shares or the Valuation Point by reference to which the price is determined.

Payment of redemption proceeds will normally be made by electronic transfer in accordance with any instruction received (the ACD may recover any bank charge levied on such transfers), or, at the ACD’s discretion, via cheque to the first named Shareholder (at their risk). Instructions to make payments to third parties (other than intermediaries associated with the redemption) will not normally be accepted.

Such payment will be made within four Business Days of the later of (a) receipt by the ACD of the form of renunciation (or other sufficient written instructions) duly signed and completed by all the relevant Shareholders together with any other documentation and appropriate evidence of title, any required anti-money laundering related documentation, and (b) the Valuation Point following execution of the redemption by the ACD.

No interest will be paid on funds or client money held whilst the ACD awaits receipt of all relevant documentation necessary to complete a redemption. Shares that have not been paid for cannot be redeemed.

#### 3.4.3 Minimum redemption

Part of a Shareholder’s holding may be redeemed but the ACD reserves the right to refuse a redemption request if the value of the Shares of any Sub-fund to be redeemed is less than the minimum stated in respect of the appropriate Class in the Sub-fund in question (see Appendix I).

### 3.5 Switching and Conversion

Subject to any restrictions on the eligibility of investors for a particular Share Class, a Shareholder in a Sub-fund may at any time:

- (i) Convert all or part of their Shares in one Class of a Sub-fund for another Class of Shares in the same Sub-fund; or
- (ii) Switch all or some of their Shares of one Class of a Sub-fund (“Original Shares”) for Shares of another Sub-fund (“New Shares”) in the Company.

#### 3.5.1 Conversions

A Conversion is the exchange of Shares in one Class in a Sub-fund for Shares of another Class in the same Sub-fund.

Conversions will be effected by the ACD recording the change of Class on the Register of the Company. If a Shareholder wishes to Convert Shares they should apply to the ACD in the same manner as for a sale as set out at paragraph 3.3 above. Conversions will usually be effected at the next Valuation Point following receipt of instructions to convert from a Shareholder.

Conversions will not generally be treated as a disposal for capital gains tax purposes.

### 3.5.2 Switching

A Switch is the exchange of Shares of one Class in a Sub-fund for Shares in a Class of another Sub-fund of the Company.

Subject to the qualifications below, a Shareholder may at any time Switch all or some of the Original Shares for New Shares.

The number of New Shares issued will be determined by reference to the respective prices of New Shares and Original Shares at the Valuation Point applicable at the time the Original Shares are redeemed and the New Shares are issued. Shareholders are required to provide written instructions to the ACD (which, in the case of joint Shareholders, must be signed by all the joint Shareholders) before Switching is effected.

The ACD may at its discretion make a charge on the Switching of Shares. Any such charge on Switching does not constitute a separate charge payable by a Shareholder, but is rather the application of any redemption charge on the Original Shares and any initial charge on the New Shares, subject to certain waivers. For details of the charges on Switching currently payable, please see paragraph 3.6.3 "Charges on Conversion and Switching".

If a partial Switch would result in the Shareholder holding a number of Original Shares or New Shares of a value which is less than the minimum holding in the Class concerned, the ACD may, if it thinks fit, Switch the whole of the applicant's holding of Original Shares to New Shares (and make a charge for this) or refuse to effect any Switch of the Original Shares. Save as otherwise specifically set out, the general provisions on procedures relating to redemption will apply equally to a Switch.

Written instructions must be received by the ACD before the Valuation Point of the Sub-funds concerned to be dealt with at the prices at that Valuation Point or at such other Valuation Point as the ACD at the request of the Shareholder giving the relevant instruction may agree. Switching requests received after a Valuation Point will be held over until the next Valuation Point in each of the relevant Sub-funds.

The ACD may adjust the number of New Shares to be issued to reflect the application of any charge on Switching together with any other charges or levies in respect of the application for the New Shares or redemption of the Original Shares as may be permitted pursuant to the COLL Sourcebook.

**Please note that under UK tax law a Switch of Shares from one Sub-fund to another is treated as a redemption of the Original Shares and a purchase of New Shares and will, for persons subject to taxation, be a realisation of the Original Shares for the purposes of capital gains taxation, which may give rise to a liability to tax, depending upon the Shareholder's circumstances.**

**A Shareholder who Switches Shares in one Sub-fund for Shares in any other Sub-fund (or who Converts between Classes of Shares in the same Sub-fund) will not be given a right by law to withdraw from or cancel the transaction.**

## 3.6 Dealing charges

The price per Share at which Shares are bought, redeemed or switched is the Net Asset Value per Share (subject to any dilution adjustment referred to at paragraph 3.6.4 below). Any initial charge or redemption charge is payable in addition to the price or deducted from the proceeds and is taken from the gross subscription or redemption monies.

### 3.6.1 Initial charge

The ACD may impose a charge on the purchase of Shares in each Class. The current initial charge is calculated as a percentage of the amount invested by a potential Shareholder in respect of each Sub-fund and is set out in Appendix I. The ACD may waive or discount the initial charge at its discretion.

The initial charge (which is deducted from subscription monies) is payable by the Shareholder to the ACD.

The current initial charge of a Class may only be increased in accordance with the Regulations.

### 3.6.2 Redemption charge

The ACD may make a charge on the redemption of Shares in each Class. The current redemption charge is set out in Appendix I.

The ACD may only change the current redemption charge in accordance with the Regulations. Also, if such a charge was introduced, it would not apply to Shares issued before the date of the introduction (i.e., those not previously subject to a redemption charge).

### 3.6.3 Charges on Switching and Conversions

#### 3.6.3.1 Switching

The Instrument of Incorporation authorises the Company to impose a charge on Switching. If a redemption charge is payable in respect of the Original Shares, this may become payable instead of, or as well as, the then prevailing initial charge for the New Shares. The charge on Switching is payable by the Shareholder to the ACD.

The charge will be no more than the excess of the initial charge applicable to New Shares over the initial charge applicable to the Original Shares as specified in Appendix I.

There is currently no charge for Switching Shares.

#### 3.6.3.2 Conversion

The Instrument of Incorporation authorises the Company to impose a charge on Conversion. No charge is currently payable on conversion.

### 3.6.4 Dilution adjustment

The basis on which each Sub-fund's investments are valued for the purpose of calculating the price of Shares as stipulated in the Regulations and the Company's Instrument of Incorporation is summarised in paragraph 4.5.

Shares in the Company are single priced.

However, the actual cost of purchasing or selling investments for a Sub-fund may deviate from the mid-market value used in calculating the price of Shares in the Sub-fund due to dealing costs such as broking charges, taxes, and any spread between the buying and selling prices of the underlying investments. These dealing costs can have an adverse effect on the value of each Sub-fund, known as “dilution”.

It is not, however, possible to predict accurately whether dilution will occur at any point in time. The Regulations allow the cost of dilution to be met directly from a Sub-fund’s assets or to be recovered from investors on the purchase or redemption of Shares by means of a dilution adjustment to the dealing price, and this is the policy which has been adopted by the ACD. The ACD shall comply with COLL 6.3.8 in its application of any such dilution adjustment. The ACD’s policy is designed to minimise the impact of dilution on any Sub-fund.

The dilution adjustment for each Sub-fund will be calculated by reference to the estimated costs of dealing in the underlying investments of that Sub-fund, including any dealing spreads, commissions and transfer taxes. The ACD may, at its absolute discretion, apply a dilution adjustment on the issue and redemption of such Shares if, in its opinion, the existing Shareholders (for sales) or remaining Shareholders (for redemptions) might be adversely affected, and if in applying a dilution adjustment, so far as practicable, it is fair to all Shareholders and potential Shareholders. In particular, where the difference between the value of Shares being acquired and Shares being redeemed is more than 2% of a Sub-fund’s total NAV, determined by reference to that Sub-fund’s Share price on the previous Dealing Day, then the ACD may at its absolute discretion make a dilution adjustment. The ACD may also exercise its discretion to apply a dilution adjustment where the difference is an amount equal to or less than 2%.

In specie transfers will not be taken into account when determining any dilution adjustment and any incoming portfolio will be valued on the same basis as each Sub-fund is priced (i.e. offer plus notional dealing charges, mid, or bid less notional dealing charges). When a dilution adjustment is not applied there may be a dilution of the assets of a Sub-fund which may constrain the future growth of that Sub-fund.

The ACD may alter its current dilution adjustment policy in accordance with the Regulations.

Based on future projections, the estimated amount of any dilution adjustment is as follows:

**Estimate of dilution adjustment applicable to purchases:**

Embark Horizon Multi-Asset Fund I	0.00%
Embark Horizon Multi-Asset Fund II	0.00%
Embark Horizon Multi-Asset Fund III	0.00%
Embark Horizon Multi-Asset Fund IV	0.00%
Embark Horizon Multi-Asset Fund V	0.00%

**Estimate of dilution adjustment applicable to redemptions:**

Embark Horizon Multi-Asset Fund I	0.00%
Embark Horizon Multi-Asset Fund II	0.00%
Embark Horizon Multi-Asset Fund III	0.00%
Embark Horizon Multi-Asset Fund IV	0.00%
Embark Horizon Multi-Asset Fund V	0.00%

Note: Based on pricing basis at date of current Prospectus release.

The ACD reserves the right to adjust the price by a lesser amount (subject to the rate of dilution being greater than 0%) but will always make such an adjustment in a fair manner solely to reduce dilution and not for the purpose of creating a profit or avoiding a loss for the account of the ACD or an associate.

It should be noted that as dilution is related to inflows and outflows of monies and the purchase and sale of investments it is not possible to predict accurately if and when dilution will occur and to what extent. It is however envisaged, based on future projections, that it is unlikely that a dilution adjustment will be applied in the foreseeable future.

**3.7 Transfers of Shares requiring registration**

Shareholders are entitled to transfer their Shares to another person or body. All transfers must be by way of a form of an instrument of transfer, submitted in writing and approved by the ACD for this purpose. Completed instruments of transfer must be returned to the ACD in order for the transfer to be registered by the ACD.

**3.8 Restrictions and compulsory transfer and redemption**

The ACD may from time to time impose such restrictions as it may think necessary for the purpose of ensuring that no Shares are acquired or held by any person in breach of the law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory or which would result in the Company incurring any liability to taxation which the Company is not able to recoup itself or suffering any other adverse consequence. In this connection, the ACD may, inter alia, reject in its discretion any application for the purchase, redemption, transfer or Conversion or Switching of Shares.

If it comes to the notice of the ACD that any Shares ("affected Shares"):

- (a) are owned directly or beneficially in breach of any law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory;  
or
- (b) would result in the Company incurring any liability to taxation which the Company would not be able to recoup itself or suffering any other adverse consequence (including a requirement to register under any securities or investment or similar laws or governmental regulation of any country or territory); or
- (c) are held in any manner by virtue of which the Shareholder or Shareholders in question is/are not qualified to hold such Shares or if it reasonably believes this to be the case; or
- (d) are owned by a Shareholder who is registered in a jurisdiction (where the Company is not registered or recognised by the relevant competent authority) whereby communication with that Shareholder by the ACD, on behalf of the Company, might constitute a breach of the regulations in that jurisdiction (unless specific action is taken by the ACD to prevent such a communication constituting a breach);

the ACD may give notice to the Shareholder(s) of the affected Shares requiring the transfer of such Shares to a person who is qualified or entitled to own them or that a request in writing be given for the redemption of such Shares in accordance with the COLL Sourcebook. If any Shareholder upon whom such a notice is served does not within 30 days after the date of such notice transfer their affected Shares to a person qualified to own them or submit a written request for their redemption to the ACD or establish to the satisfaction of the ACD (whose judgement is final and binding) that he or the beneficial owner is qualified and entitled to own the affected Shares, he shall be deemed upon the expiry of that 30 day period to have given a request in writing for the redemption or cancellation (at the discretion of the ACD) of all the affected Shares.

A Shareholder who becomes aware that he is holding or owns affected Shares shall immediately, unless they have already received a notice as set out above, either transfer all their affected Shares to a person qualified to own them or submit a request in writing to the ACD for the redemption of all their affected Shares.

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

### **3.9 Issue of Shares in exchange for in specie assets**

The ACD may at its absolute discretion arrange for the Company to issue Shares in exchange for assets other than cash, but will only do so where the Depositary has taken reasonable care to determine that the Company's acquisition of those assets in exchange for the Shares concerned is not likely to result in any material prejudice to the interests of Shareholders.

The ACD will ensure that the beneficial interest in the assets is transferred to the Company with effect from the issue of the Shares.

The ACD will not issue Shares in any Sub-fund in exchange for assets the holding of which would be inconsistent with the investment objective or policy of that Sub-fund.

### **3.10 In specie redemptions**

If a Shareholder requests the redemption of Shares the ACD may, where it considers that deal to be substantial in relation to the total size of a Sub-fund or in some way detrimental to the Sub-fund, at its absolute discretion arrange for Scheme Property having the appropriate value to be transferred to the Shareholder (an 'in specie transfer'), in place of payment for the Shares in cash. Before the redemption is effected, the ACD must give written notice to the Shareholder of the intention to make an in specie transfer. The ACD will select the property to be transferred in consultation with the Depositary.

The ACD and Depositary must ensure that the selection is made with a view to achieving no more advantage or disadvantage to the Shareholder requesting the redemption than to the continuing Shareholders.

### **3.11 Deferred redemptions of Shares**

If requested redemptions of Shares in a Sub-fund on a particular Dealing Day exceed 10% of the relevant Sub-fund's value, redemptions of Shares in that Sub-fund may be deferred to the next Valuation Point. Any such deferral will only be undertaken in such manner as to ensure consistent treatment of all Shareholders who had sought to redeem Shares at the Valuation Point at which redemptions were deferred. Deferral will be pro-rated based on the value of Shares being redeemed (provided that the ACD may determine in its discretion a value threshold below which all redemptions will be effected, and above which the foregoing pro-rata deferral shall apply), and so that all deals relating to an earlier Valuation Point are completed before those relating to a later Valuation Point are considered.

The intention of the deferred redemption provisions is to reduce the impact of dilution on the Sub-fund in question. In times of high levels of redemption, deferred redemption provisions would enable the ACD to protect the interest of continuing Shareholders by allowing it to match the sale of a property of the Sub-fund in question to the levels of redemptions of Shares in that Sub-fund.

### **3.12 Suspension and mandatory suspension of dealings in the Company**

The ACD may, with the prior agreement of the Depositary, and must without delay if the Depositary so requires temporarily suspend the issue, cancellation, sale and redemption of Shares in any or all of the Sub-funds where due to exceptional circumstances it is in the interests of all the Shareholders in the relevant Sub-fund or Sub-funds.

The ACD and the Depositary must ensure that the suspension is only allowed to continue for as long as is justified having regard to the interests of Shareholders.

The ACD and the Depositary may also have to apply a mandatory suspension of any Sub-fund, where there is material uncertainty to the value of immovable assets that constitute more than 20% of the Scheme Property. This may include exposure to assets within bond funds, property funds or feeder funds of property alternative investment funds (PAIFs).

The ACD or the Depositary (as appropriate) will immediately inform the FCA of the suspension and the reasons for it and will follow this up as soon as practicable with written confirmation of the suspension and the reasons for it to the FCA and the regulator in each EEA state where Shares are offered for sale or redemption.

The ACD will notify Shareholders as soon as is practicable after the commencement of the suspension, including details of the exceptional circumstances which have led to the suspension, in a clear, fair and not misleading way and giving Shareholders details of how to find further information about the suspensions.

Where such suspension takes place, the ACD will publish on its website or through other general means, sufficient details to keep Shareholders appropriately informed about the suspension, including, if known, its possible duration.

During the suspension none of the obligations in COLL 6.2 (Dealing) will apply but the ACD will comply with as much of COLL 6.3 (Valuation and Pricing) during the period of suspension as is practicable in light of the suspension.

Suspension will cease as soon as practicable after the exceptional circumstances leading to the suspension have ceased but the ACD and the Depositary will formally review the suspension at least every 28 days and will inform the FCA of the review and any change to the information given to Shareholders.

The ACD may agree during the suspension to deal in Shares in which case all deals accepted during and outstanding prior to the suspension will be undertaken at a price calculated at the first Valuation Point after the restart of dealings in Shares.

### **3.13 Liquidity risk management**

The Sub-funds are managed so that the liquidity profile of the Sub-fund is aligned with the requirement in relation to each Sub-fund to meet redemption requests from Shareholders on each Dealing Day. In normal circumstances, redemption requests will be processed as set out in paragraph 3.4. However, in exceptional circumstances, if there is insufficient liquidity in a Sub-fund to meet redemption requests, the ACD may ultimately need to temporarily suspend dealing in that Sub-fund (see "Suspension of dealings in the Company" at paragraph 5.13).



The ACD has other tools to deal with temporary liquidity constraints in relation to a Sub-fund. A Sub-fund may (i) borrow cash to meet redemptions within the limits in Appendix III; or (ii) apply the in specie redemption provisions at paragraph 3.10.

To manage and monitor liquidity risk, the ACD maintains a liquidity risk management policy. The liquidity risk management policy includes the management, implementation and maintaining of appropriate liquidity limits for each Sub-fund and periodic stress testing of the liquidity risk of each Sub-fund under both normal and exceptional liquidity conditions to ensure that anticipated redemption requests can be met.

If the ACD's policy for managing liquidity should change, this will be set out in the Company's annual report.

## 4. VALUATION OF THE COMPANY

### 4.1 General

The price of a Share is calculated at a Valuation Point by reference to the Net Asset Value of the Sub-fund to which it relates (subject to any dilution adjustment as described at paragraph 3.6.4). The Valuation Point of each Sub-fund is set out in Appendix I.

The ACD may at any time during a Business Day carry out an additional valuation if it considers it desirable to do so. The ACD shall inform the Depositary of any decision to carry out any such additional valuation. Valuations may be carried out for effecting a scheme of amalgamation or reconstruction which do not create a Valuation Point for the purposes of dealings. Where permitted and subject to the Regulations, the ACD may, in certain circumstances (for example where a significant event has occurred since the closure of a market) substitute a price with a more appropriate price which in its opinion reflects a fair and reasonable price for that investment.

The ACD will, upon completion of each valuation, notify the Depositary of the price of Shares, of each Class of each Sub-fund and the amount of any dilution adjustment applicable in respect of any purchase or redemption of Shares.

“Late Trading” is defined as the acceptance of a subscription, redemption, Switch or Conversion order received after a Sub-fund’s applicable Valuation Point. Late Trading is not permitted. A request for dealing in Shares must be received by the Valuation Point on a particular Dealing Day in order to be processed at that Valuation Point. A dealing request received after this time will be held over and processed at the following Valuation Point, using the price per Share calculated as at that Valuation Point. Late Trading will not include a situation in which the ACD is satisfied that orders which are received after the Valuation Point have been made by investors before then (e.g. where the transmission of an order has been delayed for technical reasons).

### 4.2 Calculation of the Net Asset Value

The value of the Scheme Property shall be the value of its assets less the value of its liabilities determined in accordance with the following provisions.

4.2.1 All the Scheme Property (including receivables) is to be included, subject to the following provisions:

4.2.2 Scheme Property which is not cash (or other assets dealt with in paragraph 4.2.2.4 below) or a contingent liability transaction shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:

4.2.2.1 Units or shares in a collective investment scheme:

- (a) if a single price for buying and redeeming units or shares is quoted, at that price; or
- (b) if separate buying and redemption prices are quoted, at the average of the two prices provided the buying price has been reduced by any initial charge included therein and the redemption price excludes any exit or redemption charge attributable thereto; or
- (c) 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 or if the most recent price available does not reflect the ACD’s best estimate of the value of the units or shares, at a value which, in the opinion of the ACD, is fair and reasonable;

4.2.2.2 Any other transferable security:

- (a) if a single price for buying and redeeming the security is quoted, at that price; or
- (b) if separate buying and redemption prices are quoted, at the average of the two prices; or
- (c) 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 or if the most recent price available does not reflect the ACD's best estimate of the value of the security, at a value which, in the opinion of the ACD, is fair and reasonable;

4.2.2.3 Scheme Property other than that described in paragraphs 4.2.2.1 and 4.2.2.2 above, at a value which, in the opinion of the ACD, is fair and reasonable;

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

4.2.3 Scheme Property which is a contingent liability transaction shall be treated as follows:

4.2.3.1 if it is 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 Scheme Property is an off exchange option the method of valuation shall be agreed between the ACD and the Depositary;

4.2.3.2 if it is an off exchange future, include it at the net value of closing out in accordance with a valuation method agreed between the ACD and the Depositary;

4.2.3.3 if it is any other form of contingent liability transaction, include it at the net value of margin on closing out (whether as a positive or negative value). If the Scheme Property is an off exchange derivative, include it at a valuation method agreed between the ACD and the Depositary.

4.2.4 In determining the value of the Scheme Property, all instructions given to issue or cancel Shares shall be assumed to have been carried out (and any cash paid or received) whether or not this is the case.

4.2.5 Subject to paragraphs 4.2.6 and 4.2.7 below, agreements for the unconditional sale or purchase of Scheme Property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the

valuation takes place and if, in the opinion of the ACD, their omission will not materially affect the final net asset amount.

- 4.2.6 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 4.2.5.
- 4.2.7 All agreements are to be included under paragraph 4.2.5 which are, or ought reasonably to have been, known to the person valuing the Scheme Property.
- 4.2.8 Deduct an estimated amount for anticipated tax liabilities at that point in time including (as applicable and without limitation) capital gains tax, income tax, corporation tax, VAT, stamp taxes and any foreign transfer, withholding or transaction taxes or duties.
- 4.2.9 Deduct an estimated amount for any liabilities payable out of the Scheme Property and any tax or duty thereon, treating periodic items as accruing from day to day.
- 4.2.10 Deduct the principal amount of any outstanding borrowings whenever repayable and any accrued but unpaid interest on borrowings.
- 4.2.11 Add an estimated amount for accrued claims for tax of whatever nature which may be recoverable.
- 4.2.12 Add any other credits or amounts due to be paid into the Scheme Property.
- 4.2.13 Add a sum representing any interest or any income accrued due or deemed to have accrued but not received.
- 4.2.14 Currencies or values in currencies other than Sterling shall be converted at the relevant Valuation Point at a rate of exchange that is not likely to result in any material prejudice to the interests of Shareholders or potential Shareholders.

#### **4.3 Price per Share in each Sub-fund and each Class**

The price per Share at which Shares are bought or are redeemed is the Net Asset Value per Share (subject to any dilution adjustment, as described at paragraph 3.6.4). At any Valuation Point, therefore, there is a single price for buying and redeeming Shares. Any initial charge or redemption charge is payable in addition to the price or deducted from the proceeds and is taken from the gross subscription or redemption monies.

Each allocation of income made in respect of any Sub-fund at a time when more than one Class is in issue in respect of that Sub-fund shall be done by reference to the relevant Shareholder's proportionate interest in the income property of the Sub-fund in question calculated in accordance with the Instrument of Incorporation.

#### **4.4 Fair value pricing**

To the extent permitted by the FCA and subject to appropriate controls, the ACD may use a technique known as 'fair value pricing' to adjust underlying security prices by reference to external price indicators and appropriate trigger levels so that the valuation of the Funds will more accurately reflect

market developments on any given Dealing Day. The ACD's fair value pricing policy is available from the ACD on request.

#### **4.5 Pricing basis**

The ACD deals on a forward pricing basis. A forward price is the price calculated at the next Valuation Point after the purchase or redemption is deemed to be accepted by the ACD. Shares in the Company are single priced.

Prices of Shares in the Sub-funds are expressed in pounds sterling.

#### **4.6 Publication of prices**

The prices of all Shares are published on the website of the ACD. The ACD's website address is set out in Appendix V. Prices of all Shares can also be obtained by calling the ACD on 0333 300 0382.

As the ACD deals on a forward pricing basis, the price that appears in these sources will not necessarily be the same as the one at which investors can currently deal. The ACD may also, at its sole discretion, decide to publish certain Share prices in other third party websites or publications but the ACD does not accept responsibility for the accuracy of the prices published in, or for the non-publication of prices by, these sources for reasons beyond the control of the ACD.

### **5. RISK FACTORS**

Potential investors should consider the following risk factors before investing in the Company. The risk factors apply to specific or all the Sub-funds.

#### **5.1 General risk**

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

The entire market of a particular asset class or geographical sector may fall, having a more pronounced effect on funds heavily invested in that asset class or region. There will be a variation in performance between funds with similar objectives due to the different assets selected.

The Sub-funds may invest in assets that may at times be hard to sell. This means that there may be occasions when you experience a delay or receive less than you might otherwise expect when selling your investment.

#### **5.2 Use of Derivatives for Efficient Portfolio Management**

The FCA Handbook's rules on Non-UCITS retail schemes permit the use of derivatives and forward transactions for both Efficient Portfolio Management ("EPM") and investment purposes (including short selling and leverage). Investors should consider potential exposure to derivatives in the context of all their investments.

Each Sub-fund is permitted by the FCA Handbook to use derivatives for the purposes of EPM.

The use of derivatives for investment purposes by the Sub-fund(s) is not currently permitted although it may be introduced following at least 60 days' notice to the Shareholders of the relevant Sub-fund(s).

Further detail on the use of derivatives and forward transactions is set out in Appendix III.

The use of derivatives for investment purposes may increase the risk profile of the Sub-funds. Such use may involve synthetic short sales of investments and leverage, which may increase the risk of the Sub-funds and may carry a higher degree of volatility than a fund which does not gain short exposure. Leverage has the overall effect of increasing positive returns, but causes a faster decrease in the value of assets if prices fall. These techniques may be achieved through the use of derivatives and forward transactions.

The use of derivatives and forward transactions for the purposes of EPM will not increase the risk profile of a Sub-fund any more than investing in the corresponding underlying physical asset. It does however allow the Sub-fund to manage various risks including the following: default risk, market risk, interest rate or duration risk, currency risk and curve risk.

Default risk is the risk that the issuer fails to pay. Market risk is the risk that general market conditions impact the price of the bond owned by the Sub-fund. Interest rate or duration risk is the risk that the price of a bond is sensitive to a change in its yield. Currency risk is the risk that can arise when bonds are denominated in a currency that is not the base currency of the Sub-fund. Curve risk recognises that the shape of both the credit yield curve and maturity yield curve can change significantly over time.

In addition, the FCA Handbook permits the ACD to use certain techniques when investing in derivatives in order to manage a Sub-fund's exposure to particular counterparties and in relation to the use of collateral, to reduce overall exposure to OTC derivatives; for example the Sub-funds may take collateral from counterparties with whom they have an OTC derivative position and use that collateral to net off against the exposure they have to the counterparty under that OTC derivative position, for the purposes of complying with counterparty spread limits.

The Investment Manager maintains a 'Risk Management Process' in respect of the measurement and monitoring of risks attached to financial derivative instrument positions entered into by the Company. This policy document has been sent to the Depositary and to the FCA and is available upon request. The use of the Risk Management Process does not guarantee that the derivative strategies will work in every instance.

### **5.3 Non-UCITS retail schemes**

Non-UCITS retail schemes can have wider investment and borrowing powers than schemes under the UCITS Directive with higher investment limits in various areas. They can also invest to a greater extent in areas such as real estate and unregulated schemes and have the option to borrow on a permanent basis. Such additional powers can increase potential reward, but may also increase risk.

### **5.4 Currency exchange risk**

Currency fluctuations may adversely affect the value of investments and the income thereon and, depending on an investor's currency of reference, currency fluctuations may adversely affect the value of their investment.

### **5.5 Global fixed interest securities risk**

The Sub-funds may invest in global fixed interest securities (such as government, corporate, high yield and emerging market bonds). Global fixed interest securities include investment grade and sub-investment grade bonds. Fixed interest securities are particularly affected by trends in interest rates and inflation. If interest rates go up, the value of capital may fall, and vice versa. Inflation will also decrease the real value of capital. The value of a fixed interest security will fall in the event of the default or reduced credit rating of the issuer. Generally, the higher the level of income (yield) receivable, the higher the perceived credit risk of the issuer. High yield and emerging market bonds

(see also section 5.7) with lower credit ratings (also known as sub-investment grade bonds) are potentially more risky (higher credit risk) than investment grade bonds.

As a general rule, fixed interest securities with an above average yield tend to be less liquid than securities issued by issuers with a higher investment grade. Investment in fixed interest securities with a higher yield also generally brings an increased risk of default on repayment by the issuer which could affect the income and capital of the Sub-fund. Furthermore, the solvency of issuers of such fixed interest securities may not be guaranteed in respect of either the principal amount or the interest payments and the possibility of such issuers becoming insolvent cannot be excluded.

Unlike income from a single fixed interest security, the yield from that security or from the Sub-fund(s) is not fixed and may go up or down or fluctuate. The value of a fixed interest security will fall in the event of the default or a downgrading of the credit rating of the issuer.

#### **5.6 Global equity risk**

The Sub-funds may invest in global equities. Over time equities may provide a higher return than fixed interest securities but can change in value rapidly and can lose all of their value for example if a company is declared bankrupt. The value of equities will be also be affected by stock market movements.

Equities issued by companies outside the UK may be subject to currency exchange risk and will be exposed to different political and economic factors.

#### **5.7 Emerging market risk**

Emerging markets can be defined as those countries not belonging to the OECD. The value of equities and bonds issued by governments and companies in emerging markets are usually more volatile than equities and bonds in UK or developed markets. Emerging markets are generally less established and carry higher risk than developed markets for example due to political, social or economic instability, less reliable legal and regulatory regimes and less developed reporting and trading systems.

Given the less reliable legal and regulatory regimes, there is a possibility that securities in which investments are made may be fraudulent. Settlement and custody systems may not be as well developed with lower standards than developed markets, there is a risk that settlement may be delayed. The currencies of certain emerging market countries could be subject to significant fluctuation, it may also not possible to undertake currency hedging techniques in certain emerging markets. There may be some cases where emerging markets restrict access of foreign investors to securities, as a result certain securities may not be available because the permitted maximum by foreign shareholders has been reached. The accounting, auditing and financial reporting standards and requirements applicable to companies in emerging markets may differ from the requirements applicable to companies in developed markets making the investment opportunities difficult to access.

#### **5.8 Counterparty and settlement risk**

Each Sub-fund will be exposed to a credit risk on parties with whom it trades and will also bear the risk of settlement default.

#### **5.9 Counterparty risk in over-the-counter markets**

The Company on behalf of a Sub-fund may enter into transactions in over-the-counter markets, which will expose the relevant Sub-fund to the credit of its counterparties and their ability to satisfy the terms of such contracts. For example, the Company on behalf of the Sub-fund may enter into agreements or use other derivative techniques, each of which expose the Sub-fund to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of a bankruptcy or insolvency of a counterparty, the Sub-fund could experience delays in liquidating the position and significant losses, including declines in the

value of its investment during the period in which the Company seeks to enforce its rights, inability to realise any gains on its investment during such period and fees and expenses incurred in enforcing its rights. There is also a possibility that the above agreements and derivative techniques are terminated due, for instance, to bankruptcy, supervening illegality or change in the tax or accounting laws relative to those at the time the agreement was originated. In such circumstances, investors may be unable to recover any losses incurred.

#### 5.10 **Manager risk**

There is a risk that a Sub-fund will not achieve its performance objectives or not produce returns that compare favourably against its peers.

#### 5.11 **Use of warrants**

The Sub-funds may invest in warrants. Warrants are instruments where the price, performance and liquidity are linked to that of an underlying security. However, the warrants market is generally more volatile and there may be more fluctuations in the price of the warrant than in the underlying security.

#### 5.12 **Market suspension risk**

A Sub-Fund may invest in securities dealt on a market or exchange. Trading on a market or exchange may be halted or suspended due to market conditions, technical problems or other events and during such circumstances, the Sub-fund will not be able to sell the securities traded on that market until trading resumes.

Further, trading of the securities of a specific issuer may be suspended by a market due to circumstances relating to the issuer. If trading of a particular security is halted or suspended, the relevant Sub-fund will not be able to sell that security until trading resumes.

#### 5.13 **Suspension and mandatory suspension of dealings in Shares**

Investors should be aware that in exceptional circumstances their right to redeem Shares (including a redemption by way of Switching) may be suspended but only with the prior agreement of the Depositary. The ACD and the Depositary must ensure that the suspension is only allowed to continue for as long as is justified having regard to the interests of Shareholders.

The ACD and the Depositary may also have to apply a mandatory suspension of the fund or Sub-funds, where there is material uncertainty to the value of immovable assets that constitute more than 20% of the scheme property. This may include exposure to assets within bond funds, property funds or feeder funds of property alternative investment funds (PAIFs).

#### 5.14 **Inflation and interest rates**

The real value of any returns that an investor may receive from the Sub-fund could be affected by interest rates and inflation over time.

#### 5.15 **Liabilities of the Company and the Sub-funds**

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



#### 5.16 **Liquidity risk**

Depending on the types of assets that each Sub-fund invests in there may be occasions where there is an increased risk that a position cannot be liquidated in a timely manner at a reasonable price.

Where a Sub-fund invests in a collective investment scheme that invests in less liquid assets (such as real estate, high yield bonds, smaller companies, or emerging market equities or emerging market debt), the Sub-fund may be exposed to the liquidity risk of the underlying fund. If an underlying fund is required to sell investments at a time of insufficient liquidity, it may be forced to defer or suspend redemptions; if at the same time the Sub-fund is required to sell investments, it will not be able to sell underlying funds that have deferred or suspended redemptions, and may itself be forced to defer redemptions.

Derivatives may have liquidity risk: a sudden and significant fall in the value of a derivative may require the transfer of cash collateral to a counterparty. Should there be insufficient cash in the Sub-fund it may be necessary to sell other investments, which may not be achieved at a fast enough rate, or may lead to additional transaction costs; alternatively it may become necessary to close the derivative, in which case the Sub-fund would not be able to use derivatives as intended or market risk in the Sub-fund may increase.

#### 5.17 **Deferrals of redemptions in Shares**

Investors or potential investors should note that redemption requests of Shares in the Sub-funds may be deferred in certain circumstances. Please see section 3.11 for further details.

#### 5.18 **Taxation**

Tax laws currently in place may change in the future which could affect the value of your investments. See the section headed 'Taxation' for further details about taxation of the Sub-fund(s).

#### 5.19 **Custody risk**

There may be a risk of a loss where the assets of the Company are held by the Custodian (as described in paragraph 6.3.2) or a sub-custodian that could result from the insolvency, negligence or fraudulent action of the Custodian or sub-custodian.

#### 5.20 **Effect of initial charge or redemption charge**

Where an initial charge or redemption charge is imposed, an investor who realises their Shares may not (even in the absence of a fall in the value of the relevant investments) realise the amount originally invested.

In particular, where a redemption charge is payable, investors should note that the percentage rate at which the redemption charge is calculated is based on the market value rather than the initial value of the Shares. If the market value of the Shares has increased the redemption charge will show a corresponding increase. Currently there is no redemption charge levied on Shares.

The Shares therefore should be viewed as medium to long term investments.

#### 5.21 **Cancellation rights**

When cancellation rights are applicable and are exercised, the full amount invested may not be returned if the price falls before the ACD is aware that the contract has been cancelled.

#### 5.22 **Investment in other collective investment schemes**

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

#### 5.23 **Dilution**

In certain circumstances a dilution adjustment may be made on the purchase or redemption of Shares. In the case of purchases this will reduce the number of Shares acquired, in the case of redemptions this will reduce the proceeds. Where a dilution adjustment is not made, existing investors in the Sub-fund in question may suffer dilution which will constrain capital growth.

#### 5.24 **Risks associated with leaving the European Union**

The UK left the EU on 31st January 2020. In the short term, there may be increased volatility in the financial markets, particularly in the UK and across Europe. Changes in currency exchange rates may make it more expensive dealing in investments that are not denominated in pound Sterling. There might be a sustained period of political, regulatory and commercial uncertainty. There might be circumstances in which share transfers and redemptions may be impacted, in the event of high levels of redemption, the ACD may use certain liquidity management tools permitted by the FCA, including deferred redemptions, the implementation of fair value pricing or suspension of the Sub-funds.

#### 5.25 **Assumptions in the Risk Profile Service Provider's model**

Assumptions on long term asset class returns, correlations and volatilities are used by the Risk Profile Service Provider when recommending asset allocations. There can be considerable uncertainty around accuracy of those assumptions, as such there may be a large range of possible outcomes at a long term investment horizon. Because the assumptions are long term, they may not be as relevant for shorter term investment periods.

#### 5.26 **Investing in assets traded on non-eligible markets**

The Sub-Funds are permitted to invest up to 10% of assets traded on markets which are not included in the eligible markets list contained in this prospectus. Investors should be aware that these markets may not meet the criteria in the FCA Handbook to be considered eligible and therefore may not be regulated and there may be problems with liquidity, repatriation of assets or custody of assets. Where appropriate, the Manager may also hold assets which are not traded on any market and the same risks apply, with additional risks linked to concentrated ownership and greater fluctuations in the value of the Sub-fund.

#### 5.27 **Real Estate Risk**

Real estate valuations are based on judgement by an independent valuer. Real estate transaction charges can be higher than those which apply to other asset classes. Real estate has a greater liquidity risk than other asset classes.

#### 5.28 **Epidemics**

Occurrences of epidemics, depending on their scale, may cause different degrees of damage to the national and local economies of Company's domicile and within the Sub-funds' target geographies. Global economic conditions may be disrupted by widespread outbreaks of infectious or contagious diseases, and such disruption may adversely affect the Sub-funds and their potential returns. During such epidemics investment management practices that have worked well in the past, or are accepted ways of addressing certain conditions, could prove ineffective.

For example, the continuing spread of COVID-19 (also known as novel coronavirus) may have an adverse effect on the value, operating results and financial condition of some or all of the Sub-funds' investments. In addition, it may be harder to value investments or sell them quickly, especially in large quantities. Custody, trading and settlements may also be affected.

The duration of the current COVID-19 outbreak and its effects cannot be determined with certainty.

## 6. MANAGEMENT AND ADMINISTRATION

### 6.1 Regulatory status

The ACD, the Depositary and the Investment Manager are authorised and regulated by the Financial Conduct Authority of 12 Endeavour Square, London, E20 1JN.

The Depositary is also regulated by the Prudential Regulatory Authority.

### 6.2 Authorised Corporate Director and AIFM

#### 6.2.1 General

The ACD and AIFM is Embark Investments Limited which is a private company limited by shares incorporated in England and Wales on 9 June 1997.

The directors of the ACD are:

Fraser Blain  
Scott Guild  
Gillian Hutchison  
Jacqueline Lowe (Independent non-executive director)  
Monika Machon (Independent non-executive director)  
Thomas Rostron

**Registered Office:** 100 Cannon Street  
London  
EC4N 6EU

**Principal Place of Business:** 100 Cannon Street  
London  
EC4N 6EU

**Share Capital:** £2,000,002 (fully paid up)

**Ultimate Holding Company:** Lloyds Banking Group plc, a company incorporated in the United Kingdom

The ACD is responsible for managing and administering the Company's affairs in compliance with the COLL Sourcebook and the FUND Sourcebook. The ACD may delegate its management and administration functions, but not responsibility, to third parties, including Associates subject to the rules in the COLL Sourcebook and the FUND Sourcebook.

It has therefore delegated to the Investment Manager the function of portfolio management and advisory services in relation to the assets of the Sub-funds (as further explained in paragraph 6.4 below). It has also delegated to the Registrar certain functions relating to the Register (as further explained in paragraph 6.5 below).

#### 6.2.2 Terms of appointment

The appointment of the ACD has been made under the ACD Agreement.

Pursuant to the ACD Agreement, the ACD manages and administers the affairs of the Company in accordance with the Regulations, the Instrument of Incorporation and this Prospectus. The ACD Agreement incorporates detailed provisions relating to the ACD's responsibilities.

The ACD Agreement may be terminated by the Company on not less than twelve months written notice or earlier upon the happening of certain specified events. The ACD Agreement contains detailed provisions relating to the responsibilities of the ACD and excludes it from any liability to the Company or any Shareholder for any act or omission except in the case of fraud, negligence, wilful default or breach of duty in relation to the Company on its part. The ACD Agreement provides indemnities to the ACD to the extent allowed by the Regulations and other than for matters arising directly as a result of its fraud, negligence, wilful default or breach of duty in the performance of its duties and obligations. Subject to certain limited exceptions set out in the Regulations, the ACD may retain the services of any person to assist it in the performance of its functions.

Details of the fees payable to the ACD are set out in paragraph 7.1 "Annual Management Charge" below.

The ACD is also under no obligation to account to the Depositary, the Company or the Shareholders for any profit it makes on the issue or re-issue or cancellation of Shares which it has redeemed.

The Company has no directors other than the ACD.

## **6.3 The Depositary**

### **6.3.1 General**

The Depositary of the Company is Northern Trust Investor Services Limited, a UK private limited company, incorporated on 29 April 2020 with company number 12578024. Its registered office and principal place of business is at 50 Bank Street, London E14 5NT, United Kingdom.

The Depositary is authorised and regulated by the Financial Conduct Authority. The Depositary's ultimate holding company is Northern Trust Corporation, a company which is incorporated in the State of Delaware, United States of America, with its headquarters at 50 South La Salle Street, Chicago, Illinois.

The Depositary is responsible for the safekeeping of all 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 Instrument of Incorporation and the provisions of the COLL Sourcebook relating to the pricing of, and dealing in, Shares and relating to the income and the investment and borrowing powers of the Sub-funds. The Depositary is also responsible for monitoring the cash flows of the Sub-funds and must ensure that certain processes carried out by the ACD are performed in accordance with the FCA Handbook, this Prospectus and the Instrument of Incorporation.

### **6.3.2 Terms of appointment**

The appointment of the Depositary has been made under the Depositary Agreement (as amended and novated from time to time) between the Company, the ACD and the Depositary (the "Depositary Agreement"). The Depositary Agreement is terminable on receipt of six months' written notice given by any party or immediately, in certain

circumstances. The Depositary may not retire voluntarily except on the appointment of a new depositary.

In accordance with the AIFM Directive, the Depositary has full power under the Depositary Agreement to delegate (and authorise its delegate to sub-delegate) any part of its safekeeping duties as Depositary. As a general rule, where the Depositary delegates any of its custody functions to a delegate, the Depositary will remain liable for any losses suffered as a result of an act or omission of the delegate as if such loss had arisen as a result of an act or omission of the Depositary. The use of clearing or settlement systems or order routing systems, does not constitute a delegation by the Depositary of its functions.

As at the date of this Prospectus, the Depositary has delegated custody services to The Northern Trust Company, London Branch (the "Custodian"). The Custodian has sub-delegated custody services to sub-custodians in certain markets in which the Company may invest.

The Depositary Agreement contains provisions indemnifying the Depositary and limiting the liability of the Depositary in certain circumstances.

The Depositary and the Custodian will receive a fee from the Scheme Property of the Sub-funds as detailed in Sections 7.2 below.

### 6.3.3 **Conflicts of interest - Depositary**

#### General

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

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

Up to date information regarding (i) the Depositary's name, (ii) the description of its duties and any conflicts of interest that may arise between the Company, the Shareholders or the ACD and the Depositary, and (iii) the description of any safekeeping functions delegated by the Depositary, the description of any conflicts of interest that may arise from such delegation, will be made available to Shareholders on request.

#### Affiliates

From time to time conflicts may arise from the appointment by the Depositary of any of its delegates, as applicable. The Depositary, and any other delegate, is required to manage any such conflict having regard to the FCA Rules and its duties under the Depositary Agreement.

The Depositary will ensure that any such delegates or sub-delegates who are its affiliates are appointed on terms which are not materially less favourable to the Company than if the conflict or potential conflict had not existed. The Custodian and any other delegate are required to manage any such conflict having regard to the FCA Handbook and its duties to the Depositary and the ACD.

## Conflicting Commercial Interests

The Depositary (and any of its affiliates) may effect, and make a profit from, transactions in which the Depositary (or its affiliates, or another client of the Depositary or its affiliates) has (directly or indirectly) a material interest or a relationship of any description and which involves or may involve a potential conflict with the Depositary's duty to the Company.

This includes circumstances in which the Depositary or any of its affiliates or connected persons: acts as market maker in the investments of the Company; provides broking services to the Company and/or to other funds or companies; acts as financial adviser, banker, derivatives counterparty or otherwise provides services to the issuer of the investments of the Company; acts in the same transaction as agent for more than one client; has a material interest in the issue of the investments of the Company; or earns profits from or has a financial or business interest in any of these activities.

### Management of conflicts

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

#### 6.3.4 **GDPR**

Northern Trust's EMEA Data Privacy Notice sets out how the Depositary will process Shareholders' personal information as a data controller where these details are provided to it in connection with Shareholders' investment in the Company.

Northern Trust's EMEA Data Privacy Notice may be updated from time to time and readers should confirm that they hold the latest version which can be accessed at [www.northerntrust.com/united-kingdom/privacy/emea-privacy-notice](http://www.northerntrust.com/united-kingdom/privacy/emea-privacy-notice).

Any Shareholder who provides the ACD and its agents with personal information about another individual (such as a joint investor), must show Northern Trust's EMEA Data Privacy Notice to those individuals.

## 6.4 **The Investment Manager**

### 6.4.1 **General**

The ACD has appointed Threadneedle Asset Management Limited to provide investment management and advisory services to the ACD.

The principal activity of the Investment Manager is acting as an investment manager.

### 6.4.2 **Terms of Appointment**

The terms of the Investment Management Agreement between the ACD and the Investment Manager include the provision of discretionary investment management to attain the investment objectives, discretion to place purchase and sale orders with regulated dealers and on the exercise of voting rights relating to such investments (in accordance with the ACD's voting strategy) and preparation of the Investment Manager's report half yearly for inclusion in the ACD's report for circulation to Shareholders. The agreement is terminable on receipt of nine months written notice given by the Investment

Manager and one month's written notice by the ACD or immediately, where the ACD decides that termination is in the interests of Shareholders.

Subject to the Regulations and the terms of the Investment Management Agreement, the Investment Manager may sub-delegate the provision of investment advisory services.

The Investment Manager will receive a fee paid by the ACD out of its remuneration received each month from the Sub-funds.

## 6.5 The Registrar

### 6.5.1 General

On behalf of the Company the ACD has also appointed Northern Trust Investor Services Limited to act as registrar and to provide fund administration services to the Company. The registered office and principal place of business of the Registrar is 50 Bank Street, Canary Wharf, London E14 5NT.

The Register is kept and maintained at 50 Bank Street, Canary Wharf, London E14 5NT.

### 6.5.2 Register of Shareholders

The Register will be maintained by the Registrar at the address of its office as noted above, and may be inspected at that address or the principal place of business of the ACD during normal business hours by any Shareholder or any Shareholder's duly authorised agent.

## 6.6 The Auditors

The auditors of the Company are PricewaterhouseCoopers LLP, whose address is 2 Glass Wharf, Bristol BS2 0FR and they are responsible for auditing the annual accounts of the Company and expressing an opinion on certain matters relating to the Company in the annual report including whether its accounts have been prepared in accordance with applicable accounting standards, the Regulations and the Instrument of Incorporation.

## 6.7 Conflicts of Interest – the ACD and the Investment Manager

The ACD and the Investment Manager (or other companies within the ACD's group of companies or the Investment Manager's group of companies) may, from time to time, act as investment manager or advisers to other funds or sub-funds which follow similar investment objectives to those of the Sub-funds. It is therefore possible that the ACD and/or the Investment Manager may in the course of their business have potential conflicts of interest with the Company or a particular Sub-fund or that a conflict exists between the Company and other funds managed by the ACD. The ACD and the Investment Manager maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps to prevent such conflicts from adversely affecting the interests of the Company.

The ACD and the Investment Manager will take all appropriate steps to identify and prevent or manage such conflicts and each of the ACD and the Investment Manager will have regard in such event to its obligations under the ACD Agreement and the Investment Management Agreement respectively and, in particular, to its obligation to act in the best interests of the Company so far as practicable, having regard to its obligations to other clients, when undertaking any investment business where potential conflicts of interest may arise.

Where a conflict of interest cannot be avoided, the ACD and the Investment Manager will ensure that the Company and other collective investment schemes it manages are fairly treated.

The ACD acknowledges that there may be some situations where the organisational or administrative arrangements in place for the management of conflicts of interest are not sufficient to ensure, with



reasonable confidence, that risks of damage to the interests of the Company or its Shareholders will be prevented. Should any such situations arise the ACD will, as a last resort if the conflict cannot be avoided, disclose these to Shareholders in the report and accounts or otherwise in an appropriate format.

Each of the ACD and the Investment Manager maintains a written conflicts of interest policy. Details of the ACD's conflicts of interest policy are available from the ACD on request.

## 7. FEES AND EXPENSES

### 7.1 Annual Management Charge

In payment for carrying out its duties and responsibilities the ACD is entitled to take an annual fee out of each Class of each Sub-fund. The ACD is also entitled to all reasonable, properly documented, out of pocket expenses incurred in the performance of its duties and responsibilities. The annual fee accrues daily and is calculated on the daily Net Asset Value and payable monthly in arrears.

The current annual management charges for the Sub-funds expressed as a percentage per annum of the Net Asset Value of each Sub-fund attributable to each Class calculated on a mid-market basis are set out in Appendix I. Such charges exclude VAT to the extent it is payable. The current annual management charge payable to the ACD for a Share Class may only be increased or a new type of remuneration introduced in accordance with the Regulations.

### 7.2 Expenses

Included within the annual management charge will be the following expenses:

- 7.2.1 the fees payable to the ACD
- 7.2.2 the fees of the Depositary;
- 7.2.3 the fees of the Investment Manager;
- 7.2.4 the fees of the Registrar; and
- 7.2.5 the fees of the Custodian.

The annual management charge does not include the other expenses payable out of Scheme Property of the Company set out in paragraph 7.3.1 to 7.3.8 below.

Where the investment objective of a Sub-fund is to treat the generation of income as a higher priority than capital growth, or the generation of income and capital growth have equal priority, all or part of the ACD's fee may be charged against capital instead of against income, subject to the approval of the Depositary. This treatment of the ACD's fee may increase the amount of income available for distribution to Shareholders in the Sub-fund concerned, but may constrain capital growth. In respect of all Sub-funds, the ACD's fee is charged against income property.

If the expenses for a Share Class in any period exceed the income the ACD may take that excess from the capital property attributable to that Share Class.

### 7.3 Other Payments of the Company

The following payments may also be payable by the Company out of Scheme Property at the discretion of the ACD, in accordance with the Regulations:

- 7.3.1 broker's commission, fiscal charges (including stamp duty) and other disbursements which are necessarily incurred in effecting transactions for the Sub-funds;
- 7.3.2 any fees, expenses or disbursements of any legal or other professional adviser of the Company or of the ACD in relation to the Company or any Sub-fund;
- 7.3.3 any costs incurred in respect of meetings of Shareholders convened on a requisition by Shareholders but not those convened by the ACD or an associate of the ACD;

- 7.3.4 liabilities on unitisation, amalgamation or reconstruction including certain liabilities arising after transfer of property to the Sub-funds in consideration for the issue of Shares as more fully detailed in the Regulations;
- 7.3.5 interest on borrowings and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings;
- 7.3.6 taxation and other duties payable by the Company;
- 7.3.7 the audit fees of the Auditor (including VAT) and any expenses of the Auditor;
- 7.3.8 VAT on any fees, charges or expenses will added to such fees, charges or expenses (including those set out at paragraph 7.2 above) and will be payable the by the Company.

In addition to the above, the Company or each Sub-fund (as the case may be) may, so far as COLL allows, also pay out of the Scheme Property all relevant costs, charges, fees and expenses including those listed below. However, the ACD's current policy is that these items are borne by the ACD and not the Company or each Sub-fund. Should this policy change then the ACD will first give affected Shareholders 60 days' notice (or such other notice as required under the Regulations) of that change. The relevant additional costs, charges, fees and expenses are as follows:

- 7.3.9 the fees of the FCA in accordance with the FCA's Fee Manual, together with any corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which Shares in the Company are or may be marketed;
- 7.3.10 any costs incurred in authorising any Sub-fund and any Share Class of a Sub-fund at and after initial establishment. Such costs will be apportioned to the appropriate Sub-fund or Share Class on a monthly basis to the end of the first accounting year;
- 7.3.11 except to the extent that paragraph 7.2.4 applies, fees and expenses in respect of establishing and maintaining the Register of Shareholders, including any sub-registers kept for the purpose of the administration of ISAs, are payable quarterly out of the property of a Sub-fund;
- 7.3.12 any costs incurred in or about the listing of Shares in the Company on any Stock Exchange, and the creation, conversion and cancellation of Shares;
- 7.3.13 any costs incurred by the Company in publishing the price of the Shares in a national or other newspaper or any other form of media;
- 7.3.14 any costs incurred in producing, collating, fulfilment, printing, postage and dispatching tax vouchers and any payments made by the Company;
- 7.3.15 any costs incurred in preparing, translating, producing (including fulfilment, printing and postage), distributing and modifying any instrument of incorporation, any prospectus, any KIID (other than the cost of distributing the KIID), or reports, accounts, statements, contract notes and other like documentation or any other relevant document required under the Regulations;
- 7.3.16 any costs incurred as a result of periodic updates or changes to any prospectus, KIID or instrument of incorporation;
- 7.3.17 any costs incurred in taking out and maintaining an insurance policy in relation to the Company and its Directors;

- 7.3.18 any expense incurred in relation to company secretarial duties including the costs of maintenance of minute books and other documentation required to be maintained by the Company;
- 7.3.19 any expense incurred in conducting risk management Value at Risk (VaR) monitoring and reporting;
- 7.3.20 any payments otherwise due by virtue of the Regulations; and
- 7.3.21 any value added or similar tax relating to any charge or expense set out herein.

Expenses are allocated between capital and income in accordance with the Regulations. The approach for each Sub-fund is set out in Appendix I. Where expenses are deducted in the first instance from income, if and only if this is insufficient, deductions will be made from capital. If deductions are made from capital, this may result in capital erosion and constrain growth.

#### **7.4 Research costs**

Any third party research received by the ACD or the Investment Manager, in connection with the executing of orders or the placing of orders with other entities for execution for, or on behalf of, the Sub-funds will, when received by the ACD, be paid for by the ACD itself, or, when received by the Investment Manager, paid for by the Investment Manager itself.

#### **7.5 Allocation of fees and expenses between Sub-funds**

All the above fees, duties and charges (other than those borne by the ACD) will be charged to the Sub-fund in respect of which they were incurred. This includes any charges and expenses incurred in relation to the Register of Shareholders, except that these will be allocated and charged to each class of Shares on a basis agreed between the ACD and the Depositary.

Where an expense is not considered to be attributable to any one Sub-fund, the expense will normally be allocated to all Sub-funds pro rata to the value of the Net Asset Value of the Sub-funds, although the ACD has discretion to allocate these fees and expenses in a manner which it considers fair to Shareholders generally.

Where income is insufficient to pay charges the residual amount will be taken from capital, this may result in capital erosion and constrain growth of the Sub-funds.

## **8. SHAREHOLDER MEETINGS AND VOTING RIGHTS**

### **8.1 Class, Company and Sub-fund meetings**

The provisions below, unless the context otherwise requires, apply to Class meetings and meetings of Sub-funds as they apply to general meetings of the Company. References to Shares shall be to the shares of the Class or Sub-fund concerned and the shareholders and value and prices of such Shares. The Company does not hold annual general meetings.

### **8.2 Requisitions of meetings**

The ACD may requisition a general meeting at any time.

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

### **8.3 Notice and quorum**

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

### **8.4 Voting rights**

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

On a poll vote, a Shareholder may vote either in person or by proxy. The voting rights attaching to each Share shall be such proportion of the voting rights attached to all the Shares in issue (in the Company or the Sub-fund or the Class as the case may be) as the price of the Shares bears to the aggregate price(s) of all the Shares in issue (of the Company or the Sub-fund or the Class as appropriate), at a reasonable date before the notice of meeting is sent out (such date to be decided by the ACD).

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

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

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

Neither the ACD nor any Associate (as defined in the COLL Sourcebook) of the ACD is entitled to vote at any meeting of the Company except in respect of Shares which the ACD or Associate holds on behalf of or jointly with a person who, if the registered Shareholder, would be entitled to vote and from whom the ACD or Associate has received voting instructions.

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

“Shareholders” in this context means Shareholders entered on the register at a time to be determined by the ACD and stated in the notice of the meeting.

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

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

## 9. TAXATION

### 9.1 General

The information below is a general guide based on current United Kingdom law and HM Revenue & Customs practice, which are subject to change. It summarises the tax position of the Sub-funds and of investors who are United Kingdom resident individuals and hold Shares as investments. The regime for taxation of income and capital gains received by individual investors depends on the tax law applicable to their personal circumstances and may be subject to change in the future. Prospective investors who are in any doubt about their tax position, or who may be subject to tax in a jurisdiction other than the United Kingdom, are recommended to take professional advice.

### 9.2 The Sub-funds

Each Sub-fund will be treated as a separate entity for United Kingdom tax purposes.

The Sub-funds are generally exempt from United Kingdom tax on capital gains realised on the disposal of their investments (including interest-paying securities and derivatives). However, any gains realised on disposing of holdings in non-reporting offshore funds are charged to tax as income and not capital.

Any dividend received by the Sub-funds (whether directly or through another United Kingdom authorised investment fund) will generally be exempt from corporation tax. Each Sub-fund will be subject to corporation tax on most other types of income but after deducting allowable management expenses and where relevant the gross amount of interest distributions.

Where the Sub-funds suffer foreign withholding tax on income received, this will generally be an irrecoverable tax expense.

The Sub-funds will make dividend distributions except where more than 60% of a Sub-fund's property has been invested throughout the distribution period in interest-paying investments, in which case it may make interest distributions.

### 9.3 Shareholders

#### 9.3.1 Dividend Distributions

Where the Sub-fund pays a dividend distribution (which will be automatically retained in the Sub-fund in the case of accumulation Shares) this may be covered by the Dividend Allowance. Any dividend distributions received or accumulated in excess of the Dividend Allowance will be subject to income tax at the appropriate dividend rate. The dividend tax rate applicable will vary depending on whether the individual is a basic, higher or additional rate taxpayer.

#### 9.3.2 Interest Distributions

9.3.3 Where the Sub-fund pays an interest distribution (which will be automatically retained in the Sub-fund in the case of accumulation Shares) this may be covered by the Personal Savings Allowance. Any interest distributions received or accumulated in excess of the Personal Savings Allowance will be subject to income tax. The tax rate applicable will vary depending on whether the individual is a basic, higher or additional rate taxpayer.

#### 9.3.4 Income equalisation

The first income allocation received by an investor after buying Shares may include an amount of equalisation, which will be shown on the issued tax voucher. This is effectively a repayment of the accrued income included within the original purchase price. For tax

purposes, equalisation is treated as a return of capital, and is not taxable as income. Rather it should be deducted from the acquisition cost of the Shares for capital gains tax purposes.

#### 9.3.5 **Tax Vouchers**

A tax voucher will be issued in line with the income distribution dates set out in Appendix 1. This voucher should be retained for tax purposes as evidence for HM Revenue & Customs.

#### 9.3.6 **Capital Gains**

Shareholders may be liable to capital gains tax on gains arising from the redemption, transfer or other disposal of Shares.

An exchange of Shares in one Sub-fund of the Company for Shares in another Sub-fund will generally be treated as a disposal for tax purposes. Exchanges of Shares between classes within the same Sub-fund are not generally treated as disposals for tax purposes.

#### 9.3.7 **Automatic Exchange of Information**

The UK is a party to a number of international agreements designed to provide tax administrations with details of financial assets owned by individuals who are resident for tax purposes in one jurisdiction, but which are held by financial institutions in another territory.

To facilitate compliance with these agreements, the UK Government has introduced legislation that imposes obligations on the UK financial sector to review and collect details of accounts held by persons who are not UK tax resident and to report this information to HM Revenue & Customs. The information collected by HMRC is then transmitted onwards under the exchange of information articles in various treaties and conventions to which the UK is party.

The UK now has legislation in place for automatic exchange of financial account information under three different regimes:

1. The United States Foreign Account Tax Compliance Act – FATCA
2. The Common Reporting Standard developed by the OECD
3. The EU Directive on Administrative Cooperation in Tax Matters – DAC

A failure to provide the information required by the Company may result in the ACD taking appropriate action against the Shareholder including invoking the compulsory transfer and redemption provisions set out in paragraph 3.8.

#### 9.3.8 **Tax evasion**

Two UK corporate criminal offences for failure to prevent the facilitation of tax evasion (“Facilitation Offences”) were created by the Criminal Finances Act 2017. The offences came into force on 30 September 2017. The Facilitation Offences impose criminal liability on a company or a partnership (a “Relevant Body”) if it fails to prevent the criminal facilitation of tax evasion by a person associated with the Relevant Body. There is a defence to the charge if the Relevant Body can show that it had in place reasonable prevention procedures at the time the facilitation took place. For this reason, the Company may from time to time request or otherwise require information from Shareholders. A failure to provide the information required by the Company may result in the ACD taking appropriate action



against the Shareholder including invoking the compulsory transfer and redemption provisions set out in paragraph 3.8.

## 10. WINDING UP OF THE COMPANY OR A SUB-FUND

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

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

The Company shall be wound up or a Sub-fund must be terminated under the COLL Sourcebook:

- (a) if an extraordinary resolution to that effect is passed by Shareholders; or
- (b) when the period (if any) fixed for the duration of the Company or a particular Sub-fund by the Instrument of Incorporation expires, or any event arises on the occurrence of which the Instrument of Incorporation provides that the Company or a particular Sub-fund is to be wound up (for example, if the Share capital of the Company or (in relation to any Sub-fund) the Net Asset Value of the Sub-fund is below £20 million, or if a change in the laws or regulations of any country means that, in the ACD's opinion, it is desirable to terminate the Sub-fund); or
- (c) on the date stated in any agreement by the FCA to a request by the ACD for the revocation of the authorisation order in respect of the Company or for the termination of the relevant Sub-fund.

On the occurrence of any of the above:

- (a) COLL 6.2 (Dealing), COLL 6.3 (Valuation and Pricing) and COLL 5 (Investment and borrowing powers) will cease to apply to the Company or the relevant Sub-fund;
- (b) the Company will cease to issue and cancel Shares in the Company or the relevant Sub-fund and the ACD shall cease to sell or redeem Shares or arrange for the Company to issue or cancel them for the Company or the relevant Sub-fund;
- (c) no transfer of a Share shall be registered and no other change to the Register shall be made without the sanction of the ACD;
- (d) where the Company is being wound up or a Sub-fund terminated, the Company or the Sub-fund shall cease to carry on its business except in so far as it is beneficial for the winding up of the Company or the termination of the Sub-fund; and
- (e) the corporate status and powers of the Company and subject to (a) to (d) above, the powers of the ACD shall continue until the Company is dissolved.

The ACD shall, as soon as practicable after the Company or the Sub-fund falls to be wound up, realise the assets and meet the liabilities of the Company or the Sub-fund and, after paying out or retaining adequate provision for all liabilities properly payable and retaining provision for the costs of the winding up or the termination, arrange for the Depositary to make one or more interim distributions out of the proceeds to Shareholders proportionately to their rights to participate in the Scheme Property. If the ACD has not previously notified Shareholders of the proposal to wind up the Company or terminate the Sub-fund, the ACD shall, as soon as practicable after the commencement of winding up of the Company or the termination of the Sub-fund, give written notice of the commencement to Shareholders. When the ACD has caused all of the Scheme Property to be realised and all of the

liabilities of the Company or the particular Sub-fund to be realised, the ACD shall arrange for the Depositary to make a final distribution to Shareholders on or prior to the date on which the final account is sent to Shareholders of any balance remaining in proportion to their holdings in the Company or the particular Sub-fund.

As soon as reasonably practicable after completion of the winding up of the Company or the particular Sub-fund, the Depositary shall notify the FCA that the winding up or termination has been completed and request the FCA to revoke the relevant authorisation order.

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

Following the completion of a winding up of either the Company or a Sub-fund, the ACD must prepare a final account showing how the winding up took place and how the Scheme Property was distributed. The auditors of the Company shall make a report in respect of the final account stating their opinion as to whether the final account has been properly prepared. This final account and the auditor's report must be sent to the FCA and to each Shareholder (or the first named of joint Shareholders) on it within four months of the completion of the winding up or termination.

## 11. GENERAL INFORMATION

### 11.1 Accounting Periods

The annual accounting period of the Company ends each year on 31 May (the accounting reference date) with the interim accounting period ending on 30 November.

### 11.2 Notice to Shareholders

All notices or other documents sent by the ACD to a Shareholder will be sent by normal post to the last address notified in writing to the Company by the Shareholder.

### 11.3 Income Allocations

The income allocation dates of the Sub-funds are set out in Appendix I. For each of the Sub-funds income is allocated in respect of the income available at each accounting date.

In relation to income Shares, distributions of income for each Sub-fund in which income Shares are issued are paid by electronic transfer directly into a Shareholder's bank account on or before the relevant income allocation date in each year as set out in Appendix I.

For Sub-funds in which accumulation Shares are issued, income will become part of the capital property of the Sub-fund and will be reflected in the price of each such accumulation Share as at the end of the relevant accounting period.

If a distribution made in relation to any income Shares remains unclaimed for a period of six years after it has become due, it will be forfeited and will revert to the relevant Sub-fund (or, if that no longer exists, to the Company).

The amount available for distribution in any accounting period is calculated by taking the aggregate of the income received or receivable for the account of the relevant Sub-fund in respect of that period, and deducting the charges and expenses of the relevant Sub-fund paid or payable out of income in respect of that accounting period. The ACD then makes such other adjustments as it considers appropriate (and after consulting the Company's auditors as appropriate) in relation to taxation, income equalisation, income unlikely to be received within 12 months following the relevant income allocation date, income which should not be accounted for on an accrual basis because of lack of information as to how it accrues, transfers between the income and capital account and other matters.

Income from debt securities is recognised on an effective yield basis. Effective yield is an income calculation that takes account of amortisation of any discount or premium on the purchase price of the debt security over the remaining life of the security.

Distributions made to the first named joint Shareholder are as effective a discharge to the Company and the ACD as if the first named Shareholder had been a sole Shareholder.

### 11.4 Annual Reports

The annual long report containing the full accounts of the Company will be published within four months from the end of each annual accounting period and the interim long report will be published within two months of each interim accounting period. Long form reports will be distributed to shareholders free of charge.

The long form accounts are available, free of charge, on request or to any person from the ACD's website. The ACD's website address is set out in Appendix V.

## 11.5 Documents of the Company

The following documents may be inspected free of charge during normal business hours on any Business Day at the offices of the ACD at 100 Cannon Street, London, EC4N 6EU:

- 11.5.1 the Prospectus;
- 11.5.2 the most recent annual and interim reports of the Company;
- 11.5.3 the Instrument of Incorporation (and any amending documents); and
- 11.5.4 the material contracts referred to below.

Shareholders may obtain copies of the above documents from the ACD. The ACD may make a charge at its discretion for copies of documents (apart from the most recent versions of the Prospectus and annual and interim long reports of the Company which are available free of charge to anyone who requests).

## 11.6 Material Contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company and are, or may be, material:

- 11.6.1 the ACD Agreement between the Company and the ACD (Copies of contracts of service between the ICVC and its directors, including the ACD, will be provided upon request); and
- 11.6.2 the Depositary Agreement between the Company, the Depositary and the ACD.

Details of the above contracts are given under section 6 "Management and Administration".

## 11.7 Provision of Investment Advice

All information concerning the Company and about investing in Shares is available from the ACD at 100 Cannon Street, London, EC4N 6EU. The ACD is not authorised to give investment advice and persons requiring such advice should consult a professional adviser. All applications for Shares are made solely on the basis of the current prospectus of the Company, and investors should ensure that they have the most up to date version.

## 11.8 Telephone Recordings

Please note that the ACD and the Investment Manager (or their agents) will take all reasonable steps to record telephone conversations, and keep a copy of electronic communications, that relate to instructions to deal in the Sub-funds or the management of the Sub-Funds. The ACD may also record telephone calls for security, training and monitoring purposes, to confirm investors' instructions and for any other regulatory reasons. Recordings will be provided on request for a period of at least five years from the date of such recording, or, where requested by a competent regulatory authority, for a period of seven years.

## 11.9 Privacy Statement - Use of your Personal Information

For the purposes of the Data Protection Laws, the data controller is Embark Investments Limited, in respect of any personal information provided by you to us. In this privacy statement 'we', 'us' and 'our' means Embark Investments Limited.

We will ensure that at all times we comply with all provisions of the Data Protection Laws as from time to time applicable to us, concerning the protection of all personal information and data.

The personal information that you provide to the us will be used for a number of different purposes including: to manage and administer your account; to offer you investment products and services (except where you have asked us not to do so) and to help us develop new ones; to contact you with details of changes to the products you have bought; for internal analysis and research; to comply with legal or regulatory requirements; and to identify you when you contact us. We may use external third parties to process your personal information on our behalf in accordance with these purposes.

We may transfer your personal information to countries located outside of the UK and European Economic Area (the EEA), this may happen when our servers, suppliers and/or, service providers are based outside of the UK and EEA. The data protection laws and other laws of these countries may not be as comprehensive as those that apply within the UK and EEA – in these instances we will take steps to ensure that your privacy rights are respected. Details of the countries relevant to you will be provided upon request.

Further details concerning how we collect, process and store your personal data and your rights in connection thereto can be found in our data protection notice, a copy of which is accessible at all times in our website listed in Appendix V.

If you have any complaints or concerns about how your personal data is stored, processed and/or controlled by us, you can address these with the relevant supervisory authority from time to time.

#### **11.10 Information available to Shareholders**

The following information will be made available to Shareholders as part of the Company's periodic reporting and, as a minimum, in the annual report:

- 11.10.1 the percentage of each Sub-fund's assets which will be subject to special arrangements arising from their illiquid nature, including an overview of any special arrangements in place, the valuation methodology applied to assets which are subject to such arrangements and how management and performance fees will apply to these assets;
- 11.10.2 the current risk profile of each Sub-fund, and information on the risk management systems used by the ACD to manage those risks;
- 11.10.3 the total amount of leverage employed by each Sub-fund calculated in accordance with the gross and commitment methods; and
- 11.10.4 any material changes to the information above.

It is intended that Shareholders will be notified promptly of any material changes to the liquidity management systems and procedures such as the suspension of redemptions, the deferral of redemptions or similar special liquidity arrangements. It is intended that any changes to the maximum level of leverage which a Sub-fund may employ will be provided to Shareholders without undue delay.

#### **11.11 Changes to the Company**

Where any changes are proposed to be made to the Company or a Sub-fund the ACD will assess, with input from the Depositary, whether the change is fundamental, significant or notifiable in accordance with COLL 4.3. Changes to a Sub-fund's investment objective and investment policy will usually be significant or fundamental, unless those changes are only for clarification purposes and do not result in any change in how the Sub-funds are managed. Certain changes to the Company or a Sub-fund may require approval by the FCA in advance.

If the change is regarded as fundamental, Shareholder approval will be required. If a change requires Shareholder approval, this will mean that Shareholders will need to approve the change at a meeting. The procedure for Shareholder meetings is described above at Section 9.

If the change is regarded as significant, not less than 60 days' prior written notice will be given to Shareholders.

If the change is regarded as notifiable, Shareholders will receive suitable pre or post event notice of the change.

#### **11.12 Complaints**

If you have any complaints you should write to the ACD 100 Cannon Street, London, EC4N 6EU.

In the event that an unsatisfactory response is provided, you can refer your complaint to the Financial Ombudsman Service at:

Financial Ombudsman Service  
Exchange Tower  
London  
E14 9SR

Please note that a copy of the ACD's guide to making a complaint is available upon request.

#### **11.13 Indemnity**

The Instrument of Incorporation contains provisions indemnifying the Directors, other officers and the Company's auditors or the Depositary against liability incurred in defending any proceedings (whether civil or criminal) for negligence, default, breach of duty or breach of trust and, to the extent permitted by the Regulations and the AIFM Directive, indemnifying the Depositary, its affiliates and their respective directors, officers and employees against liability arising out of or in connection with the proper performance of the duties and obligations imposed under the Depositary Agreement, otherwise than in respect of its negligence, fraud or intentional failure to perform its obligations pursuant to the AIFM Directive.

#### **11.14 Professional liability risks**

The ACD covers potential professional liability risks arising from its activities as the Company's AIFM through additional own funds.

#### **11.15 Fair treatment of investors**

Procedures, arrangements and policies have been put in place by the ACD, with appropriate oversight and input from the Depositary, to ensure compliance with the principles of fair treatment of investors. The principles of treating investors fairly include, but are not limited to:

- 11.15.1 acting in the best interest of the Sub-funds and of the investors;
- 11.15.2 executing the investment decisions taken for the account of the Sub-funds in accordance with the objectives, the investment policy and the risk profile of the Sub-funds;
- 11.15.3 ensuring that the interests of any group of investors are not placed above the interests of any other group of investors;
- 11.15.4 ensuring that fair, correct and transparent pricing models and valuation systems are used for the Sub-funds managed;
- 11.15.5 preventing undue costs being charged to the Sub-funds and investors;

11.15.6 taking all reasonable steps to avoid conflicts of interests and, when they cannot be avoided, identifying, managing, monitoring and, where applicable, disclosing those conflicts of interest to prevent them from adversely affecting the interests of investors; and

11.15.7 recognising and dealing with complaints fairly.

From time to time the ACD may afford preferential terms of investment to certain groups of investors. In assessing whether such terms are afforded to an investor, the ACD will ensure that any such concession is not inconsistent with its obligation to act in the overall best interests of the relevant Sub-fund and its investors.

In particular, the ACD will typically exercise its discretion to waive the initial charge (if any) or investment minima for investment in a Class for investors that are investing sufficiently large amounts, either initially or are anticipated to do so over time, such as platform service providers, institutional investors including fund of fund investors and fund-link investors and such investors may include companies within the ACD's group of companies. The ACD may also have agreements in place with such groups of investors which result in them paying a reduced annual management charge.

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

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

#### **11.17 Best Execution**

The ACD's order execution policy sets out the factors which the ACD expects the Investment Manager to consider when effecting transactions and placing orders in relation to the Company. This policy has been developed in accordance with the ACD's obligations under the Regulations to obtain the best possible result for the Company.

Details of the order execution policy are available from the ACD on request.

#### **11.18 Shareholders' rights**

Shareholders are entitled to participate in the Company on the basis set out in this prospectus (as amended from time to time). Sections 11.12 ("Complaints"), 8 ("Shareholder Meetings and Voting Rights"), 11.4 ("Annual Reports") and 11.5 ("Documents of the Company") of this Prospectus set out important rights about Shareholders' participation in the Company.

Shareholders may have no direct rights against the service providers to the Company set out in Section 6.

The ACD must ensure that this Prospectus does not contain any untrue or misleading statement or omit any matter required to be disclosed in the Prospectus by the FUND Sourcebook or the COLL Sourcebook. To the extent that a Shareholder incurs loss as a consequence of an untrue or misleading statement or omission, the ACD may be liable to compensate that Shareholder subject to the ACD having failed to exercise reasonable care to determine that the statement was true and not misleading or that the omission was appropriate, in accordance with the FCA Handbook.

Shareholders have statutory and other legal rights which include the right to complain and may include the right to cancel an order or seek compensation.

Shareholders who are concerned about their rights in respect of the Company (or any Sub-fund) should seek legal advice.



#### 11.19 **Risk Management**

A statement on the methods used for risk management in connection with the Funds and the quantitative limits used as well as the current risk yields of the main categories of investment is available from the ACD on request.

#### 11.20 **Inducements and commission**

The ACD will not accept and retain any fees, commissions or monetary benefits, or accept any non-monetary benefits, where these are paid or provided by any third party or a person acting on behalf of that party. However, this does not apply to minor non-monetary benefits that are capable of enhancing the quality of the service provided to a Sub-fund, and are of a scale and nature such that they could not be judged to impair the ACD's compliance with its duty to act honestly, fairly and professionally in the best interests of the relevant Sub-fund.

In the event that the ACD receives any fees, commissions or monetary benefits from a third party in relation to any services provided to a Sub-fund, the ACD will return these to the relevant Sub-fund as soon as reasonably possible and inform Shareholders in the Sub-fund about such fees, commissions and/or monetary benefits, as applicable. The provision of benefits described above will not result in any additional cost to the Company or the Sub-funds.

The ACD will make disclosures to the Company in relation to inducements as required under the FCA Handbook.

Further details of any such inducements may be obtained on request from the ACD.

#### 11.21 **Genuine Diversity of ownership**

Shares in each Sub-fund are and will continue to be widely available. The intended categories of investors are retail and institutional investors.

Shares in each Sub-fund are and will continue to be marketed and made available widely to reach the intended categories of investors and in a manner appropriate to attract those categories of investors

#### 11.22 **Governing law and jurisdiction**

The ACD treats a Shareholder's participation in the Company as governed by the law of England and Wales. The English courts shall have exclusive jurisdiction to settle any disputes or claims which may arise out of, or in connection with, a Shareholder's participation in the Company.

#### 11.23 **Unclaimed money or assets**

In accordance with the client money rules in the FCA Handbook, if client money is unclaimed for a period of six years (or client assets are unclaimed for a period of 12 years) the ACD will transfer unclaimed distributions back to the capital property of the Fund and otherwise may give unclaimed client money or assets to a registered charity of its choice. The ACD will be able to do this only in accordance with general law, the FCA Handbook, and where it has taken all necessary steps to trace the Shareholder and return the money or the assets.

If the client money or client asset is equal to or below the 'de minimis level' set by the client money rules in the FCA Handbook (that is, £25 or less for retail clients and £100 or less for professional clients) then there are fewer requirements for the ACD to fulfil before it may pay the money or asset to charity but it will still attempt to contact Shareholders at least once before doing so. The time periods set out above during which the money or assets may not be 'paid away' to charity continue to apply.

Payment of any unclaimed balance to charity will not prevent Shareholders from claiming the money or assets in the future.

## APPENDIX I

### SUB-FUND DETAILS

#### **Information in relation to the Embark Horizon Multi-Asset range of funds**

Risk profiling and forecasting services and tools are used by financial advisers and fund managers to provide risk ratings for their investment products. Often these results are mapped to output produced from 'attitude to risk' questionnaires, in order for advisers to offer solutions to match the current risk attitudes of their clients. This can help advisers and their clients discuss the impact of those risks alongside the potential rewards of their investment choices and select suitable investment products as part of a regular review process.

For the Embark Horizon Multi-Asset Funds, the ACD and the Investment Manager will work with the Risk Profile Service Provider to utilise the financial research and forecasting tools of the Risk Profile Service Provider.

The Risk Profile Service Provider, using the outputs from its investment research tools, produces a range of five strategic weightings of asset classes based on a long term investment horizon. The Risk Profile Service Provider updates these weightings on at least a quarterly basis and the Investment Manager will consider the weightings when deciding on the composition of the asset classes within the Embark Horizon Multi-Asset Funds.

The Investment Manager may take tactical asset allocation decisions that differ from the prescribed weightings suggested by the Risk Profile Service Provider.

The Sub-funds aim to cater for investors with different risk appetites. The Embark Horizon Multi-Asset Funds carry staggered risk profiles starting from Embark Horizon Multi-Asset Fund I and becoming progressively higher in risk through to Embark Horizon Multi-Asset Fund V.

For the purposes of this section of the Prospectus, references to a "Risk Profile" are to the risk profiles embodied in the asset allocation provided by the Risk Profile Service Provider.

Investors who are invested in the Sub-funds should regularly review and discuss their risk appetite and investment horizon with their advisers to ensure that the Sub-funds remain suitable in the event any change of personal circumstances.

Investors may find it helpful to refer to the glossary and risk warnings which provide further detail on the terms used in the Investment Policy and Strategy.

<b>Name:</b>	<b>Embark Horizon Multi-Asset Fund I</b>
<b>Product Reference Number (PRN)</b>	677615
<b>Type of Sub-fund:</b>	Non-UCITS retail scheme
<b>Investment Objective:</b>	<p>The Sub-fund aims to grow investment through a combination of income and capital growth over the medium to long term (5 or more years).</p> <p>The Sub-fund will aim to achieve this objective, whilst remaining within Risk Profile 1, which is the lowest risk profile in this range.</p>
<b>Risk Profile:</b>	<p>The Sub-fund aims to deliver income and capital growth through assets that demonstrate moderate price fluctuations (Risk Profile 1), with greater emphasis placed on fixed income securities and lower exposure to equities. The full range of asset classes is set out in the Investment Policy and Strategy below.</p>
<b>Investment Policy and Strategy</b>	<p>The Sub-fund will be invested in collective investment schemes. Investments in collective investment schemes may also include those managed, operated or advised by the ACD's associates.</p> <p>Through the investment in collective investment schemes, the Sub-fund will be indirectly invested in a range of different asset classes. The weighting of the asset classes to which the Fund is exposed may be varied depending on the Investment Manager's views in the context of achieving the investment objective. Under normal market circumstances, between 15% and 50% of the value of the Sub-fund will be invested in global equities, including emerging market equities. The Sub-fund will have a greater emphasis on global fixed income securities (such as government, corporate, high yield and emerging market bonds) and there may be some indirect exposure (typically, no more than 15% in aggregate) to any one or more of: real estate and commodities. To the extent not fully invested in collective investment schemes, in normal market conditions, up to 10% may be invested directly in cash, near cash and money market instruments.</p> <p>The Investment Manager may need to adjust the stated exposure level to global equities during periods of unusual instability in the markets.</p> <p>The Sub-fund's risk level is managed by varying the weighting of the asset classes to which the Sub-fund is exposed.</p> <p>The Sub-fund may use derivatives to reduce risk or cost or to generate additional capital or income at proportionate risk (known as "Efficient Portfolio Management").</p> <p><b>Strategy</b></p> <p>The Sub-fund is managed with reference to strategic asset allocations which are provided to the Investment Manager on at least a quarterly basis; these may change as a result of changing market conditions and assumptions in the Risk Profile Service Provider's asset allocation models which aim to achieve an optimal level of growth in income and capital for the expected</p>

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risk level assuming a medium to long term investment horizon (5 or more years).

The Sub-Fund is actively managed by the Investment Manager. The Investment Manager may take tactical decisions away from the strategic asset allocation to seek to meet the Sub-fund's investment objectives and improve returns. There is no guarantee that the Sub-fund's investment objective will be met.

The Investment Manager also has the potential to increase performance through its choice of collective investment schemes in which it invests: for example actively managed funds typically aim to increase performance through superior stock or sector selection skills (although there is no certainty of this and the opposite could occur).

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#### **Investor Profile**

The Sub-fund may be suitable for an investor seeking income and capital growth without a capital guarantee. The Sub-fund uses the Risk Profile Service Provider's strategic asset allocation model which looks ahead over a medium to long term time horizon. Providing the asset allocations are deemed suitable for the investor's desired outcomes and in line with his or her risk tolerance the Sub-fund may be suited for investors looking to hold investments for 5 or more years. Investors should regularly review and discuss their risk appetite and investment horizon with their advisers to ensure that the Sub-fund remains suitable in the event of any change of personal circumstances.

**If investors are uncertain if the Sub-fund is suitable for them, they are advised to contact a financial adviser.**

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#### **Use of Benchmarks**

The Sub-fund does not aim to match or exceed the performance of, and its portfolio is not constrained by, any index.

For performance comparison purposes the IA Mixed Investment 20-60% Shares sector peer group is considered appropriate. The Sub-fund's typical equity exposures and fixed income and cash exposures enable it to be included in this sector, although the asset allocation of the Sub-fund is not managed with the intention of ensuring it remains within this sector. Its performance can be compared with the performance of other funds in the sector, and against the sector average.

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#### **Borrowing**

The Sub-fund may borrow on a temporary basis up to 10% of the value of the Sub-fund. The duration of any temporary borrowing is not expected to exceed five Business Days.

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#### **Final Accounting Date:**

31 May

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#### **Interim Accounting Date:**

30 November

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#### **Income Allocation Date:**

31 July and 31 January

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#### **Share Classes available:**

Class Z

Class I

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#### **Share Types available:**

Accumulation

Accumulation

Income

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<b>Initial Charge:</b>	Nil	Nil
<b>Redemption Charge:</b>	Nil	Nil
<b>Switching Charge:</b>	Nil	Nil
<b>Annual Management Charge<sup>x</sup> :</b>	0.75%	0.65%
<b>Investment Minima:</b>	£500	£10,000,000

The ACD may refuse subscriptions at its discretion.

Access to the I Share Class is restricted to intermediaries (investing on behalf of underlying investors) that have entered into arrangements for this Share Class with the ACD and which the ACD expects to invest, including investments made by any other members of the intermediary's group, at least £10,000,000 into the Fund. Any such concession must be duly considered and approved by the ACD, prior to investing in the I Share Class.

The ACD may waive investment minima at its discretion.

<b>Allocation of Charges:</b>	<b>Income</b>	<b>Capital</b>
AMC:	100%	No
Ongoing Operating Costs:	100%	No
Dealing and Registration:	100%	No
Depositary:	100%	No
Custody:	100%	No
Portfolio Transactions (Broker's Commission):	No	100%
<b>Past Performance:</b>	Past performance information is set out in Appendix IV	
<b>Valuation Point:</b>	12.00 noon (London time)	

The maximum level of leverage for this Sub-fund expressed as a ratio of the Sub-fund's total exposure to its Net Asset Value:

- (a) under the Gross Method is 1.1:1; and
- (b) under the Commitment Method is 1.1:1.

<sup>x</sup> There is no charge additional to the AMC for investment research.

<b>Name:</b>	<b>Embark Horizon Multi-Asset Fund II</b>
<b>Product Reference Number (PRN)</b>	677616
<b>Type of Sub-fund:</b>	Non-UCITS retail scheme
<b>Investment Objective:</b>	<p>The Sub-fund aims to grow investment through a combination of income and capital growth over the medium to long term (5 or more years).</p> <p>The Sub-fund will aim to achieve this objective, whilst remaining within Risk Profile 2, which is the second lowest risk profile in this range.</p>
<b>Risk Profile:</b>	<p>The Sub-fund aims to deliver income and capital growth through assets that demonstrate moderate price fluctuations (Risk Profile 2), with emphasis placed on fixed income securities and equities. The full range of asset classes is set out in the Investment Policy and Strategy below.</p>
<b>Investment Policy and Strategy</b>	<p>The Sub-fund will be invested in collective investment schemes. Investments in collective investment schemes may also include those managed, operated or advised by the ACD's associates.</p> <p>Through the investment in collective investment schemes, the Sub-fund will be indirectly invested in a range of different asset classes. The weighting of the asset classes to which the Fund is exposed may be varied depending on the Investment Manager's views in the context of achieving the investment objective. Under normal market circumstances, between 20% and 55% of the value of the Sub-fund will be invested in global equities, including emerging market equities. The Sub-fund will have exposure to global fixed income securities (such as government, corporate, high yield and emerging market bonds) and there may be some indirect exposure (typically, no more than 15% in aggregate) to any one or more of: real estate and commodities. To the extent not fully invested in collective investment schemes, in normal market conditions, up to 10% may be invested directly in cash, near cash and money market instruments.</p> <p>The Investment Manager may need to adjust the stated exposure level to global equities during periods of unusual instability in the markets.</p> <p>The Sub-fund's risk level is managed by varying the weighting of the asset classes to which the Sub-fund is exposed.</p> <p>The Sub-fund may use derivatives to reduce risk or cost or to generate additional capital or income at proportionate risk (known as "Efficient Portfolio Management").</p> <p><b>Strategy</b></p> <p>The Sub-fund is managed with reference to strategic asset allocations which are provided to the Investment Manager on at least a quarterly basis; these may change as a result of changing market conditions and assumptions in the Risk Profile Service Provider's asset allocation models which aim to achieve an</p>

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optimal level of growth in income and capital for the expected risk level assuming a medium to long term investment horizon (5 years or more).

The Sub-Fund is actively managed by the Investment Manager. The Investment Manager may take tactical decisions away from the strategic asset allocation to seek to meet the Sub-fund's investment objectives and improve returns. There is no guarantee that the Sub-fund's investment objective will be met.

The Investment Manager also has the potential to increase performance through its choice of collective investment schemes in which it invests: for example actively managed funds typically aim to increase performance through superior stock or sector selection skills (although there is no certainty of this and the opposite could occur).

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#### **Investor Profile**

The Sub-fund may be suitable for an investor seeking income and capital growth without a capital guarantee. The Sub-fund uses the Risk Profile Service Provider's strategic asset allocation model which looks ahead over a medium to long term time horizon. Providing the asset allocations are deemed suitable for the investor's desired outcomes and in line with his or her risk tolerance the Sub-fund may be suited for investors looking to hold investments for 5 or more years. Investors should regularly review and discuss their risk appetite and investment horizon with their advisers to ensure that the Sub-fund remains suitable in the event of any change of personal circumstances.

**If investors are uncertain if the Sub-fund is suitable for them, they are advised to contact a financial adviser.**

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#### **Use of Benchmarks**

The Sub-fund does not aim to match or exceed the performance of, and its portfolio is not constrained by, any index.

For performance comparison purposes the IA Mixed Investment 20-60% Shares sector peer group is considered appropriate. The Sub-fund's typical equity exposures and fixed income and cash exposures enable it to be included in this sector, although the asset allocation of the Sub-fund is not managed with the intention of ensuring it remains within this sector. Its performance can be compared with the performance of other funds in the sector, and against the sector average.

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#### **Borrowing**

The Sub-fund may borrow on a temporary basis up to 10% of the value of the Sub-fund. The duration of any temporary borrowing is not expected to exceed five Business Days.

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#### **Final Accounting Date:**

31 May

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#### **Interim Accounting Date:**

30 November

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#### **Income Allocation Date:**

31 July and 31 January

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#### **Share Classes available:**

Class Z

Class I

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#### **Share Types available:**

Accumulation

Accumulation

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	Income	
<b>Initial Charge:</b>	Nil	Nil
<b>Redemption Charge:</b>	Nil	Nil
<b>Switching Charge:</b>	Nil	Nil
<b>Annual Management Charge<sup>x</sup> :</b>	0.75%	0.65%
<b>Investment Minima:</b>	£500	£10,000,000

The ACD may refuse subscriptions at its discretion.

Access to the I Share Class is restricted to intermediaries (investing on behalf of underlying investors) that have entered into arrangements for this Share Class with the ACD and which the ACD expects to invest, including investments made by any other members of the intermediary's group, at least £10,000,000 into the Fund. Any such concession must be duly considered and approved by the ACD, prior to investing in the I Share Class.

The ACD may waive the investment minima at its discretion.

<b>Allocation of Charges:</b>	<b>Income</b>	<b>Capital</b>
AMC:	100%	No
Ongoing Operating Costs:	100%	No
Dealing and Registration:	100%	No
Depositary:	100%	No
Custody:	100%	No
Portfolio Transactions (Broker's Commission):	No	100%
<b>Past Performance:</b>	Past performance information is set out in Appendix IV	
<b>Valuation Point:</b>	12.00 noon (London time)	

The maximum level of leverage for this Sub-fund expressed as a ratio of the Sub-fund's total exposure to its Net Asset Value:

- (a) under the Gross Method is 1.1:1; and
- (b) under the Commitment Method is 1.1:1

<sup>x</sup> There is no charge additional to the AMC for investment research.

<b>Name:</b>	<b>Embark Horizon Multi-Asset Fund III</b>
<b>Product Reference Number (PRN)</b>	677617
<b>Type of Sub-fund:</b>	Non-UCITS retail scheme
<b>Investment Objective:</b>	<p>The Sub-fund aims to grow investment through a combination of income and capital growth over the medium to long term (5 or more years).</p> <p>The Sub-fund will aim to achieve this objective, whilst remaining within Risk Profile 3, which is the middle risk profile in this range.</p>
<b>Risk Profile:</b>	<p>The Sub-fund aims to deliver income and capital growth through assets that may demonstrate moderate to large price fluctuations (Risk Profile 3), with greater exposure placed on equity and lower exposure to fixed income securities. The full range of asset classes is set out in the Investment Policy and Strategy below.</p>
<b>Investment Policy and Strategy</b>	<p>The Sub-fund will be invested in collective investment schemes. Investments in collective investment schemes may also include those managed, operated or advised by the ACD's associates.</p> <p>Through the investment in collective investment schemes, the Sub-fund will be indirectly invested in a range of different asset classes. The weighting of the asset classes to which the Fund is exposed may be varied depending on the Investment Manager's views in the context of achieving the investment objective. Under normal market circumstances, between 50% and 75% of the value of the Sub-fund will be invested in global equities, including emerging market equities. The Sub-fund will generally have a lower exposure to global fixed income securities (such as government, corporate, high yield and emerging market bonds) and there may be some indirect exposure (typically, no more than 15% in aggregate) to any one or more of: real estate and commodities. To the extent not fully invested in collective investment schemes, in normal market conditions, up to 10% may be invested directly in cash, near cash and money market instruments.</p> <p>The Investment Manager may need to adjust the stated exposure level to global equities during periods of unusual instability in the markets.</p> <p>The Sub-fund's risk level is managed by varying the weighting of the asset classes to which the Sub-fund is exposed.</p> <p>The Sub-fund may use derivatives to reduce risk or cost or to generate additional capital or income at proportionate risk (known as "Efficient Portfolio Management").</p> <p><b>Strategy</b></p> <p>The Sub-fund is managed with reference to strategic asset allocations which are provided to the Investment Manager on at least a quarterly basis; these may change as a result of changing market conditions and assumptions in the Risk Profile Service Provider's asset allocation models which aim to achieve an</p>

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optimal level of growth in income and capital for the expected risk level assuming a long term investment horizon (10 or more years).

The Sub-Fund is actively managed by the Investment Manager. The Investment Manager may take tactical decisions away from the strategic asset allocation to seek to meet the Sub-fund's investment objectives and improve returns. There is no guarantee that the Sub-fund's investment objective will be met.

The Investment Manager also has the potential to increase performance through its choice of collective investment schemes in which it invests: for example actively managed funds typically aim to increase performance through superior stock or sector selection skills (although there is no certainty of this and the opposite could occur).

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#### **Investor Profile**

The Sub-fund may be suitable for an investor seeking income and capital growth without a capital guarantee. The Sub-fund uses the Risk Profile Service Provider's strategic asset allocation model which looks ahead over a long term time horizon. Providing the asset allocations are deemed suitable for the investor's desired outcomes and in line with his or her risk tolerance the Sub-fund may be suited for investors looking to hold investments for 5 or more years. Investors should regularly review and discuss their risk appetite and investment horizon with their advisers to ensure that the Sub-fund remains suitable in the event of any change of personal circumstances.

**If investors are uncertain if the Sub-fund is suitable for them, they are advised to contact a financial adviser.**

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#### **Use of Benchmarks**

The Sub-fund does not aim to match or exceed the performance of, and its portfolio is not constrained by, any index.

For performance comparison purposes the IA Mixed Investment 40-85% Shares sector peer group is considered appropriate. The Sub-fund's typical equity exposures and other features enable it to be included in this sector, although the asset allocation of the Sub-fund is not managed with the intention of ensuring it remains within this sector. Its performance can be compared with the performance of other funds in the sector, and against the sector average.

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#### **Borrowing**

The Sub-fund may borrow on a temporary basis up to 10% of the value of the Sub-fund. The duration of any temporary borrowing is not expected to exceed five Business Days.

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#### **Final Accounting Date:**

31 May

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#### **Interim Accounting Date:**

30 November

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#### **Income Allocation Date:**

31 July and 31 January

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#### **Share Classes available:**

Class Z

Class I

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#### **Share Types available:**

Accumulation

Accumulation

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	Income	
<b>Initial Charge:</b>	Nil	Nil
<b>Redemption Charge:</b>	Nil	Nil
<b>Switching Charge:</b>	Nil	Nil
<b>Annual Management Charge<sup>x</sup> :</b>	0.75%	0.65%
<b>Investment Minima:</b>	£500	£10,000,000

The ACD may refuse subscriptions at its discretion.

Access to the I Share Class is restricted to intermediaries (investing on behalf of underlying investors) that have entered into arrangements for this Share Class with the ACD and which the ACD expects to invest, including investments made by any other members of the intermediary's group, at least £10,000,000 into the Fund. Any such concession must be duly considered and approved by the ACD, prior to investing in the I Share Class.

The ACD may waive the investment minima at its discretion.

<b>Allocation of Charges:</b>	<b>Income</b>	<b>Capital</b>
AMC:	100%	No
Ongoing Operating Costs:	100%	No
Dealing and Registration:	100%	No
Depositary:	100%	No
Custody:	100%	No
Portfolio Transactions (Broker's Commission):	No	100%
<b>Past Performance:</b>	Past performance information is set out in Appendix IV	
<b>Valuation Point:</b>	12.00 noon (London time)	

The maximum level of leverage for this Sub-fund expressed as a ratio of the Sub-fund's total exposure to its Net Asset Value:

- (a) under the Gross Method is 1.1:1; and
- (b) under the Commitment Method is 1.1:1

<sup>x</sup> There is no charge additional to the AMC for investment research.

<b>Name:</b>	<b>Embark Horizon Multi-Asset Fund IV</b>
<b>Product Reference Number (PRN)</b>	677618
<b>Type of Sub-fund:</b>	Non-UCITS retail scheme
<b>Investment Objective:</b>	<p>The Sub-fund aims to grow investment through a combination of income and capital growth over the medium to long term (5 or more years).</p> <p>The Sub-fund will aim to achieve this objective, whilst remaining within Risk Profile 4, which is the second highest risk profile in this range.</p>
<b>Risk Profile:</b>	<p>The Sub-fund aims to deliver income and capital growth through assets that may demonstrate moderate to large price fluctuations (Risk Profile 4), with greater exposure to equity and some fixed income securities. The full range of asset classes is set out in the Investment Policy and Strategy below.</p>
<b>Investment Policy and Strategy</b>	<p>The Sub-fund will be invested in collective investment schemes. Investments in collective investment schemes may also include those managed, operated or advised by the ACD's associates.</p> <p>Through the investment in collective investment schemes, the Sub-fund will be indirectly invested in a range of different asset classes. The weighting of the asset classes to which the Fund is exposed may be varied depending on the Investment Manager's views in the context of achieving the investment objective. Under normal market circumstances, between 50% and 95% of the value of the Sub-fund will be invested in global equities, including emerging market equities. The Sub-fund will have some exposure to global fixed income securities (such as government, corporate, high yield and emerging market bonds) and there may be some indirect exposure (typically, no more than 15% in aggregate) to any one or more of: real estate and commodities. To the extent not fully invested in collective investment schemes, in normal market conditions, up to 10% may be invested directly in cash, near cash and money market instruments.</p> <p>The Investment Manager may need to adjust the stated exposure level to global equities during periods of unusual instability in the markets.</p> <p>The Sub-fund's risk level is managed by varying the weighting of the asset classes to which the Sub-fund is exposed.</p> <p>The Sub-fund may use derivatives to reduce risk or cost or to generate additional capital or income at proportionate risk (known as "Efficient Portfolio Management").</p> <p><b>Strategy</b></p> <p>The Sub-fund is managed with reference to strategic asset allocations which are provided to the Investment Manager on at least a quarterly basis; these may change as a result of changing market conditions and assumptions in the Risk Profile Service Provider's asset allocation models which aim to achieve an optimal level of growth in income and capital for the expected risk level</p>

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assuming a long term investment horizon (10 or more years).

The Sub-Fund is actively managed by the Investment Manager. The Investment Manager may take tactical decisions away from the strategic asset allocation to seek to meet the Sub-fund's investment objectives and improve returns. There is no guarantee that the Sub-fund's investment objective will be met.

The Investment Manager also has the potential to increase performance through its choice of collective investment schemes in which it invests: for example actively managed funds typically aim to increase performance through superior stock or sector selection skills (although there is no certainty of this and the opposite could occur).

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**Investor Profile**

The Sub-fund may be suitable for an investor seeking income and capital growth without a capital guarantee. The Sub-fund uses the Risk Profile Service Provider's strategic asset allocation model which looks ahead over a long term time horizon. Providing the asset allocations are deemed suitable for the investor's desired outcomes and in line with his or her risk tolerance the Sub-fund may be suited for investors looking to hold investments for 5 or more years. Investors should regularly review and discuss their risk appetite and investment horizon with their advisers to ensure that the Sub-fund remains suitable in the event of any change of personal circumstances.

**If investors are uncertain if the Sub-fund is suitable for them, they are advised to contact a financial adviser.**

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**Use of Benchmarks**

The Sub-fund does not aim to match or exceed the performance of, and its portfolio is not constrained by, any index.

For performance comparison purposes the IA Mixed Investment 40-85% Shares sector peer group is considered appropriate. The Sub-fund's typical equity exposures and other features enable it to be included in this sector, although the asset allocation of the Sub-fund is not managed with the intention of ensuring it remains within this sector. Its performance can be compared with the performance of other funds in the sector, and against the sector average.

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**Borrowing**

The Sub-fund may borrow on a temporary basis up to 10% of the value of the Sub-fund. The duration of any temporary borrowing is not expected to exceed five Business Days.

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**Final Accounting Date:**

31 May

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**Interim Accounting Date:**

30 November

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**Income Allocation Date:**

31 July and 31 January

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**Share Classes available:**

Class Z

Class I

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**Share Types available:**

Accumulation

Accumulation

Income

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**Initial Charge:**

Nil

Nil

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<b>Redemption Charge:</b>	Nil	Nil
<b>Switching Charge:</b>	Nil	Nil
<b>Annual Management Charge<sup>x</sup> :</b>	0.75%	0.65%
<b>Investment Minima:</b>	£500	£10,000,000

The ACD may refuse subscriptions at its discretion.

Access to the I Share Class is restricted to intermediaries (investing on behalf of underlying investors) that have entered into arrangements for this Share Class with the ACD and which the ACD expects to invest, including investments made by any other members of the intermediary's group, at least £10,000,000 into the Fund. Any such concession must be duly considered and approved by the ACD, prior to investing in the I Share Class.

The ACD may waive the investment minima at its discretion.

<b>Allocation of Charges:</b>	<b>Income</b>	<b>Capital</b>
AMC:	100%	No
Ongoing Operating Costs:	100%	No
Dealing and Registration:	100%	No
Depository:	100%	No
Custody:	100%	No
Portfolio Transactions (Broker's Commission):	No	100%
<b>Past Performance:</b>	Past performance information is set out in Appendix IV	
<b>Valuation Point:</b>	12.00 noon (London time)	

The maximum level of leverage for this Sub-fund expressed as a ratio of the Sub-fund's total exposure to its Net Asset Value:

- (a) under the Gross Method is 1.1:1; and
- (b) under the Commitment Method is 1.1:1

<sup>x</sup>There is no charge additional to the AMC for investment research.

<b>Name:</b>	<b>Embark Horizon Multi-Asset Fund V</b>
<b>Product Reference Number (PRN)</b>	677619
<b>Type of Sub-fund:</b>	Non-UCITS retail scheme
<b>Investment Objective:</b>	<p>The Sub-fund aims to grow investment through a combination of income and capital growth over the medium to long term (5 or more years).</p> <p>The Sub-fund will aim to achieve this objective, whilst remaining within Risk Profile 5, which is the highest risk profile in this range.</p>
<b>Risk Profile:</b>	<p>The Sub-fund aims to deliver income and capital growth through assets that may demonstrate large price fluctuations (Risk Profile 5), with greatest exposure to equity. The full range of asset classes is set out in the Investment Policy and Strategy below.</p>
<b>Investment Policy and Strategy</b>	<p>The Sub-fund will be invested in collective investment schemes. Investments in collective investment schemes may also include those managed, operated or advised by the ACD's associates.</p> <p>Through the investment in collective investment schemes, the Sub-fund will be indirectly invested in a range of different asset classes. The weighting of the asset classes to which the Fund is exposed may be varied depending on the Investment Manager's views in the context of achieving the investment objective. Under normal market circumstances, between 60% and 100% of the value of the Sub-fund will be invested in global equities, including emerging market equities. The Sub-fund may have some indirect exposure (typically, no more than 15% in aggregate) to any one or more of: real estate and commodities. To the extent not fully invested in collective investment schemes, in normal market conditions, up to 10% may be invested directly in cash, near cash and money market instruments.</p> <p>The Investment Manager may need to adjust the stated exposure level to global equities during periods of unusual instability in the markets.</p> <p>The Sub-fund's risk level is managed by varying the weighting of the asset classes to which the Sub-fund is exposed.</p> <p>The Sub-fund may use derivatives to reduce risk or cost or to generate additional capital or income at proportionate risk (known as "Efficient Portfolio Management").</p> <p><b>Strategy</b></p> <p>The Sub-fund is managed with reference to strategic asset allocations which are provided to the Investment Manager on at least a quarterly basis; these may change as a result of changing market conditions and assumptions in the Risk Profile Service Provider's asset allocation models which aim to achieve an optimal level of growth in income and capital for the expected risk level assuming a long term investment horizon (10 or more years).</p> <p>The Sub-Fund is actively managed by the Investment Manager. The Investment Manager may take tactical decisions away from the strategic asset allocation to seek to meet the Sub-fund's investment</p>



objectives and improve returns. There is no guarantee that the Sub-fund's investment objective will be met.

The Investment Manager also has the potential to increase performance through its choice of collective investment schemes in which it invests: for example actively managed funds typically aim to increase performance through superior stock or sector selection skills (although there is no certainty of this and the opposite could occur).

<b>Investor Profile</b>	<p>The Sub-fund may be suitable for an investor seeking income and capital growth without a capital guarantee. The Sub-fund uses the Risk Profile Service Provider's strategic asset allocation model which looks ahead over a long term time horizon. Providing the asset allocations are deemed suitable for the investor's desired outcomes and in line with his or her risk tolerance the Sub-fund may be suited for investors looking to hold investments for 5 or more years. Investors should regularly review and discuss their risk appetite and investment horizon with their advisers to ensure that the Sub-fund remains suitable in the event of any change of personal circumstances.</p> <p><b>If investors are uncertain if the Sub-fund is suitable for them, they are advised to contact a financial adviser.</b></p>	
<b>Use of Benchmarks</b>	<p>The Sub-fund does not aim to match or exceed the performance of, and its portfolio is not constrained by, any index.</p> <p>For performance comparison purposes the IA Flexible Investment sector peer group is considered appropriate. The Sub-fund's exposure to different investments which may include UK and overseas developed and emerging markets equities and UK real estate, with the potential to gain an exposure of up to 100% in equities enables it to be included in this sector, although the asset allocation of the Sub-fund is not managed with the intention of ensuring it remains within this sector. Its performance can be compared with the performance of other funds in the sector, and against the sector average.</p>	
<b>Borrowing</b>	<p>The Sub-fund may borrow on a temporary basis up to 10% of the value of the Sub-fund. The duration of any temporary borrowing is not expected to exceed five Business Days.</p>	
<b>Final Accounting Date:</b>	31 May	
<b>Interim Accounting Date:</b>	30 November	
<b>Income Allocation Date:</b>	31 July and 31 January	
<b>Share Classes available:</b>	Class Z	Class I
<b>Share Types available:</b>	Accumulation Income	Accumulation
<b>Initial Charge:</b>	Nil	Nil
<b>Redemption Charge:</b>	Nil	Nil

<b>Switching Charge:</b>	Nil	Nil
<b>Annual Management Charge<sup>x</sup> :</b>	0.75%	0.65%
<b>Investment Minima:</b>	£500	£10,000,000

The ACD may refuse subscriptions at its discretion.

Access to the I Share Class is restricted to intermediaries (investing on behalf of underlying investors) that have entered into arrangements for this Share Class with the ACD and which the ACD expects to invest, including investments made by any other members of the intermediary's group, at least £10,000,000 into the Fund. Any such concession must be duly considered and approved by the ACD, prior to investing in the I Share Class.

The ACD may waive the investment minima at its discretion.

<b>Allocation of Charges:</b>	<b>Income</b>	<b>Capital</b>
AMC:	100%	No
Ongoing Operating Costs:	100%	No
Dealing and Registration:	100%	No
Depository:	100%	No
Custody:	100%	No
Portfolio Transactions (Broker's Commission):	No	100%
<b>Past Performance:</b>	Past performance information is set out in Appendix IV	
<b>Valuation Point:</b>	12.00 noon (London time)	

The maximum level of leverage for this Sub-fund expressed as a ratio of the Sub-fund's total exposure to its Net Asset Value:

(a) under the Gross Method is 1.1:1; and

(b) under the Commitment Method is 1.1:1

<sup>x</sup>There is no charge additional to the AMC for investment research.

## APPENDIX II

### ELIGIBLE MARKETS, GAPS PROVIDERS AND COLLECTIVE INVESTMENT SCHEMES

All Sub-funds may deal through securities and derivatives markets established in the UK and an EEA State on which transferable securities admitted to official listing in that UK and EEA State are dealt in or traded. The Company may also invest in accordance with the conditions in Appendix III.

In addition, the Sub-funds may deal through the following securities and derivative markets.

<b>Country</b>	<b>Securities Market</b>
Australia	The Australia Stock Exchange Limited
Brazil	BM&F
Canada	Any Stock Exchange prescribed for the purposes of the Canadian Income Tax Act
China	Shanghai Stock Exchange Shenzhen Stock Exchange
Egypt	Cairo & Alexandria Stock Exchange
Hong Kong	Hong Kong Stock Exchange
India	Bombay Stock Exchange
Indonesia	Indonesia Stock Exchange
Israel	Tel-Aviv Stock Exchange
Japan	Any Stock Exchange
Korea	Korean Stock Exchange Kosdaq OTC Market
Malaysia	Kuala Lumpur Stock Market
Mexico	The Mexican Stock Exchange
New Zealand	Any Stock Exchange
Pakistan	Karachi Stock Exchange
Peru	Bolsa De Valores Lima
Philippines	Manila Stock Exchange
Singapore	Stock Exchange of Singapore
South Africa	Johannesburg Stock Exchange
Switzerland	Any Stock Exchange
Taiwan	Taiwan OTC Market Taiwan Stock Exchange
Thailand	The Stock Exchange of Thailand
Turkey	Istanbul Stock Exchange
United States	NASDAQ (the electronic inter-dealer quotation system of America operated by the National Association of Securities Dealers Inc) Any exchange registered with the Securities and Exchange Commission as a national securities exchange
Other	the market organised by the International Capital Market Association the markets conducted by listed money market institutions as described in the Bank of England publication "The Regulation of wholesale Markets in Sterling, Foreign Exchange and Bullion" dated December 1995

**Derivatives Market**

Australian Stock Exchange  
Chicago Board of Trade (CBOT)  
Chicago Board Options Exchange  
Chicago Mercantile Exchange  
Hong Kong Futures Exchange  
Hong Kong Stock Exchange  
Intercontinental Exchange Inc (ICE)  
New Zealand Futures Exchange  
New Zealand Stock Exchange  
NYSE Euronext  
NZX Derivatives  
Osaka Securities Exchange  
Singapore Stock Exchange  
Sydney Futures Exchange  
Tokyo Stock Exchange  
Turkish Derivatives Exchange

**Government and Public Securities Providers**

List of issuers of Government and public securities in which the Company may invest up to 100% of the Scheme Property of each Sub-fund. These are the only public bodies in which the Company may invest more than 35% of the assets of each Sub-fund.

Government and public securities issued by or on behalf of the Governments of the following states:

Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Japan, Liechtenstein, Luxembourg, Netherlands, New Zealand, Northern Ireland, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom, United States.

International Organisations:

Asian Development Bank (ADB), Council of Europe Development Bank, Deutsche Ausgleichsbank (DTA), Eurofima, European Bank for Reconstruction and Development (EBRD), International Finance Corporation (IFC), Kreditanstalt Für Wiederaufbau (KfW), Nordic Investment Bank (NIB)

**Collective Investment Schemes**

The collective investment schemes in which the Sub-funds will invest will be located in the UK and Luxembourg or anywhere else that the Investment Manager or the ACD establishes a collective investment scheme.

## APPENDIX III

### INVESTMENT AND BORROWING POWERS OF THE COMPANY

#### 1. General

The Scheme Property of a Sub-fund will be invested with the aim of achieving the investment objective of that Sub-fund but subject to the limits set out in the Sub-fund's investment policy, this Prospectus and the limits set out in Chapter 5 of the COLL Sourcebook ("COLL 5") that are applicable to Non-UCITS retail schemes. These limits apply to each Sub-fund as summarised below.

The ACD's investment policy may mean that at times, where it is considered appropriate, the Scheme Property of the Sub-fund will not be fully invested and that prudent levels of liquidity will be maintained.

The Sub-funds will not maintain a direct interest in immovable or tangible moveable property or gold but may gain indirect exposure to this asset class through investment types permitted under the investment policy and COLL.

#### 1.1 Prudent spread of risk

The ACD must ensure that, taking account of the investment objectives and policies of each Sub-fund, the Scheme Property aims to provide a prudent spread of risk.

#### 1.2 Cover

1.2.1 Where the COLL Sourcebook allows a transaction to be entered into or an investment to be retained only (for example, investment in warrants and nil and partly paid securities and the general power to accept or underwrite) if possible obligations arising out of the investment transactions or out of the retention would not cause any breach of any limits in COLL 5, it must be assumed that the maximum possible liability of a Sub-fund under any other of those rules has also to be provided for.

1.2.2 Where a rule in the COLL Sourcebook permits an investment transaction to be entered into or an investment to be retained only if that investment transaction, or the retention, or other similar transactions, are covered:

1.2.2.1 it must be assumed that in applying any of those rules, a Sub-fund must also simultaneously satisfy any other obligation relating to cover; and

1.2.2.2 no element of cover must be used more than once.

## 2. **Non-UCITS retail schemes – general**

2.1 Subject to the investment objective and policy of a Sub-fund, the Scheme Property must, except where otherwise provided in COLL 5 only consist of any or all of:

- 2.1.1 transferable securities;
- 2.1.2 money-market instruments;
- 2.1.3 units or shares in permitted collective investment schemes;
- 2.1.4 permitted derivatives and forward transactions;
- 2.1.5 permitted deposits;
- 2.1.6 permitted immovables; and
- 2.1.7 gold up to a limit of 10% in value of the Scheme Property of the Sub-funds.

2.2 Transferable securities and money-market instruments held within a Sub-fund must (subject to paragraph 2.2.4 of this Appendix) be:

- 2.2.1 admitted to or dealt on an eligible market as described below;
- 2.2.2 be approved money-market instruments not admitted or dealt in on an eligible market below which satisfy the requirement of paragraph 8 in this Appendix;
- 2.2.3 recently issued transferable securities provided that:
  - 2.2.3.1 the terms of issue include an undertaking that application will be made to be admitted on an eligible market; and
  - 2.2.3.2 such admission is secured within a year of issue.
- 2.2.4 subject to a limit of 20% in value of the Scheme Property be:
  - 2.2.4.1 transferable securities which are not within 2.2.1 to 2.2.3; or
  - 2.2.4.2 money-market instruments which are liquid and have a value which can be determined accurately at any time.

2.3 Transferable securities held by the Sub-funds of the Company must also satisfy the criteria in COLL 5.2.7AR (Investment in transferable securities), COLL 5.2.7CR (Closed ended funds constituting transferable securities) and COLL 5.2.7ER (Transferable securities linked to other assets) for the purposes of investment by a UCITS scheme.

2.4 Up to 5% of the Scheme Property of the Sub-funds may be invested in warrants.

### **3. Eligible markets regime: purpose**

3.1 This section specifies criteria as to the nature of the markets in which property of a Non-UCITS retail scheme may be invested.

3.2 Where a market ceases to be eligible, investments on that market cease to be approved securities. The 20% restriction on investing in non approved securities applies and exceeding this limit because a market ceases to be eligible will generally be regarded as a breach beyond the control of the ACD.

3.3 A market is eligible for the purposes of the rules if it is:

3.3.1 a regulated market as defined in the FCA Handbook;

3.3.2 a market in an EEA State which is regulated, operates regularly and is open to the public;  
or

3.3.3 any market within 3.4 below.

3.4 A market not falling within paragraph 3.3 of this Appendix is eligible for the purposes of COLL 5 if:

3.4.1 the ACD, after consultation with and notification to the Depositary, decides that market is appropriate for investment of, or dealing in, the Scheme Property;

3.4.2 the market is included in a list in the Prospectus; and

3.4.3 the Depositary has taken reasonable care to determine that:

3.4.3.1 adequate custody arrangements can be provided for the investment dealt in on that market; and

3.4.3.2 all reasonable steps have been taken by the ACD in deciding whether that market is eligible.

3.5 In paragraph 3.4.1, a market must not be considered appropriate unless it is regulated, operates regularly, is recognised, is open to the public, is adequately liquid and has adequate arrangements for unimpeded transmission of income and capital to or for the order of investors.

#### 4. **Spread: general**

- 4.1 This rule on spread does not apply to government and public securities.
- 4.2 Not more than 20% in value of the Scheme Property of a Sub-fund is to consist of deposits with a single body.
- 4.3 Not more than 10% in value of the Scheme Property of a Sub-fund is to consist of transferable securities or money-market instruments issued by any single body subject to COLL 5.6.23R (Schemes replicating an index).
- 4.4 The limit of 10% in paragraph 4.3 above is raised to 25% in value of the Scheme Property of a Sub-fund in respect of covered bonds.
- 4.5 In applying paragraph 4.3, certificates representing certain securities are to be treated as equivalent to the underlying security.
- 4.6 Not more than 35% in value of the Scheme Property of a Sub-fund is to consist of the units or shares of any one collective investment scheme.
- 4.7 The exposure to any one counterparty in an OTC derivative transaction must not exceed 10% in value of the Scheme Property of a Sub-fund.
- 4.8 For the purpose of calculating the limit in paragraph 4.7, 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 following conditions:
  - 4.8.1 it is marked-to-market on a daily basis and exceeds the value of the amount at risk;
  - 4.8.2 it is exposed only to negligible risks (e.g. government bonds of first credit rating or cash) and is liquid;
  - 4.8.3 it is held by a third party custodian not related to the provider or is legally secured from the consequences of a failure of a related party; and
  - 4.8.4 can be fully enforced by a Sub-fund at any time.
- 4.9 For the purposes of calculating the limits in paragraph 4.7, OTC derivative positions with the same counterparty may be netted provided that the netting procedures:
  - 4.9.1 comply with the conditions set out in Part Three, Title II, Chapter 6, Section 7 (Contractual netting (Contracts for novation and other netting agreements)) of the UK CRR; and
  - 4.9.2 are based on legally binding agreements.
- 4.10 In applying this paragraph (Spread: general), all derivatives 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:
  - 4.10.1 it is backed by an appropriate performance guarantee; and
  - 4.10.2 it is characterised by a daily mark-to-market valuation of the derivative positions and at least daily margining.



**5. Spread: government and public securities**

5.1 The following section applies in respect of a transferable security or an approved money market instrument (“such securities”) that is issued by:

5.1.1 The UK or an EEA State;

5.1.2 a local authority of the UK or an EEA State;

5.1.3 a non-EEA State; or

5.1.4 a public international body to which the UK or one or more EEA States belong.

5.2 Where no more than 35% in value of the Scheme Property is invested in such securities issued by any one body, there is no limit on the amount which may be invested in such securities or in any one issue.

5.3 The Company or any Sub-fund may invest more than 35% in value of the Scheme Property in such securities issued by any one body provided that:

5.3.1 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 a Sub-fund;

5.3.2 no more than 30% in value of the Scheme Property of a Sub-fund consists of such securities of any one issue;

5.3.3 the Scheme Property of a Sub-fund includes such securities issued by that or another issuer, of at least six different issues; and

5.3.4 the disclosures required by the FCA have been made.

5.4 The list of issuers of such securities in which the Company may invest up to 100% of the Scheme Property of each Sub-fund are set out in Appendix II.

## **6. Investment in collective investment schemes**

**6.1** Up to 100% of the value of the Scheme Property of a Sub-fund may be invested in units or shares in other collective investment schemes (“Second Scheme”) provided that the Second Scheme satisfies all of the requirements of paragraphs 6.1.1 to 6.1.5.

**6.1.1** The Second Scheme must:

- 6.1.1.1** be a UK UCITS or satisfy the conditions necessary for it to enjoy the rights conferred by the UCITS Directive as implemented in the EEA; or
- 6.1.1.2** be authorised as a Non-UCITS retail scheme; or
- 6.1.1.3** be recognised under the provisions of s.272 of the Financial Conduct and Markets Act 2000; or
- 6.1.1.4** be constituted outside the United Kingdom and have investment and borrowing powers which are the same or more restrictive than those of a Non-UCITS retail scheme; or
- 6.1.1.5** be a scheme not falling within paragraphs 6.1.1.1 to 6.1.1.4 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.

**6.1.2** The Second Scheme is a scheme which operates on the principle of the prudent spread of risk.

**6.1.3** The Second Scheme is prohibited from having more than 15% in value of its scheme property consisting of units or shares in collective investment schemes.

**6.1.4** The participants in the Second Scheme must be entitled to have their units or shares redeemed in accordance with the scheme at a price related to the net value of the scheme property to which the units or shares relate and determined in accordance with the scheme.

**6.1.5** Where the Second Scheme is an umbrella, the provisions in paragraphs 6.1.2 to 6.1.4 apply to each Sub-fund as if it were a separate scheme.

**6.2** The Scheme Property attributable to a Sub-fund may include Shares in another Sub-fund of the Company (the “Second Sub-fund”) subject to the requirements of paragraph 6.3 below.

**6.3** A Sub-fund may invest in or dispose of Shares of a Second Sub-fund provided that:

**6.3.1** the Second Sub-fund does not hold Shares in any other Sub-fund of the Company;

**6.3.2** the requirements set out at paragraphs 6.5 and 6.6 below are complied with; and

**6.3.3** not more than 35% in value of the Scheme Property of the investing or disposing Sub-fund is to consist of Shares in the Second Sub-fund.

**6.4** The Sub-funds may, subject to the limit set out in paragraph 6.1 above, invest in collective investment schemes managed or operated by, or whose authorised corporate director is, the ACD or one of its Associates.

6.5 Investment may only be made in a Second Sub-fund or other collective investment schemes managed by the ACD or an Associate of the ACD if the Prospectus of the Company clearly states that the Sub-funds may enter into such investments and the rules on double charging contained in the COLL Sourcebook are complied with.

6.6 Where a Sub-fund of the Company invests in or disposes of Shares in a Second Sub-fund or units or shares in another collective investment scheme which is managed or operated by the ACD or an Associate of the ACD, the ACD must pay to that Sub-fund by the close of business on the fourth business day the amount of any initial charge in respect of a purchase, and in the case of a sale, any charge made for the disposal.

## 7. **Investment in nil and partly paid securities**

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

## 8. **Investment in money-market instruments**

8.1 A Sub-fund may invest up to 100% in money-market instruments which are within the provisions of 2.2 above or 8.2 below and subject to the limit of 20% referred to in 2.2.4 above, which are normally dealt in or on the money-market, are liquid and whose value can be accurately determined at any time.

8.2 In addition to instruments admitted to or dealt in on an eligible market, a Sub-fund may invest in an approved money-market instrument provided it fulfils the following requirements:

8.2.1 the issue or the issuer is regulated for the purpose of protecting investors and savings;  
and

8.2.2 the instrument is issued or guaranteed in accordance with COLL 5.2.10BR.

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

8.3.1 the instrument is an approved money-market instrument;

8.3.2 appropriate information is available for the instrument (including Information which allows an appropriate assessment of the credit risks related to investment in it), in accordance with COLL 5.2.10CR (Appropriate information for money-market instruments); and

8.3.3 the instrument is freely transferable.

## 9. Derivatives: general

**The Investment Manager may employ derivatives solely for the purposes of Efficient Portfolio Management (including hedging) as described in 10 below. The use of derivatives for investment purposes is not currently permitted and may only be introduced following at least 60 days' notice to the Shareholders of the relevant Sub-fund(s).**

- 9.1 A transaction in derivatives or a forward transaction must not be effected for a Sub-fund unless the transaction is of a kind specified in paragraph 1 below (Permitted transactions (derivatives and forwards)); and the transaction is covered, as required by paragraph 20 (Cover for investments in derivatives and forward transactions).
- 9.2 Where a Sub-fund invests in derivatives, the exposure to the underlying assets must not exceed the limits set out in the COLL Sourcebook in relation to spread (COLL 5.6.7R Spread: general, COLL 5.6.8R Spread: government and public securities) except for index based derivatives where the rules in 9.6 apply.
- 9.3 Where a transferable security or approved money-market instrument embeds a derivative, this must be taken into account for the purposes of complying with this section.
- 9.4 A transferable security or an approved money-market instrument will embed a derivative if it contains a component which fulfils the following criteria:
- 9.4.1 by virtue of that component some or all of the cash flows that otherwise would be required by the transferable security or approved money-market instrument which functions as host contract can be modified according to a specified interest rate, financial instrument price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, and therefore vary in a way similar to a stand-alone derivative;
  - 9.4.2 its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and
  - 9.4.3 it has a significant impact on the risk profile and pricing of the transferable security or approved money-market instrument.
- 9.5 A transferable security or an approved money-market instrument does not embed a derivative where it contains a component which is contractually transferable independently of the transferable security or the approved money-market instrument. That component shall be deemed to be a separate instrument.
- 9.6 Where a Sub-fund invests in an index based derivative, provided the relevant index falls within COLL 5.6.23R (Schemes replicating an index) the underlying constituents of the index do not have to be taken into account for the purposes of COLL 5.6.7R and COLL 5.6.8R.
- 9.7 The relaxation in 9.6 above is subject to the ACD taking account of COLL 5.6.3 (Prudent spread of risk) set out in section 1.1 above.

**10. Efficient Portfolio Management**

10.1 The Company may utilise the Scheme Property to enter into derivatives and forward transactions for the purposes of Efficient Portfolio Management (“EPM”). EPM permits techniques and instruments that relate to transferable securities and money market instruments and satisfy the following criteria:

10.2 the transactions must be economically appropriate in that they are realised in a cost effective way:

10.2.1 the transactions must be entered into for one or more of the following specific aims:

- (i) the reduction of risk;
- (ii) the reduction of cost;
- (iii) the generation of additional capital or income for a Sub-fund with a risk level which is consistent with the risk profile of the Sub-fund and the risk diversification rules laid down in COLL

10.3 The exposure to derivatives and forward transactions must be suitably covered by the assets of the Sub-Fund

10.4 A transaction which is regarded as speculative will not be permitted.

**11. Permitted transactions (derivatives and forwards)**

11.1 A transaction in a derivative must be:

11.1.1 in an approved derivative; or

11.1.2 be one which complies with paragraph 15 (OTC transactions in derivatives).

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

11.2.1 transferable securities;

11.2.2 money-market instruments;

11.2.3 permitted deposits;

11.2.4 derivatives and forward transactions permitted under this section;

11.2.5 collective investment scheme units permitted under section 6 (Investment in collective investment schemes);

11.2.6 permitted immovables;

11.2.7 gold;

11.2.8 financial indices which satisfy the criteria in COLL 5.2.20AR (Financial indices underlying derivatives) set out in section 12 below;

11.2.9 interest rates;

11.2.10 foreign exchange rates; and

11.2.11 currencies.

11.3 The exposure to the underlyings in paragraph 11.2 above must not exceed the limits in paragraphs 4 and 1 above.

11.4 A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market. A list of the current eligible derivatives markets is set out in Appendix II. Further derivatives markets may be added following consultation with the Depositary in accordance with COLL.

11.5 A transaction in a derivative must not cause a Sub-fund to diverge from its investment objectives as stated in the Instrument of Incorporation and the most recently published version of this Prospectus.

- 11.6 A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of transferable securities, money-market instruments, units in collective investment schemes, or derivatives.
- 11.7 Any forward transaction must be with an Eligible Institution or an Approved Bank (as defined in the glossary to the FCA Handbook).
- 11.8 The ACD must ensure compliance with COLL 5.3.3AR (Cover for investment in derivative and forward transactions), 5.3.3BR and 5.3.3CR (Daily calculation of global exposure) set out in section 19 below.
12. **Financial indices underlying derivatives**
- 12.1 The financial indices referred to in paragraph 11.2 are those which satisfy the following criteria:
- 12.1.1 the index is sufficiently diversified;
  - 12.1.2 the index represents an adequate benchmark for the market to which it refers; and
  - 12.1.3 the index is published in an appropriate manner.
- 12.2 A financial index is sufficiently diversified if:
- 12.2.1 it is composed in such a way that price movements or trading activities regarding one component do not unduly influence the performance of the whole index;
  - 12.2.2 where it is composed of assets in which a Sub-fund is permitted to invest, its composition is at least diversified in accordance with the requirements with respect to spread and concentration set out in this Appendix; and
  - 12.2.3 where it is composed of assets in which a Sub-fund cannot invest, it is diversified in a way which is equivalent to the diversification achieved by the requirements with respect to spread and concentration set out in this Appendix.
- 12.3 A financial index represents an adequate benchmark for the market to which it refers if:
- 12.3.1 it measures the performance of a representative group of underlyings in a relevant and appropriate way;
  - 12.3.2 it is revised or rebalanced periodically to ensure that it continues to reflect the markets to which it refers, following criteria which are publicly available; and
  - 12.3.3 the underlyings are sufficiently liquid, allowing users to replicate it if necessary.
- 12.4 A financial index is published in an appropriate manner if:
- 12.4.1 its publication process relies on sound procedures to collect prices, and calculate and subsequently publish the index value, including pricing procedures for components where a market price is not available; and
  - 12.4.2 material information on matters such as index calculation, rebalancing methodologies, index changes or any operational difficulties in providing timely or accurate information is provided on a wide and timely basis.

Where the composition of underlyings of a transaction in a derivative does not satisfy the requirements for a financial index, the underlyings for that transaction shall where they satisfy the requirements with respect to other underlyings pursuant to paragraph 11.2 be regarded as a combination of those underlyings.

### 13. **Transactions for the purchase of property**

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

### 14. **Requirement to cover sales**

- 14.1 No agreement by or on behalf of a Sub-fund to dispose of property or rights may be made unless the obligation to make the disposal and any other similar obligation could immediately be honoured by a Sub-fund by delivery of property or the assignment (or, in Scotland, assignation) of rights, and the property and rights above are owned by a Sub-fund at the time of the agreement. This requirement does not apply to a deposit.

Guidance on Requirement to cover sales

- 14.2 The requirement in 14.1 above could be met where:

- 14.2.1 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
- 14.2.2 the ACD or the Depositary has the right to settle the derivative in cash and cover exists from within the Scheme Property of a Sub-fund, which falls within one of the following asset classes:
- 14.2.2.1 cash;
  - 14.2.2.2 liquid debt instruments (e.g. government bonds of first credit rating) with appropriate safeguards (in particular haircuts); or
  - 14.2.2.3 other highly liquid assets having regard to their correlation with the underlying of the financial derivative instruments, subject to appropriate safeguards (e.g. haircuts where relevant).

- 14.3 In the asset classes referred to in 14.2, an asset may be considered as liquid where the instrument can be converted into cash in no more than seven business days at a price closely corresponding to the current valuation of the financial instrument on its own market.

### 15. **OTC transactions in derivatives**

- 15.1 Any transaction in an OTC derivative under paragraph 11.1.2 must be:

- 15.1.1 in a future or an option or a contract for differences
- 15.1.2 with an approved counterparty; A counterparty to a transaction in derivatives is approved only if the counterparty is an Eligible Institution or an Approved Bank; or a person whose permission (including any requirements or limitations), as published in the financial services register permits it to enter into the transaction as principal off-exchange; a CCP (as defined for the purposes of the FCA Handbook) that is authorised in that capacity for the purposes of EMIR; a CCP that is recognised in that capacity in accordance with the process set out in article 25 of EMIR; or to the extent not already covered above, a CCP supervised in a jurisdiction that: (i) has implemented the relevant G20 reforms on over-the-counter derivatives to at least the same extent as the United Kingdom; and (ii) is



identified as having done so by the Financial Stability Board in its summary report on progress in implementation of G20 financial regulatory reforms dated 25 June 2019;

- 15.1.3 on approved terms; the terms of the transaction in derivatives are approved only if, 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 transaction to sell, liquidate or close out that transaction at any time, at a fair value; and
- 15.1.4 capable of reliable valuation; a transaction in derivatives is capable of reliable valuation only 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:
  - 15.1.4.1 on the basis of an up-to-date market value which the ACD and the Depositary have agreed is reliable; or
  - 15.1.4.2 if the value referred to in paragraph 15.1.4.1 is not available, on the basis of a pricing model which the ACD and the Depositary have agreed uses an adequate recognised methodology; and
- 15.1.5 subject to verifiable valuation: a transaction in derivatives is subject to verifiable valuation only if, throughout the life of the derivative (if the transaction is entered into) verification of the valuation is carried out by:
  - 15.1.5.1 an appropriate third party which is independent from the counterparty of the derivative at an adequate frequency and in such a way that the ACD is able to check it; or
  - 15.1.5.2 a department within the ACD which is independent from the department in charge of managing the Scheme Property of a Sub-fund and which is adequately equipped for such a purpose.
- 15.2 For the purposes of paragraph 15.1.3, “fair value” is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction.
- 16. **Risk management**
- 16.1 The ACD uses a risk management process, enabling it to monitor and measure as frequently as appropriate the risk of a Sub-fund’s positions and their contribution to the overall risk profile of a Sub-fund.

**17. Investments in deposits**

17.1 A Sub-fund may invest in deposits only with an Approved Bank and which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months.

**18. Schemes replicating an index**

18.1 A Sub-fund may invest up to 20% in value of its Scheme Property in shares and debentures which are issued by the same body where the stated investment policy (in the most recently published prospectus) is to replicate the performance or composition of a relevant index as defined in 18.4 below.

18.2 The 20% limit can be raised for a particular sub-fund up to 35% in value of its Scheme Property, but only in respect of one body and where justified by exceptional market conditions.

18.3 In the case of a Sub-fund replicating an index the Scheme Property of a Sub-fund need not consist of the exact composition and weighting of the underlying in the relevant index where deviation from this is expedient for reasons of poor liquidity or excessive cost to a sub-fund in trading in an underlying investment.

18.4 The indices referred to above are those which satisfy the following criteria:

18.4.1 the composition is sufficiently diversified;

18.4.2 the index is a representative benchmark for the market to which it refers; and

18.4.3 the index is published in an appropriate manner.

**19. Cover for investment in derivatives and forward transactions**

19.1 A Sub-fund may invest in derivatives and forward transactions as long as the exposure to which a Sub-fund is committed by that transaction itself is suitably covered from within its Scheme Property. Exposure will include any initial outlay in respect of that transaction.

19.2 Cover ensures that a Sub-fund is not exposed to the risk of loss of property, including money, to an extent greater than the net value of its Scheme Property. Therefore, a Sub-fund must hold Scheme Property sufficient in value or amount to match the exposure arising from a derivative obligation to which a Sub-fund is committed. Detailed requirements for cover of a Sub-fund are set out below.

19.3 A future is to be regarded as an obligation to which a Sub-fund is committed (in that, unless closed out, the future will require something to be delivered, or accepted and paid for; a written option as an obligation to which a Sub-fund is committed (in that it gives the right of potential exercise to another thereby creating exposure); and a bought option as a right (in that the purchaser can, but need not, exercise the right to require the writer to deliver and accept and pay for something).

19.4 Cover used in respect of one transaction in derivatives or forward transaction must not be used for cover in respect of another transaction in derivatives or a forward transaction.

19.5 The ACD must ensure that its global exposure relating to derivatives and forward transactions held in a Sub-fund does not exceed the net value of the Scheme Property.

19.6 The ACD must calculate its global exposure on at least a daily basis.

19.7 For the purposes of this section, exposure must be calculated taking into account the current value for the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions.

## 20. **Borrowing**

20.1 Cash obtained from borrowing, and borrowing which the ACD reasonably regards an Eligible Institution or an Approved Bank to be committed to provide, is available for cover under paragraph 20 of this Appendix as long as the normal limits on borrowing (see below) are observed.

20.2 Where, for the purposes of this paragraph a Sub-fund borrows an amount of currency from an Eligible Institution or an Approved Bank; and keeps an amount in another currency, at least equal to such borrowing for the time on deposit with the lender (or their agent or nominee), then this applies as if the borrowed currency, and not the deposited currency, were part of the Scheme Property, and the normal limits on borrowing under paragraph 25 (General power to borrow) of this Appendix do not apply to that borrowing.

## 21. **Cash and near cash**

21.1 Cash and near cash must not be retained in the Scheme Property except to the extent that, where this may reasonably be regarded as necessary in order to enable:

21.1.1 the pursuit of a Sub-fund's investment objectives; or

21.1.2 the redemption of shares; or

21.1.3 efficient management of a Sub-fund in accordance with its investment objectives; or

21.1.4 other purposes which may reasonably be regarded as ancillary to the investment objective of a Sub-fund.

21.2 During the period of the initial offer the Scheme Property may consist of cash and near cash without limitation.

## 21.3 **General**

21.4 It is envisaged that a Sub-fund will normally be fully invested but there may be times that it is appropriate not to be fully invested when the ACD reasonably regards this as necessary in order to enable the redemption of units, efficient management of a Sub-fund or any one purpose which may reasonably be regarded as ancillary to the investment objectives of a Sub-fund.

21.5 Where the Company invests in or disposes of units or shares in another collective investment scheme which is managed or operated by the ACD or an associate of the ACD, the ACD must pay to the Company by the close of business on the fourth business day the amount of any initial charge in respect of a purchase, and in the case of a sale, any charge made for the disposal.

21.6 A potential breach of any of these limits does not prevent the exercise of rights conferred by investments held by a Sub-fund but, in the event of a consequent breach, the ACD must then take such steps as are necessary to restore compliance with the investment limits as soon as practicable having regard to the interests of Shareholders.

## 22. **Underwriting**

22.1 Underwriting and sub-underwriting contracts and placings may also, subject to certain conditions set out in the COLL Sourcebook, be entered into for the account of a Sub-fund.

## 23. **General power to borrow**

23.1 The Company may, subject to the COLL Sourcebook, borrow money from an Eligible Institution or an Approved Bank for the use of the Sub-funds on terms that the borrowing is to be repayable out of

the Scheme Property. This power to borrow is subject to the obligation of the Sub-funds to comply with any restriction in the Instrument of Incorporation.

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

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

#### 24. **Restrictions on lending of money**

24.1 None of the money in the Scheme Property may be lent and, for the purposes of this paragraph, money is lent by a Sub-fund if it is paid to a person (“the payee”) on the basis that it should be repaid, whether or not by the payee.

24.2 Acquiring a debenture is not lending for the purposes of paragraph 24.1 nor is the placing of money on deposit or in a current account.

#### 25. **Restrictions on lending of property other than money**

25.1 Scheme Property other than money must not be lent by way of deposit or otherwise.

25.2 The Scheme Property of the Sub-funds must not be mortgaged. Where transactions in derivatives or forward transactions are used for the account of the Company in accordance with COLL 5, nothing in this paragraph prevents the Company or the Depositary at the request of the Company: from lending, depositing, pledging or charging its Scheme Property for margin requirements; or transferring Scheme Property under the terms of an agreement in relation to margin requirements, provided that the ACD reasonably considers that both the agreement and the margin arrangements made under it (including in relation to the level of margin) provide appropriate protection to Shareholders.

#### 26. **General power to accept or underwrite placings**

26.1 Any power in COLL 5 to invest in transferable securities may be used for the purpose of entering into transactions to which this section applies, subject to compliance with any restriction in the Instrument of Incorporation. This section applies, to any agreement or understanding: which is an

underwriting or sub-underwriting agreement, or which contemplates that securities will or may be issued or subscribed for or acquired for the account of a Sub-fund.

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

26.3 The exposure of a Sub-fund to agreements and understandings as set out above, must on any business day be covered and be such that, if all possible obligations arising under them had immediately to be met in full, there would be no breach of any limit in the COLL Sourcebook.

## 27. **Guarantees and indemnities**

27.1 The Company or the Depositary for the account of the Company or a Sub-fund must not provide any guarantee or indemnity in respect of the obligation of any person.

27.2 None of the Scheme Property of a Sub-fund may be used to discharge any obligation arising under a guarantee or indemnity with respect to the obligation of any person.

27.3 Paragraphs 27.1 and 27.2 do not apply in respect of a Sub-fund to any indemnity or guarantee given for margin requirements where the derivatives or forward transactions are being used in accordance with COLL 5, and:

27.3.1 an indemnity falling within the provisions of regulation 62(3) (Exemptions from liability to be void) of the OEIC Regulations;

27.3.2 an indemnity (other than any provision in it which is void under regulation 62 of the OEIC Regulations) given to the Depositary against any liability incurred by it as a consequence of the safekeeping of any of the Scheme Property by it or by anyone retained by it to assist it to perform its function of the safekeeping of the Scheme Property; and

27.3.3 an indemnity given to a person winding up a scheme if the indemnity is given for the purposes of arrangements by which the whole or part of the property of that scheme becomes the first property of a Sub-fund and the holders of units in that scheme become the first shareholders in a Sub-fund.

## 28. **Securities Financing Transactions Regulation (the “SFTR”)**

Where a Sub-fund makes use of, or is engaged in total return swaps, a repurchase transaction, securities or commodities lending and securities or commodities borrowing, a repurchase transaction, a buy-sell back transaction or sell-buy back transaction and/or a margin lending transaction, the ACD is required to include additional disclosures in the Prospectus in accordance with the SFTR. The Sub-funds do not currently make use of, and are not engaged in, any such transactions.

## 29. **Leverage**

29.1 This section explains in the circumstances in which the ACD may use leverage in respect of a Sub-fund where the investment policy of that Sub-fund permits its use of leverage, the different leverage calculation methods and maximum level of leverage permitted.

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

29.2.1 cash borrowing, subject to the restrictions set out in paragraph 21 (“Borrowing”) of this Appendix;

29.2.2 financial derivative instruments and reinvestment of cash collateral in the context of securities lending, subject in each case to paragraphs 9 (“Derivatives – general”), 11 (“Permitted transactions (derivatives and forwards)”), 13 (“Transactions for the purchase of property”), 14 (“Requirement to cover sales”), 15 (“OTC transactions in derivatives”), 20 (“Cover for investments in derivatives and forward transactions”) and 21 (“Borrowing”) of this Appendix.

29.3 The ACD is required to calculate and monitor the level of leverage of a Sub-fund, expressed as a ratio between the exposure of the Sub-fund and its Net Asset Value (Exposure/NAV), under both the gross method and the commitment method (so for a Sub-fund with no borrowing or derivative usage the leverage ratio would be 1:1).

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

29.4.1 include the sum of all assets purchased, plus the absolute value of all liabilities;

29.4.2 exclude cash and cash equivalents which are highly liquid investments held in the base currency of the Sub-fund, that are readily convertible to a known amount of cash, are subject to an insignificant risk of change in value and provide a return no greater than the rate of a three month high quality bond;

29.4.3 derivative instruments are converted into the equivalent position in their underlying assets;

29.4.4 exclude cash borrowings that remain in cash or cash equivalents and where the amounts payable are known;

29.4.5 include exposures resulting from the reinvestment of cash borrowings, expressed as the higher of the market value of the investment realised or the total amount of cash borrowed; and

29.4.6 include positions within repurchase or reverse repurchase agreements and securities lending or borrowing or other similar arrangements.

- 29.5 Under the commitment method, the exposure of a Sub-fund is calculated in the same way as under the gross method; however, where "hedging" offsets risk and "netting" eliminates risk, these values are not included.
- 29.6 The maximum level of leverage which a Sub-fund may employ, calculated in accordance with the gross and commitment methods, is stated in Appendix 1.
- 29.7 In addition, the total amount of leverage employed by a Sub-fund will be disclosed in the Sub-fund's annual report.

## APPENDIX IV

### PAST PERFORMANCE

Performance data at 30 June 2021.

Performance figures are shown in sterling inclusive of net reinvested income and net of the fund management fee.

Percentage performance shown for accumulation shares.

Sub-fund	27/03/2015-30/02/2016	01/07/2016-30/06/2017	01/07/2017-30/06/2018	01/07/2018-30/06/2019	01/07/2019-30/06/2020	01/07/2020-30/06/2021
Embark Horizon Multi-Asset Fund I	5.39%	8.18%	2.83%	4.79%	5.62%	4.04%
Embark Horizon Multi-Asset Fund II	4.51%	12.48%	5.63%	5.46%	3.05%	8.26%
Embark Horizon Multi-Asset Fund III	3.80%	16.67%	6.87%	5.67%	1.74%	12.83%
Embark Horizon Multi-Asset Fund IV	4.77%	20.66%	7.81%	5.15%	0.01%	20.04%
Embark Horizon Multi-Asset Fund V	4.94%	24.29%	9.32%	6.71%	1.76%	26.91%

Note: Past performance should not be taken as a guide for future performance.



## APPENDIX V

### **The Company :**

Embark Investment Funds ICVC

### **The Company's Head Office:**

7<sup>th</sup> Floor  
100 Cannon Street  
London  
EC4N 6EU

### **Authorised Corporate Director:**

Embark Investments Limited

### **ACD's Registered Office:**

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London  
EC4N 6EU

### **ACD's Principal Place of Business:**

100 Cannon Street  
London  
EC4N 6EU

### **ACD Client Services:**

ACD Website Address: [www.Embarkhorizon.co.uk](http://www.Embarkhorizon.co.uk)

ACD Contact Number: 0333 300 0382

(National call rates apply)

### **Investment Manager:**

Threadneedle Asset Management Limited  
Cannon Place  
78 Cannon Street  
London  
EC4N 6AG

### **Depository:**

Northern Trust Investor Services Limited

### **Principal Place of Business:**

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London  
E14 5NT

### **Registrar:**

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Sunderland

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