

# **Allied Dunbar International Funds Limited**

## **Scheme Particulars**

This document is the offering document of the Company valid as at 1 May 2017 (which shall be the date of this document)

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## 1 Introduction

These Scheme Particulars are prepared in accordance with the Authorised Collective Investment Schemes Regulations 2010 (the “**Regulations**”).

Copies have been delivered to the Isle of Man Financial Services Authority in the Isle of Man.

Copies have also been delivered to the Financial Conduct Authority in the United Kingdom.

### **Allied Dunbar International Funds Limited**

Allied Dunbar International Funds Limited (‘the **Company**’), formerly Allied International Funds Limited, was incorporated with limited liability and with unlimited duration in the Isle of Man under the Companies Acts 1931 to 2004 (of the Isle of Man) on 24 May 1984 with registered number 24161C. Its registered office is St George’s Court, Upper Church Street, Douglas, Isle of Man, IM1 1EE, British Isles.

The constitution of the Company is set out in its Memorandum and Articles of Association (‘**Articles**’).

The authorised share capital of the Company is USD2,500,010 being made up of 10 Management Shares of USD1.00 each and 1,000,000,000 Unclassified Shares of USD0.0025 which have been or may be allotted as Participating Redeemable Preference Shares (‘**Shares**’) of any Investment Class (as defined below) or as Nominal Shares.

Charles Taylor International Fund Managers (IOM) Limited (previously called Allied Dunbar International Fund Managers Limited) (the ‘**Manager**’) offers Shares with a nominal value of USD0.0025 each in the Company, at prices per Investment Class calculated as set out in these Scheme Particulars and in accordance with the Articles. The Management Shares have been issued at par for cash to the Manager or its nominees.

A nominee investment service (the ‘**Nominee Investment Service**’) is offered through the Manager. Clients’ shareholdings are registered in the name of the Nominee Company, Allied Dunbar International Nominees Limited (‘**ADIN**’). ADIN is a subsidiary of the Manager.

The Company is an Authorised Scheme under Schedule 1 of the Collective Investment Schemes Act 2008 (of the Isle of Man) and has elected to be a Type A Scheme for the purposes of the Regulations. The current authorisation order for the Company was issued on 1 May 2017.

The Company is an open-ended investment company and its constitution enables it to act in a similar way to an open-ended unit trust by issuing and redeeming Shares in various classes (‘**Investment Classes**’) attributable to corresponding investment funds (‘**Investment Funds**’) (which are sub-funds of the Company) at prices based on the underlying property value of the fund of assets contained in each Investment Fund.

The Company has been recognised by the Financial Conduct Authority of the United Kingdom under Section 272 of The Financial Services and Markets Act 2000 (of the United Kingdom) – the Company having been recognised as an Individually Recognised Overseas Scheme by the United Kingdom for the purposes of such Act.

The Company is an umbrella fund for the purposes of the Regulations.

The following Investment Funds are the constituent parts of the Company:

Allied Dunbar International Managed Fund  
Allied Dunbar International Worldwide Equity Fund  
Allied Dunbar International North American Growth Fund  
Allied Dunbar International Far East Fund  
Allied Dunbar International Managed Currency Fund  
Allied Dunbar International UK Capital Growth Fund  
Allied Dunbar International Europe Fund  
Allied Dunbar International Gilt and Income Fund

The prices at which Shares of each Investment Class are issued and redeemed are calculated in US Dollars save for the prices for Shares attributable to the Allied Dunbar International Gilt and Income Fund and the Allied Dunbar International UK Capital Growth Fund which are calculated in Sterling, and the Allied Dunbar International Europe Fund which is calculated in Euros. The base currency of the Company is US Dollars.

The aim of the Company is to provide an attractive tax-efficient, investment medium for investors worldwide. Resident, for tax purposes, in the Isle of Man, the Company does not pay corporation tax on its income or capital gains. Management is provided by Charles Taylor International Fund Managers (IOM) Limited, a company also resident in the Isle of Man, details of which are given below.

The investment objectives of the Company generally are to achieve long term capital growth, but this is subject to the investment policy of each Investment Fund and also to the investment restrictions set out herein.

The Directors of the Company are:

Christopher James Tunley, F.C.I.B., M.C.M.I. (Non-Executive Director)

Peter James Scott Hammonds, FCIS, CDir, FRGS, BA, MSc, MBA (Non-Executive Director)

Douglas Ian Handley Jones, Charles Taylor International Fund Managers (IOM) Limited

Jeffrey Boysie McPherson More, Charles Taylor International Fund Managers (IOM) Limited

Darren Mark Kelly, Charles Taylor International Fund Managers (IOM) Limited

Douglas Ian Handley Jones, Jeffrey Boysie McPherson More and Darren Mark Kelly are also directors of the Manager (see below) and directors of other companies in the same group of companies as the Manager. These associated companies may from time to time invest in the Company. The governing body (the Board of Directors) of the Company shall adhere to the conflicts of interests provisions contained in the Regulations.

The address for notices to be served on the Company in the Isle of Man is the Company's registered office, detailed above. The address for notices to be served on the Company in the United Kingdom and notified to the Financial Conduct Authority under Section 270(1)(c) of The Financial Services & Markets Act 2000 of the United Kingdom is:

Director of Compliance and Risk  
Charles Taylor plc  
Standard House  
12 – 13 Essex Street  
London  
WC2R 3AA

## **2 Details of the Manager, the Fiduciary Custodian, the Investment Manager and the Registrar**

All the Investment Funds are managed under a Management Agreement (the "**Management Agreement**") dated 29 December 1989 between BNP Paribas Securities Services S.C.A., Jersey Branch, (as novated), the Company and Charles Taylor International Fund Managers (IOM) Limited (the '**Manager**'). The Manager's registered office is:

St George's Court  
Upper Church Street  
Douglas  
Isle of Man  
IM1 1EE  
British Isles

The Manager is licensed by the Isle of Man Financial Services Authority ("the Authority") to provide services to collective investment schemes, including the Company.

The Manager has agreed to manage the Company subject to the Regulations (as amended or re-enacted from time to time) and the terms of the principal constitutional documents of the Company.

The Regulations permit the Manager to sell and to repurchase from investors Shares in the Company at prices calculated in accordance with the Articles and the Regulations and to instruct the Company to create or cancel Shares as appropriate.

The Manager has overall responsibility for the investments comprising the property of the Company and requires the Investment Manager (as defined below) to comply with the

investment policies and restrictions applicable to each of the Investment Funds. The Manager may also permit borrowing and hedging transactions to be undertaken by the Investment Manager on behalf of the Company when appropriate.

The Manager will determine the amount of income available for distribution at the end of each accounting or interim accounting period.

Subject to the Regulations, the Manager may be replaced if it goes into liquidation (except voluntary liquidation for the purpose of reconstruction or amalgamation), a receiver is appointed, if at any time it becomes resident in the United Kingdom for United Kingdom tax purposes or if the Company is of the opinion that a change of Manager is in the best interests of members. Either the Company or the Manager may terminate the Agreement by giving not less than one years' notice in writing to the other, or 60 days' notice in writing if either breaches the Agreement and fails to remedy the breach within 30 days of notice to remedy the same. The Management Agreement contains indemnities in favour of the Manager which generally apply in the absence of gross negligence, willful misfeasance, default or bad faith on its part.

The Manager is a private limited Company incorporated with limited liability and with unlimited duration in the Isle of Man under the Companies Acts 1931–2004 on 6 April 1984, with an issued share capital of GBP250,000 divided into 250,000 fully paid Ordinary Shares of GBP1 each. The issued share capital of the Manager was increased to GBP1,000,000 fully paid Ordinary Shares of GBP1 each on 20 July 1988. The Manager is part of the Charles Taylor Group. The ultimate parent company, Charles Taylor plc, is incorporated in England.

The Manager is an Authorised Person for the purposes of the Collective Investment Schemes Act 2008 of the Isle of Man, holding a licence granted by the Isle of Man Financial Services Authority under Section 7 of the Financial Services Act 2008 of the Isle of Man empowering it to act as Manager of an Authorised Scheme.

The Directors of the Manager are:

Douglas Ian Handley Jones, Jeffrey Boysie McPherson More and Darren Mark Kelly.

#### **The Fiduciary Custodian**

The Company has appointed BNP Paribas Securities Services S.C.A., Jersey Branch, (the 'Fiduciary Custodian') to act as Fiduciary Custodian. The Fiduciary Custodian's registered office is:

3 Rue d'Antin  
75002 Paris  
France

Its place of business in Jersey is:

Liberté House  
19-23 La Motte Street  
St Helier  
Jersey  
JE2 4SY

The Fiduciary Custodian is a Société en Commandite par Actions (‘partnership limited by shares’) with BNP Paribas S.A. acting as the sole shareholder. The principal business activity of the Fiduciary Custodian is the provision of specialist securities services and investment operations support to a wide range of financial intermediaries, institutional investors and issuers. It was incorporated in France on 17 April 1936 and has an authorised and issued share capital of €172,332,111.

The ultimate parent company of the Fiduciary Custodian is BNP Paribas S.A., a company incorporated in France.

The Fiduciary Custodian is regulated by the Jersey Financial Services Commission to carry out deposit taking business under the Banking Business (Jersey) Law 1991 and fund services business, investment business and money services business under the Financial Services (Jersey) Law 1998. Additionally its wholly owned subsidiary (BNP Paribas Securities Services Trust Company (Jersey) Limited) is regulated by the Jersey Financial Services Commission to carry out collective investment funds business under the Collective Investment Funds (Jersey) Law 1988.

The Fiduciary Custodian and its wholly owned Jersey subsidiary companies have acted for over 25 years as fiduciary custodian or trustee in Jersey to a wide range of funds, including Recognized Funds (the Jersey equivalent of IOM Authorised Collective Investment Schemes). As at 31 December 2016 they provided such services to more than 200 collective investment pools with a net asset value in excess of £15 billion.

The Company has entered into a Trustee Agreement dated 29 December 1989 (as novated, the "**Trustee Agreement**") whereby the Fiduciary Custodian has agreed to act as Fiduciary Custodian to the Company in accordance with the Regulations and the Company's principal constitutional documents. In addition, the Company is party to a Global Custody Agreement dated 24 August 2004 (the "**Global Custody Agreement**") between the Fiduciary Custodian (as novated), the Company and the Manager setting out the terms of the custody arrangements between the Company and the Fiduciary Custodian.

Subject to the Regulations, the Fiduciary Custodian may be replaced if it goes into liquidation (except voluntary liquidation or amalgamation), a receiver is appointed or if at any time it becomes resident in the United Kingdom for United Kingdom tax purposes. Either the Company or the Fiduciary Custodian may terminate the Fiduciary Custodian Agreement by giving not less than three months' notice in writing to the other (provided a replacement Fiduciary Custodian has been appointed), or by thirty days' notice in writing if either breaches the Fiduciary

Custodian Agreement and fails to remedy the breach. Similarly, the Fiduciary Custodian may terminate the Fiduciary Custodian Agreement where the Company goes into liquidation (except voluntary liquidation or amalgamation) or if a receiver is appointed over its assets.

### **The Investment Manager**

The Manager has appointed Threadneedle Asset Management Limited as Investment Manager (the ‘**Investment Manager**’). The Investment Manager’s registered office is:

Cannon Place  
78 Cannon Street  
London  
EC4N 6AG

The principal activity of the Investment Manager is the provision of discretionary investment management services. The activities of the Investment Manager in relation to the Company are governed by the terms of an Investment Management Agreement dated 28 April 2017 between the Manager and the Investment Manager (the “**Investment Management Agreement**”).

Pursuant to the Investment Management Agreement, the Investment Manager agrees to provide investment management services to each of the Investment Funds and agrees to comply with relevant laws and regulations. The Investment Manager has discretion to, inter alia, buy, sell, retain, exchange or otherwise deal in investments, make deposits and withdraw money from deposits, subscribe to issues and offers for sale and accept placings, underwritings and sub-underwritings of investments; effect transactions on any markets; negotiate and execute counterparty and account opening documentation and ensure that all transactions are effected on a best execution basis.

The Investment Manager is a subsidiary of Threadneedle Asset Management Holdings Limited. The Investment Manager is an authorised person for the purposes of the UK Financial Services & Markets Act 2000 and is authorised to carry on investment business in the United Kingdom by:

The Financial Conduct Authority  
25 The North Colonnade  
Canary Wharf  
London  
E14 5HS

The Manager has provided the Investment Manager with the usual undertaking to indemnify the Investment Manager against actions, damages, costs, losses, etc. incurred, inter alia, by the Investment Manager in connection with the performance of its duties under the agreement except where it arises due to negligence, willful default or fraud on the part of the Investment Manager.

The Agreement may be terminated by not less than 180 business days' written notice to terminate from the Investment Manager or the Manager.

There are a number of additional circumstances in which the parties may terminate the agreement immediately which include:

- a) it is required by applicable law or by any competent regulatory authority to terminate the Investment Management Agreement;
- b) it is subject to an Insolvency Event;
- c) it is in material breach of the Investment Management Agreement and (if remediable) has failed to make good such breach within 20 calendar days of receipt of written notice from the other Party requiring it to do so;
- d) it is affected by Force Majeure which persists for 20 calendar days; or,
- e) it ceases to have the necessary regulatory authorisation or permission to carry on its business under the Investment Management Agreement.

Furthermore, the Manager may terminate the Investment Management Agreement with immediate effect on written notice to the Investment Manager when it is in the interests of the participants of the Company (in accordance with Regulation 108(13)(b)(iii) (B) of the Authorised Collective Investment Schemes Regulations 2010 (Isle of Man))

#### **The Registrar**

The Manager acts as the Registrar of the Company. The Register of Shareholders can be inspected at the offices of the Manager during normal office hours.

#### **The Auditor**

PricewaterhouseCoopers LLC ('the Auditor')  
Sixty Circular Road  
Douglas  
Isle of Man  
IM1 1SA  
British Isles

### **3 Investment restrictions**

The Manager shall, in relation to the Company and each Investment Fund, comply with all investment restrictions set out in the Regulations.

#### **Asset Restrictions**

Under the Regulations, the property of each Investment Fund must primarily consist only of any or all of:

- transferable securities (as defined in the Regulations);
- units in collective investment schemes permitted under the Regulations;
- approved money-market instruments permitted under the Regulations;
- derivatives and forward transactions permitted under the Regulations (the Company only uses derivatives for hedging purposes, to mitigate risk, for more details on hedging please see page 11);
- money deposited with a banking institution, which is repayable on demand or has the right to be withdrawn, and matures in no more than twelve months;
- movable and immovable property that is necessary for the direct pursuit of an open ended investment company's business.

#### *Investment in Transferable Securities*

As the Company has been established as a Type A Scheme, each Investment Fund may only invest in transferable securities to the extent they fulfil the criteria set out in the Regulations. The criteria include requirements that they are negotiable, that the potential loss which the Investment Fund may incur with respect to holding such security is limited to the amount paid for it, that the liquidity of the transferable securities must not compromise the ability of the Manager to comply with its obligation to redeem Shares at the request of Shareholders, that independent reliable valuations are available for quoted securities and that reliable periodic valuations are available for unquoted securities.

#### *Approved money market instruments*

Approved money market instruments are defined in the Regulations as those which are normally dealt in on the money market, are liquid and have a value which can be accurately determined at any time. Under the Regulations, instruments are liquid if they can be sold at limited cost in an adequately short time frame. Under the Regulations, a money market instrument is regarded as "normally dealt in on the money market" if it:

- has a maturity at issue of up to and including 397 days;
- has a residual maturity of up to and including 397 days;
- undergoes regular yield adjustments in line with money market conditions at least every 397 days; or
- has a risk profile corresponding to an instrument with a maturity as set out in (a) or (b) above, or is subject to yield adjustments as set out in (c) above.

Transferable securities and money market instruments held by an Investment Fund must generally be admitted to or dealt in (or will be admitted within a year of their issue) on an Eligible Market (as set out below) or the issue or issuer must be regulated for the purpose of protecting investors and savings and the instrument be issued or guaranteed in accordance with the Regulations.

An Investment Fund is not permitted to invest more than 10% of its property in transferable securities and approved money market instruments which do not meet this criteria.

**"Eligible Markets"** under the Regulations include a regulated market, a market in an EEA State

which is regulated, operates regularly and is open to the public and any markets which the Manager, after consultation with the Fiduciary Custodian, decides is appropriate for investment of, or dealing in, scheme property and is listed in these Scheme Particulars, and also which the Fiduciary Custodian has taken reasonable care to determine adequate custody arrangements for the relevant investment. The Fiduciary Custodian must also take all reasonable steps to ensure that the Manager has taken reasonable steps to decide whether the market is an Eligible Market. The Eligible Markets in which the Investment Funds propose to invest are listed in Appendix 1.

### **Investment Restrictions**

Under the Regulations, the management of the assets **of each Investment Fund** is and will be subject to investment restrictions, including the following:

- the property must consist primarily of the type of scheme property described above;

(The following restrictions **do not** apply to government and public securities):

- not more than 20% of in value of scheme property is to consist of deposits with a single body;
- not more than 5% in value of scheme property is to consist of transferable securities or approved money market instruments issued by any single body. This limit is raised to 10%, of up to 40%, of scheme property (excluding covered bonds) and raised further to 25% in respect of covered bonds, provided where the Company invests more than 5% in covered bonds issued by a single body, total value of covered bonds must not exceed 80% in value of scheme property;
- exposure to any one counterparty in an OTC (Over-The-Counter) derivative transaction must not exceed 5% of value in scheme property, raised to 10% where the counterparty is an approved bank (broadly defined as a bank properly regulated in a relevant jurisdiction);
- When applying the above limits, not more than 20% in scheme property value must consist of a combination of any two of (i) transferable securities or approved money market instruments, (ii) deposits made with or (iii) exposures from OTC derivatives transactions made with a single body;
- not more than 20% of scheme property value must consist of transferable securities and approved money market instruments by the same group;
- not more than 20% of scheme property value is to consist of units of any one collective investment scheme.

In relation to government and public securities:

- where no more than 35% in the value of scheme property is invested in government and public 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;
- if more than 35 % of the value of the property consists of government and other public securities issued by any one body (i) the Investment Fund must include such securities of at least six different issues, (ii) no more than 30% in value of the scheme property

must consist of such securities of any one issue, and (iii) details of the investment must be disclosed in the Company's constitutional documents and the latest Scheme Particulars. Up to 100% of the value of the International Gilt and Income Fund may be invested in Government and Public Securities issued or guaranteed by H.M. Government, the International Bank of Reconstruction and Development or the European Investment Bank provided that at least six different issues are held from the same issuer and not more than 30% of the value of the International Gilt and Income Fund consists of the same issue.

**The following restrictions on investment concentration apply at the level of the Company (being an umbrella fund) as a whole:**

- it must not acquire more than 10% of the debt securities issued by any single body;
- it must not acquire more than 25% of units in a collective investment scheme;
- it must not acquire more than 10% of the approved money-market instruments issued by any single body;
- it must not acquire transferable securities (other than debt securities) which (a) do not carry a right to vote at a general meeting; and (b) represent more than 10% of those securities issued by that body corporate.

#### **Cash Holdings**

Each Investment Fund has the power to hold cash for various purposes ancillary to its investment objectives in accordance with the Regulations, and from time to time the Manager may increase the liquidity in light of market conditions.

#### **Hedging**

- 1 Subject to the provisions of paragraphs 2 to 10 below, the property of the Investment Funds may be used in hedging transactions.
- 2 When the Company, on behalf of an Investment Fund, transacts in derivatives, all derivatives must be "approved derivatives" for the purposes of the Regulations, or be derivatives which complies with the provisions relating to OTC transactions in derivatives in the Regulations.
- 3 No transaction shall be regarded as a hedging transaction for the purposes of the Regulations unless:
  - (a) the transaction is one which may reasonably be regarded as economically appropriate to the reduction or elimination of risks arising in the management of the Investment Funds by virtue of fluctuations in the price of investments comprised in the property of an Investment Fund or by reason of fluctuations in interest or exchange rates;

- (b) any instrument used in the transaction is one which, by virtue of the relationship between fluctuations in its price and fluctuations in the price of the property or any part of the property of an Investment Fund or fluctuations in interest or exchange rates, may reasonably be regarded as an instrument which may be appropriately used in order to reduce or eliminate risk arising with respect to the property or any part of it from such fluctuations; and
  - (c) the purpose of the transaction is the reduction or elimination of risk and not speculation and, for these purposes, a transaction shall not be regarded as one for the reduction or elimination of risk if, having regard to other hedging transactions which have been entered into in relation to the property or any part of it, it is unreasonable to consider that risk continues to arise of a kind for which the instrument may appropriately be used.
- 4 No hedging transaction shall be entered into at any time at which the total value, calculated in accordance with the Regulations, of all cash and other property paid or deposited by way of premium or initial margin and which may reasonably be regarded as attributable to any obligations or right then arising under a hedging transaction which is not closed out would, if added to the amount of any premium or initial margin payable in respect of the proposed transaction, exceed 5% in value of the property of the relevant Investment Fund.
- 5 Except in the case of an instrument which is utilised to hedge against fluctuations in exchange rates, no instrument shall be utilised unless it is either a traded option or an instrument other than a traded option being an instrument which is traded on under the rules of an approved options and futures market and which is an instrument relating to property with respect to which, or to an index or other factor by reference to which instruments of that kind have been so traded for a period of at least six months.
- 6 No hedging transaction under which an obligation to receive or deliver property does arise or may arise at the option of some person other than the Fiduciary Custodian, acting in its capacity as such, or the Company shall be entered into unless the transaction is covered in accordance with the Regulations. For the purposes of this paragraph a transaction shall be regarded as covered only in the case of a transaction under which an obligation to deliver property does or may arise, the property of the Investment Fund includes either:–
  - (i) property sufficient to enable that obligation together with any other similar obligation with respect to property of the same kind to be discharged; or
  - (ii) the property and rights to acquire property sufficient to enable that obligation and any other kind of similar obligation with respect to property of the same kind to be discharged.
- 7 No option shall be purchased unless the property of the Investment Fund comprises cash or near cash which is not taken into account for the purpose of paragraph 6 or for the purposes of the Regulations and which is sufficient to enable the payment of that

premium and all other premiums then payable, including, in the case of a call or put option which is a margined contract purchased for the Investment Fund the amount of any premium which will become payable unless the option is sold.

- 8 No hedging transaction under which an obligation to receive property does or may arise shall be entered into unless the obligation could be discharged without contravening any provision of the Regulations.
- 9 No instrument relating to currency shall be utilised in order to hedge against fluctuations in exchange rates unless the instrument relates to the base currency or to a currency in which the property or any part of it is denominated.
- 10 None of the provisions of paragraphs 2 to 9 above shall prevent an instrument being utilised in order to close out a hedging transaction.
- 11 If, at any time after a hedging transaction has been entered into, circumstances arise which may have the effect that, having disregarded all obligations and rights arising under hedging transactions which have been closed out, the transaction could not then be entered into except in contravention of any provision of the Regulations concerning hedging, the Manager shall forthwith upon becoming aware of that fact take such reasonable steps to ensure that the provisions of Regulations are complied with either by closing out the transaction or by providing cover for it or otherwise and the Fiduciary Custodian shall forthwith upon becoming aware of the contravention, take such reasonable steps as are necessary to ensure that the Manager fulfils that duty.

Investors should note that there can be no assurance that such arrangements will be sufficient to cover such risks.

### **Borrowing**

The Company (subject to the restrictions set out below) is authorised to take advantage of the borrowing powers under the Regulations. The Regulations state that the Manager must ensure that the Company's borrowing does not, on any day, exceed 10% of the value of the Company's property. Regulation 55 states that where a scheme is an umbrella fund (as is the case here), the borrowing restrictions apply to each sub-fund (i.e. each Investment Fund), rather than the Company as a whole.

### **Winding Up**

The Company may be wound up or any Investment Fund may be terminated:

- (i) if an extraordinary resolution to that effect is passed; or
- (ii) when the period (if any) fixed for the duration of the Company or an Investment Fund by the documents constituting the Company expire or any event occurs, for which the documents constituting the scheme provides that the Company or an Investment Fund is to be wound up or terminated; or

(iii) on the date stated in any agreement by the Isle of Man Financial Services Authority in response to a request from the Board of Directors for the winding up of the Company or a request for the termination of an Investment Fund.

Before giving notice to the Isle of Man Financial Services Authority of the winding-up proposals, the Board of Directors must make a full enquiry into the Company's (or if only an Investment Fund is to be wound up, that Investment Fund's) affairs to determine whether the Company (or Investment Fund) will be able to meet all its liabilities. The Manager must then prepare a statement either confirming that the Company or Investment Fund, as appropriate, will be able to meet all its liabilities within twelve months of that date or alternatively, stating that this confirmation cannot be given. The Auditor must confirm whether it agrees with the statement made.

Subject to the terms of any scheme of arrangement sanctioned by an extraordinary resolution of Shareholders, on a winding up the Manager is required as soon as practicable after the winding-up or termination has commenced, to realise the property of the Company (or Investment Fund) and meet the liabilities of the Company or Investment Fund, as appropriate, out of the proceeds. The Manager must instruct the Fiduciary Custodian how such proceeds (until used to meet liabilities or make distributions to Shareholders) are held, with a view to the prudent protection of creditors and shareholders against loss. Where sufficient liquid funds are available after making adequate provision for all remaining liabilities and retaining provision for the costs of the winding up, the Manager must arrange for the Fiduciary Custodian to make one or more interim distributions to Shareholders proportionately to their respective interests in the Company or Investment Fund as at the date of the relevant event. The Manager may, in certain circumstances, (and with the agreement of the affected Shareholders) distribute property of the Company or Investment Fund (rather than the proceeds on the realisation of that property) to Shareholders on a winding-up.

The Fiduciary Custodian must notify the Isle of Man Financial Services Authority once the winding up of the Company or termination of an Investment Fund is complete, and at the same time request the Isle of Man Financial Services Authority to revoke the relevant authorisation order.

Where any sum of money stands to the account of the Company (or Investment Fund) at the date of its dissolution, the Manager must instruct the Fiduciary Custodian to pay or lodge that sum within one month after that date. Following tender of payment, if any sums, including unclaimed distributions, remain standing to the account, the Manager must instruct the Fiduciary Custodian to retain such monies in a separate account from any other scheme property (the "unclaimed payments account").

The Fiduciary Custodian must then make payment in settlement of claims for tendered sums upon the instruction of the Manager, subject to the Manager and Fiduciary Custodian having the right to retain from such payment any costs and expenses incurred in investigating a claim and making payments in settlement of a claim. Persons entitled to tendered sums are not entitled to any interest in respect of the unclaimed payment, which shall be allocated in a fair manner between the continuing Investment Funds. Upon the dissolution of the Company, if there are any amounts

standing to the credit of an unclaimed payments account, the Fiduciary Custodian must cease to hold such amounts and the Manager must arrange to pay or lodge that sum.

On or before the date on which the final account is sent to Shareholders, the Manager must arrange for the Fiduciary Custodian to make a final distribution to Shareholders in the same proportions as any interim distributions.

The holders of Shares on which any equalisation payment is outstanding at the commencement of a winding up rank as an unsecured creditor of the Company for repayments.

#### **4 Characteristics of shares in the Scheme**

On 31 December 2016, 924,738,927 Shares had been allotted.

The types of shares in the Company and their characteristics are as follows:

(a) Unclassified Shares

These may be issued by the Company as Shares or Nominal Shares.

(b) Shares

The Shares confer the right to a proportionate share in the property of the Investment Fund to which they are linked and to dividends declared in respect of income on that property. Shareholders are not liable for the debts of the Company and their liability is limited to the amount that they have agreed to invest in the Company.

At General Meetings, on a poll, every holder of a Share present in person or by proxy will be entitled to one vote for every Share of which he is a holder. On a show of hands every holder of a Share present in person or by proxy will be entitled to one vote regardless of the number of Shares held.

(c) Nominal Shares

Nominal Shares can be issued and redeemed only at par and only for the purpose of providing funds for the repayment of the nominal amount of Shares on redemption or cancellation. They can be issued only to the Manager. They may be converted into Shares of any Investment Fund on payment of the appropriate premium in the currency in which such Investment Fund of Shares is designated (or in such other currency as the Directors shall agree).

A holder of a Nominal Share(s) has the right to payments on a winding up only as described above and has no voting or other rights. On the redemption of Shares, the nominal value of each Share may be financed by the issue of a Nominal Share. A holder of Nominal Shares shall be entitled at any time to convert Nominal Shares into Shares by paying to the Company

on any Dealing Day the difference between the current Creation Price of Shares and the nominal value of the Nominal Shares converted.

(d) Management Shares

The Management Shares exist to comply with Isle of Man law which requires that the Shares have a preference over another class of capital in order to be redeemable. In order to be redeemable, Management Shares can only be issued at par to the Manager or to any Associate of the Manager. Management Shares will not entitle the holders thereof to receive any dividends. Management Shares have the right to payments on a winding up as described above and carry no voting or other rights.

**Variation of Class Rights**

Under the Companies Acts 1931 to 2004 of the Isle of Man, no amendment may be made to the Articles unless the amendment is approved by a special resolution of Shareholders. See also the section on Amendment to the Articles of Association.

**Certificates**

No certificates will be issued.

**Shareholders**

The Company's investment funds are designed to cater for the needs of investors who wish to invest 'offshore' and offer tax efficient investments which provide potential for capital growth. The funds are designed for medium to long term investment and are therefore suited to investors who are able to hold their investment for the medium to long term.

The Company shall register Shares jointly in the names of not more than four holders should they so require. In the case of joint holders, the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register of Shareholders.

The Directors may determine whether or not any particular scheme or class of person should become the holder of Shares in the Company should they be of the opinion that the holding of Shares by such person may be in breach of any law or requirements of any country or governmental or regulatory authority, or would otherwise render the Company liable to taxation or any pecuniary or other disadvantage for which it would otherwise not be liable. In particular, the Directors or the Manager may restrict or prevent ownership of Shares by any scheme, firm or corporate body including any US Person (as defined in the Articles), and where it appears that any Shares are held in contravention of these provisions, the Manager may serve a notice on such Shareholder and repurchase such Shares at the prevailing redemption price.

## 5 Valuation of assets and revaluation of property

### Valuation of Assets

The valuation of assets will be made in accordance with the provisions of the Regulations which provide that the Manager must carry out a fair and accurate valuation of all scheme property in accordance with the Company's constitutional documents and these Scheme Particulars.

The Regulations require that, for dual-priced schemes such as the Company, valuations are carried out in two parts, one on an issue (i.e. offer) basis and the other on a cancellation (i.e. bid) basis. Each Investment Fund will be valued daily at 4.00pm on Dealing Days in the Isle of Man using the prices of the appropriate markets.

For the purposes of calculating a net asset value, the assets of an Investment Fund shall be determined as follows:

For each basis of valuation cash and amounts held on deposit account shall be taken into account at their nominal value.

All property, for that part of the valuation which is on an **offer basis**, shall be valued:

- (i) in the case of property which is an investment of any description other than a unit in a collective investment scheme, at the market dealing offer price of that investment;
- (ii) in the case of property which is units in a collective investment scheme, at the price at which units of the kind in question were or would have been created following the most recent valuation of the relevant scheme, or if:
  - (a) there is no such creation price for the units in question; or
  - (b) the relevant creation price is higher than the offer price then being offered for deals of the relevant size; or
  - (c) the Manager, after making reasonable enquiries, has been unable to ascertain the relevant creation price;

at the offer price then offered for deals of the relevant size;

- (iii) if there is no price of the property in question under sub-paragraph (i) or (ii), at a reasonable estimate of the amount which would be paid by a buyer, by way of consideration, for an immediate transfer or assignment to him at arm's length, plus any fiscal charges commission and other purchase charges which would be payable by him.

All property, for that part of the valuation which is on a **bid basis**, shall be valued:—

- (i) in the case of property which is an investment of any description other than a unit in a collective scheme, at the market dealing bid price of that investment at the relevant time;
- (ii) in the case of property which is units in a collective investment scheme, at the amount which would be received if they were offered for redemption at the relevant time in what, in the reasonable opinion of the Manager, is a standard size; and
- (iii) if there is no price of the property in question under sub-paragraph (i) or (ii) above, at a reasonable estimate of the amount which would be received by a seller by way of consideration for an immediate transfer or assignment from him at arm's length, less any fiscal charges, commission and other sales charges which would be payable by him.

Subject to the Regulations, the Fiduciary Custodian, the Manager and the Directors shall be entitled to rely upon a statement as to the value of any investment or the rate of exchange prevailing at any time if they believe it to be genuine and to be given by a person independent of any of them who is competent to make such a statement.

In calculating the values of the property of each Investment Fund, inter alia:

- (i) there shall be deducted from the property of the Investment Fund a reasonable estimate by the Manager of the total amount of the liabilities including potential liabilities which have accrued to date and are payable out of the property of the Investment Fund, including the principal amount of any outstanding borrowings whenever repayable; and
- (ii) there shall be added to the property of each Investment Fund:
  - (a) a reasonable estimate by the Manager of the total amount of any claims for repayment of any taxation levied on capital (including capital gains) or on income accrued before the valuation point allocated amongst the Investment Funds in such a way as the Manager, after consulting with the Fiduciary Custodian, considers to be fair to the Shareholders in each Investment Fund; and
  - (b) a sum representing any interest or dividends accrued but not received or receivable.

### **Revaluation of Property**

Subject to the provisions of the Regulations, the Manager reserves the right to revalue the property of the Company as a whole or of any Investment Fund at any time at its discretion. This is only likely to take place in cases where there has been a substantial (at least 2%) change in the value of underlying assets of the Company or the Investment Fund (as the case may be) since the previous valuation. In these circumstances the Manager is obliged to revalue if pricing is on an historic basis.

## **6 General information on pricing**

Subject to the Regulations, the Manager may deal at either forward or historic prices. If forward prices are used, all deals must be at a forward price. The basis may be changed on notification to the Fiduciary Custodian. At present, pricing is on a forward basis. The Regulations are complex and there may be circumstances when the Manager can only deal at forward prices (such as when a fund is considered to be a higher volatility fund for the purposes of the Regulations). The Manager has the right to vary the basis for Large Deals and shall consider any such deals on a case by case basis, acting always in the best interests of the Company and all shareholders.

### **Suspension of the Calculation of the Value and the Offering and Redemption of Shares**

The Manager, with the prior agreement of the Fiduciary Custodian, may, or shall, if the Fiduciary Custodian so requires, suspend the valuation of the property of the Company or of one or more Investment Funds and in such circumstances shall temporarily suspend the allocation, issue, redemption and cancellation of Shares and the calculation of the value per Share, where due to exceptional circumstances it is in the interest of all Shareholders to do so. Any suspension must be formally reviewed by the Manager and the Fiduciary Custodian every 28 days.

The Company shall cease the issue, allocation, redemption and cancellation of Shares forthwith upon the occurrence of an event causing it to enter into liquidation.

Shareholders having requested a repurchase or redemption of their Shares will be notified in writing of any such suspension within seven days of their request and will be promptly notified upon termination of such suspension.

The beginning and end of any period of suspension (except for customary closing of stock exchanges for not more than three working days) will be made known at the registered office of the Company, announced to Shareholders affected and to the Isle of Man Financial Services Authority. Notice will also be given to any Shareholder lodging a request for repurchase or redemption of Shares.

### **Dealing in Shares by the Manager**

The Manager as principal acquires and holds Shares and generally satisfies, in whole or in part, an application or request as follows:—

- (a) for the purpose of the buying of Shares by the applicant, by effecting a transfer to the applicant of Shares owned by the Manager at a price determined by the Manager, but in no circumstances to be greater than the relevant Offer Price (including the Manager's preliminary charge).

- (b) for the purpose of a redemption of Shares by a Shareholder, by buying such Shares from the Shareholder at a price determined by the Manager, but in no circumstances to be at a price less than the relevant Redemption Price.

The Manager is under no obligation to account to the Company or to the Shareholders for any profit which it makes on the issue of Shares or on the re-issue or cancellation of Shares which it has repurchased.

## **7 Calculation of prices**

Prices will be calculated on a forward basis, as follows:

### **Offer Price**

The Manager allocates Shares on Dealing Days at a price per Share equal to the value of the property in the relevant Investment Fund determined on the offer price basis by reference to the most relevant valuation point:—

- (a) of that part of the capital property of the Company attributable to Shares of the type in question divided by the number of such Shares in issue, or deemed to be in issue; and
- (b) of that part of the income property of the Company attributable to Shares of the type in question at the valuation point divided by the number of such Shares in issue, or deemed to be in issue, together with the preliminary charge payable to the Manager (currently 5% of the Offer Price). The income portion of the Offer Price represents equalisation on new shares, (the '**Offer Price**').

The Manager reserves the right to waive the whole or any part of the preliminary charge in respect of any particular application. The Articles permit the Manager to make a maximum preliminary charge of 7.5269% of the Creation Price (equivalent to 7% of the resultant Offer Price). The price will be accurate to at least four significant figures.

### **Bid or Redemption Price**

Shares are redeemed on Dealing Days for an amount per Share equal to the value of the property of the relevant Investment Fund determined on the bid basis by reference to the most relevant valuation point of:—

- (a) that part of the capital property of the Company attributable to Shares of the type in question at that valuation point divided by the number of such Shares in issue, or deemed to be in issue; and
- (b) that part of the income property of the Company attributable to Shares of the type in question at that valuation point divided by the number of such Shares in issue, or deemed to be in issue, (the '**Redemption Price**').

The prices are accurate to at least four significant figures.

#### **Cancellation Price**

This is calculated in the same way as the Bid/Redemption Price and determines the price for each Share payable to the Manager on cancellation of Shares (as opposed to redemption).

#### **Conversion Price**

The Conversion Price is the price at which Shares of an Investment Class may be acquired in exchange following redemption of Shares in another Investment Class. It is calculated in the same way as the Offer Price, but does not include any Manager's preliminary charge.

#### **Creation Price**

This is calculated in the same way as the Offer Price (excluding any preliminary charge) and determines the price for each Share payable by the Manager to the Company on creation of Shares.

#### **Dealing in Shares**

The Manager will deal in Shares on any Dealing Day at prices based on the valuations of underlying investments of the relevant Investment Fund, as set out above. Purchase and sale of Shares may take place between 9.00am and 3.00pm on any Dealing Day. However, applications for deals received after 3.00pm will be held over until the next Dealing Day and on acceptance by the Manager will be processed at prices ruling on that day.

### **8 Buying of Shares**

#### **Minimum Holding of Shares / Minimum Purchase and Redemption Values**

As Share prices in each of the Investment Funds are variable, all minimum dealing figures are quoted as a value, rather than as a number of Shares.

***Please note that neither the Flexible Savings Plan nor the Lump Sum investment are open to new investments.***

Details of the Flexible Savings Plan and the Lump Sum Investment are set out below.

##### **(i) Minimum Value of Holding per Investment Fund**

(a) Lump sum investments including investments to be acquired using the Nominee Investment Service – GBP750, USD1,125 or EUR1,125

(b) Flexible Savings Plan – GBP200, USD300 or EUR300

(ii) Minimum Additional Application

(a) Lump sum investments including investments to be acquired using the Nominee Investment Service - GBP1,000, USD1,500 or EUR1,500

(b) Flexible Savings Plan - GBP200, USD300 or EUR300

(iii) Minimum Redemption Value

(a) Lump sum investment Investments including investments to be acquired using the Nominee Investment Service - GBP750, USD1,125 or EUR1,125

(b) Flexible Savings Plan - GBP200, USD300 or EUR300

**Application Procedures**

Upon acceptance of a completed Application Form and appropriate application monies for investment, the Manager will take the following actions:

(a) Allocate Shares to the applicant. Please note that fractions of Shares cannot currently be issued, therefore the Manager, in calculating the number of Shares to be allocated to the applicant, will round the calculations up or down to the nearest whole Share. Any under or over payment resulting from this rounding will be for the account of the Manager.

(b) Issue and send to the applicant a contract note accepting the application, and detailing the allocation of Shares, the price at which the Shares have been sold, the Cancellation Price and the amount of the preliminary charge.

Title to Shares purchased is evidenced by an entry on the Register of Shareholders. Shareholdings forming part of the Flexible Savings Plan and acquired via the Nominee Investment Service will be registered in the name of Allied Dunbar International Nominees Limited.

**Prospective investors should note that the Manager has absolute discretion to reject any application for Shares in whole or in part.**

## **9 Redemption of shares**

### **Redemption Procedures**

Requests for redemptions received by 3.00pm, and accepted by the Manager will be dealt with at the relevant Redemption Price determined later on that day. Requests received after 3.00pm will be held over until the next Dealing Day.

The Manager may refuse to comply with instructions for dealings in Shares if to do so would result in a residual holding having a value of less than GBP750 in any one Investment Fund.

Requests to redeem once made may only be withdrawn in the event of a suspension of the redemption of Shares.

Redemptions (of all or part of a holding) are effected as follows:

Shareholders should notify the Manager (in writing, by fax or by telephone) at its registered office, of the number of Shares to be redeemed and the Investment Fund in which the Shares are held. Where instructions have been made other than in writing, written confirmation must be lodged with the Company before proceeds will be released. An email instruction will not be accepted by the Company as an instruction in writing.

When Shares are redeemed cheques will be issued by close of business on the fourth business day following receipt of a fully completed redemption instruction.

Alternative methods of payments, such as Telegraphic Transfers, SWIFT or Bank Drafts, are available on request. The Manager may deduct from the proceeds any fees or expenses that may be incurred from these alternative methods of payment.

Please note, the Manager is not responsible for any delay in receipt of payments by Shareholders as a result of events which are outside its control.

### **10 Flexible Savings Plan\***

Subscriptions may be made monthly, quarterly, half yearly or yearly and can be in any major convertible currency. Subscriptions received which are not in the base currency of the relevant Investment Fund will be subject to the Currency Conversion Service detailed below. Each regular subscription must be at least GBP200, USD300 or EUR300.

There is no restriction on the choice of Investment Fund. The investment may be allocated to any Shares of any or all of the eight different Investment Funds available provided that a minimum of GBP200, USD300 or EUR300 is allocated to each of the chosen Investment Funds (as applicable).

The whole of the subscription monies will be used to purchase Shares at the ruling Offer Price on the 15th day of the relevant month (or if this is not a Dealing Day, the next Dealing Day thereafter) following receipt by the Manager of the subscription monies.

Future subscriptions due into the Flexible Savings Plan can be cancelled at any time without penalty. The Investment Fund in which Shares are to be purchased by future subscriptions can be changed at any time, without charge, by instructing the Manager in writing.

***\*Please note that the Flexible Savings Plan is not available to new investors. This option is only applicable to holders of existing Flexible Savings Plans.***

## **11 Switching Investment Funds**

Investors wishing to make a change of investment holdings can do so by redeeming their original Shares in one Investment Fund and purchasing Shares of the new Investment Fund with the sale proceeds. This constitutes a disposal for the purpose of UK capital gains tax. In order to effect such a switch of holdings, investors should notify the Manager in writing, by fax or by telephone. Shareholders who exchange Shares in this way should note that in no circumstances will they be given a right by law to withdraw from or cancel the conversion transaction.

A completed Application Form for the new Investment Fund(s) is required. Where instructions have been made by fax or telephone, written instructions must be lodged with the Company before the new Shareholding can be fully registered.

Equalisation payments will operate on Switches. This is explained below.

Under the Articles the Manager is permitted to make a charge for switching, but at the current time does not intend to levy any charge.

## **12 Currency Conversion Service**

Where payments in respect of the purchase or redemption of Shares are tendered or requested in a freely transferable currency other than the Investment Fund currency, the necessary foreign exchange transactions will be arranged by the Manager for the account of, and at the expense of, the applicant at the time the application is accepted.

## **13 Fees, charges and expenses**

### **Manager's Preliminary Charge**

The Offer Price includes a preliminary charge to be retained by the Manager on the sale of Shares of each Investment Fund. This will be agreed between the Manager and the Company,

but is currently 5% of the Offer Price. The maximum currently permitted in the Articles is 7.5269% of the Creation Price (equivalent to 7% of the Offer Price).

#### **Manager's Periodic Charge**

The Manager is also entitled to be paid a periodic charge by the Company for its services. This fee is calculated on a daily basis and paid monthly. The annual rate is currently 1.95% of the underlying value of the property of each Investment Fund (calculated on the offer price basis of valuation) for all Investment Funds except the Gilt and Income Fund and the Managed Currency Fund on which an annual rate of 1.25% and 1.00%, respectively, of the underlying value of the property of the Investment Fund (calculated on the offer price basis of valuation) is payable to the Manager.

The current maximum annual permissible rate payable to the Manager is 2%.

#### **Manager's Conversion Charge**

The Manager currently makes no charge for conversions. However, the Manager is authorised to make a charge not exceeding 7.5269% of the Creation Price (equivalent to 7% of the Offer Price) on the repurchase and sale of Shares in exchange (other than the first such repurchase and sale by a Shareholder in any one accounting period).

#### **Fiduciary Custodian's Remuneration**

The Fiduciary Custodian is entitled to be paid a fee by the Company for its services. This fee is calculated on a daily basis and paid monthly at a rate of 0.04% per annum of the first GBP100 million of the aggregate value of the property of each Investment Fund, 0.03% of the next GBP150million and 0.02% upon the balance subject always to a minimum annual fee of GBP6,000. All fees are paid out of the property of the Investment Funds.

#### **Fiduciary Custodian's Disbursements**

In addition to expenses of the kind itemised in the Regulations and to accord with the provisions of the Regulations, the following expenses and disbursements are, to the extent that they are expenses of the Fiduciary Custodian incurred in connection with its duties as Fiduciary Custodian of the Company, also authorised for payment out of the property of the Investment Funds. Such expenses and disbursement shall, without limitation, include:

- 1 The fees, expenses and disbursements of any agent appointed by the Fiduciary Custodian in connection with its duties in relation to the Company and the fiduciary custodianship;
- 2 The fees, expenses and disbursements of any legal or accountancy adviser, valuer, broker or other professional person appointed by the Fiduciary Custodian in connection with its duties in relation to the Company and the fiduciary custodianship including the cost of obtaining advice on whether or not the Fiduciary Custodian has the power or capacity to act in any question relating to the Company.

- 3 All other expenses and disbursements bona fide incurred by the Fiduciary Custodian in connection with the fiduciary custodianship of the Company. These expenses and disbursements are paid as and when they arise.

### **Directors' Remuneration**

Each Director is entitled to such remuneration as may be voted to him by the Company in general meeting (the general meeting held 23 March 2016 agreed a fee of USD 8,500 per Director). All Directors, except the non-executive Directors, have waived their rights to any Directors' fees.

Such remuneration shall be deemed to accrue from day to day and is payable monthly. The Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Company or in connection with the business of the Company.

The Directors may grant special remuneration to any Director who, being called upon, shall be willing to render any special or extra services to the Company: such special remuneration may be payable in addition or in substitution to a Director's ordinary remuneration and may be payable as a lump sum or by way of salary or commission or other means.

### **The Investment Manager**

The fees and expenses of the Investment Manager shall be borne by the Manager out of its remuneration.

### **General Expenses**

The following expenses may be paid out of the property of the Investment Fund to which they relate or are allocated:

- (a) the costs of dealing in the property of the Investment Funds;
- (b) interest on borrowings permitted under the Regulations and charges incurred in negotiating, effecting or varying the terms of such borrowings;
- (c) the costs and expenses incurred in obtaining a listing on any stock exchange;
- (d) taxation and duties payable in respect of the property of the Investment Funds, the Principal Constitutional Documents and the creation and sale of Shares;
- (e) any costs incurred in modifying the Principal Constitutional Documents;
- (f) the costs incurred in the preparation and publication of any prospectus or Scheme Particulars and any substituted or supplementary prospectus or Scheme Particulars;

- (g) any costs incurred in respect of meetings of holders;
- (h) any charges reasonably incurred by the Fiduciary Custodian in depositing any part of the property of the Investment Funds in safe keeping in a country or territory outside the Isle of Man;
- (i) the fees and expenses of the auditor of the Company;
- (j) the costs incurred in publishing annual and interim reports;
- (k) the costs incurred in keeping the Register of Shareholders;
- (l) the costs incurred in administering the Investment Funds;
- (m) the fees of the Isle of Man Financial Services Authority or of any regulatory authority in a country or territory outside the Isle of Man in which Shares are or may be marketed. These expenses are paid as and when they arise.

#### **Value Added Tax**

In addition, all fees and charges will, where appropriate, be subject to VAT in the Isle of Man, currently levied at 20%. Such VAT will be paid by the Company.

#### **Apportionment of Expenses between Investment Funds**

Any expenses which may be paid out of the property of the Company and any sums received which are not attributable to one Investment Fund only will be allocated amongst the Investment Funds in such a way as the Manager, after consulting the Fiduciary Custodian, considers to be fair to the Shareholders in each Investment Fund.

#### **14 Distributions**

The dates for dividend distributions (the '**Annual Income Allocation Dates**') and the record dates (the '**Accounting Dates**') are shown for each Investment Fund on the table at the back of this document. Each year it is proposed that there will be a dividend distribution in respect of each Investment Fund of the whole amount available for distribution determined in accordance with the Regulations.

All unclaimed dividends may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. With effect from 1 July 2011, the Directors may resolve that all dividends unclaimed for a period of six years after having been declared or due for payment shall be forfeited and cease to remain owing by the Company and shall revert to the Company. Dividends remaining unclaimed prior to 1 July 2011 may be invested or otherwise made use of by the Board for the benefit of the Company until claimed but dividends may not

be forfeited in the aforementioned manner for a period of twelve years after having been declared or due for payment.

Shareholders who choose to receive cash dividends will be paid by cheque or bank transfer. Bank transfer shall be made at the cost of the Shareholder.

### **15 Automatic reinvestment facility**

Shareholders who do not wish to receive their dividends in cash may elect to have dividends declared on any Shares of any Investment Fund held by them, received and applied in the acquisition of further Shares of their Investment Fund. To take advantage of this facility, please complete the relevant section of the Application Form. The Manager will normally apply the Offer Price ruling fourteen Dealing Days prior to the distribution date, less a discount of 2% for Shares purchased with automatically re-invested income. Shareholders will be notified of dividends paid and re-investment following the distribution.

### **16 Equalisation account**

Equalisation Accounts operate for all Investment Funds. An equalisation payment is that proportion of the total distribution payment which represents a return of capital. The payment represents the average amount of income accrued in the price of Shares at the date of purchase, and reflects the fact that the purchase price included an element for income accrued and awaiting distribution. Equalisation can only occur on the first distribution following a purchase of Shares. Such Shares are identified as Group 2 Shares on the distribution voucher provided. The amount is not liable to UK Income Tax and should be deducted from the cost of the Shares for capital gains tax purposes.

The grouping period used in the calculation of equalisation is seven days.

### **17 Taxation**

#### **General**

**The statements on taxation below are intended to be a general summary of certain Isle of Man and UK tax consequences that may result to the Company and shareholders. The statements relate to shareholders holding Shares as an investment (as opposed to by a person acting in the capacity of a dealer) and are based on the law and practice in force in the relevant jurisdiction at the date of this document. As is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time an investment in the Company is made will endure indefinitely.**

**Prospective shareholders should familiarise themselves with and, where appropriate, take advice on the laws and regulations (such as those relating to taxation and exchange controls) applicable to the**

subscription for, and the holding and realisation of, Shares in the places of their citizenship, residence and domicile. The tax consequences for each shareholder of acquiring, holding, redeeming or disposing of Shares will depend upon the relevant laws of any jurisdiction to which the shareholder is subject. Investors and prospective investors in the Company should seek their own professional advice as to this, as well as to any relevant exchange control or other laws and regulations.

#### **Isle of Man**

##### **(a) The Company**

The Company is registered in the Isle of Man and, in the view of the Directors, the control and management of the Company is exercised in such a way that the Company is resident in the Isle of Man and not in the UK for taxation purposes. In the Isle of Man there is at the date of these Scheme Particulars no capital gains tax, stamp duty, corporation tax, capital transfer tax, estate duty or inheritance tax. The Company is liable to Manx Income Tax on its profits at a rate of 0%. Depending on the tax laws of any other jurisdiction, there may be withholding taxes imposed on dividends or interest income received by the Company. It is not possible for the Manager or the Company to reclaim withholding tax relating to foreign dividends or interest income.

##### **(b) Shareholders**

Shareholders resident in the Isle of Man for taxation purposes are, subject to their personal circumstances, liable to Manx income tax in respect of dividends and other income distributions received from the Company.

Shareholders resident outside the Isle of Man should have no liability to Manx income tax in respect of dividends received from the Company.

#### **United Kingdom**

##### **(a) The Company**

The Directors conduct the affairs of the Company in such a way that, in their view, the central management and control of the Company is not exercised in the UK. On this basis the Company should not be liable to UK taxation on its income and gains, other than on certain interest and other income received by the Company which has a UK source which may be subject to withholding taxes in the UK.

##### **(b) Shareholders**

Shareholders resident in the UK for tax purposes may, subject to their personal circumstances, be liable to UK income tax or corporation tax in respect of dividends or other income distributions of the Company. In particular Shareholders resident in the UK for tax purposes who participate in the automatic reinvestment facility detailed above should note that notwithstanding

their reinvestment, dividends dealt with in this way are income receipts and should be included in their tax returns as such.

#### **Offshore fund rules - reporting regime**

The Company was admitted into the UK Government's reporting fund regime with effect from 1 January 2011. As such, the Investment Funds report through to UK investors on an annual basis the excess (if any) of the reportable income of the Investment Fund over the distributions made by the Investment Fund in respect of that period. This excess is treated as an additional distribution paid to investors holding an interest in the Investment Fund at the end of the reporting period.

Gains on disposals of shares in reporting funds by persons who are resident in the UK for tax purposes will be taxed as capital gains and not as income. However, UK investors who dispose of shares in an offshore fund which has not been certified as a "reporting fund" throughout the period during which the shares have been held will be treated as having made an offshore income gain and, as such, any gain would be subject to tax as income.

#### **Other tax considerations**

UK resident corporate shareholders should note the impact of the loan relationship rules contained in the Corporation Tax Act 2009. In particular, if at any time in an accounting period the Investment Fund fails to meet the "qualifying investment test", then the interest held by such corporate investors in the Investment Fund will be treated for the accounting period as if it represented rights under a creditor relationship.

UK resident non-corporate shareholders should also note that if an offshore fund fails to satisfy the above "qualifying investment test", then distributions are taxed as interest and not as dividends.

The attention of individual shareholders resident in the UK is drawn to Chapter 2 Part 13 Income Tax Act 2007 which contain provisions for preventing the avoidance of Income Tax by individuals through transactions involving the transfer of assets resulting in income arising to persons (including companies) abroad and may render such individuals liable to taxation in respect of the income and profits of the Company.

The attention of UK resident corporate shareholders is drawn to the provisions concerning "Controlled Foreign Companies" in Part 9A of the Taxation (International and Other Provisions) Act 2010 which may have the effect in certain circumstances of subjecting a company resident in the UK to UK corporation tax on the profits of a company not resident in the UK. In general terms, these provisions apply to UK corporate investors who, together with their associates, are interested in 25% or more of the income of the Company.

Shareholders who are resident in the UK for taxation purposes should be aware of the provisions of Section 13 Taxation of Chargeable Gains Act 1992. Under these provisions, where a chargeable gain accrues to a company that is not resident in the UK, but would be a

close company if it were resident in the UK, a person may be treated as though a proportional part of that chargeable gain, calculated by reference to their interest in the company, has accrued to them. No liability under Section 13 can be incurred by such a person, however, where such proportion does not exceed one-quarter of the gain.

## **18 General information**

### **Financial Year**

The Company's financial year ends on 31 December each year.

### **Accounts**

The Company's Report and Accounts are available on the Company's website ([www.ctplc.com/ctifm](http://www.ctplc.com/ctifm)). Hard copies are available on request. A copy of the Half Year Report is sent to each Shareholder in August of each year.

Copies of the Company's abbreviated financial statements will be sent to Shareholders within four months of the annual accounting period and within two months of each half yearly accounting period.

Copies of the Collective Investment Schemes Act 2008 of the Isle of Man together with the related regulations may be inspected at the Company's registered office.

### **Notices to Shareholders**

Notices requiring despatch to Shareholders shall be sent by post to the registered address of each Shareholder or (in the case of joint Shareholders) of that one of the joint Shareholders whose name appears first in the register, and notice so given shall be sufficient notice to all joint Shareholders.

### **Meeting of Shareholders**

The Annual General Meeting of the Company is held in the Isle of Man each year, for which Shareholders will be given not less than 14 days' notice (unless a special resolution is proposed in which case 21 days' notice will be given).

A meeting of the Shareholders duly convened and held may, in addition to the powers otherwise conferred by law, by extraordinary resolution:

- (i) approve any material departure from any policy a statement of which has been included in scheme particulars relating to the Company; and
- (ii) remove the Manager or the Fiduciary Custodian.

### **Amendment to the Articles of Association**

The Articles may, subject to the approval of the Isle of Man Financial Services Authority, be amended at any time by a special resolution of a meeting of Shareholders subject to the quorum and voting requirements provided by Isle of Man law and the Regulations.

### **Directors**

- (i) A Director is not required to hold any Shares by way of qualification. There are no provisions requiring Directors to retire at any specified age.
- (ii) A Director may hold any other office or place of profit under the Company (other than the office of Auditor) in conjunction with his office of Director on such terms as to tenure of office or otherwise as the Directors may determine.
- (iii) A Director may not vote in respect of any contract or arrangement in which he is interested, nor may he be counted in a quorum except in certain cases as set out in the Articles. The Company, however, has power by ordinary resolution to suspend or relax this restriction or to ratify any transaction not duly authorised by reason of a contravention thereof.
- (iv) Any Director may act by himself or through his firm in a professional capacity for the Company and he or his firm shall be entitled to remuneration for professional services as if he were not a Director, provided that nothing contained herein shall authorise a Director or his firm to act as auditor to the Company.
- (v) Any Director may continue to be or become a director, manager or other officer or member of any company in which the Company may be interested, and no such Director shall be accountable for any remuneration or other benefits received by him in respect thereof. The Directors are vested with all powers, which, subject to the Regulations, are permitted by law, including the Companies Acts 1931-2004 and the Financial Services Act 2008. The Directors may delegate their powers to a committee consisting of one or more Directors or to any managing or executive director, to perform all acts necessary or useful for accomplishing the Company's objectives.

### **United States of America**

The Shares have not been registered under the Securities Act of 1933 (as amended) of the United States of America and, except in the case of a transaction which does not violate the Act, may not be offered or sold, directly or indirectly in the United States of America its territories, possessions or any area subject to its jurisdiction or to any national or resident thereof.

## Publication of Prices

The most recent Offer Price and Redemption Price are published on each dealing day on a website established by the Company ([www.ctplc.com/ctifm](http://www.ctplc.com/ctifm)).

## 19 Additional information

- (i) The Company has not established and does not intend to establish a place of business in the United Kingdom.
- (ii) Save as disclosed herein:
  - (a) no Shares or loan capital of the Company have been or are agreed or proposed to be issued as fully or partly paid up otherwise than for cash;
  - (b) no commission, discounts, brokerage or other special terms have within two years prior to the date of these Scheme Particulars been granted or are payable by the Company in connection with the issue or sale of any capital of the Company;
  - (c) no Share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option;
  - (d) no amount or benefit has been paid or given to any promoter of the Company within the two years preceding the date of this Scheme Particulars or is intended to be paid or given to any promoter.
- (iii) Save as disclosed in these Scheme Particulars, no Director of the Company has any interest, direct or indirect, in the promotion of or in any assets which have been or are proposed to be acquired or disposed of by or leased to the Company, nor is there any contract or arrangement subsisting at the date of these Scheme Particulars in which a Director is materially interested and which is significant in relation to the business of the company.
- (v) With effect from 1 January 1993, Shares held in the Company became non-certificated. (i.e. the register of holders became the sole and conclusive evidence as to the persons entitled to the Shares therein).
- (vi) The Investment Manager has arranged for its brokers to provide, or finance, computer investment and information facilities which improve the Company's service to shareholders. In return, agreed levels of business, which have included transactions on behalf of the Company, were placed with the brokers.
- (vii) Copies of the Company's most recent Annual Report, the most recent Half-Yearly Report (unless superseded by an Annual Report), the Articles (comprising its constitution), Management and Fiduciary Custodian Agreements together with any instrument amending

the same may be inspected at or obtained from the Company's registered office, or that of the Fiduciary Custodian.

- (viii) Copies in English of the documents listed at (vii) above are maintained at the following address:

Director of Compliance and Risk  
Charles Taylor plc  
Standard House  
12-13 Essex Street  
London  
WC2R 3AA

and may be inspected there free of charge. Shareholders in the United Kingdom may contact the Director of Compliance and Risk at the above address for information in English about the prices of Shares and to arrange redemption of Shares and payment. Shareholders in the UK will receive notice of termination of the Company or any Investment Fund (or revocation of its authorisation) in the same manner as other Shareholders (see Notices to Shareholders, page 28 above).

- (ix) A Shareholder may also obtain from the Manager's registered office information supplementary to these Scheme Particulars relating to:
- (i) the quantitative limits applying to risk management of each of the Investment Funds;
  - (ii) the methods used in relation to (i); and
  - (iii) any recent development of the risk and yields of the main categories of investment.

## **20 Compensation scheme arrangements**

On 1 August 2008 the Authorised Collective Investment Schemes (Compensation) Regulations 2008 of the Isle of Man came into operation. Generally, the effect of these regulations is to provide compensation for losses of up to GBP48,000 (based on the following formula: 100% of the first GBP30,000; 90% of the next GBP20,000, 0% of the balance) to an eligible investor should the Manager of an Authorised Scheme be unable or unlikely to be able to satisfy claims in respect of any description of civil liability incurred in connection with regulated business carried on by the Manager. The Fiduciary Custodian is not covered by the Authorised Collective Investment Schemes (Compensation) Regulations 2008.

The UK Investors Compensation Scheme does not apply.

## **21 Client money arrangements**

Client money is held on appropriately designated accounts with HSBC. Any interest earned on client money accounts will be for the account of the Manager.

Interest will not be paid on client money held pending investment or money held awaiting payment for client redemptions.

## **22 IMPORTANT NOTES AND RISK FACTORS**

It is important to remember that the value of Shares and the income from them can go down as well as up.

Shares of each Investment Fund are offered on the basis of the information and representations contained in these Scheme Particulars and any further information given or representations made by any person must be regarded as unauthorised.

These Scheme Particulars do not constitute an offer or solicitation by anyone in any jurisdiction in which such an offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation.

The Directors of the Company, whose names appear within these Scheme Particulars, accept responsibility for the information contained in these Scheme Particulars. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in these Scheme Particulars is in accordance with the facts and does not omit anything likely to affect the import of such information.

### *Unspecified Investments*

Shareholders must rely on the judgment of the Manager with respect to the selection and acquisition of assets on behalf of the Company and each Investment Fund.

### *Hedging Arrangements*

The Company may enter into hedging arrangements on behalf of certain Investment Funds in order to endeavour to reduce or eliminate the risks arising in the management of the relevant Investment Fund. There can be no assurance that such arrangements will be sufficient to cover such risks.

### *Counterparty Risk*

There is no guarantee against the default of any issuer.

## **Structure of the Company**

### *Possible Effect of Redemptions*

Shareholders may redeem their Shares in accordance with the Articles. Substantial redemptions could require the investments of the relevant Investment Fund to be liquidated more rapidly than otherwise desirable in order to raise the necessary cash to fund the redemptions and to

achieve a market position appropriately reflecting a smaller equity base. This could adversely affect the value of the Shares.

## **Tax**

### *Implications of Investment*

Investments in the Company and its Investment Funds may have certain taxation, investment and legal implications. Prospective investors should consult their own professional advisers as to the implications of their subscribing for, purchasing, holding, converting or disposing of Shares under the laws of the jurisdictions to which they may be subject.

### *Investment Funds and Umbrella Structure*

In the event of any of the Investment Funds becoming insolvent, the creditors of the relevant Investment Fund may attempt to pursue a claim against the Company in its entirety. In the event of a claim against the Company, the Manager may need to meet such claims from the assets of the Company. Although each Investment Fund will be treated as bearing its own liabilities, the Company as a whole will remain liable to third parties for all liabilities of the Company and the assets of the Investment Funds are not ring fenced.

### **The following Risk Factors are specific to the Investment Funds except where stated**

## **RISKS SPECIFIC TO THE INVESTMENT FUNDS**

**Stock risk** The Investment Fund is exposed to equity markets for all or part of its total assets. The value of these assets can therefore rise or fall and investors may not get back all of their investment. *(This risk does not apply to the Managed Currency Fund or the Gilt and Income Fund.)*

**Foreign exchange risk** The Investment Funds are exposed to foreign exchange risk for all or part of its total assets. The underlying assets may be denominated in a currency other than the dealing currency. The value of these assets may rise or fall in line with movements in the relevant exchange rates.

**Emerging Markets** Because of the special risks associated with investing in Emerging Markets, Investment Funds investing in such securities should be considered speculative. Investors in the relevant Investment Funds are advised to consider carefully the special risks of investing in Emerging Market securities. Economies in Emerging Markets generally are heavily dependent upon international trade and, accordingly, have been and may continue to be affected adversely by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These economies also have been and may continue to be affected adversely by economic conditions in the countries in which they trade. Brokerage commissions, custodial services and other costs relating to investment in Emerging Markets generally are more expensive than those relating to investment in more developed markets. Lack of adequate custodial systems in some markets may prevent investment in a given country or may require the relevant Investment Fund to accept greater custodial risks in order to invest, although the Custodian will endeavour to

minimise such risks through the appointment of correspondents that are international, reputable and creditworthy financial institutions. In addition, such markets have different settlement and clearance procedures. In certain markets there have been times when settlements have been unable to keep pace with the volume of securities transactions, making it difficult to conduct such transactions. The inability of the relevant Investment Fund to make intended securities purchases due to settlement problems could cause an Investment Fund to miss attractive investment opportunities. Inability to dispose of a portfolio security caused by settlement problems could result either in losses to the Investment Fund due to subsequent declines in value of the portfolio security or, if the Investment Fund has entered into a contract to sell the security, could result in potential liability to the purchaser. The risk also exists that an emergency situation may arise in one or more developing markets as a result of which trading of securities may cease or may be substantially curtailed and prices for an Investment Fund's securities in such markets may not be readily available. Investors should note that changes in the political climate in Emerging Markets may result in significant shifts in the attitude to the taxation of foreign investors. Such changes may result in changes to legislation, the interpretation of legislation, or the granting of foreign investors the benefit of tax exemptions or international tax treaties. The effect of such changes can be retrospective and can (if they occur) have an adverse impact on the investment return of shareholders in the Investment Fund so affected. *(This risk does not apply to the North American Growth Fund, the UK Capital Growth Fund or the Europe Fund.)*

**Liquidity risk** Investment Funds are exposed to the risk that a particular investment or position cannot be easily unwound or offset due to insufficient market depth or market disruption. This can affect the ability of a shareholder to request the redemption of his Shares from that Investment Fund, and can also have an impact on the value of the Investment Fund. Although the Investment Funds will invest mainly in liquid securities in which the shareholders are entitled to request the redemption of their Shares within a reasonable timeframe, there may be exceptional circumstances in which the liquidity of such securities cannot be guaranteed. Absence of liquidity may have a determined impact on the Investment Fund and the value of its investments.

**Interest rate risk** An Investment Fund that invests in bonds and other fixed income securities may fall in value if interest rates change. Generally, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise. Longer term debt securities are usually more sensitive to interest rate changes.

**Credit risk** An Investment Fund which invests in bonds and other fixed income securities is subject to the risk that issuers may not make payments on such securities. An issuer suffering an adverse change in its financial condition could lower the credit quality of a security, leading to greater price volatility of the security. A lowering of the credit rating of a security, may also offset the security's liquidity, making it more difficult to sell. Investment Funds investing in lower quality debt securities are more susceptible to these problems and their value may be more volatile.

**OTC Financial Derivative Transactions** In general, there is less governmental regulation and supervision of transactions in the OTC markets (in which currencies, forward, spot and option contracts, credit default swaps, total return swaps and certain options on currencies are

generally traded) than of transactions entered into on organized exchanges. In addition, many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearing house, may not be available in connection with OTC financial derivative transactions. Therefore, an Investment Fund entering into OTC transactions will be subject to the risk that its direct counterparty will not perform its obligations under the transactions and that an Investment Fund will sustain losses. The Company will only enter into transactions with counterparties which it believes to be creditworthy, and may reduce the exposure incurred in connection with such transactions through the receipt of letters of credit or collateral from certain counterparties. Regardless of the measures the Company may seek to implement to reduce counterparty credit risk, however, there can be no assurance that a counterparty will not default or that an Investment Fund will not sustain losses as a result.

**Custody Risk** Investment Funds may invest in markets where custodial and/or settlement systems are not fully developed. The assets of an Investment Fund which are traded in such markets and which have been entrusted to sub-custodians, in the circumstances where the use of such sub-custodians is necessary, may be exposed to risk in circumstances whereby the Custodian will have no liability.

**Prospective investors should consider the risks attached to an investment in the Company and each Investment Fund, including but not limited to those set out above. Consideration should be given to whether such risks are suitable for them and prospective investors in any doubt about the contents of this document or the nature of an investment in the Company and an Investment Fund should seek independent financial advice.**

## Glossary of terms

In these Scheme Particulars:

**'Associate'** means an entity (other than the Manager) which is a member of the Charles Taylor plc Group.

**'Creation Price'** means the price payable by the Manager for Shares (which shall exclude any preliminary charge) as described on page 19.

**'Dealing Day'** means any business day (being in relation to anything done or to be done in the Isle of Man, any day other than a Saturday, Sunday or bank holiday or other public holiday in the Isle of Man, and, in relation to anything done or to be done by reference to a market outside the Isle of Man, any day on which that market is normally open for business), except a business day falling within a period of suspension of the determination of the value of the property of an Investment Fund.

The Manager reserves the right to treat the business days immediately before and after the statutory Christmas and New Year holidays as Dealing Days or otherwise.

**'EUR'** means Euros which is the legal currency of the Euro Zone countries.

**'Dollars' or 'USD'** means United States dollars which is the legal currency of the United States of America.

**'FCA'** means the Financial Conduct Authority whose address is 25 The North Colonnade, Canary Wharf, London, E14 5HS.

**'the Isle of Man Financial Services Authority'** means the Isle of Man Financial Services Authority whose address is P.O. Box 58, Finch Hill House, Douglas, Isle of Man, IM99 1DT, British Isles.

**Investment Fund currency** is USD for the Managed Fund, Worldwide Equity Fund, North American Growth Fund, Managed Currency Fund and Far East Fund, GBP for UK Capital Growth Fund and Gilt and Income Fund and EUR for Europe Fund.

**'Large Deals'** means a large deal/investment in the Company (as defined in the Regulations) which is one which is in excess of GBP15,000.

**'Offer Price'** has the meaning given to that expression on page 18 (and for the avoidance of doubt includes any preliminary charge of the Manager).

**'offer price basis'** means the value of the property of an Investment Fund calculated as described in Section 7.

**'Principal Constitutional Documents'** means the Articles of the Company and the Management Agreement and Fiduciary Custodian Agreement to which it is a party.

**'Pounds', 'Sterling' or 'GBP'** means Pounds Sterling which is the legal currency of the United Kingdom.

**'redemption'** means the sale by an investor back to the Manager of Shares and/or the cancellation of Shares by the Company where the context permits.

**'Scheme Particulars'** means (except where expressly stated to the contrary) this document in its entirety and includes any supplementary scheme particulars.

**'shares in exchange'** means a sale (or redemption) of Shares in one Investment Fund in order to exchange them for Shares in another Investment Fund.

**'UK'** means the United Kingdom of Great Britain and Northern Ireland, which excludes the Isle of Man.

Words imputing the masculine gender only shall be deemed to include the feminine.

**Fund price and yield information** – The following information assumes a maximum Preliminary Charge of 5% of the Offer Price. Price and Yield information is for 31 December 2016.

**Managed Fund**

Date Established: 6 June 1984  
 Accounting Dates: 31 December  
 (Interim 30 June)  
 Distribution Dates: 28 February & 31 August  
 Pricing Currency: US Dollars  
 Actual Bid/ Offer Spread: On 31 December 2016  
 5.39%  
 Permissible Spread: On 31 December 2016  
 5.70%  
 Gross Annual Estimated  
 Dividend Yield: On 31 December 2016  
 0.05%  
 Income Distribution Dates: 28 February &  
 31 August

**Managed Currency Fund**

Date Established: 6 June 1984  
 Accounting Dates: 31 December  
 (Interim 30 June)  
 Distribution Dates: 28 February & 31 August  
 Pricing Currency: US Dollars  
 Actual Bid/ Offer Spread: On 31 December 2016  
 4.98%  
 Permissible Spread: On 31 December 2016  
 5.25%  
 Gross Annual Estimated  
 Dividend Yield: On 31 December 2016  
 0.00%  
 Income Distribution Dates: 28 February &  
 31 August

**Gilt and Income Fund**

Date Established: 6 June 1984  
 Accounting Dates: 31 December  
 (Interim 30 June)  
 Distribution Dates: 28 February & 31 August  
 Pricing Currency: Sterling  
 Actual Bid/ Offer Spread: On 31 December 2016  
 5.15%  
 Permissible Spread: On 31 December 2016  
 5.48%  
 Gross Annual Estimated  
 Dividend Yield: On 31 December 2016  
 0.46%  
 Income Distribution Dates: 28 February &  
 31 August

**Worldwide Equity Fund**

Date Established: 6 June 1984  
 Accounting Dates: 31 December  
 Distribution Dates: 28 February  
 Pricing Currency: US Dollars  
 Actual Bid/ Offer Spread: On 31 December 2016  
 5.49%  
 Permissible Spread: On 31 December 2016  
 5.85%  
 Gross Annual Estimated  
 Dividend Yield: On 31 December 2016  
 0.00%  
 Income Distribution Date: 28 February

**U.K. Capital Growth Fund**

Date Established: 24 June 1987  
 Accounting Dates: 31 December  
 Distribution Dates: 28 February

**Europe Fund**

Date Established: 24 June 1987  
 Accounting Dates: 31 December  
 Distribution Dates: 28 February

Pricing Currency: Sterling  
Actual Bid/ Offer Spread: On 31 December 2016  
6.00%  
Permissible Spread: On 31 December 2016  
6.38%  
Gross Annual Estimated  
Dividend Yield: On 31 December 2016  
0.99%  
Income Distribution Date: 28 February

Pricing Currency: Euros  
Actual Bid/ Offer Spread: On 31 December 2016  
5.39%  
Permissible Spread: On 31 December 2016  
5.70%  
Gross Annual Estimated  
Dividend Yield: On 31 December 2016  
0.00%  
Income Distribution Date: 28 February

### Fund price and yield information (continued)

#### North American Growth Fund

Date Established: 6 June 1984  
Accounting Dates: 31 December  
Distribution Dates: 28 February  
Pricing Currency: US Dollars  
Actual Bid/ Offer Spread: On 31 December 2016  
5.36%  
Permissible Spread: On 31 December 2016  
5.66%  
Gross Annual Estimated  
Dividend Yield: On 31 December 2016  
0.00%  
Income Distribution Date: 28 February

#### Far East Fund

Date Established: 6 June 1984  
Accounting Dates: 31 December  
Distribution Dates: 28 February  
Pricing Currency: US Dollars  
Actual Bid/ Offer Spread: On 31 December 2016  
5.57%  
Permissible Spread: On 31 December 2016  
5.90%  
Gross Annual Estimated  
Dividend Yield: On 31 December 2016  
0.15%  
Income Distribution Date: 28 February

The following information shows the percentage growth for each Investment Fund over the past five years:

Percentage Growth (offer to offer) Performance over period	Performance in fund currency					Performance in Sterling				
	01 Jan 16 - 01 Jan 17	01 Jan 15 - 01 Jan 16	01 Jan 14 - 01 Jan 15	01 Jan 13 - 01 Jan 14	01 Jan 12 - 01 Jan 13	01 Jan 16 - 01 Jan 17	01 Jan 15 - 01 Jan 16	01 Jan 14 - 01 Jan 15	01 Jan 13 - 01 Jan 14	01 Jan 12 - 01 Jan 13
Managed	1.0%	-1.0%	1.1%	14.6%	9.9%	6.2%	5.1%	-0.7%	9.5%	9.9%
Worldwide Equity	1.8%	0.6%	2.8%	25.4%	14.3%	7.1%	6.8%	0.9%	19.8%	14.3%
North American Growth	5.0%	0.5%	10.0%	34.8%	11.4%	10.4%	6.7%	8.1%	28.9%	11.4%
Far East	-0.7%	-2.0%	-1.6%	12.3%	11.9%	4.4%	4.1%	-3.4%	7.3%	11.9%
UK Capital Growth	11.1%	4.8%	2.5%	23.8%	14.1%	11.1%	4.8%	2.5%	23.8%	14.1%
Gilt and Income	9.4%	-0.7%	12.1%	-5.7%	1.6%	9.4%	-0.7%	12.1%	-5.7%	1.6%
Europe	-7.9%	17.7%	5.3%	18.8%	26.0%	-13.1%	10.0%	7.9%	15.6%	26.0%
Managed currency	-0.7%	-1.1%	-1.2%	-1.1%	-1.1%	4.4%	5.0%	-2.9%	-5.5%	-1.1%

**Allied Dunbar International Funds Limited**

**Board of Directors:**

Christopher James Tunley, F.C.I.B., M.C.M.I  
Peter James Scott Hammonds, FCIS, MSc.,  
MBA  
Douglas Ian Handley Jones  
Jeffrey Boysie McPherson More  
Darren Mark Kelly

**Manager and Registrar:**

Charles Taylor International Fund Managers  
(IOM) Limited

**Registered office:**

St George's Court  
Upper Church Street  
Douglas  
Isle of Man  
IM1 1EE  
British Isles

**Registered office:**

St George's Court  
Upper Church Street  
Douglas  
Isle of Man  
IM1 1EE  
British Isles

Registered in the Isle of Man Number 24161C

Registered in the Isle of Man Number  
23646C

**Secretary:**

Jeffrey Boysie McPherson More

**Fiduciary Custodian Registered Office:**

BNP Paribas Securities Services S.C.A.  
Jersey Branch  
3 Rue d'Antin  
75002 Paris  
France

**Fiduciary Custodian Place of Business:**

BNP Paribas Securities Services S.C.A.  
Jersey Branch  
Liberte House  
19-23 La Motte Street  
St Helier  
Jersey, JE2 4SY  
Channel Islands

**Investment Manager:**

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

**Legal Adviser:**

Cains Advocates Limited  
Fort Anne  
South Quay  
Douglas  
Isle of Man  
IM1 5PD  
British Isles

**Auditors:**

Pricewaterhouse Coopers LLC  
Chartered Accountants  
Sixty Circular Road  
Douglas  
Isle of Man  
IM1 1SA  
British Isles

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Issued by:

Charles Taylor International Fund Managers (IOM) Limited which is licensed by the Isle of Man Financial Services Authority.

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Telephone: (01624) 661551

Fax: (01624) 683755

Registered in the Isle of Man:  
Number 23846C.

This document was revised 1 May 2017

## Appendix 1, Eligible Markets

All funds may deal through securities markets established in Member States of the European Union on which transferable securities admitted to official listing in the Member State are dealt in or traded. The market must also be within the investment objectives of the relevant fund. The composition of EU members may change from time to time and any new members will be deemed to be automatically included in this category.

Current EU markets are as follows:

Country	Eligible Markets	
Austria	Vienna SE	Austrian Futures and Option Exchanges
Belgium	Brussels SE	Belgian Futures Market
Bulgaria	Bulgarian SE–Sofia	
Cyprus	Cyprus SE	
Czech Republic	Prague SE	
Denmark	Copenhagen SE	Copenhagen SE including FUTOP
Estonia	Tallinn SE	(OMX)
Finland	Helsinki SE	Finnish Options Market
France Second Marche of any Stock Exchange on which transferable securities are admitted to official listings	Paris SE	Paris SE MATIF MONEP
Germany	German SE	Deutsche Terminbourse (DTE)
Greece	Athens SE	
Hungary	Budapest SE	
Ireland	Irish SE	Irish Futures Market
Italy	Italian SE	Italian Futures Markets
Latvia	Riga SE	(OMX)
Lithuania	National SE of Lithuania	
Luxembourg	Luxembourg SE	
Malta	Malta SE	
Netherlands	Amsterdam SE	Financiele Termijomarket Amsterdam

Poland	Warsaw SE	
Portugal	Lisbon SE	
Romania	Bucharest SE	
Slovakia	Bratislava SE	
Slovenia	Ljubljana SE Inc	
Spain	Madrid SE Barcelona SE Bilboa SE Valencia SE	Madrid Future and Options Market Barcelona Futures and Options Market
Sweden	Stockholm SE	Swedish Options Market
United Kingdom	London SE Alternative Investment Market Tradepoint Limited Grey Book Market	London Int. Financial Futures EX OMLX

In addition, the following funds may deal through the following securities markets:

	Country	Eligible Markets
North American Growth fund	USA	Any Exchanges recognised by the Securities and Exchange Commission
Europe fund	Switzerland  Norway	Geneva SE, Basle SE, Berne SE, Zurich SE, Swiss Options and Exchange (SOFFEX), DME, FTA, COMEX, CBOE  Oslo SE
Far East fund	Japan  Korea  Philippines	Tokyo SE, Sapporo SE, Niigata SE, Nagoya SE, Osaka SE and Futures Market, Kyoto SE, Hiroshima SE, Fukuoka SE, Tokyo Int. Financial Futures and Exchange, DME, CME, SIMEX.  Korea SE  Philippines SE (Manila and Makati trading floors)

	New Zealand	Wellington SE and Futures Options Exchange
	Thailand	SE of Thailand
	Hong Kong	Hong Kong SE, Hong Kong Futures Exchanges
	Malaysia	Kuala Lumpur SE
	Indonesia	Jakarta SE
	Singapore	Singapore SE, Singapore Int. Monetary Exchange
	Australia	Australian SE, Sydney Futures Exchange
	Taiwan	Taiwan SE (TSE)
Worldwide Equity fund and Managed fund	All Stock Exchange in 1,2 and 3 above plus the following:-	
	Mexico	Mexican SE, Bolsa Mexicana de Valores
	Canada	Alberta SE, Montreal SE, Vancouver SE, Toronto SE
	South Africa	Johannesburg SE, The South African Futures Exchange
	Brazil	Sao Paulo SE (BOVESPA)
	India	Bombay SE Taiwan
	Turkey	Istanbul SE

## Appendix 2, Fund objectives

### Managed Fund

#### Investment Policy

To invest primarily for capital growth from a balanced and managed portfolio of asset types in various economies.

#### Types of Investment

Investments are held primarily in equity and fixed interest stock markets of the major economies, but may also be held indirectly through other permitted investments such as unit trusts, investment trusts and convertible securities as circumstances warrant and as permitted by the Regulations. Exposure to individual regions or economies will generally reflect relative levels of market capitalisation. Consequently, a relatively large proportion of the Investment Fund may consist of investments in the North American market. Limited sales and purchases of investments may be made through options and financial futures, whilst bearing in mind the investment policy of the Investment Fund and Regulations.

It must be remembered that the price of Shares and the income from them can go down as well as up.

#### Suitability

This is the most suitable Investment Fund for the majority of investors looking to build up a professionally managed spread of investments over the medium to long term. The assets within this Investment Fund are varied in the light of changing investment conditions with a view to giving the best chance of real growth.

The significant virtue of this Investment Fund for most investors is that decisions on investment sectors, timing and liquidity are left to the Manager. The Investment Fund represents a potentially highly volatile but high reward investment vehicle. The element of potential risk makes it inadvisable to use this Investment Fund in isolation.

#### Fund Size

The value of the property (on an offer price basis) of this Investment Fund on 31 December 2016 was approximately USD 83,931,296.88.

### Worldwide Equity Fund

#### Investment Policy

To invest primarily for capital growth in a portfolio of international equities.

#### Types of Investment

Investments are made principally for prospects of capital growth in international stocks, generally in shares of leading companies, but also indirectly may be made through other types of permitted investment such as unit trusts, investment trusts, convertible securities, traded options, warrants, fixed interest securities and other media as circumstances warrant and as permitted by the Regulations.

Exposure to individual regions or economies will generally reflect relative levels of market capitalisation. Consequently, a relatively large proportion of the Investment Fund may consist of investments in the North American market.

It must be remembered that the price of Shares and the income from them can go down as well as up.

#### Suitability

This Investment Fund is suitable for investors wishing to participate for the medium to long term in a professionally managed spread of equity investments. Equity investments constitute risk capital for industry, and as such, values may rise or fall with changing circumstances. This Fund is therefore appropriate for investors wishing to obtain the higher long-term returns which can be associated with risk capital. The Investment Fund represents a potentially highly volatile but high reward investment vehicle. The element of potential risk makes it inadvisable to use this Investment Fund in isolation.

#### Fund Size

The value of the property (on an offer price basis) of this Investment Fund on 31 December 2016 was approximately USD 32,088,420.29.

## Appendix 2, Fund objectives

### Managed Currency Fund

#### Investment Policy

To invest in a portfolio of short term fixed interest investments. The Managed Currency Fund invests principally in deposits.

#### Types of investment

The majority of the Investment Fund is invested in short dated bonds and interest bearing time deposits, and is earning the higher rates of interest not normally available to the individual investor. Investments may be made in all forms of money market instrument which are normally held to maturity, and in any currency where the projected return over the life of the investment is attractive. The Investment Fund will normally have a bias towards US Dollar denominated assets.

Limited sales and purchases of currencies may be made through options and the forward and financial futures markets whilst bearing in mind the investment policy of the Investment Fund, the Investment Fund size and the Regulations.

It must be remembered that the price of Shares and the income from them can go down as well as up.

#### Suitability

The Investment Fund is suitable for both UK and expatriate investors wishing to build a portfolio of assets over the medium to long term, who are able to accept the risk inherent in a portfolio of short dated investments in various currencies. Short-term movements and exchange rates may be significant and volatile, and relate not only to fundamental, but also to technical and speculative factors. The Investment Fund therefore represents a potentially highly volatile but high reward investment vehicle. The element of potential risk makes it inadvisable to use this Investment Fund in isolation.

#### Investment Fund Size

The value of the property (on an offer price basis) of this Investment Fund on 31 December 2016 was approximately USD 598,412.03.

### Gilt and Income Fund

#### Investment Policy

To achieve a high total return with limited capital risk from a portfolio of sterling-denominated fixed interest investments and money market assets.

#### Types of Investment

All assets are sterling denominated. Investments are primarily in Eurosterling Bonds and those UK Government Securities (gilt edged stock) which can pay income free of UK withholding tax to the Investment Fund, and in bank deposits. As market conditions justify, investments may be made in other appropriate assets as permitted by the Regulations.

Limited sales and purchases of fixed interest securities may be made through options and financial futures, whilst bearing in mind the investment policy of the Investment Fund and the Regulations.

It must be remembered that the price of Shares and the income from them can go down as well as up.

#### Suitability

This Investment Fund is suitable for expatriates and other investors placing a premium on stability of sterling values over high performance and wishing to invest for the short to medium term.

It should be noted that gilt-edged and other fixed interest stocks do not have fixed capital values, so that although they are far less volatile historically than equity shares, their values fluctuate depending on the prevailing interest rate climate: the usual situation is that if interest rates fall then capital values will rise, and vice versa. The Investment Fund represents a potentially highly volatile but high reward investment vehicle. The element of potential risk makes it inadvisable to use this Investment Fund in isolation.

#### Investment Fund Size

The value of the property (on an offer price basis) of this Investment Fund on 31 December 2016 was approximately GBP 13,676,432.66.

## Appendix 2, Fund objectives

### North American Growth Fund

#### Investment Policy

To invest primarily for capital growth in a portfolio of equities based in North America

#### Types of Investment

Investments are made for capital growth, primarily in shares of leading companies, but may also be held indirectly through other types of permitted investment such as unit trusts, investment trusts, convertible securities, traded options, warrants, fixed interest securities and other media as circumstances warrant and as permitted by the Regulations.

It must be remembered that the price of Shares and the income from them can go down as well as up.

#### Suitability

This Investment Fund has all the general attributes of funds in equities, but gives specific exposure to the North American market. It is therefore suitable for those investors looking for real growth over the longer term, which an investment in the North American equity market may provide and who are prepared to accept short term price fluctuations. The Investment Fund represents a potentially highly volatile but high reward investment vehicle. The element of potential risk makes it inadvisable to use this Investment Fund in isolation.

#### Investment Fund Size

The value of the property (on an offer price basis) of this Investment Fund on 31 December 2016 was approximately USD 345,713,846.10.

### Far East Fund

#### Investment Policy

To invest primarily for capital growth from a portfolio of equities in the principal Far Eastern and Asian markets.

#### Types of Investment

Investments are made for capital growth, primarily in shares of leading companies, but also may be held indirectly through other types permitted by investment such as unit trusts, investment trusts, convertible securities, traded options, warrants, fixed interest securities and other media as circumstances warrant and as permitted by the Regulations. Investments may be held in any approved Far Eastern market.

Exposure to individual economies will generally reflect relative level of market capitalisation. Consequently, a relatively large proportion of the Investment Fund may consist of investments in the Japanese market.

It must be remembered that the price of Shares and the income from them can go down as well as up.

#### Suitability

This Investment Fund has all the general attributes of funds in equities, but gives specific exposure to Far East markets. The Investment Fund is therefore suitable for those investors looking for real growth over the long term, which an investment in Far Eastern equity markets may provide, and who are prepared to accept short-term price fluctuations. The Investment Fund represents a potentially highly volatile but high reward investment vehicle. The element of potential risk makes it inadvisable to use this Investment Fund in isolation.

#### Investment Fund Size

The value of the property (on an offer basis) of this Investment Fund on 31 December 2016 was approximately USD 6,910,089.16.

## Appendix 2, Fund objectives

### UK Capital Growth Fund

#### Investment Policy

To invest primarily for capital growth from a portfolio of equities based in the United Kingdom.

#### Types of Investment

Investments are made for capital growth, primarily in shares of leading companies, but also may be made indirectly through other types of permitted investment such as unit trusts, investment trusts, convertible securities, traded options, warrants and also through fixed interest securities and other media as circumstances warrant and as permitted by the Regulations.

It must be remembered that the price of Shares and the income from them, can go down as well as up.

#### Suitability

This Investment Fund has all the general attributes of funds in equities, but gives specific exposure to the UK market. It is therefore suitable for those investors, looking for real growth over the longer term, which an investment in the UK equity markets may provide and who are prepared to accept short-term price fluctuations.

The Investment Fund represents a potentially highly volatile but high reward investment vehicle. The element of potential risk makes it inadvisable to use this Investment Fund in isolation.

#### Fund Size

The value of the property (on an offer price basis) of this Investment Fund on 31 December 2016 was approximately GBP 43,282,873.90.

### Europe Fund

#### Investment Policy

To invest primarily for capital growth from a portfolio of European equities.

#### Types of Investment

Investments are made principally for prospects of capital growth in Continental European stocks, generally in shares of leading European companies, but also may be made indirectly through other types of permitted investment such as unit trusts, investment trusts, convertible securities, traded options, warrants, fixed interest securities and other media as circumstances warrant and as permitted by the Regulations.

It must be remembered that the price of Shares and the income from them, can go down as well as up.

#### Suitability

This Investment Fund is suitable for investors wishing to participate for the medium to long term in a professionally managed spread of equity investment based in Continental Europe. Equity investment constitutes risk capital for industry, and as such, values may rise or fall with changing circumstances. The Investment Fund is therefore appropriate for those investors wishing to obtain exposure to a portfolio of European shares in order to achieve the higher long term returns which can be associated with risk capital. The Investment Fund represents a potentially highly volatile but high reward investment vehicle. The element of potential risk makes it inadvisable to use this Investment Fund in isolation.

#### Fund Size

The value of the property (on an offer price basis) of this Investment Fund on 31 December 2016 was approximately EUR 26,438,723.14.