

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

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

**PROSPECTUS**

**OF**

**MI CHARLES STANLEY INVESTMENT FUNDS II**

**(A UCITS scheme open-ended investment company  
incorporated with limited liability and  
registered in England and Wales  
under registered number IC398)**

**("MI" and "MI Funds" are trading names of the ACD)**

(A UCITS scheme)

This document constitutes the Prospectus for MI Charles Stanley Investment Funds II which has been prepared in accordance with The Collective Investment Schemes Sourcebook.

This Prospectus is dated, and is valid, as at 10 February 2025.

Copies of this Prospectus have been sent to the FCA and the Depositary.

## CONTENTS

Clause		Page
1	DEFINITIONS .....	1
2	DETAILS OF THE COMPANY .....	6
	2.1 General information .....	6
	2.2 The structure of the Company .....	7
3	BUYING, REDEEMING, CONVERTING AND SWITCHING SHARES .....	9
	3.1 Buying Shares .....	10
	3.2 Redeeming Shares .....	13
	3.3 Conversion and Switching .....	14
	3.4 Dealing Charges .....	16
	3.5 Money laundering .....	18
	3.6 Transfers .....	18
	3.7 Restrictions, Compulsory Transfer, Redemption and Conversion .....	18
	3.8 Issue of Shares in exchange for in specie assets .....	19
	3.9 In specie redemptions .....	20
	3.10 Suspension of dealings in the Company or a Fund .....	20
	3.11 Electronic Communication .....	21
	3.12 Electronic Verification .....	21
	3.13 Client Money .....	22
	3.14 Governing law .....	23
4	VALUATION OF THE COMPANY .....	23
	4.1 General .....	23
	4.2 Calculation of the Net Asset Value .....	24
	4.3 Price per Share in each Fund and each Class .....	26
	4.4 Fair Value Pricing .....	27
	4.5 Pricing basis .....	28
	4.6 Publication of Prices .....	28
5	RISK FACTORS .....	28
	5.1 Market risk .....	28
	5.2 Effect of Initial Charge or Redemption Charge .....	28
	5.3 Dilution .....	29
	5.4 Charges to Capital .....	29
	5.5 Suspension of dealings in Shares .....	29
	5.6 Currency Exchange Rates .....	29
	5.7 Derivatives .....	29
	5.8 Credit and Fixed Interest Securities .....	30
	5.9 Currency Hedging .....	30
	5.10 Higher volatility and concentrated portfolios .....	30
	5.11 Investment Trusts .....	30
	5.12 Exposure to Alternative Asset Classes .....	31
	5.13 Counterparty and Settlement .....	32
	5.14 Liquidity .....	32
	5.15 Tax Risk .....	32

	5.16	Unlisted Investments .....	32
	5.17	Counterparty risk in over-the-counter markets .....	32
	5.18	Leverage Risk .....	33
	5.19	Emerging markets .....	33
	5.20	Inflation and Interest Rates .....	34
	5.21	Exchange Traded Funds (ETFs) .....	34
	5.22	Cyber Security .....	34
	5.23	Risks related to pandemics and public health issues .....	34
	5.24	Political Risks.....	35
6		MANAGEMENT AND ADMINISTRATION.....	35
	6.1	Regulatory Status .....	35
	6.2	Authorised Corporate Director.....	35
	6.3	The Depositary .....	38
	6.4	The Investment Manager .....	42
	6.5	The Administrator .....	43
	6.6	The Registrar.....	43
	6.7	The Auditors .....	43
	6.8	Conflicts of Interest .....	43
7		FEES AND EXPENSES .....	44
	7.1	Ongoing .....	44
	7.2	Ongoing Charges.....	46
	7.3	Charges payable to the ACD .....	46
	7.4	Depositary's fee and expenses .....	47
	7.5	Investment Manager's fee .....	49
	7.6	Allocation of fees and expenses between Funds .....	49
8		SHAREHOLDER MEETINGS AND VOTING RIGHTS.....	49
	8.1	Class, Company and Fund Meetings.....	49
	8.2	Requisitions of Meetings.....	50
	8.3	Notice and Quorum .....	50
	8.4	Voting Rights.....	50
	8.5	Variation of Class or Fund rights.....	51
9		TAXATION .....	51
	9.1	General.....	51
	9.2	The Funds .....	51
	9.3	Shareholders .....	52
	9.4	OECD Common Reporting Standard (CRS).....	55
	9.5	FATCA .....	55
10		WINDING UP OF THE COMPANY OR TERMINATION OF FUND .....	55
11		GENERAL INFORMATION.....	58
	11.1	Accounting Periods .....	58
	11.2	Income Allocations .....	58
	11.3	Annual Reports .....	59
	11.4	Documents of the Company.....	59
	11.5	Material Contracts .....	59
	11.6	Provision of Investment Advice .....	59
	11.7	Telephone Recordings .....	60

11.8	Complaints .....	60
11.9	Risk Management.....	60
11.10	Indemnity .....	60
11.11	Notice to Shareholders.....	61
11.12	Best execution .....	61
11.13	Inducements .....	61
11.14	Remuneration Disclosure.....	61
11.15	Data Protection Notice .....	62
	APPENDIX I.....	65
	FUND DETAILS .....	65
	APPENDIX II .....	73
	ELIGIBLE SECURITIES MARKETS AND ELIGIBLE DERIVATIVES MARKETS.....	73
	APPENDIX III .....	77
	INVESTMENT AND BORROWING POWERS OF THE COMPANY .....	77
	APPENDIX IV.....	107
	LIST OF OTHER AUTHORISED COLLECTIVE INVESTMENT SCHEMES OPERATED BY THE ACD .....	107
	APPENDIX V.....	108
	PAST PERFORMANCE AND INVESTOR PROFILE .....	108
	APPENDIX VI.....	112
	SUB-CUSTODIANS .....	112
	APPENDIX VII .....	119
	DIRECTORY.....	119

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

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

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

The provisions of the Instrument of Incorporation are binding on each of the Shareholders and a copy of the Instrument of Incorporation is available on request.

This Prospectus has been issued for the purpose of section 21 of the Financial Services and Markets Act 2000 by Apex Fundrock Ltd.

The distribution of this Prospectus in certain jurisdictions may require that this Prospectus is translated into the official language of those countries. Should any inconsistency arise between the translated version and the English version, the English version shall prevail.

This Prospectus is based on information, law and practice at the date hereof. The Company cannot be bound by an out of date prospectus when it has issued a new prospectus and investors should check with Apex Fundrock Ltd that this is the most recently published prospectus.

The Shares have not been and will not be registered under the United States Securities Act of 1933, as amended. They may not be offered or sold in the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia or offered or sold to US Persons. The Company has not been and will not be registered under the United States Investment Company Act of 1940, as amended. The ACD has not been registered under the United States Investment Advisers Act of 1940.

#### International Tax Reporting

In order to fulfil our legal obligations in accordance with the requirements of FATCA and other intergovernmental arrangements such as the OECD Common Reporting Standard for Automatic Exchange of Financial Account Information through the International Tax

Compliance Regulations 2015, the Company is required to obtain confirmation of the tax residency of Shareholders to comply with certain reporting requirements. We may ask for evidence of the tax identification number, and country and date of birth of individual Shareholders, or for the Global Intermediary Identification Number (GIIN) of corporate Shareholders. If certain conditions apply, information about your shareholding may be passed to HM Revenue & Customs (HMRC) in order to be passed on to other tax authorities, where the UK has an agreement with that country. Any shareholder that fails to provide the required information may be subject to a compulsory redemption of their Shares and/or monetary penalties.

## 1. DEFINITIONS

<b>“ACD”</b>	Apex Fundrock Ltd, the authorised corporate director of the Company holding offices pursuant to the Rules and the ACD Agreement (“MI” and “MI Funds” are trading names of the ACD)
<b>“ACD Agreement”</b>	an agreement dated 1 October 2017 between the Company and the ACD
<b>“Administrator”</b>	Apex Fundrock Ltd, or such other entity as is appointed to act as administrator to the Company from time to time
<b>“Approved Bank”</b>	an institution meeting the definition of ‘approved bank’ (in COLL) in the glossary in the FCA Handbook
<b>“Auditor”</b>	Grant Thornton UK LLP, or such other entity as is appointed to act as auditor to the Company from time to time
<b>“Business Day”</b>	any day which is not a Saturday, Sunday or a public holiday on which banks are ordinarily open for business in the City of London;
<b>“Class” or “Classes”</b>	in relation to Shares, means (according to the context) all of the Shares related to a single Fund or a particular class or classes of Share related to a single Fund
<b>“COLL”</b>	refers to the appropriate chapter or rule in the COLL Sourcebook
<b>“COLL Sourcebook”</b>	the Collective Investment Schemes Sourcebook issued by the FCA as amended from time to time
<b>“Company”</b>	MI Charles Stanley Investment Funds II
<b>“Conversion”</b>	the conversion of Shares in one Class in a Fund to Shares of another Class in the same Fund and “Convert” shall be construed accordingly

<b>“Custodian”</b>	Northern Trust Company or such other entity as appointed to act as custodian
<b>“Cut Off Point”</b>	the point prior to which orders to buy, sell or switch Shares must be received by the Administrator in order for them to be actioned at the next Valuation Point and details of which are set out for each Fund (if relevant) in Appendix I
<b>“Data Protection Laws”</b>	<p>the Data Protection Act 2018, Regulation (EU) 2016/679 as implemented into UK law (“<b>UK GDPR</b>”) and other data protection legislation to the extent binding within the UK from time to time;</p> <p>and references to “<b>controller</b>”, “<b>personal data</b>”, and “<b>processor</b>” shall have the meanings set out in and will be interpreted in accordance with such laws</p>
<b>“Dealing Day”</b>	Monday to Friday (except for (unless the ACD otherwise decides) a bank or public holiday in England and Wales and any other days declared by the ACD to be a company holiday)
<b>“Depository”</b>	Northern Trust Investor Services Limited, or such other person as is appointed to act as the depository of the Company from time to time
<b>“Director” or “Directors”</b>	the directors of the Company from time to time (including the ACD)
<b>“EEA State”</b>	a member state of the European Union and any other state which is within the European Economic Area
<b>“Efficient Portfolio Management” or “EPM”</b>	as defined in paragraph 18 of Appendix III
<b>“Eligible Institution”</b>	one of certain eligible institutions as defined in the glossary of definitions to the FCA Handbook



<b>“FCA”</b>	the Financial Services Authority in respect of matters prior to 1 April 2013 and, in respect of matters after that date, the Financial Conduct Authority or any other successor entity from time to time
<b>“the FCA Handbook”</b>	the FCA Handbook of Rules and Guidance, as amended from time to time
<b>“Fund Accountant”</b>	Apex Fundrock Ltd or such other entity as is appointed to act as fund accountant
<b>“Fund” or “Funds”</b>	a sub-fund of the Company (being part of the Scheme Property of the Company which is pooled separately) to which specific assets and liabilities of the Company may be allocated and which is invested in accordance with the investment objective applicable to such sub-fund
<b>“HMRC”</b>	HM Revenue and Customs, the UK tax authority
<b>“Home State”</b>	has the meaning given to that term in the Glossary to the FCA Handbook
<b>“ICO”</b>	The Information Commissioner’s Office, the UK’s data protection authority for the purposes of Data Protection Laws;
<b>“Instrument of Incorporation”</b>	the instrument of incorporation of the Company as amended from time to time
<b>“Investment Manager”</b>	Charles Stanley & Co Ltd, the investment manager to the ACD in respect of the Company
<b>“IOSCO”</b>	the International Organisation of Securities Commissions
<b>“ISA”</b>	an individual savings account under The Individual Savings Account Regulations 1998 (as amended)
<b>“Leverage”</b>	any method by which the exposure of a Fund is increased, whether through borrowing of

cash or transferrable securities or leverage embedded in derivative positions or by any other means

<b>“Net Asset Value” or “NAV”</b>	the value of the Scheme Property of the Company or of any Fund (as the context may require) less the liabilities of the Company (or of the Fund concerned) as calculated in accordance with the Instrument of Incorporation
<b>“OEIC Regulations”</b>	the Open-Ended Investment Companies Regulations 2001 as amended or replaced from time to time
<b>Product Reference Number</b>	the FCA reference number of the Company and the Funds
<b>“Register”</b>	the register of Shareholders of the Company
<b>“Registrar”</b>	Apex Fundrock Ltd, or such other entity as is appointed to act as registrar to the Company from time to time
<b>“Regulated Activities Order”</b>	the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544) as amended from time to time
<b>“Regulations”</b>	the OEIC Regulations and the FCA Handbook (including the COLL Sourcebook)
<b>“Scheme Property”</b>	the scheme property of the Company or a Fund (as appropriate) required under the COLL Sourcebook to be given for safekeeping to the Depositary
<b>“Share” or “Shares”</b>	a share or shares in the Company (including larger denomination shares, and smaller denomination shares equivalent to one ten thousandth of a larger denomination share)
<b>“Shareholder”</b>	a holder of registered Shares in the Company
<b>“Switch”</b>	the exchange where permissible of Shares of one Class or Fund for Shares of another Class or Fund

<b>“UCITS Directive”</b>	has the meaning given to that term in the Glossary to the FCA Handbook
<b>“UCITS scheme”</b>	has the meaning given to that term in the Glossary to the FCA Handbook
<b>“UK UCITS scheme”</b>	a UK UCITS as defined in the Glossary of definitions in the FCA Handbook
<b>“US Persons”</b>	a person who falls within the definition of “US Person” as defined in rule 902 of regulation S of the United States Securities Act 1933
<b>“Valuation Point”</b>	the point whether on a periodic basis or for a particular valuation, at which the ACD carries out a valuation of the Scheme Property for the Company or a Fund (as the case may be) for the purpose of determining the price at which Shares of a Class may be issued, cancelled or redeemed. For details of the Valuation Point of a Fund please see Appendix I
<b>“VAT”</b>	UK value added tax

## 2. DETAILS OF THE COMPANY

### 2.1 General information

#### 2.1.1 General

MI Charles Stanley Investment Funds II (the Company) is an investment company with variable capital incorporated in England and Wales under registered number IC000398 and authorised by the FCA with effect from 2 June 2005. The Company has an unlimited duration.

Shareholders are not liable for the debts of the Company.

The ACD is also the authorised corporate director of certain other open-ended investment companies and authorised fund manager of certain authorised unit trusts details of which are set out in Appendix IV.

#### 2.1.2 Head Office

The head office of the Company is at Hamilton Centre, Rodney Way, Chelmsford, Essex CM1 3BY.

#### 2.1.3 Address for Service

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

#### 2.1.4 Base Currency

The base currency of the Company and each Fund is Pounds Sterling.

#### 2.1.5 Share Capital

Maximum £100,000,000,000

Minimum £1

Shares have no par value. The Share capital of the Company at all times equals the sum of the Net Asset Values of each of the Funds.

Shares in the Company may be marketed in other Member States and in countries outside the European Union and European Economic Area, subject to the Regulations, and any regulatory constraints in those countries, if the ACD so decides.

Each of the Funds of the Company is designed and managed to support longer-term investment and active trading is discouraged. Short-term or excessive trading into and out of a Fund may harm performance by disrupting portfolio management

strategies and by increasing expenses. The ACD may at its discretion refuse to accept applications for, or converting or switching of, Shares, especially where transactions are deemed disruptive, particularly from possible market timers or investors who, in its opinion, have a pattern of short-term or excessive trading or whose trading has been or may be disruptive to the Funds. For these purposes, the ACD may consider an investor's trading history in the Funds or other funds managed by the ACD and accounts under common ownership or control.

## 2.2 **The structure of the Company**

### 2.2.1 **The Funds**

The Company is structured as an umbrella company, in that different Funds may be established from time to time by the ACD with the approval of the FCA. On the introduction of any new Fund or Class, a revised prospectus will be prepared setting out the relevant details of each Fund or Class.

The Company is a UK UCITS scheme and the Product Reference Number is 432507.

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

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

Each Fund has a specific portfolio to which that Fund's assets and liabilities are attributable. So far as the Shareholders are concerned, each Fund is treated as a separate entity. Shareholders are not liable for the debts of the Company. A Shareholder is not liable to make any further payment to the Company after he has paid the price on purchase of Shares.

#### Segregated Liability

Investors should note that the Company's Funds are segregated portfolios of assets and, accordingly, the assets of a Fund belong exclusively to that Fund, and shall not be used to discharge, directly or indirectly, the liabilities of, or claims against, any other person or body, including the Company or any other Fund, and shall not be available for any such purpose.

While the provisions of the OEIC Regulations provide for segregated liability between the Funds, the concept of segregated liability is relatively new. Accordingly, where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known how those foreign courts will react to the OEIC Regulations. It is therefore not free from doubt that the assets of a Fund will always be "ring-fenced" from the liabilities of other Funds of the Company.

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

### 2.2.2 **Shares**

#### **Classes of Shares within the Funds**

Shares will be issued in larger and smaller denominations. There are 10,000 smaller denomination Shares to each larger denomination Share. Smaller denomination Shares represent what, in other terms, might be called fractions of a larger Share and have proportionate rights.

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

Further Classes of Share may be established from time to time by the ACD with the approval of the FCA, the agreement of the Depositary and in accordance with the Instrument of Incorporation. On the introduction of any new Fund or Class, either a revised prospectus or a supplemental prospectus will be prepared, setting out the details of each Fund or Class.

The base currency for each new Class of Shares will be determined at the date of creation and set out in the prospectus issued in respect of the new Class of Shares.

The net proceeds from subscriptions to a Fund will be invested in the specific pool of assets constituting that Fund.

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

Shares in the Company are not currently listed on any investment exchange.

The Share Classes that may be issued and their criteria for subscription in respect of each Fund are set out in Appendix I. Details of which of the Share Classes are presently available in each Fund are set out in Appendix I.

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

Holders of accumulation Shares are not entitled to be paid the income attributed to such Shares, but that income is automatically transferred to (and retained as part of) the capital assets of the relevant Fund on the relevant interim and/or annual accounting dates. This is reflected in the price of an accumulation Share.

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

Shareholders are entitled (subject to certain restrictions) to Convert all or part of their Shares in a Class for Shares of another Class within the same Fund or to Switch Shares for others of the same or another Class within a different Fund of the Company. Details of this conversion and switching facility and the restrictions are set out in paragraph 3.3 "Conversion and Switching".

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

The dealing office of the ACD is normally open from 8:30 a.m. to 4:30 p.m. (London time) on each Dealing Day to receive requests by post at Hamilton Centre, Rodney Way, Chelmsford, Essex CM1 3BY for the purchase, sale, conversion and switching of Shares. The ACD may vary these times at its discretion. Requests to deal in Shares may also be made by telephone on each Dealing Day (at the ACD's discretion) between 8:30 a.m. and 4:30 p.m. (London time) directly to the office of the ACD (telephone: 0345 308 1456, fax: 0845 280 1815 or such other number as published from time to time) or via electronic dealing platforms (such as Calastone) for the

purchase, redemption and switch of Shares for non-retail clients. In addition, the ACD may from time to time make arrangements to allow Shares to be dealt with through other communication media. The initial investment must, at the discretion of the ACD, be accompanied by an application form.

At present transfer of title by electronic communication is accepted at the ACD's absolute discretion and the ACD may refuse electronic transfers.

Telephone calls will be recorded. The ACD may also, at its discretion, introduce further methods of dealing in Shares in the future.

In respect of some Funds, deals must be received before the relevant Cut Off Point in order to be dealt with at the next Valuation Point. Deals received after the Cut Off Point will be dealt with at the Valuation Point or the next following Dealing Day. For details of the Valuation Point and, where relevant, the Cut Off Point of a Fund, please see Appendix I.

### 3.1 **Buying Shares**

#### 3.1.1 **Procedure**

Shares may be bought directly from the ACD or through a professional adviser or other intermediary. For details of dealing charges see paragraph 3.4 below. Application forms may be obtained from the ACD.

Valid applications to purchase Shares in a Fund (received before the Cut Off Point, if appropriate) will be processed at the Share price calculated, based on the Net Asset Value per Share, at the next Valuation Point following receipt of the application, except in the case where dealing in a Fund has been suspended as set out in paragraph 3.10.

The ACD, at its discretion, has the right to cancel a purchase deal if settlement is materially overdue and any loss arising on such cancellation shall be the liability of the applicant. For postal applications payment in full must accompany the instruction. At the ACD's discretion, payment for large purchases of Shares may be made by telegraphic transfer.

A purchase of Shares in writing or by telephone or any other communication media made available is a legally binding contract. Applications to purchase, once made are, except in the case where cancellation rights are applied, irrevocable. However, subject to its obligations under the Regulations, the ACD has the right to reject, on reasonable grounds relating to the circumstances of the applicant, any application for Shares in whole or part, and in this event the ACD will return any money sent, or the balance of such monies, at the risk of the applicant.



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

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

The UK has implemented the Foreign Account Tax Compliant Act (FATCA) and the OECD Common Reporting Standard for Automatic Exchange of Financial Account Information through the International Tax Compliance Regulations 2015. As a result of UK legislation, the Company may be required to obtain confirmation of certain information from shareholders and (where applicable) their beneficial owners, such as where you are resident for tax purposes, your tax identification number, and your place and date of birth, and your tax status classification and place of incorporation if you are a corporate body. Under certain circumstances (including where you do not supply us with the information we request), we will be obliged to report your personal details as well as the details of your Investment to HM Revenue & Customs. This information may then be passed to other tax authorities. Any shareholder that fails to provide the required information may be subject to a compulsory redemption of their Shares and/or monetary penalties.

The extent to which the Company is able to report to HM Revenue & Customs will depend on each affected Shareholder in the Company, providing the Company or its delegate with any information, that the Company determines is necessary to satisfy such obligations. By signing the application form to subscribe for Shares in the Company, each affected Shareholder is agreeing to provide such information upon request from the Company or its delegate. Shareholders are encouraged to consult with their own tax advisors regarding the possible implications of FATCA on their interest in the Company.

### 3.1.2 **Documents the buyer will receive**

A confirmation giving details of the number and price of Shares bought will be issued no later than the end of the Business Day following the later of

receipt of the application to buy Shares and the Valuation Point by reference to which the price is determined, together with, where appropriate, a notice of the applicant's right to cancel.

Settlement is due within four Business Days of the Valuation Point. An order for the purchase of Shares will only be deemed to have been accepted by the ACD once it is in receipt of cleared funds for the application. If settlement is not made within a reasonable period, then the ACD has the right to cancel any Shares issued in respect of the application. The ACD may charge £50 each time a trade is not fulfilled by the end of the Business Day on the settlement date. The ACD also reserves the right to apply interest charges at 4% above the Bank of England Base Rate on the value of any settlement not received by the end of the Business Day on the settlement date or thereafter. No interest will be paid on funds held prior to investment. Shares that have not been paid for cannot be redeemed.

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

### 3.1.3 **Regular Savings Plan**

The ACD may make available certain Classes of Shares of any Fund through the Regular Savings Plan (details of current Classes of Shares and Funds which are available are shown in Appendix I). To invest in this way, Shareholders must complete and return to the Administrator the relevant plan application form and set up a standing order with their bank before contributions may begin. Monthly contributions may be increased, decreased (subject to maintaining the minimum level of contribution) or stopped at any time by notifying such party as the ACD may direct. Confirmations will not be issued to Shareholders investing through a Regular Savings Plan, however statements detailing all Share transactions will be sent to all monthly savers at least on a six monthly basis.

Contributions to the Regular Savings Plan will normally be collected on a monthly basis usually on the first Business Day of each month (or the next Business Day where the first day of the month is not a Business Day) with Shares being allocated at the Share price ruling at the Valuation Point that day (subject to any applicable initial charge).

For Shares purchased through the Regular Savings Plan, the minimum monthly investment is stated in Appendix I.

### 3.1.4 **Minimum subscriptions and holdings**

The minimum initial subscription, subsequent subscription and holding levels for each Class of Share in a Fund are set out in Appendix I.

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

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

## 3.2 **Redeeming Shares**

### 3.2.1 **Procedure**

Valid instructions to the ACD to redeem Shares in a Fund (received before the Cut Off Point, if appropriate) will be processed at the Share price calculated, based on the Net Asset Value per Share, at the next Valuation Point following receipt of the instruction, except in the case where dealing in a Fund has been suspended as set out in paragraph 3.10.

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

For details of dealing charges see paragraph 3.4 below.

### 3.2.2 **Documents a redeeming Shareholder will receive**

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

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

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

### 3.2.3 **Minimum redemption**

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

## 3.3 **Conversion and Switching**

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

- 3.3.1 Convert all or some of his Shares of one Class in a Fund for another Class in the same Fund; or
- 3.3.2 Switch all or some of his Shares in one Fund for Shares in another Fund in the Company.

### **Conversions**

Conversions will be effected by the ACD recording the change of Share Class on the Register of the Company.

If a Shareholder wishes to Convert Shares he should apply to the ACD in the same manner as for a sale as set out below.

Conversions will be effected at the next Valuation Point following receipt of instructions to Convert from a Shareholder.

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

There is no fee on Conversions.

## Switches

Subject to the qualifications below, a Shareholder may at any time Switch all or some of his Shares of one Class in a Fund (the "Original Shares") for a number of Shares of another Fund (the "New Shares").

The number of New Shares issued will be determined by reference to the respective prices of New Shares and Original Shares at the Valuation Point applicable at the time the Original Shares are redeemed and the New Shares are issued.

The ACD may at its discretion make a charge on the switching of Shares between Funds. Any such charge on switching does not constitute a separate charge payable by a Shareholder, but is rather the application of any redemption charge on the Original Shares and any initial charge on the New Shares, subject to certain waivers. For details of the charges on switching currently payable, please see paragraph 3.4.3 "Charges on Switching and Conversion".

If a partial Switch would result in the Shareholder holding a number of Original Shares or New Shares of a value which is less than the minimum holding in the Class concerned, the ACD may, if it thinks fit, convert the whole of the applicant's holding of Original Shares to New Shares (and make a charge on switching on such conversion) or refuse to effect any Switch of the Original Shares. Save as otherwise specifically set out, the general provisions on procedures relating to redemption will apply equally to a Switch. Written instructions must be received by the ACD before the Valuation Point on a Dealing Day in the Funds concerned to be dealt with at the prices at the Valuation Point on that Dealing Day or at such other Valuation Point as the ACD at the request of the Shareholder giving the relevant instruction may agree. Switching requests received after a Valuation Point will be held over until the next day which is a Dealing Day in each of the relevant Funds.

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

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

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

### 3.4 **Dealing Charges**

The price per Share at which Shares are bought, redeemed or switched is the Net Asset Value per Share. Any initial charge, or redemption charge, is payable in addition to the price or deducted from the proceeds and is taken from the gross subscription or redemption monies.

#### 3.4.1 **Initial Charge**

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

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

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

Where permitted to do so under the rules in the FCA Handbook, the ACD may pay a commission to relevant intermediaries either out of the initial charge or out of another of its own resources.

#### 3.4.2 **Redemption Charge**

The ACD may make a charge on the redemption of Shares in each Class. Please see Appendix I for details of which Funds apply a redemption charge.

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

There is currently no charge for redeeming Shares in any of the Classes.

#### 3.4.3 **Charges on Switching and Conversion**

On the switching of Shares between Funds in the Company the Instrument of Incorporation authorises the Company to impose a charge.

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

There is currently no charge for switching between Funds or for converting Shares in one Class of a Fund for Shares in another Class of the same Fund.

#### 3.4.4 **Dilution Levy**

The actual cost of purchasing, selling or switching assets and investments in a Fund may deviate from the mid-market value used in calculating its Share price, due to dealing charges, taxes, and any spread between buying and selling prices of a Fund's underlying investments. These costs could have an adverse effect on the value of the Funds, known as "dilution". In order to mitigate the effect of dilution the Regulations allow the ACD to make a "dilution levy" on the purchase, redemption or switch of Shares in a Fund. A dilution levy is a separate charge of such amount or at such rate as is determined by the ACD to be made for the purpose of reducing the effect of dilution. This amount is not retained by the ACD, but is paid into the relevant Fund.

The dilution levy is calculated by reference to the costs of dealing in the underlying investments of the relevant Fund, including any dealing spreads, commission and transfer taxes.

The need to charge a dilution levy will depend on the volume of purchases and redemptions. It is not possible to predict accurately whether dilution would occur at any point in time.

The ACD's policy is that it may require a dilution levy on the purchase and redemption of Shares if, in its opinion, the existing Shareholders (for purchases) or remaining Shareholders (for redemptions) might otherwise be adversely affected. For example, the dilution levy may be charged in the following circumstances: where the Scheme Property of a Fund is in continual decline; on a Fund experiencing large levels of net purchases relative to its size; on "large deals" (typically being a purchase or redemption of Shares to a size equal to 5% or more of the Net Asset Value of the relevant Fund); in any case where the ACD is of the opinion that the interests of existing or remaining Shareholders require the imposition of a dilution levy.

This policy is intended to mitigate the dilutive effect of Shareholder transactions on the future growth of the Company.

Based on future projections the ACD may need to charge a dilution levy 2-4 times a year. If a dilution levy is required then, based on future projections the estimated rate of such a levy would be up to 1%. On the occasions when a dilution levy is not applied, there may be an adverse impact on the total assets of the relevant Funds.

The ACD, in its absolute discretion, may waive or reduce the dilution levy. The ACD may alter its current dilution policy in accordance with the procedure set out in the Regulations.

### 3.5 **Money laundering**

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

### 3.6 **Transfers**

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

### 3.7 **Restrictions, Compulsory Transfer, Redemption and Conversion**

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

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

- (a) are owned directly or beneficially in breach of any law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory; or
- (b) would result in the Company incurring any liability to taxation which the Company would not be able to recoup itself or suffering any other adverse consequence (including a requirement to register under any securities or investment or similar laws or governmental regulation of any country or territory); or



- (c) are held in any manner by virtue of which the Shareholder or Shareholders in question is/are not qualified to hold such Shares or if it reasonably believes this to be the case; or
- (d) are owned by a Shareholder who is registered in a jurisdiction (where the Fund is not registered or recognised by the relevant competent authority) whereby communication with that Shareholder by the ACD, on behalf of the Fund, might constitute a breach of the regulations in that jurisdiction (unless specific action is taken by the ACD to prevent such a communication constituting a breach),

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

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

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

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

The ACD may arrange for the Company to issue Shares in exchange for assets other than cash, but will only do so where the Depositary has taken reasonable care to determine that the Company's acquisition of those assets in exchange for the Shares concerned is not likely to result in any material prejudice to the interests of Shareholders. Where the ACD considers the deal to be substantial in relation to the total size of the Fund it may require the investor to contribute in specie. The ACD may consider a deal in this context to be substantial if the relevant Shares constitute 5% (or a lesser or higher percentage if considered appropriate) of those in issue in the relevant Fund.

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

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

### 3.9 **In specie redemptions**

If a Shareholder requests the redemption of Shares the ACD may, where it considers that deal to be substantial in relation to the total size of a Fund or in some way detrimental to a Fund, arrange, for scheme property having the appropriate value to be transferred to the Shareholder (an 'in specie transfer'), in place of payment for the Shares in cash. Before the redemption is effected, the ACD must give written notice to the Shareholder of the intention to make an in specie transfer, so that the Shareholder can require the net proceeds from the sale of the relevant scheme property (rather than the scheme property itself) if the Shareholder so desires.

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

### 3.10 **Suspension of dealings in the Company or a Fund**

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

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

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

The ACD will notify Shareholders as soon as is practicable after the commencement of the suspension, including details of the exceptional circumstances which have led to the suspension, in a clear, fair and not misleading way and giving Shareholders details of how to find further information about the suspension. Where such suspension takes place, the ACD will publish details on its website or other general means, sufficient details to keep Shareholders appropriately informed about the suspension, including, if known, its possible duration. During the suspension none of the obligations in COLL 6.2 (Dealing) will apply but the ACD will comply with as much

of COLL 6.3 (Valuation and Pricing) during the period of suspension as is practicable in light of the suspension.

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

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

### 3.11 **Electronic Communication**

At present, transfer or renunciation of title to Shares by electronic communication is accepted at the ACD's absolute discretion and the ACD may refuse electronic transfers.

The ACD will accept instructions to transfer or renunciation of title to Shares on the basis of an authority communicated by electronic means and sent by the Shareholder, or delivered on their behalf by a person authorised by the FCA, subject to:

- 3.11.1 prior agreement between the ACD and the person making the communication as to:
  - (a) the electronic media which communication can be delivered; and
  - (b) how the communication will convey the necessary authority;
- 3.11.2 assurance from any person who may give authority on behalf of the Shareholder that they will have obtained the required appointment in writing from the Shareholder; and

the ACD being satisfied that any electronic communications purporting to be made by a Shareholder or their agent are in fact made by that person.

### 3.12 **Electronic Verification**

Under The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, The Proceeds of Crime Act, The FCA Senior Management Arrangements Systems & Controls Sourcebook and the guidance in the Joint Money Laundering Steering Group Guidance Notes (which are updated from time to time), the ACD state that the ACD must check an applicant's identity and, in certain circumstances, the source of the money invested. The ACD may also request verification documents from the applicant or parties associated with the applicant. In some cases, documentation may be required for officers performing duties on behalf of applicants who are bodies corporate. The checks may include an electronic search of information held about the applicant (or an associated party) on the electoral role and using credit reference agencies. The credit reference agency may check the details the applicant (or an associated party) supplies against any particulars on any

database (public or otherwise) to which they have access and may retain a record of that information although that is only to verify identity and will not affect the applicant's (or an associated party's) credit rating. They may also use the applicant's (or an associated party's) details in the future to assist other companies verification purposes. In applying for Shares an applicant is giving the ACD permission to ask for this information in line with Data Protection Laws. If an applicant invests through a financial adviser they must fill an identity verification certificate on their behalf and send it to the ACD with the application.

### 3.13 **Client Money**

In certain circumstances (including in relation to the purchase and redemption of Shares), money in respect of Shares will be transferred to a client money bank account with an Approved Bank that the ACD may from time to time select until such transactions can be completed. Money transferred to a client money account will be held in accordance with the FCA Client Money Rules relating to the holding of client money.

The purpose of utilising client money accounts is to protect Shareholders should the ACD become insolvent during such a period. All client money bank accounts are non-interest bearing and therefore no interest is due or payable to the Shareholders where client money balances are held.

Client money may be held with an Approved Bank outside the UK. In such case, the relevant accounts will be subject to the laws of that state and the client money may be treated in a different manner from that which would apply if the client money were held by a party located in the UK.

Where client money is deposited into an account with an Approved Bank, the Approved Bank may have a security interest or lien over, or right of set-off in relation to such money, to the extent the ACD is permitted to grant such rights by the Client Money Rules.

The ACD may hold client money in an omnibus account which means that Shareholder's money may be held in the same account as that of other Shareholders. In an insolvency event Shareholders would not have a claim against a specific amount in a specific account. Shareholders would claim against the client money pool in general. Pooled property in omnibus accounts held by the ACD may be used for the account of any of the relevant Shareholders.

The ACD will not be responsible for any loss or damages suffered by Shareholders because of any error or action taken or not taken by any third parties holding client money in accordance with the Client Money Rules, unless the loss arises because the ACD has been negligent or acted fraudulently or in bad faith.

However, if the Approved Bank or Banks cannot repay all the persons to whom it owes money, any shortfall may have to be shared proportionally between all its creditors including Shareholders.

### **Transfer of business**

Except in respect of de minimis sums transferred in accordance with the Client Money Rules (where Shareholder consent is not required), Shareholders agree that the ACD may transfer to another person, as part of a transfer of business to that person, client money balances, provided that:

(a) the sums transferred will be held for the relevant Shareholder by the person to whom they are transferred in accordance with the Client Money Rules; or

(b) if not held in accordance with (a), the ACD will exercise all due skill, care and diligence in assessing whether the person to whom the client money is transferred will apply adequate measure to protect these sums.

For the purpose of this paragraph, de minimis shall mean £25 for retail investors and £100 for all other investors.

### **Unclaimed balances**

In certain circumstances, if the ACD has lost touch with a Shareholder and there has been no movement on the account (notwithstanding any payments or receipts of charges, interest or similar items), the ACD will be permitted to pay the Shareholder's client money balance to charity after six years. At this point, the ACD shall cease to treat such money as client money. The ACD will not do so until reasonable efforts have been made to contact the Shareholder in accordance with the Client Money Rules. The Shareholder will still be entitled to recover this money from the ACD at a later date irrespective of whether the ACD has paid the money to charity.

### 3.14 **Governing law**

All deals in Shares are governed by the law of England and Wales. These documents are governed by English law and the courts of England and Wales have exclusive jurisdiction to settle disputes relating to them.

## 4. **VALUATION OF THE COMPANY**

### 4.1 **General**

There is only a single price for Shares. The price of a Share is calculated by reference to the Net Asset Value of the Fund to which it relates. The Net Asset Value per Share of a Fund is currently calculated on each Dealing Day at the Valuation Point of the Fund. For details of the Valuation Point of a Fund, please see Appendix I.

The ACD may at any time during a Business Day carry out an additional valuation if it considers it desirable to do so and may use the price obtained at such additional valuation point as the price for the day. The ACD shall inform the Depositary of any decision to carry out any such additional valuation. Valuations may be carried out for effecting a scheme of amalgamation or reconstruction which do not create a Valuation

Point for the purposes of dealing. Where permitted and subject to the Regulations, the ACD may, in certain circumstances (for example where a significant event has occurred since the closure of a market) substitute a price with a more appropriate price which in its opinion reflects a fair and reasonable price for that investment.

The ACD will, upon completion of each valuation, notify the Depositary of the price of Shares, of each Class of each Fund and the amount of any dilution levy made in respect of any purchase or redemption of Shares.

A request for dealing in Shares must be received by the Valuation Point on a particular Dealing Day in order to be processed on that Dealing Day. A dealing request received after this time will be held over and processed on the next Dealing Day, using the Net Asset Value per Share calculated as at the Valuation Point on that next Dealing Day.

#### 4.2 **Calculation of the Net Asset Value**

The value of the property of the Company or of a Fund (as the case may be) shall be the value of its assets less the value of its liabilities determined in accordance with the following provisions:

- 4.2.1 All the Scheme Property (including receivables) is to be included, subject to the following provisions.
- 4.2.2 Scheme Property which is not cash (or other assets dealt with in paragraphs 4.2.2.6 or 4.2.3 below) or a contingent liability transaction shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:
  - 4.2.2.1 units or shares in a collective investment scheme:
    - (a) if a single price for buying and redeeming units or shares is quoted, at that price; or
    - (b) if separate buying and selling prices are quoted, at the average of the two prices provided the buying price has been reduced by any initial charge included therein and the selling price has been increased by any exit or redemption charge attributable thereto; or
    - (c) if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no recent price exists or if the most recent price available does not reflect the ACD's best estimate of the value of the units or shares, at a value which, in the opinion of the ACD, is fair and reasonable;
  - 4.2.2.2 exchange-traded derivative contracts:

- (a) if a single price for buying and selling the exchange-traded derivative contract is quoted, at that price; or
    - (b) if separate buying and selling prices are quoted, at the average of the two prices;
  - 4.2.2.3 over-the-counter derivative contracts shall be valued in accordance with the method of valuation as shall have been agreed between the ACD and the Depositary;
  - 4.2.2.4 Any other investment:
    - (a) if a single price for buying and redeeming the security is quoted, at that price; or
    - (b) if separate buying and redemption prices are quoted, at the average of the two prices; or
    - (c) if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no recent price exists or if the most recent price available does not reflect the ACD's best estimate of the value of the security, at a value which, in the opinion of the ACD, is fair and reasonable;
  - 4.2.2.5 Scheme Property other than that described in paragraphs 4.2.2.1, 4.2.2.2, 4.2.2.3 and 4.2.2.4 above, at a value which, in the opinion of the ACD, is fair and reasonable;
  - 4.2.2.6 cash and amounts held in current and deposit accounts and in other time related deposits shall be valued at their nominal values.
- 4.2.3 In determining the value of the Scheme Property, all instructions given to issue or cancel Shares shall be assumed (unless the contrary is shown) to have been carried out and any cash payment made or received and all consequential action required by the Regulations or the Instrument of Incorporation shall be assumed (unless the contrary has been shown) to have been taken.
- 4.2.4 Subject to paragraphs 4.2.2.5 and 4.2.6 below, agreements for the unconditional sale or purchase of Scheme Property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the

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

- 4.2.5 Futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under paragraph 4.2.4.
- 4.2.6 All agreements are to be included under paragraph 4.2.4 which are, or ought reasonably to have been, known to the person valuing the Scheme Property assuming that all other persons in the ACD's employment take all reasonable steps to inform it immediately of the making of any agreement.
- 4.2.7 An estimated amount for anticipated tax liabilities at that point in time including (as applicable and without limitation) capital gains tax, income tax, corporation tax, VAT, stamp duty, and any foreign taxes or duties will be deducted.
- 4.2.8 An estimated amount for anticipated tax liabilities (on unrealised capital gains where the liabilities have accrued and are payable out of the Scheme Property; on realised capital gains in respect of previously completed and current accounting periods; and on income where liabilities have accrued) including (as applicable and without limitation) capital gains tax, income tax, corporation tax, VAT and stamp duty will be deducted.
- 4.2.9 The principal amount of any outstanding borrowings whenever repayable and any accrued but unpaid interest on borrowings will be deducted.
- 4.2.10 An estimated amount for accrued claims for tax of whatever nature which may be recoverable will be added.
- 4.2.11 Any other credits or amounts due to be paid into the Scheme Property will be added.
- 4.2.12 Currencies or values in currencies other than Sterling shall be converted at the relevant Valuation Point at a rate of exchange that is not likely to result in any material prejudice to the interests of Shareholders or potential Shareholders.
- 4.2.13 Sums representing any interest or any income accrued due or deemed to have accrued but not received will be added.

#### 4.3 **Price per Share in each Fund and each Class**

The price per Share at which Shares are bought or are redeemed is the Net Asset Value per Share. There will be a single price per Share. Any initial charge or redemption charge is payable in addition to the price or deducted from the proceeds



and is taken from the gross subscription or redemption monies.

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

#### 4.4 **Fair Value Pricing**

4.4.1 Where the ACD has reasonable grounds to believe that:

- 4.4.1.1 no reliable price exists for a security (including a unit/share in a collective investment scheme) at a Valuation Point; or
- 4.4.1.2 the most recent price available does not reflect the ACD's best estimate of the value of the security (including a unit/share in a collective investment scheme) at the Valuation Point,

it can value an investment at a price which, in its opinion, reflects a fair and reasonable price for that investment (the fair value price).

4.4.2 The circumstances which may give rise to a fair value price being used include:

- 4.4.2.1 no recent trade in the security concerned; or
- 4.4.2.2 suspension of dealings in an underlying collective investment scheme; or
- 4.4.2.3 the occurrence of a significant event since the most recent closure of the market where the price of the security is taken.

4.4.3 In determining whether to use such a fair value price, the ACD will include in their consideration but need not be limited to:

- 4.4.3.1 the type of authorised fund concerned;
- 4.4.3.2 the securities involved;
- 4.4.3.3 whether the underlying collective investment schemes may already have applied fair value pricing;
- 4.4.3.4 the basis and reliability of the alternative price used; and
- 4.4.3.5 the ACD's policy on the valuation of Scheme Property as disclosed in this Prospectus.

#### 4.5 **Pricing basis**

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

#### 4.6 **Publication of Prices**

The prices of all Share Classes are available at [www.fundrock.com](http://www.fundrock.com). Prices of Shares may also be obtained by calling 0345 308 1456 during the ACD's normal business hours. As the ACD deals on a forward pricing basis, the price that appears in these sources will not necessarily be the same as the one at which investors can currently deal. The ACD may also, at its sole discretion, decide to publish certain Share prices on third party websites or in publications but the ACD does not accept responsibility for the accuracy of the prices published in, or for the non-publication of prices by, these sources for reasons beyond the control of the ACD.

### 5. **RISK FACTORS**

Potential investors should consider the below risk factors before investing in the Company (or in the case of specific risks applying to specific Funds, in those Funds). This list must not be taken to be comprehensive as there may be new risks that arise in the future which could not have been anticipated in advance. Also, the risk factors listed will apply to different Funds to different degrees, and for a given Fund this degree could increase or reduce through time.

#### 5.1 **Market risk**

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

#### 5.2 **Effect of Initial Charge or Redemption Charge**

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

In particular, where a redemption charge is payable, investors should note that the percentage rate at which the redemption charge is calculated is based on the market value rather than the initial value of the Shares. If the market value of the Shares

has increased the redemption charge will show a corresponding increase. Currently there is no redemption charge levied on Shares.

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

### 5.3 **Dilution**

A Fund may suffer a reduction in the value of its Scheme Property due to dealing costs incurred when buying and selling investments. To offset this dilution effect the ACD may require the payment of a dilution levy in addition to the price of Shares when bought or as a deduction when sold (see "Dilution Levy" at paragraph 3.4.4).

### 5.4 **Charges to Capital**

Where the investment objective of a Fund is to treat the generation of income as a higher priority than capital growth, or the generation of income and capital growth have equal priority, all or part of the ACD's fee and other expenses may be charged against capital instead of against income. This treatment of the ACD's fee and other expenses will increase the amount of income (which may be taxable) available for distribution to Shareholders in the Fund concerned but may constrain capital growth.

This risk applies to MI Charles Stanley Monthly High Income Fund.

### 5.5 **Suspension of dealings in Shares**

Investors are reminded that in certain circumstances their right to redeem Shares (including a redemption by way of switching) may be suspended. (See "Suspension of dealings in the Company or a Fund" at paragraph 3.10).

### 5.6 **Currency Exchange Rates**

Currency fluctuations may adversely affect the value of a Fund's investments and the income thereon and, depending on an investor's currency of reference, currency fluctuations may adversely affect the value of his investment in Shares.

### 5.7 **Derivatives**

**The Investment Manager may employ derivatives in the pursuit of the investment objectives for the purposes of hedging with the aim of reducing the risk profile of the Funds in accordance with Efficient Portfolio Management.**

**To the extent that derivative instruments are utilised for hedging purposes, the risk of loss to the Funds may be increased where the value of the derivative instrument and the value of the security or position which it is hedging are insufficiently correlated.**

## 5.8 **Credit and Fixed Interest Securities**

Fixed interest securities are particularly affected by trends in interest rates and inflation. If interest rates go up, the value of capital may fall, and vice versa. Inflation will also decrease the real value of capital.

The value of a fixed interest security will fall in the event of the default or reduced credit rating of the issuer. Generally, the higher the rate of yield, the higher the perceived credit risk of the issuer. High yield bonds with lower credit ratings (also known as sub-investment grade bonds) are potentially more risky (higher credit risk) than investment grade bonds. A sub-investment grade bond has a Standard & Poor's credit rating of below BBB or equivalent. BBB is described as having adequate capacity to meet financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the bond issuer to meet its financial commitments.

## 5.9 **Currency Hedging**

The Funds may also hedge currency exposure to the Fund's Base Currency in relation to assets denominated in any applicable hedged currencies. The fees, expenses, gains and losses associated with such hedging will be borne by the individual Funds. Currency hedging at Fund level may substantially limit the Shareholders of that Fund from benefiting if the Base Currency of the Fund falls against the relevant hedged currencies of the Fund.

## 5.10 **Higher volatility and concentrated portfolios**

The Funds may invest one particular type of asset, industry, or geographical preference (e.g. the technology or oil sectors). Such concentration can give rise to higher risk than a fund which has spread its investments more broadly. Companies, or funds which invest in such companies, may have a volatile share price (e.g. the technology or healthcare sectors). Accordingly, investment in the Funds may be subject to sudden and large falls in value and you might not get back the full amount originally invested.

This risk applies to MI Charles Stanley UK & International Growth Fund.

## 5.11 **Investment Trusts**

The Funds may invest in investment trusts. These are public limited companies quoted on the London Stock Exchange. The price of their shares depends on supply and demand and is not necessarily the same as the value of the underlying assets per share. It may be higher 'at a premium' or lower 'at a discount'. The discount and premium varies continuously and represents an additional measure of risk and reward. **Gearing** – investment trusts can borrow money, which can then be used to make

further investments. In a rising market, this 'gearing' can enhance returns to Shareholders. Correspondingly, if the market falls, losses will also be multiplied. Hence the level of gearing needs to be carefully judged and monitored to produce a benefit.

Investment trusts may invest in hedge funds, structured products and quoted private equity funds to the extent that these are allowed by the Regulations. These types of investments may carry the risk of derivative investment.

#### 5.12 **Exposure to Alternative Asset Classes**

Although exposure to Alternative Asset Classes will be limited through MI Charles Stanley UK & International Growth Fund investors, should note the following:

**Hedge funds** - as an asset class incorporate a number of different strategies and investment techniques that are not commonly employed by traditional investment managers. Hedge funds, which are unregulated, may invest in a variety of assets including commodities, derivatives and illiquid investments. They may employ techniques such as short selling and arbitrage, and they may undertake substantial borrowings. Any of these factors may involve significant risk, and produce volatility in the underlying vehicles in which MI Charles Stanley UK & International Growth Fund may invest, which in turn may affect the value of MI Charles Stanley UK & International Growth Fund;

**Property** - Investments in property are relatively illiquid and more difficult to realise than equities or bonds. The value of the property is a matter of judgement by the valuer, rather than fact. The performance of the underlying vehicles in which MI Charles Stanley UK & International Growth Fund may invest could be adversely affected by the impact on the price at which property securities trade in a downturn in the property market in terms of capital value or a weakening of rental yields, which in turn may affect the value of MI Charles Stanley UK & International Growth Fund. This may also have an effect on the amount and value of any dividends or other distributions payable in respect of MI Charles Stanley UK & International Growth Fund;

**Private Equity** - Investments in Private Equity are relatively illiquid with no readily realisable market for the underlying investments. The lack of realisable market means the valuations of such underlying equity may not be considered independent of the underlying investment vehicle. Valuation may also be provided in an infrequent manner. There is no guarantee any dividend will be paid and no reliance should be put on dividend income.

It is the nature of Private Equity investments that any monies raised for direct investment in these types of vehicles may not be immediately invested by the Private Equity Fund. Monies held for investment may be held in short term deposits and money market instruments. This will carry the associated counterparty risks.

A direct investor can lose all of their investment, and this risk is typically higher in venture capital funds, which invest in companies during their early development or in companies with high amounts of financial leverage. By their nature, investments in privately held companies tend to be riskier than investments in publicly traded companies.

#### 5.13 **Counterparty and Settlement**

The Company will be exposed to a credit risk on parties with whom it trades and will also bear the risk of settlement default.

#### 5.14 **Liquidity**

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

#### 5.15 **Tax Risk**

The rates of, and any relief from, taxation may change over time. Tax information is set out later in this document. If you have any doubts about your tax position, you should seek professional advice.

#### 5.16 **Unlisted Investments**

Unlisted investments are generally not publicly traded. As there may be no open market for a particular security it may be difficult to sell and cause liquidity issues.

The lack of an open market may also restrict the establishment of a fair value for an unlisted investment when compared to an equivalent listed investment.

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

A Fund may enter into transactions in over-the-counter markets, which will expose the Fund to the credit of its counterparties and their ability to satisfy the terms of such contracts. For example a Fund may enter into agreements or use other derivative techniques, each of which exposes a Fund to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of a bankruptcy or insolvency of a counterparty, a Fund could experience delays in liquidating the position and significant losses, including declines in the value of its investment during the period in which the Company seeks to enforce its rights, inability to realise any gains on its investment during such period and fees and expenses incurred in enforcing its rights. There is also a possibility that the above agreements and derivative techniques are terminated due, for instance, to bankruptcy, supervening illegality or change in the tax or accounting laws relative to

those at the time the agreement was originated. In such circumstances, investors may be unable to cover any losses incurred.

#### 5.18 **Leverage Risk**

Some transactions may give rise to a form of economic leverage. These transactions may include, among others, derivatives, which may expose a Fund to greater risk and increased costs. Increases and decreases in the value of a Fund's portfolio will be magnified when a Fund uses leverage.

#### 5.19 **Emerging markets**

Emerging markets tend to be more volatile than more established markets and therefore your money is at greater risk. Risk factors such as local political and economic conditions should also be considered.

The reliability of trading and settlement systems in some emerging markets may not be equal to that available in more developed markets, which may result in delays in realising investments within the funds. A counterparty may not pay or deliver on time or as expected.

Lack of liquidity or efficiency in certain stock markets or foreign exchange markets in certain emerging markets may mean that from time to time the Investment Manager may experience more difficulty in purchasing or selling securities than it would in a more developed market.

Given the possible lack of a regulatory structure it is possible that securities in which investments are made may be found to be fraudulent. As a result, it is possible that loss may be suffered.

The currencies of certain emerging countries prevent the undertaking of currency hedging techniques.

Some emerging markets may restrict the access of foreign investors to securities. As a result, certain securities may not always be available to a Fund because the maximum permitted number of an investment by foreign shareholders has been reached. In addition, the outward remittance by foreign investors of their share of net profits, capital and dividends may be restricted or require governmental approval.

Accounting, financial reporting standards and disclosure requirements in emerging markets may differ from those in more developed markets and, accordingly, investment possibilities may be difficult to properly assess.

## 5.20 **Inflation and Interest Rates**

The real value of any returns that an investor may receive from a Fund could be affected by interest rates and inflation over time.

## 5.21 **Exchange Traded Funds (“ETFs”)**

The Funds may invest in Exchange Traded Funds. Exchange Traded Funds represent a basket of securities that are traded on an exchange and may not necessarily trade at the net asset value of their underlying holdings. As a result, they may trade at a price that is above or below the value of the underlying portfolio.

## 5.22 **Cyber Security**

As the use of technology has become more prevalent in the course of business, funds have become more susceptible to operational and financial risks associated with cyber security, including: theft, loss, misuse, improper release, corruption and destruction of, or unauthorised access to, confidential or highly restricted data relating to the Company and the Shareholders and compromises or failures to systems, networks, devices and applications relating to the operations of the Company and its service providers. Cyber security risks may result in financial losses to the Company and the Shareholders; the inability of the Company to transact business with the Shareholders; delays or mistakes in the calculation of the Net Asset Value or other materials provided to Shareholders; the inability to process transactions with Shareholders or the parties; violations of privacy and other laws; regulatory fines, penalties and reputational damage; and compliance and remediation costs, legal fees and other expenses. The Company's service providers (including but not limited to the ACD and the Depositary and their agents), financial intermediaries, companies in which a Fund invests and parties with which the Company engages in portfolio or other transactions also may be adversely impacted by cyber security risks in their own business, which could result in losses to the Company or the Shareholders. While measures have been developed which are designed to reduce the risks associated with cyber security, there is no guarantee that those measures will be effective, particularly since the Company does not directly control the cyber security defences or plans of its service providers, financial intermediaries and companies in which the Company invests or with which it does business.

## 5.23 **Risks related to pandemics and public health issues**

Epidemics, pandemics, outbreaks of disease, public health issues such as COVID-19 (or other novel coronaviruses), Ebola, H1N1 flu, H7N9 flu, H5N1 flu, and Severe Acute Respiratory Syndrome (SARS) could materially adversely affect the ACD and any third party service provider it appoints, as well as the activities, operations and investments of the Funds.



Notable disruptions may include material uncertainty in the ability to value the assets and lack of available investments. This may impact a Fund's performance and liquidity.

Although the long-term effects of COVID-19 (and the actions and measures taken by governments around the world to halt the spread of such virus), cannot be predicted, previous occurrences of other epidemics, pandemics and outbreaks of disease, had material adverse effects on the economies, private markets and operations of those countries and jurisdictions in which they were most prevalent. A recurrence of an outbreak of any kind of epidemic, communicable disease, virus or major public health issue could cause a slowdown in the levels of economic activity generally (or push the world or local economies into recession), which could adversely affect the business, financial condition, operations and liquidity of the ACD, its service providers (including the Investment Manager), and/or a Fund. Should these or other major public health issues, including pandemics, arise or spread (or continue to worsen), the ACD, its service providers (including the Investment Manager) and/or a Fund could be adversely affected by more stringent travel restrictions (such as mandatory quarantines and social distancing), additional limitations on the ACD, or its service providers' (including the Investment Manager's) and/or the Fund's operations and business activities and governmental actions limiting the movement of people and goods between regions and other activities or operations.

#### 5.24 **Political Risks**

The value of the Company's investments may be affected by uncertainties such as international political developments, civil conflicts and war, changes in government policies, changes in taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of countries in which investments may be made. For example, assets could be compulsorily re-acquired without adequate compensation.

### 6. **MANAGEMENT AND ADMINISTRATION**

#### 6.1 **Regulatory Status**

The ACD and the Investment Manager are authorised and regulated by the Financial Conduct Authority of 12 Endeavour Square, London, EC20 1JN.

#### 6.2 **Authorised Corporate Director**

##### 6.2.1 **General**

The ACD is Apex Fundrock Ltd which is a private company limited by shares incorporated in England and Wales on 18 May 2007.

The directors of the ACD are:

A C Deptford  
 P J Foley-Brickley  
 S J Gunson  
 E M C Personne\*  
 D J Phillips\*  
 L A Poynter  
 J F D Thompson\*

\* Independent Non-Executive Director.

No director is engaged in any significant business activity not connected with the business of the ACD or other Apex Fundrock Ltd subsidiaries.

Registered Office:	Hamilton Centre, Rodney Way, Chelmsford, Essex CM1 3BY
Principal Place of Business:	Hamilton Centre, Rodney Way, Chelmsford, Essex CM1 3BY
Share Capital:	It has a share capital of £2,075,000 issued and paid up.
Ultimate Holding Company:	Apex Group Ltd, a company incorporated in Bermuda.

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

It has therefore delegated to the Investment Manager the function of managing and acting as the investment adviser for the investment and reinvestment of the assets of the Funds (as further explained in paragraph 6.4 below). The ACD has, in terms of a separate distribution agreement, delegated to the Investment Manager the responsibilities for distribution and marketing of the Shares (hereafter the "**Distributor**"), and pursuant to which the Distributor has the right to appoint sub-distributors upon terms acceptable to the ACD. It has also delegated to the Administrator and Registrar certain functions relating to administration and the Company's register (as further explained in paragraphs 6.5 and 6.6 below).

### 6.2.2 **Terms of Appointment**

The appointment of the ACD has been made under an agreement between the Company and the ACD, as amended from time to time (the "ACD Agreement").

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

The ACD Agreement is for an initial period of five years, and will continue after then unless and until terminated by resolution of the Company in general meeting on not less than 12 months' prior notice to the ACD, or earlier on certain types of breaches or the insolvency of a party.

The ACD Agreement contains detailed provisions relating to the responsibilities of the ACD and it excludes it from any liability to the Company for various acts and omissions, except to the extent that the Company suffers loss by the ACD's negligence, default, breach of duty or breach of trust in its performance of duties and obligations under the ACD Agreement. The ACD Agreement provides indemnities to the ACD against all actions, claims, costs, expenses, charges, losses, damages and liabilities incurred or suffered by the ACD, in or about the execution or exercise of its powers or duties or authorities or discretions as ACD, other than in respect of its negligence, default, breach of duty or breach of trust, or to the extent that it is a liability which has been actually recovered from another person.

Subject to certain limited exceptions set out in the Regulations, the ACD may retain the services of any person to assist it in the performance of its functions.

Details of the fees payable to the ACD are set out in paragraph 7.2 headed "Charges payable to the ACD" below.

The ACD is under no obligation to account to the Company for any profit it makes in connection with any business similar to, or in competition with, the Company.

The Company has no directors other than the ACD. The ACD is the manager of certain authorised unit trusts and open-ended investment companies, details of which are set out in Appendix IV.

## 6.3 **The Depositary**

### 6.3.1 **General**

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

The Depositary is authorised and regulated by the Financial Conduct Authority.

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

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

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

### 6.3.3 **Delegation and Safekeeping Functions**

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

As at the date of this Prospectus, the Depositary has delegated custody services to The Northern Trust Company, London Branch (the "Custodian"). The Custodian has sub-delegated custody services to sub-custodians in certain markets in which the Company may invest. A list of sub-custodians is given in Appendix VI. Investors should note that the list of sub-custodians is updated only at each Prospectus review.

#### 6.3.4 **Updated Information**

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

#### 6.3.5 **Terms of Appointment**

The appointment of the Depositary has been made under an agreement (as amended and novated from time to time) between the Company, the ACD and the Depositary (the "Depositary Agreement").

The Depositary's Agreement is terminable on receipt of six months' written notice given by either party. The Depositary may not retire voluntarily except on the appointment of a new depositary.

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

The Depositary and the Custodian are entitled to receive remuneration out of the Scheme Property of the Company as explained under the heading "Depositary's Fees and expenses" in section 7.4 below.

#### 6.3.6 **Conflicts of interest**

##### General

The Depositary may act as the depositary of other investment funds and as trustee or custodian of other collective investment schemes.

It is possible that the Depositary and/or its delegates and sub-delegates may in the course of its or their business be involved in other financial and professional activities which may on occasion have potential conflicts of interest with the Company or a particular Fund and/or other funds managed by the ACD or other funds for which the Depositary acts as the depositary, trustee or custodian.

There may also be conflicts arising between the Depositary and the Company, the Shareholders or the ACD. In addition, the Depositary also has a regulatory duty when providing the Services to act solely in the interests of Shareholders and the Company (including its Funds). In order to comply with this requirement, the Depositary may in some instances be required to take

actions in the interests of Shareholders and the Company (including its Funds) where such action may not be in the interests of the ACD.

#### *Affiliates*

From time to time conflicts may arise from the appointment by the Depositary of any of its delegates, as applicable.

The Depositary, and any other delegate, is required to manage any such conflict having regard to the FCA Rules and its duties under the Depositary Agreement.

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

#### *Conflicting commercial interest*

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

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

#### *Management of conflicts*

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

### 6.3.7 **Depository – Data Protection**

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

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

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

## 6.4 **The Investment Manager**

### 6.4.1 **General**

The ACD has appointed the Investment Manager, Charles Stanley & Co Ltd, to provide investment management services to the ACD. The Investment Manager is authorised and regulated by the Financial Conduct Authority.

The Investment Manager's registered office is at Ropemaker Place, 25 Ropemaker Street, London EC2Y 9LY.

The principal activity of the Investment Manager is the provision of investment advisory and management services.

### 6.4.2 **Terms of Appointment**

The terms of the Investment Management Agreement between the ACD and the Investment Manager include the provision of investment management in accordance with the investment objectives of the Funds, the purchase and sale of investments and on the exercise of voting rights relating to such investments. The Investment Manager has authority to make decisions on behalf of the ACD on a discretionary basis in respect of day to day investment management of the Scheme Property including authority to place purchase orders and sale orders with regulated dealers and preparation of the Investment Manager's report half yearly for inclusion in the Company's Report for circulation to Shareholders. The Agreement may be terminated by either party on not less than six months' written notice or earlier upon the happening of certain specified events, or immediately if the ACD considers that it is in the interests of the Shareholders to do so.

The Investment Manager is entitled to a fee out of that paid to the ACD, as explained below in paragraph 7.3.1 below.



The Investment Manager will not be considered as a broker fund adviser under the FCA Handbook in relation to the Company.

## 6.5 **The Administrator**

The ACD acts as Administrator to the Company to provide certain administration services. The Administrator's registered office is at Hamilton Centre, Rodney Way, Chelmsford, Essex CM1 3BY.

## 6.6 **The Registrar**

### 6.6.1 **General**

The ACD acts as registrar to the Company.

The registered office of the Registrar is Hamilton Centre, Rodney Way, Chelmsford, Essex CM1 3BY.

The register is kept and maintained at Hamilton Centre, Rodney Way, Chelmsford, Essex CM1 3BY.

### 6.6.2 **Register of Shareholders**

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

The plan register (being a record of persons who subscribe for Shares through Individual Savings Accounts (ISAs)) can be inspected at the office of the ACD.

## 6.7 **The Auditor**

The auditor of the Company is Grant Thornton UK LLP, whose address is 30 Finsbury Square, London EC2A 1AG.

## 6.8 **Conflicts of Interest**

The ACD, the Investment Manager and other companies within the ACD's and/or the Investment Manager's group may, from time to time, act as managers, investment managers or advisers to other funds or sub-funds which follow similar investment objectives to those of the Funds. It is therefore possible that the ACD and/or the Investment Manager may in the course of their business have potential conflicts of interest with the Company or a particular Fund. Each of the ACD and the Investment Manager will, however, have regard in such event to its obligations under the ACD Agreement and the Investment Management Agreement respectively and, in particular, to its obligation to act in the best interests of the Company so far as

practicable, having regard to its obligations to other clients, when undertaking any investment business where potential conflicts of interest may arise.

The Depositary may act as the depositary of other investment funds and as trustee or custodian of other collective investment schemes, for further details please see section 6.3.6 above.

## 7. FEES AND EXPENSES

### 7.1 Ongoing

All costs, charges, fees or expenses, other than the charges made in connection with the subscription and redemption of Shares (see paragraph 3.4) payable by a Shareholder or out of Scheme Property are set out in this section.

Each Fund formed after this Prospectus is superseded may bear its own direct establishment costs.

The Company or each Fund (as the case may be) may, so far as the COLL Sourcebook allows, also pay out of the Scheme Property all relevant costs, charges, fees and expenses including the following:

- 7.1.1 broker's commission, fiscal charges (including stamp duty) and other disbursements which are necessary to be incurred in effecting transactions for the Fund and normally shown in contract notes, confirmation notes and difference accounts as appropriate;
- 7.1.2 fees and expenses in respect of establishing and maintaining the register of shareholders, including any sub-registers kept for the purpose of the administration of Individual Savings Accounts, are payable quarterly out of the property of the Funds.
- 7.1.3 transaction costs (including, without limitation, fees and/or expenses incurred in acquiring, registering and disposing of investments);
- 7.1.4 fees, expenses and our operational costs incurred or arising from our use of Efficient Portfolio Management techniques (as described in Appendix III);
- 7.1.5 any costs incurred by the Company in publishing the price of the Shares in a national or other newspaper or any other media;
- 7.1.6 any costs incurred in producing and dispatching any payments made by the Company, or the yearly and half-yearly reports of the Company;
- 7.1.7 any fees, expenses or disbursements of any legal or other professional adviser of the Company;

- 7.1.8 any costs incurred in taking out and maintaining an insurance policy in relation to the Company;
- 7.1.9 any costs incurred in respect of meetings of Shareholders convened for any purpose;
- 7.1.10 any payment permitted by clause 6.7.15R of the COLL Sourcebook;
- 7.1.11 interest on borrowings and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings;
- 7.1.12 taxation and duties payable in respect of the Scheme Property or the issue or redemption of Shares;
- 7.1.13 the audit fees of the Auditors (including VAT) and any expenses of the Auditors;
- 7.1.14 the fees of the FCA, in accordance with the FCA's Fee Manual, together with any corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which Shares in the Company are or may be marketed;
- 7.1.15 any expense incurred in relation to company secretarial duties including the cost of maintenance of minute books and other documentation required to be maintained by the Company;
- 7.1.16 the total amount of any cost relating to the authorisation and incorporation of the Company and of its initial offer or issue of Shares;
- 7.1.17 any payments otherwise due by virtue of a change to the Regulations;
- 7.1.18 payments, costs or any other administrative expenses in relation to the preparation of an dissemination of literature required or necessary for the purpose of complying with the Regulations or any other applicable law or regulation (excluding the cost of disseminating the Key Investment Information or equivalent successor documentation); and
- 7.1.19 any value added or similar tax relating to any change or expense set out herein.

The ACD is also entitled to be paid by the Company out of the Scheme Property any expenses incurred by the ACD or its delegates of the kinds described above.

Expenses are allocated between capital and income in accordance with the Regulations. The applicable policy for each Fund is set out in Appendix I. Where expenses are deducted in the first instance from income if and only if this is

insufficient, deductions will be made from capital. If deductions were made from capital, this would result in capital erosion and constrain growth.

#### 7.1.20 **Costs relating to EPM**

Certain direct and indirect operational costs and/or fees may arise from time to time as a result of Efficient Portfolio Management techniques being used for the benefit of the Company and/or the Funds. These costs or fees are regarded as transaction costs and, therefore, would fall within 7.1.3 above. Further details on the payment of costs and/or fees relation to Efficient Portfolio Management techniques will be set out in the Annual Report.

### 7.2 **Ongoing Charges**

The Company bears all its ordinary ongoing charges ("Ongoing Charges") at the rates set out in the Key Investor Information Document to meet all fixed and variable costs, charges, fees, and other expenses incurred in the operation and administration of the Fund from time to time. The Ongoing Charges for the MI Charles Stanley Equity Fund and the MI Charles Stanley High Income Fund are capped for each Class at the maximum rate set out in the KIID. The Investment Manager will bear any Ongoing Charges which exceed the maximum rate specified in the KIID. The Ongoing Charges are accrued daily and payable in arrears and will not exceed the maximum rate as specified in the relevant section of the KIID.

### 7.3 **Charges payable to the ACD**

#### 7.3.1 **Annual Management Charge**

The ACD is entitled to receive from each Fund an annual management charge, the details of which are set out in Appendix I. The annual management charge is calculated and accrued daily and is payable monthly and is calculated by reference to the Net Asset Value of the Funds as at the preceding Valuation Point.

From the annual management charge the ACD is entitled to receive an ad valorem administration charge and dealing charges.

The ACD is entitled to ad valorem administration charge for provision of ACD, Fund Valuation and Accounting and Investment and Securities Administration of 0.12% on the first £50 million, 0.09% on the next £50 million, 0.06% on the next £100 million and 0.03% thereafter of each Fund (with a minimum fee of £42,000 per annum per Fund). This is paid monthly in arrears based on the value of the Fund represented by the Net Asset Value calculated at the last Valuation Point in the preceding month.

If there are more than two share classes in the Fund, there will be an additional charge of £7,500 per additional share class per annum. In the event that performance fees were to be introduced and calculated in the daily NAV then the ACD would make an

additional charge of 0.02% for fund valuation and accounting with an increase to the minimum fee of £5,000 per Fund per annum.

Dealing in Shares of the Fund will be subject to dealing charges as follows:

Electronic	£15
Standard	£20
Complex	£100

Transactions which will incur a complex dealing charge include (but are not limited to): transactions which arise following the death of a shareholder, unitholder, or ISA planholder; in specie transactions; and transactions where your client documentation has not been provided promptly.

The fees and expenses of the Investment Manager shall be paid by the ACD out of the annual management charge.

### 7.3.2 **Registration Fees**

The ACD is also entitled to receive fees and expenses in respect of the establishment and maintenance of the register of Shareholders payable quarterly in arrears out of the property of each Fund at an annual rate of £20 per annum, per registered unitholder.

The registration fees are subject to a minimum fee of £15,000 per Fund per annum and where more than two distributions are paid, each additional distribution incurs a charge of £1,000 per annum.

VAT is payable on the charges or expenses mentioned above, where appropriate.

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

The current annual fee payable to the ACD for a Class may only be increased or a new type of remuneration introduced in accordance with the Regulations. Any increase to these expenses requires prior notice to Shareholders of not less than 60 days before the increase may take effect. The Prospectus will also be revised to reflect the new rate and the date of its commencement.

## 7.4 **Depositary's fee and expenses**

The Depositary receives for its own account a periodic fee which will accrue daily and is payable monthly on the last Business Day in each calendar month in respect of that day and the period since the last Business Day in the preceding month and is payable as soon as practicable after the last Business Day in each month. The fee is calculated by reference to the value of the Fund on the last Business Day of the preceding month except for the first accrual which is calculated by reference to the first Valuation Point

of the Fund. The rate of the periodic fee is agreed between the ACD and the Depositary and is calculated on a sliding scale for the Fund on the following basis:

- 0.02% per annum for the first £100,000,000 in value of the Scheme Property;
- 0.015% per annum on the next £150,000,000 in value of the Scheme Property;  
and
- 0.01% per annum on the value thereafter.

The annual fee is subject to a minimum of £10,000 per annum per Fund.

These rates can be varied from time to time in accordance with the COLL Sourcebook.

The first accrual in relation to any Fund will take place in respect of the period beginning on the day on which the first valuation of that Fund is made and ending on the last Business Day of the month in which that day falls.

In addition to the periodic fee referred to above, the Depositary shall also be entitled to be paid transaction and custody charges in relation to transaction handling and safekeeping of the Scheme Property as follows:

Item	Range
Transaction Charges	£6 to £200.
Custody Charges	0.005% to 0.70%. Minimum of £7,500 per annum per Fund.

These charges vary from country to country depending on the markets and the type of transaction involved. Transaction charges accrue at the time the transactions are effected and are payable as soon as is reasonably practicable, and in any event not later than the last Business Day of the month when such charges arose or as otherwise agreed between the Depositary and the ACD. Custody charges accrue and are payable as agreed from time to time by the ACD and the Depositary.

Where relevant, the Depositary may make a charge for its services in relation to: distributions, the provision of banking services, holding money on deposit, lending money, or engaging in stock lending or derivative transactions, in relation to a Fund and may purchase or sell or deal in the purchase or sale of Scheme Property, provided always that the services concerned and any such dealing are in accordance with the provisions of the COLL Sourcebook.

The Depositary will also be entitled to payment and reimbursement of all costs, liabilities and expenses properly incurred in the performance of, or arranging the

performance of, functions conferred on it by the Instrument, the COLL Sourcebook or by the general law.

On a winding up of a Fund, the Depositary will be entitled to its pro rata fees, charges and expenses to the date of winding up, the termination, or the redemption (as appropriate) and any additional expenses necessarily realised in settling or receiving any outstanding obligations.

Any value added tax on any fees, charges or expenses payable to the Depositary will be added to such fees, charges or expenses.

Expenses not directly attributable to a particular Fund will be allocated between Funds. In each such case such expenses and disbursements will also be payable if incurred by any person (including the ACD or an associate or nominee of the Depositary or of the ACD) who has had the relevant duty delegated to it pursuant to the COLL Sourcebook by the Depositary.

#### 7.5 **Investment Manager's fee**

The Investment Manager's fees and expenses (plus VAT thereon) for providing investment management services are paid by the ACD out of the annual management charge.

Further details of this agreement are summarised in paragraph 6.4.2 "Terms of Appointment" above.

#### 7.6 **Allocation of fees and expenses between Funds**

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

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

Where income is insufficient to pay charges the residual amount is taken from capital.

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

#### 8.1 **Class, Company and Fund Meetings**

The Company has dispensed with the need to hold Annual General Meetings.

The provisions below, unless the context otherwise requires, apply to Class meetings and meetings of Funds as they apply to general meetings of the Company, but by reference to Shares of the Class or Fund concerned and the Shareholders and value and prices of such Shares.

## 8.2 **Requisitions of Meetings**

The ACD may requisition a general meeting at any time.

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

## 8.3 **Notice and Quorum**

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

## 8.4 **Voting Rights**

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

On a poll vote, a Shareholder may vote either in person or by proxy. The voting rights attaching to each Share are such proportion of the voting rights attached to all the Shares in issue that the price of the Share bears to the aggregate price of all the Shares in issue at a reasonable date before the notice of meeting is sent out, such date to be decided by the ACD.

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

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



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

The ACD may not be counted in the quorum for a meeting and neither the ACD nor any associate (as defined in the COLL Sourcebook) of the ACD is entitled to vote at any meeting of the Company except in respect of Shares which the ACD or associate holds on behalf of or jointly with a person who, if the registered Shareholder, would be entitled to vote and from whom the ACD or associate has received voting instructions.

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

“Shareholders” in this context means Shareholders entered on the register at a time to be determined by the ACD and stated in the notice of the meeting which must not be more than 48 hours before the time fixed for the meeting.

## 8.5 **Variation of Class or Fund rights**

The rights attached to a Class or Fund may not be varied without the sanction of an extraordinary resolution passed at a meeting of Shareholders of that Class or Fund.

## 9. **TAXATION**

### 9.1 **General**

The information below is a general guide based on current United Kingdom law and HM Revenue & Customs practice, both of which are subject to change. It summarises the tax position of the Funds and of investors who are United Kingdom resident (except where indicated) and hold Shares as investments. Prospective investors who are in any doubt about their tax position, or who may be subject to tax in a jurisdiction other than the United Kingdom, are recommended to take professional advice.

### 9.2 **The Funds**

Each Fund is treated as a separate entity for United Kingdom tax purposes.

The Funds are generally exempt from United Kingdom tax on capital gains realised on the disposal of investments (including interest-paying securities and derivatives but excluding gains realised on the disposal of certain offshore funds holdings) held within them.

No further tax is payable by the Funds on dividend income from United Kingdom and non-United Kingdom companies. The Funds will each be subject to corporation tax at 20% on most other types of income but after deducting allowable management expenses and the amount of any interest distributions. Where a Fund suffers foreign tax on income received, this may normally be treated as an expense or deducted from any United Kingdom tax payable on that income.

A Fund will make dividend distributions except where over 60% of its property has been invested throughout the distribution period in interest-paying investments, in which case it will make interest distributions.

Formerly, surrenders and certain other transfers of Shares of a Fund could result in such Fund incurring a liability for UK stamp duty reserve tax ("SDRT") pursuant to Schedule 19, Finance Act 1999. The charging of SDRT on such transactions pursuant to Schedule 19, Finance Act 1999 was abolished by Finance Act 2014 in relation to surrenders and relevant other transfers made or effected on or after 30 March 2014. The only exception is an in-specie redemption which is not settled pro-rata to the assets held by the Fund. In that event, the redeeming Shareholder will be liable to SDRT at the rate of 0.5% of the value of the Shares surrendered.

## 9.3 Shareholders

### 9.3.1 Income – Equity Funds

Funds which are so called "equity" funds for the purposes of tax will pay any distributable income as dividend distributions (which will be automatically retained in the Fund in the case of accumulation Shares). Details of whether a particular Fund is an "Equity" Fund or a "Bond" Fund for tax purposes are set out in Appendix I. As of the 6<sup>th</sup> April 2024, dividend distributions are paid gross and individual UK resident holders have an annual tax free allowance to dividend income of £500 per annum. For dividend income received above £500, the current tiers and rates of tax (as at 6<sup>th</sup> April 2024 and subject to change) are as follows and will be based upon an individual's level of income:

Basic Rate Taxpayers – 8.75% (basic rate)

Higher Rate Taxpayers – 33.75%

Additional Rate Taxpayers – 39.35%

Individuals should note that if the receipt of dividend income takes them from one band/tier of UK personal taxation to another, the tax due on the excess dividend income over the annual allowance will be at the rates applicable to the new band/tier.

Corporate Shareholders who receive dividend distributions may have to divide them into two (in which case the division will be indicated on the tax voucher). Any part representing dividends received from a company will be treated as dividend income (that is, franked investment income) and no further tax will be due on it. The remainder will be received as an annual payment which is treated as having been made after deduction of income tax at the basic rate, and corporate Shareholders may, depending on their circumstances, be liable to tax on the grossed up amount, with the benefit of a 20% income tax credit attached or to reclaim part of the tax credit as shown on the tax voucher.

Dividend distributions will be made gross to shareholders who are not UK resident. Non-resident shareholders who are individuals are not liable to UK income tax on the dividend distribution. Non-UK resident shareholders are recommended to seek professional advice as to the tax consequences of receiving a dividend distribution under the law of the jurisdiction of their residence.

Non-resident trusts may be chargeable to UK income tax on distributions made by the Company and are recommended to seek professional advice.

### 9.3.2 **Income - Bond Funds**

Funds which are so called "Bond" Funds for the purposes of tax currently pay interest distributions (which will be automatically retained in the case of accumulation Shares). Details of whether a particular Fund is an "Equity" Fund or a "Bond" Fund for tax purposes are set out in Appendix I.

For individual Shareholders, the interest distribution will be subject to United Kingdom tax at 20% in the case of basic rate taxpayers, 40% in the case of higher rate taxpayers and 45% in the case of additional rate taxpayers. No tax will be payable on the interest distribution to the extent that it is subject to the starting rate for savings and/or the savings nil rate.

Shareholders subject to United Kingdom corporation tax will be liable to tax on the interest distribution.

Non-United Kingdom resident Shareholders will not generally have any liability for United Kingdom tax in respect of the interest distribution, but are recommended to seek professional advice as to the tax consequences

of receiving an interest distribution under the law of the jurisdiction of their residence.

### 9.3.3 **Income equalisation**

The first income allocation received by an investor after buying Shares may include an amount of income equalisation. This is effectively a repayment of the income equalisation paid by the investor as part of the purchase price. It is a return of capital, and is not taxable. Rather it should be deducted from the acquisition cost of the Shares for capital gains tax purposes. Equalisation will be applied to all of the Funds.

### 9.3.4 **Gains**

Shareholders who are resident in the United Kingdom for tax purposes may, depending on their personal circumstances, be liable to capital gains tax or, if a corporate Shareholder, corporation tax on gains arising from the redemption, transfer or other disposal of Shares (but not usually on Conversions between Classes within a Fund). Any corporate Shareholder in a Fund which is over 60% invested in interest-paying investments at a material time must treat the holding as a creditor relationship.

Part of any increase in value of accumulation Shares represents the accumulation of income (including income equalisation but excluding tax credit). These amounts may be added to the acquisition cost when calculating the capital gain realised on their disposal.

Individual Shareholders will find further information in the HM Revenue & Customs Help Sheets or the capital gains tax pages of their tax returns.

### 9.3.5 **The International Tax Compliance Regulations**

The Company is required to comply with The International Tax Compliance Regulations. The regulations transpose into UK law rules and obligations derived from European Union law and inter-governmental agreements entered into by the UK which are aimed at increasing transparency and reducing tax evasion.

To be compliant with these regulations the Company must collect information about each investor's tax residence and in certain circumstances provide information about investors' Shareholdings to HMRC. HMRC may in turn share this information with overseas tax authorities.

Therefore, where an investor fails to provide the information required by the Company to comply with its obligations to HMRC this may result in the ACD

taking appropriate action against the Shareholder, including invoking the compulsory transfer and redemption provisions set out in paragraph 3.7.

The ACD intends to procure compliance with the regulations but cannot give an assurance that this will be achieved. The underlying laws and agreements are a complex area of tax law and investors should consult their professional advisers on the implications these rules may have for them.

#### 9.4 **OECD Common Reporting Standard (CRS)**

To satisfy the requirement for the automatic exchange of financial information between tax authorities worldwide, CRS countries must obtain information from relevant clients and exchange that information with the tax authorities of other CRS countries. In the UK the CRS system was mandated by 'The International Tax Compliance Regulations 2015'.

As of 1 January 2016, the ACD is required to compile information about all accounts in existence as of 31 December 2015, and all new accounts opened on or after 1 January 2016, and from 2017 report the information to HM Revenue and Customs.

#### 9.5 **FATCA**

The Foreign Account Tax Compliance Act (FATCA) is a piece of legislation introduced by the United States Government to help counter US tax evasion by encouraging more effective reporting of information.

In the United Kingdom, the principles of FATCA have been brought into local law. This means the ACD will need to provide information on US accounts to the local tax authority, HMRC.

For further information on FATCA please refer to the International Tax Reporting section of this Prospectus which precedes the contents pages.

### 10. **WINDING UP OF THE COMPANY OR TERMINATION OF FUND**

The Company will not be wound up except as an unregistered company under Part V of the Insolvency Act 1986 or under the COLL Sourcebook. A Fund may only be terminated under the COLL Sourcebook.

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

wound up under the COLL Sourcebook if there is a vacancy in the position of ACD at the relevant time.

The Company shall be wound up or a Fund must be terminated under the COLL Sourcebook:

- (i) if an extraordinary resolution to that effect is passed by Shareholders; or
- (ii) when the period (if any) fixed for the duration of the Company or a particular Fund by the Instrument of Incorporation expires, or any event occurs on the occurrence of which the Instrument of Incorporation provides that the Company or is to be wound up or a particular Fund terminated (as appropriate) (for example, if the share capital of the Company or (in relation to any Fund) the Net Asset Value of the Fund is below £5 million, or if a change in the laws or regulations of any country means that, in the ACD's opinion, it is desirable to terminate the Fund); or
- (iii) on the date stated in any agreement by the FCA to a request by the ACD for the revocation of the authorisation order in respect of the Company or for the termination of the relevant Fund; or
- (iv) on the effective date of a duly approved scheme of arrangement which is to result in the Company ceasing to hold any Scheme Property; or
- (v) in the case of a Fund, on the effective date of a duly approved scheme of arrangement which is to result in the Fund ceasing to hold any Scheme Property; or
- (vi) on the date on which all of the Funds fall within (v) above or have otherwise ceased to hold any Scheme Property, notwithstanding that the Company may have assets and liabilities that are not attributable to any particular Fund.

On the occurrence of any of the above:

- (i) COLL 6.2 (Dealing), COLL 6.3 (Valuation and Pricing) and COLL 5 (Investment and borrowing powers) will cease to apply to the Company or the relevant Fund;
- (ii) the Company will cease to issue and cancel Shares in the Company, except in respect of the final cancellation, or the relevant Fund and the ACD shall cease to sell or redeem Shares or to arrange for the Company to issue or cancel them except in respect of the final cancellation for the Company or the relevant Fund;
- (iii) no transfer of a Share shall be registered and no other change to the Register of Shareholders shall be made without the sanction of the ACD;

- (iv) where the Company is being wound up, the Company shall cease to carry on its business except in so far as it is beneficial for the winding up of the Company;
- (v) the corporate status and powers of the Company and subject to (i) to (iv) above, the powers of the Depositary shall continue until the Company is dissolved.

The ACD shall, as soon as practicable after the Company or the Fund falls to be wound up or terminated (as appropriate), realise the assets and meet the liabilities of the Company and, after paying out or retaining adequate provision for all liabilities properly payable and retaining provision for the costs of winding up or termination, arrange for the Depositary to make one or more interim distributions out of the proceeds to Shareholders proportionately to their rights to participate in the Scheme Property. If the ACD has not previously notified Shareholders of the proposal to wind up the Company or terminate the Fund, the ACD shall, as soon as practicable after the commencement of winding up of the Company or the termination of the Fund, give written notice of the commencement to Shareholders. When the ACD has caused all of the Scheme Property to be realised and all of the liabilities of the Company or the particular Fund to be realised, the ACD shall arrange for the Depositary to make a final distribution to Shareholders on or prior to the date on which the final account is sent to Shareholders of any balance remaining in proportion to their holdings in the Company or the particular Fund.

As soon as reasonably practicable after completion of the winding up of the Company or termination of the particular Fund, the Depositary shall notify the FCA that the winding up or termination has been completed.

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

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

As the Company is an umbrella company, any liabilities attributable or allocated to a particular Fund under the COLL Sourcebook shall be met out of the Scheme Property attributable or allocated to that particular Fund.

## 11. GENERAL INFORMATION

### 11.1 Accounting Periods

The annual accounting period of the Company ends each year on 31 January (the accounting reference date) with an interim accounting period ending on 31 July. Additional interim accounting periods for MI Charles Stanley Monthly High Income Fund end on the last day of February, 31 March, 30 April, 31 May, 30 June, 31 August, 30 September, 31 October, 30 November and 31 December.

The ACD may even out the payments of income within an accounting period by carrying forward income otherwise distributable with a view to augmenting amounts to be paid out at a later date. Details of the Funds for which this policy is currently considered are set out in Appendix I.

### 11.2 Income Allocations

Some Funds may have interim income allocation date(s) and final income allocation dates and some Funds may only have final income allocation dates (see Appendix I). For each of the Funds income is allocated in respect of the income available at each accounting date.

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

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

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

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



### 11.3 **Annual Reports**

The annual report of the Company will normally be published within two months of each annual accounting period although the ACD reserves the right to publish the annual report at a later date but not later than four months from the end of each annual accounting period and the half yearly report will be published within two months of each interim accounting period.

Copies of the interim and annual long reports will be available on request from the ACD and on the ACD's website at [www.fundrock.com](http://www.fundrock.com).

### 11.4 **Documents of the Company**

The following documents may be inspected free of charge during normal business hours on any Business Day at the offices of the ACD at Hamilton Centre, Rodney Way, Chelmsford, Essex CM1 3BY:

- 11.4.1 the most recent annual and half yearly reports of the Company;
- 11.4.2 the Instrument of Incorporation (and any amending documents);
- 11.4.3 the Prospectus; and
- 11.4.4 the material contracts referred to below.

Shareholders may obtain copies of the above documents from the ACD. The ACD may make a charge at its discretion for copies of documents (apart from the most recent annual and half yearly long reports of the Company, the Prospectus and the Instrument of Incorporation which are available free of charge).

### 11.5 **Material Contracts**

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

- 11.5.1 the ACD Agreement between the Company and the ACD; and
- 11.5.2 the Depositary Agreement between the Company, the Depositary and the ACD.

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

### 11.6 **Provision of Investment Advice**

All information concerning the Company and about investing in Shares of the Company is available from the ACD at Hamilton Centre, Rodney Way, Chelmsford,

Essex CM1 3BY.

**The ACD is not authorised to give investment advice and persons requiring such advice should consult a professional financial adviser. All applications for Shares are made solely on the basis of the current prospectus of the Company, and investors should ensure that they have the most up to date version.**

#### 11.7 **Telephone Recordings**

Please note that the ACD may record telephone calls for training and monitoring purposes and to confirm investors' instructions.

#### 11.8 **Complaints**

Complaints concerning the operation or marketing of the Company may be referred to the Head of Compliance at the ACD at Hamilton Centre, Rodney Way, Chelmsford, Essex CM1 3BY or, if you subsequently wish to take your complaint further, direct to the Financial Ombudsman Service at Exchange Tower, London E14 9SR. The website of the Financial Ombudsman Service is at [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk).

The Financial Services Compensation Scheme offers compensation when an authorised firm is unable to pay claims against it, usually because the firm has gone out of business. The ACD is covered by the Financial Services Compensation Scheme. Investors may be entitled to compensation from the scheme if the ACD cannot meet its obligations. Most types of investment business are covered for 100% of the first £85,000 only. Further information is available from the Financial Services Compensation Scheme (FSCS) by contacting the FSCS Limited at 10th Floor Beaufort House, 15 St Botolph Street, London, EC3A 7QU or via telephone: on 0800 678 1100 or 020 7741 4100.

#### 11.9 **Risk Management**

The ACD will provide upon the request of a Shareholder further information relating to:

11.9.1 the quantitative limits applying in the risk management of any Fund;

11.9.2 the methods used in relation to 12.11.1; and

11.9.3 any recent development of the risk and yields of the main categories of investment.

#### 11.10 **Indemnity**

The Instrument of Incorporation contains provisions indemnifying the Directors, other officers and the Company's auditors or the Depositary against liability in certain

circumstances otherwise than in respect of their negligence, default, breach of duty or breach of trust, and indemnifying the Depositary against liability in certain circumstances otherwise than in respect of its failure to exercise due care and diligence in the discharge of its functions in respect of the Company.

#### 11.11 **Notice to Shareholders**

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

#### 11.12 **Best Execution**

The ACD's best execution policy sets out the basis upon which the ACD will effect transactions and place orders in relation to the Company whilst complying with its obligations under the FCA Handbook to obtain the best possible result for the Company. Details of the best execution policy are available upon request from the ACD.

#### 11.13 **Inducements**

The ACD will make disclosures to the Company in relation to the inducements as required by the FCA Rules. Further details of any such inducements may be obtained on request from the ACD.

#### 11.14 **Remuneration Disclosure**

The ACD establishes and applies remuneration policies and practices for UCITS Remuneration Code staff that:

- 11.14.1 are consistent with and promote sound and effective risk management;
- 11.14.2 do not encourage risk taking which is inconsistent with the risk profiles or the instrument constituting the fund or the prospectus, as applicable, of the UCITS it manages;
- 11.14.3 do not impair the ACD's compliance with its duty to act in the best interests of the UCITS it manages; and
- 11.14.4 include fixed and variable components of remuneration, including salaries and discretionary pension benefits.

Up-to-date details of the ACD's remuneration policy, including but not limited to (i) a description of how remuneration and benefits are calculated; and (ii) the identities of persons responsible for awarding the remuneration and benefits including the composition of the remuneration committee, where such a committee exists, can be found at [www.fundrock.com](http://www.fundrock.com). Shareholders may obtain a paper copy of the full remuneration policy, free of charge, on request from the ACD.

### 11.15 **Data Protection Notice**

Prospective investors should note that all personal data contained in any document provided by Shareholders or any further data collected in the course of business with the Fund or provided personally to the ACD constitutes personal data within the meaning of Data Protection Laws.

Such personal data will be used by the Company for the purposes of administration, transfer agency, statistical analysis, research and disclosure to the Company, its delegates, and agents. Such processing of personal data is required: (i) for the performance of tasks that are necessary for the performance of the contract between the Investor and the Company, (ii) for compliance with certain legal obligations to which the Company or a Fund is subject, or (iii) is carried out on as the ACD considers it is within its legitimate interests to do so (having shown that its legitimate interests are not overridden by the prospective investors' own interests, rights, and freedoms) (the "Grounds for Processing"). The ACD follows strict security procedures as to how prospective investors' personal information is stored and used, and who sees it, to help stop any destruction, loss, alteration or an unauthorised person accessing it.

Investors acknowledge that such personal data are disclosed by the Company, the ACD, their delegates and its or their duly authorised agents and any of their respective related, associated or affiliated companies on the basis of the above Grounds for Processing and that such entities ("Apex Fundrock's Associates") may further process (including obtaining, holding, using, disclosing and otherwise processing) the personal data on the basis of the same Grounds for Processing for any one or more of the following purposes:

- to manage and administer the investor's holding in the Company and any related accounts on an ongoing basis;
- to carry out statistical analysis and market research;
- to comply with legal, regulatory and taxation obligations applicable to the investor and the Company; or
- for disclosure or transfer, whether in the United Kingdom or countries or territories outside of the United Kingdom, including, but without limitation, the United States, to third parties, including financial advisors, regulatory bodies, auditors and technology providers or to the Company and its delegates and its or their duly appointed agents and any of their respective related, associated or affiliated companies for the purposes specified above.

Where transferring personal data outside the UK, such as to the United States, Apex Fundrock's Associates shall take such additional steps to adequately protect the Shareholders' personal data as required under Data Protection Laws. This may

include, in the absence of an adequacy regulation, safeguards such as the ICO's International Data Transfer Agreement.

In cases where personal data is shared with third parties who are themselves controllers, Apex Fundrock's Associates will consider the applicable requirements of the ICO's statutory code of practice, which means, amongst others, that Apex Fundrock's Associates will have to have written terms in place with any other controller setting out what categories of personal data are being shared and for what purpose. When sharing personal data with another organisation who is a processor, Apex Fundrock's Associates is aware that certain mandatory written terms must be included in that contract, as well as having carried out due diligence on the recipient before sharing personal data with it.

The Company, the ACD and Apex Fundrock's Associates may also process prospective investors' personal data where it or they consider there are other legitimate business interests of the Company (including fraud prevention) to necessitate the processing (having shown that its legitimate interests are not overridden by the individuals' own interests, rights, and freedoms) or for any other specific purposes where the investor has given specific consent to the processing (in advance). If a prospective investor has provided consent for their personal data to be processed, the prospective investor shall be entitled to withdraw their consent at any time by contacting the ACD at [DPO@apexfs.com](mailto:DPO@apexfs.com). Please note, in particular, in order to comply with the Common Reporting Standard (Please see the section of this Prospectus entitled "Taxation – Common Reporting Standard"), as implemented in the United Kingdom by the International Tax Compliance Regulations 2015, an investor's personal data (including financial information) may be shared with HM Revenue & Customs and other tax authorities.

They in turn may exchange information (including personal data and financial information) with foreign tax authorities (including foreign tax authorities located outside the UK or European Economic Area). Please consult the AEOI (Automatic Exchange of Information) webpage on [www.gov.uk](http://www.gov.uk) for further information in this regard.

Please note that your personal data will be retained by the Company for as long as necessary to fulfil the purposes the ACD collected it for, which, in general terms, is likely to be for the duration of the relevant investment and otherwise in accordance with the Company's legal obligations (e.g. 7 years in the UK). Pursuant to the Data Protection Laws, investors have a right of access to their personal data kept by the Company, the right to amend and rectify any inaccuracies in their personal data held by the Company and the right to data portability of their personal data by making a request to the Company in writing at [DPO@apexfs.com](mailto:DPO@apexfs.com). For further information in relation to your data protection rights refer to the website of the Information Commissioner's Office at <https://ico.org.uk/> and search for "Individual Rights".

The ACD reserves the right to change, modify, add or remove portions of this notice from time to time in our sole discretion, but will inform investors of all material changes. If you have any questions or concerns regarding this notice or Defined Term's practices please contact the ACD at [DPO@apexfs.com](mailto:DPO@apexfs.com).

**APPENDIX I****FUND DETAILS**

<b>Name:</b>	<b>MI Charles Stanley Equity Fund</b>	
<b>Type of Fund:</b>	UCITS scheme	
<b>Investment Objective and Policy:</b>	The investment objective of MI Charles Stanley Equity Fund is to generate capital growth from a portfolio consisting predominantly of companies which form part of the Morningstar UK GR Index. There may be occasions when the investment manager chooses to hold collective investment schemes and a high level of bonds, government securities, cash and money market instruments.	
<b>Further Fund information:</b>	The Fund is actively managed in order to outperform the benchmark Morningstar UK GR Index. The main effort is concentrated on a "bottom up" approach with careful stock selection the key. The portfolio will concentrate on the larger constituents of the Morningstar UK GR Index.	
<b>Benchmark information:</b>	The Fund's performance target is to outperform the Morningstar UK GR Index (the "Index").	
	The Index is also used to define the principal investment universe that the Fund will invest within.	
	The Index has been selected as a performance target and a constraint on the investment universe in which the Fund invests because it is a broad reflection of the performance of UK listed shares.	
	The Index has been selected as an additional constraint on the investment universe in which the Fund invests because the Fund has a preference towards investing in shares of companies with a larger market capitalisation.	
<b>Final accounting date:</b>	31 January	
<b>Interim accounting dates:</b>	31 July	
<b>Income distribution dates:</b>	31 March (final) 30 September (interim)	
<b>Shares Classes and type of Shares:</b>	A class Income† A class Accumulation†	B class Income B class Accumulation
<b>Initial charge:</b>	0%	0%
<b>Redemption charge:</b>	Nil	Nil

<b>Switching charge:</b>	Nil	Nil
<b>Annual Management Charge:</b>	0.00%	0.75%
<b>Charges taken from Income:</b>	Yes	Yes
<b>Investment minima: *</b>		
Lump sum	£1,000	£1,000
Holding	£1,000	£1,000
Top-up	No minimum	No minimum
Redemption	No minimum	No minimum
<b>Valuation Point:</b>	12 noon	
<b>Regular Savings Plan:</b>	Yes, minimum payment of £100 per month (minimum of £50 per Fund)	
<b>ISA status:</b>	Qualifying Investment for stocks and shares component	
<b>Status of Fund for tax purposes:</b>	The Fund is an Equity Fund for the purposes of tax.	
<b>Past performance:</b>	Past performance information is set out in Appendix V.	

† Please note that the Class A Shares are only available to Shareholders of those classes who held Shares in the relevant class on 1 September 2018 and to specific clients of Charles Stanley & Co Ltd and, at the discretion of the ACD, to other persons.

\* The ACD may waive the minimum levels at its discretion.

**Product Reference Number: 634908**



**Name:** **MI Charles Stanley Monthly High Income Fund**

**Type of Fund:** UCITS scheme

**Investment Objective and Policy:** The investment objective of MI Charles Stanley Monthly High Income Fund is to generate a high income with the potential for capital growth from a portfolio consisting predominantly of UK bonds, government securities, high yielding equities and preference shares. There may be occasions when the investment manager chooses to hold collective investment schemes and a high level of cash and money market instruments.

**Further Fund information:** The Fund has no benchmark. The aim is to produce the highest income from a low risk portfolio. MI Charles Stanley Monthly High Income Fund has "distribution fund" status which requires at least 60% to be invested in gilts and corporate bonds. The aim is to keep comfortably above this level through active management and to invest the balance in preference shares, equity collectives and individual equities where underlying companies have a good record of prudent management and rising dividend payments.

**Performance assessment:** The Fund is not managed to or constrained by a benchmark, and nor does the ACD use a benchmark in order to assess performance. However, many funds sold in the UK are grouped into sectors by the Investment Association (the "IA") (the trade body that represents UK investment managers), to help investors to compare funds with broadly similar characteristics.

In order to assess the Fund's performance, investors may find it useful to compare the Fund against the performance of the IA Mixed Investment 0-35% Shares Sector, which represents the average performance of certain funds that invest in a mix of assets while maintaining a level of investment in shares of between 0 – 35%. It can therefore serve as a method of comparing the Fund's performance with other funds which have broadly similar characteristics.

Some independent data providers prepare and publish performance data on the funds in this sector and investors can use this to assess the Fund's performance. This information can be found on the IA website or Morningstar website.

<b>Final accounting date:</b>	31 January		
<b>Interim accounting dates:</b>	Last day of February		
	31 March		
	30 April		
	31 May		
	30 June		
	31 July		
	31 August		
	30 September		
	31 October		
	30 November		
	31 December		
<b>Income distribution dates:</b>	Last day of February (final)		
	31 March (interim)		
	30 April (interim)		
	31 May (interim)		
	30 June (interim)		
	31 July (interim)		
	31 August (interim)		
	30 September (interim)		
	31 October (interim)		
	30 November (interim)		
	31 December (interim)		
	31 January (interim)		
<b>Shares Classes and type of Shares:</b>	A class Income A class Accumulation	B class Income† B class Accumulation†	C class Income C class Accumulation
<b>Initial charge:</b>	0%	0%	0%
<b>Redemption charge:</b>	Nil	Nil	Nil
<b>Switching charge:</b>	Nil	Nil	Nil
<b>Annual Management Charge:</b>	1.00%	0.00%	0.75%
<b>Charges taken from Income:</b>	No	No	No
<b>Investment minima: *</b>			
Lump sum	£1,000	£1,000,000	£1,000
Holding	£1,000	£1,000,000	£1,000
Top-up	No minimum	No minimum	No minimum
Redemption	No minimum	No minimum	No minimum
<b>Valuation Point:</b>	12 noon		
<b>Regular Savings Plan:</b>	Yes	No	Yes
Minimum payment of £100 per month (minimum of £50 per Fund)			
<b>ISA status:</b>	Qualifying Investment for stocks and shares component		

**Status of Fund for tax purposes:** The Fund is a Bond Fund for the purposes of tax.

**Past performance:** Past performance information is set out in Appendix V.

† Please note that the Class B Shares are only available to Shareholders of those classes who held Shares in the relevant class on 1 July 2024 and to specific clients of Charles Stanley & Co Ltd and, at the discretion of the ACD, to other persons.

\* The ACD may waive the minimum levels at its discretion.

**Product Reference Number: 634907**

<b>Name:</b>	<b>MI Charles Stanley UK &amp; International Growth Fund</b>
<b>Type of Fund:</b>	UCITS scheme
<b>Investment Objective and Policy:</b>	<p>The investment objective of MI Charles Stanley UK &amp; International Growth Fund is to provide long-term capital growth through investment in a diversified portfolio of global equities with a focus on UK Blue-Chip companies.</p> <p>The Fund may also invest in other transferable securities and collective investment schemes (which may provide some exposure to alternative assets including private equity and hedge funds and, through transferable securities only, property), exchange traded funds, corporate bonds and government securities. Money market instruments and cash deposits may be held if the investment manager deems it appropriate in light of equity market conditions to meet the objectives of the Fund.</p> <p>There will be no limitations to geographical area (other than the focus on UK Blue-Chip companies) or industrial sector.</p>
<b>Performance assessment:</b>	<p>The Fund is not managed to or constrained by a benchmark, and nor does the ACD use a benchmark in order to assess performance. However, many funds sold in the UK are grouped into sectors by the Investment Association (the "IA") (the trade body that represents UK investment managers), to help investors to compare funds with broadly similar characteristics.</p> <p>In order to assess the Fund's performance, investors may find it useful to compare the Fund against the performance of the IA Global Sector, which represents the average performance of certain funds that invest at least 80% of their assets in global equity securities. It can therefore serve as a method of comparing the Fund's performance with other funds which have broadly similar characteristics.</p> <p>Some independent data providers prepare and publish performance data on the funds in this sector and investors can use this to assess the Fund's performance. This information can be found on the IA website or Morningstar website.</p>
<b>Final accounting date:</b>	31 January
<b>Interim accounting dates:</b>	31 July
<b>Income distribution dates:</b>	31 March (final)

30 September (interim)

<b>Shares Classes and type of Shares:</b>	A class Accumulation
<b>Initial charge:</b>	0%
<b>Redemption charge:</b>	Nil
<b>Switching charge:</b>	Nil
<b>Annual Management Charge:</b>	1.00%
<b>Charges taken from Income:</b>	Yes
<b>Investment minima: *</b>	
Lump sum	£1,000
Holding	£1,000
Top-up	No minimum
Redemption	No minimum
<b>Valuation Point:</b>	12 noon
<b>Regular Savings Plan:</b>	Yes, minimum payment of £100 per month (minimum of £50 per Fund)
<b>ISA status:</b>	Qualifying Investment for stocks and shares component
<b>Status of Fund for tax purposes:</b>	The Fund is an Equity Fund for the purposes of tax.
<b>Past performance:</b>	Past performance information is set out in Appendix V

\* The ACD may waive the minimum levels at its discretion.

**Product Reference Number: 634910**

<b>Name:</b>	<b>MI Charles Stanley UK Growth Portfolio</b> (not yet launched)
<b>Type of Fund:</b>	UCITS scheme
<b>Investment Objective and Policy:</b>	The investment objective of MI Charles Stanley UK Growth Portfolio is to achieve long term capital growth from a diversified portfolio of predominantly collective investment schemes. The underlying funds will typically be invested in UK equities. There may be occasions when the investment manager chooses to hold direct equities, investment trusts, bonds, government securities, cash and money market instruments.
<b>Final accounting date:</b>	31 January
<b>Interim accounting dates:</b>	31 July
<b>Income distribution dates:</b>	31 March (final) 30 September (interim)
<b>Shares Classes and type of Shares:</b>	A class Income A class Accumulation
<b>Initial charge:</b>	0%
<b>Redemption charge:</b>	Nil
<b>Switching charge:</b>	Nil
<b>Annual Management Charge:</b>	1.25%
<b>Charges taken from Income:</b>	Yes
<b>Investment minima: *</b>	
Lump sum	£1,000
Holding	£1,000
Top-up	No minimum
Redemption	No minimum
<b>Valuation Point:</b>	12 noon
<b>Regular Savings Plan:</b>	Yes, minimum payment of £100 per month (minimum of £50 per Fund)
<b>ISA status:</b>	Qualifying Investment for stocks and shares component
<b>Status of Fund for tax purposes:</b>	The Fund is an Equity Fund for the purposes of tax.
<b>Past performance:</b>	Past performance information is set out in Appendix V

\* The ACD may waive the minimum levels at its discretion.

**Product Reference Number 634911**

**APPENDIX II****ELIGIBLE SECURITIES MARKETS AND ELIGIBLE DERIVATIVES MARKETS**

Each Fund may deal through securities and derivative markets which are regulated markets and meet the requirements for Eligible Markets as set out in COLL 5.2.10 which includes any market which is regulated, operates regularly and is open to the public located in the UK or an EEA State\*.

\*Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden.

Detailed below are the additional eligible markets on which the Funds are currently permitted to deal:

<b>For approved securities</b>
Australian Securities Exchange (ASX)
BM&F Bovespa SA
Bombay Stock Exchange
Bursa Malaysia Berhad
Casablanca Stock Exchange
Chicago Stock Exchange (CHX)
Colombo Stock Exchange
Colombia Stock Exchange (Bolsa de Valores de Colombia)
Dubai Financial Market
Egyptian Exchange (EGX)
Fukuoka Stock Exchange
Ho Chi Minh Stock Exchange
Hong Kong Exchange
Indonesia Stock Exchange (IDX)
International Capital Market Association (ICMA)
Istanbul Stock Exchange (Borsa Istanbul)
JASDAQ

Johannesburg Stock Exchange
Korea Exchange (KRX)
KOSDAQ
Lima Stock Exchange (Bolsa de Valores de Lima)
Mexican Stock Exchange (Bolsa Mexicana de Valores)
Moscow Exchange ( <b>Ineligible market effective March 2022</b> )
Nagoya Stock Exchange
NASDAQ Capital Market
NASDAQ Global Market
NASDAQ Global Select Market
NASDAQ BX
NASDAQ OMX PHLX (Philadelphia)
National Stock Exchange (USA)
National Stock Exchange of India
NZX Limited (NZSX)
NYSE (New York Stock Exchange)
NYSE MKT
Osaka Exchange
OTC Exchange of India
Philippine Stock Exchange
Santiago Stock Exchange (Bolsa de Comercio de Santiago)
Shanghai Stock Exchange
Shenzhen Stock Exchange
Singapore Exchange
SIX Swiss Exchange
Stock Exchange of Thailand (SET)
Taiwan GreTai Securities Market
Taiwan Stock Exchange
Tel Aviv Stock Exchange
The London Alternative Investment Market (AIM)



Toyko Stock Exchange
Toronto Stock Exchange (TMX)
TSX Venture Exchange

<b>For approved derivatives</b>
Australian Securities Exchange (ASX)
BM&F Bovespa SA
Bombay Stock Exchange
Bursa Malaysia Berhad
Chicago Board of Trade (CBOT)
Chicago Board Options Exchange (CBOE)
Chicago Mercantile Exchange (CME)
Hong Kong Futures Exchange (a HKEx Exchange)
Hong Kong Exchange
Istanbul Stock Exchange (Borsa Istanbul)
Korea Stock Exchange (KRX)
KOSDAQ
Mexican Derivatives Market
Montreal Exchange (MX)
Moscow Exchange ( <b>Ineligible market effective March 2022</b> )
NASDAQ OMX Futures Exchange
NASDAQ OMX Options
NASDAQ OMX PHLX (Philadelphia)
National Stock Exchange of India
New York Mercantile Exchange (NYMEX)
New Zealand Futures and Options Exchange (NZFOX)
New Zealand Stock Exchange (NZSX)
NYSE (New York Stock Exchange)
NYSE MKT
Osaka Securities Exchange
Santiago Stock Exchange (Bolsa de Comercio de Santiago)

Singapore Stock Exchange
South African Futures Exchange (SAFEX)
Taiwan Futures Exchange
Tel Aviv Stock Exchange
Tokyo Financial Exchange
Tokyo Stock Exchange
Toronto Stock Exchange (TMX)
TSX Venture Exchange
Turkish Derivatives Exchange (TurkDex)

## **APPENDIX III**

### **INVESTMENT AND BORROWING POWERS OF THE COMPANY**

#### **1. General**

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

From time to time and in particular during periods of uncertain or volatile markets, the Investment Manager may, subject to COLL, choose to hold a substantial proportion of the property of the Funds in approved money market instruments and/or cash deposits.

#### **1.1 Prudent spread of risk**

The ACD must ensure that, taking account of the investment objective and policy of each Fund, the Scheme Property of each Fund aims to provide a prudent spread of risk.

#### **1.2 Cover**

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

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

1.2.2.1 it must be assumed that in applying any of those rules, the Funds must also simultaneously satisfy any other obligation relating to cover; and

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

## 2. **UCITS Schemes - general**

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

- 2.1.1 transferable securities;
- 2.1.2 approved money-market instruments;
- 2.1.3 permitted derivatives and forward transactions;
- 2.1.4 permitted deposits; and
- 2.1.5 permitted units or Shares in collective investment schemes.

## 3. **Transferable Securities**

3.1 A transferable security is an investment which is any of the following of:

- 3.1.1 a share;
- 3.1.2 a debenture;
- 3.1.3 an alternative debenture;
- 3.1.4 a government and public security;
- 3.1.5 a warrant; or
- 3.1.6 a certificate representing certain securities.

3.2 An investment is not a transferable security if the title to it cannot be transferred, or can be transferred only with consent of a third party.

3.3 In applying 3.2 above, to an investment which is issued by a body corporate, and which is a share or debenture, the need for any consent on the part of the body corporate or any members or debenture holders of it may be ignored.

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

## 4. **Investment in transferable securities**

4.1 A Fund may invest in a transferable security only to the extent that the transferable security fulfils the following criteria:

- 4.1.1 the potential loss which a Fund may incur with respect to holding the transferable security is limited to the amount paid for it;
  - 4.1.2 its liquidity does not compromise the ability of the ACD to comply with its obligation to redeem units at the request of any qualifying shareholder under the COLL Sourcebook;
  - 4.1.3 reliable valuation is available for it as follows:
    - 4.1.3.1 in the case of a transferable security admitted to or dealt in on an eligible market, where there are accurate, reliable and regular prices which are either market prices or prices made available by valuation systems independent from issuers;
    - 4.1.3.2 in the case of a transferable security not admitted to or dealt in on an eligible market, where there is a valuation on a periodic basis which is derived from information from the issuer of the transferable security or from competent investment research;
  - 4.1.4 appropriate information is available for it as follows:
    - 4.1.4.1 in the case of a transferable security admitted to or dealt in on an eligible market, where there is regular, accurate and comprehensive information available to the market on the transferable security or, where relevant, on the portfolio of the transferable security;
    - 4.1.4.2 in the case of a transferable security not admitted to or dealt in on an eligible market, where there is regular and accurate information available to the ACD on the transferable security or, where relevant, on the portfolio of the transferable security;
  - 4.1.5 it is negotiable; and
  - 4.1.6 its risks are adequately captured by the risk management process of the ACD.
- 4.2 Unless there is information available to the ACD that would lead to a different determination, a transferable security which is admitted to or dealt in on an eligible market shall be presumed:
- 4.2.1 not to compromise the ability of the ACD to comply with its obligation to redeem units at the request of any qualifying shareholder; and
  - 4.2.2 to be negotiable.
- 4.3 No more than 5% of the Scheme Property of a Fund may be invested in warrants.

## 5. **Closed end funds constituting transferable securities**

5.1 A unit in a closed end fund shall be taken to be a transferable security for the purposes of investment by a Fund, provided it fulfils the criteria for transferable securities set out in paragraph 4.1 and either:

5.1.1 where the closed end fund is constituted as an investment company or a unit trust:

5.1.1.1 it is subject to corporate governance mechanisms applied to companies; and

5.1.1.2 where another person carries out asset management activity on its behalf, that person is subject to national regulation for the purpose of investor protection; or

5.1.2 Where the closed end fund is constituted under the law of contract:

5.1.2.1 it is subject to corporate governance mechanisms equivalent to those applied to companies; and

5.1.2.2 it is managed by a person who is subject to national regulation for the purpose of investor protection.

## 6. **Transferable securities linked to other assets**

6.1 A Fund may invest in any other investment which shall be taken to be a transferable security for the purposes of investment by a Fund provided the investment:

6.1.1 fulfils the criteria for transferable securities set out in 4.1 above; and

6.1.2 is backed by or linked to the performance of other assets, which may differ from those in which a Fund can invest.

6.2 Where an investment in 6.1 contains an embedded derivative component, the requirements of this section with respect to derivatives and forwards will apply to that component.

## 7. **Approved Money-Market Instruments**

7.1 An approved money-market instrument is a money-market instrument which is normally dealt in on the money market, is liquid and has a value which can be accurately determined at any time.

7.2 A money-market instrument shall be regarded as normally dealt in on the money market if it:

- 7.2.1 has a maturity at issuance of up to and including 397 days;
- 7.2.2 has a residual maturity of up to and including 397 days;
- 7.2.3 undergoes regular yield adjustments in line with money market conditions at least every 397 days; or
- 7.2.4 has a risk profile, including credit and interest rate risks, corresponding to that of an instrument which has a maturity as set out in 7.2.1 or 7.2.2 or is subject to yield adjustments as set out in 7.2.3.
- 7.2.5 A money-market instrument shall be regarded as liquid if it can be sold at limited cost in an adequately short time frame, taking into account the obligation of the ACD to redeem units at the request of any qualifying shareholder.
- 7.2.6 A money-market instrument shall be regarded as having a value which can be accurately determined at any time if accurate and reliable valuations systems, which fulfil the following criteria, are available:
  - 7.2.6.1 enabling the ACD to calculate a net asset value in accordance with the value at which the instrument held in the portfolio could be exchanged between knowledgeable willing parties in an arm's length transaction; and
  - 7.2.6.2 based either on market data or on valuation models including systems based on amortised costs.
- 7.2.7 A money-market instrument that is normally dealt in on the money market and is admitted to or dealt in on an eligible market shall be presumed to be liquid and have a value which can be accurately determined at any time unless there is information available to the ACD that would lead to a different determination.

## 8. **Transferable securities and money-market instruments generally to be admitted or dealt in on an Eligible Market**

- 8.1 Transferable securities and approved money-market instruments held within a Fund must be:
  - 8.1.1 admitted to or dealt on an eligible market (as described in 9.3.1 or 9.3.2); or
  - 8.1.2 dealt on an eligible market (as described in 9.4); or

- 8.1.3 a money-market instrument within COLL 5.2.10 AR(1) (is as described in paragraph 10.1 of "Investment in approved money market instruments" below); or
- 8.1.4 recently issued transferable securities provided that:
  - 8.1.4.1 the terms of issue include an undertaking that application will be made to be admitted to an eligible market; and
  - 8.1.4.2 such admission is secured within a year of issue.
- 8.1.5 However, a Fund may invest no more than 10% of the Scheme Property in transferable securities and approved money-market instruments other than those referred to in 8.1.

## 9. **Eligible markets regime: purpose and requirements**

- 9.1 To protect investors the markets on which investments of a Fund are dealt in or traded on should be of an adequate quality ("eligible") at the time of acquisition of the investment and until it is sold.
- 9.2 Where a market ceases to be eligible, investments on that market cease to be approved securities. The 10% restriction in 7.1.5 above on investing in non approved securities applies and exceeding this limit because a market ceases to be eligible will generally be regarded as an inadvertent breach.
- 9.3 A market is eligible for the purposes of the rules if it is:
  - 9.3.1 a regulated market as defined in the FCA Handbook; or
  - 9.3.2 a market in the United Kingdom or an EEA State which is regulated, operates regularly and is open to the public.
- 9.4 A market not falling within paragraph 9.3 of this Appendix is eligible for the purposes of COLL 5 if:
  - 9.4.1 the ACD, after consultation with and notification to the Depositary, decides that market is appropriate for investment of, or dealing in, the Scheme Property of a Fund;
  - 9.4.2 the market is included in a list in the Prospectus; and
  - 9.4.3 the Depositary has taken reasonable care to determine that:
    - 9.4.3.1 adequate custody arrangements can be provided for the investments dealt in on that market; and



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

9.5 In paragraph 9.4.1, a market must not be considered appropriate unless it is regulated, operates regularly, is recognised as a market or exchange or as a self-regulating organisation by an overseas regulator, is open to the public, is adequately liquid and has adequate arrangements for unimpeded transmission of income and capital to or for the order of investors.

## 10. **Money-market instruments with a regulated issuer**

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

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

10.1.2 the instrument is issued or guaranteed in accordance with paragraph 10 below.

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

10.2.1 the instrument is an approved money-market instrument;

10.2.2 appropriate information is available for the instrument (including information which allows an appropriate assessment of the credit risks related to investment in it), in accordance with paragraph 12 below; and

10.2.3 the instrument is freely transferable.

## 11. **Issuers and guarantors of money-market instruments**

11.1 A Fund may invest in an approved money-market instrument if it is:

11.1.1 issued or guaranteed by any one of the following:

11.1.1.1 a central authority of the United Kingdom or an EEA State or, if the EEA State is a federal state, one of the members making up the federation;

11.1.1.2 a regional or local authority of the United Kingdom or an EEA State;

- 11.1.1.3 the Bank of England, the European Central Bank or a central bank of an EEA State;
  - 11.1.1.4 the European Union or the European Investment Bank;
  - 11.1.1.5 a non-EEA State or, in the case of a federal state, one of the members making up the federation;
  - 11.1.1.6 a public international body to the United Kingdom or one or more EEA States belong; or
- 11.1.2 issued by a body, any securities of which are dealt in on an eligible market; or
- 11.1.3 issued or guaranteed by an establishment which is:
- 11.1.3.1 subject to prudential supervision in accordance with criteria defined by UK or EU law; or
  - 11.1.3.2 subject to and complies with prudential rules considered by the FCA to be at least as stringent as those laid down by UK or EU law.
- 11.2 An establishment shall be considered to satisfy the requirement in 11.1.3.2 if it is subject to and complies with prudential rules, and fulfils one or more of the following criteria:
- 11.2.1 it is located in the European Economic Area;
  - 11.2.2 it is located in an OECD country belonging to the Group of Ten;
  - 11.2.3 it has at least investment grade rating;
  - 11.2.4 on the basis of an in-depth analysis of the issuer, it can be demonstrated that the prudential rules applicable to that issuer are at least as stringent as those laid down by UK or EU law.

## 12. **Appropriate information for money-market instruments**

- 12.1 In the case of an approved money-market instrument within 11.1.2 or issued by a body of the type referred to in COLL 5.2.10EG, or which is issued by an authority within 11.1.1.2 or a public international body within 11.1.1.6 but is not guaranteed by a central authority within 11.1.1.1, the following information must be available:
- 12.1.1 information on both the issue or the issuance programme, and the legal and financial situation of the issuer prior to the issue of the instrument, verified

by appropriately qualified third parties not subject to instructions from the issuer;

- 12.1.2 updates of that information on a regular basis and whenever a significant event occurs; and
  - 12.1.3 available and reliable statistics on the issue or the issuance programme.
- 12.2 In the case of an approved money-market instrument issued or guaranteed by an establishment within 11.1.3, the following information must be available:
- 12.2.1 information on the issue or the issuance programme or on the legal and financial situation of the issuer prior to the issue of the instrument;
  - 12.2.2 updates of that information on a regular basis and whenever a significant event occurs; and
  - 12.2.3 available and reliable statistics on the issue or the issuance programme, or other data enabling an appropriate assessment of the credit risks related to investment in those instruments.
- 12.3 In the case of an approved money-market instrument:
- 12.3.1 within 11.1.1.1, 11.1.1.4 or 11.1.1.5; or
  - 12.3.2 which is issued by an authority within 11.1.1.2 or a public international body within 11.1.1.6 and is guaranteed by a central authority within 11.1.1.1;
  - 12.3.3 information must be available on the issue or the issuance programme, or on the legal and financial situation of the issuer prior to the issue of the instrument.

### 13. **Spread: general**

- 13.1 This rule on spread does not apply to government and public securities.
- 13.2 For the purposes of this requirement companies included in the same group for the purposes of consolidated accounts as defined in accordance with Directive 83/349/EEC or in the same group in accordance with international accounting standards are regarded as a single body.
- 13.3 Not more than 20% in the value of the Scheme Property of a Fund is to consist of deposits with a single body.
- 13.4 Not more than 5% in value of the Scheme Property of a Fund is to consist of transferable securities or approved money market instruments issued by any single body, except that the limit of 5% is raised to 10% in respect of up to 40% in value

of the Scheme Property (covered bonds need not be taken into account for the purposes of applying the limit of 40%). For these purposes certificates representing certain securities are treated as equivalent to the underlying security.

- 13.5 The limit of 5% in paragraph 13.4 is raised to 25% in value of the Scheme Property in respect of covered bonds provided that when a Fund invests more than 5% in covered bonds issued by a single body, the total value of covered bonds held must not exceed 80% in value of the Scheme Property. None of the Funds may currently invest in covered bonds.
- 13.6 The exposure to any one counterparty in an OTC derivative transaction must not exceed 5% in value of the Scheme Property of a Fund. This limit is raised to 10% where the counterparty is an Approved Bank.
- 13.7 Not more than 20% in value of the Scheme Property of a Fund is to consist of transferable securities and approved money market instruments issued by the same group.
- 13.8 Not more than 20% in value of the Scheme Property of a Fund is to consist of the units of any one collective investment scheme.
- 13.9 The COLL Sourcebook provides that in applying the limits in 13.3, 13.4 and 13.6 and subject to 13.5, not more than 20% in value of the Scheme Property of a Fund is to consist of any combination of two or more of the following:
- transferable securities (including covered bonds) or approved money market instruments issued by; or
  - deposits made with; or
  - exposures from OTC derivatives transactions made with a single body.

#### 14. **Counterparty risk and issuer concentration**

- 14.1 The ACD must ensure that counterparty risk arising from an OTC derivative is subject to the limits set out in 13.6 and 13.9 above.
- 14.2 When calculating the exposure of a Fund to a counterparty in accordance with the limits in 13.6 above, the ACD must use the positive mark-to-market value of the OTC derivative contract with that counterparty.
- 14.3 An ACD may net the OTC derivative positions of a Fund with the same counterparty, provided they are able legally to enforce netting agreements with the counterparty on behalf of the Fund.

- 14.4 The netting agreements in 14.3 are permissible only with respect to OTC derivatives with the same counterparty and not in relation to any other exposures the Fund may have with that same counterparty.
- 14.5 The ACD may reduce the exposure of scheme property to a counterparty of an OTC derivative through the receipt of collateral. Collateral received must be sufficiently liquid so that it can be sold quickly at a price that is close to its pre-sale valuation.
- 14.6 The ACD must take collateral into account in calculating exposure to counterparty risk in accordance with the limits in 13.6 when it passes collateral to an OTC counterparty on behalf of a Fund.
- 14.7 Collateral passed in accordance with 14.6 may be taken into account on a net basis only if the ACD is able legally to enforce netting arrangements with this counterparty on behalf of a Fund.
- 14.8 The ACD must calculate the issuer concentration limits referred to in 14.6 above on the basis of the underlying exposure created through the use of OTC derivatives pursuant to the commitment approach.
- 14.9 In relation to the exposure arising from OTC derivatives as referred to in 13.6 to 13.9, the ACD must include any exposure to OTC derivative counterparty risk in the calculation.

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

- 15.1 The following section applies to government and public securities ("such securities").
- 15.2 Where no more than 35% in value of the Scheme Property of a Fund is invested in such securities issued by any one body, there is no limit on the amount which may be invested in such securities or in any one issue.
- 15.3 The Fund may invest more than 35% in value of the Scheme Property in such securities issued by any one body provided that:
  - 15.3.1 the ACD has before any such investment is made consulted with the Depositary and as a result considers that the issuer of such securities is one which is appropriate in accordance with the investment objectives of the relevant Fund;
  - 15.3.2 no more than 30% in value of the Scheme Property consists of such securities of any one issue;
  - 15.3.3 the Scheme Property includes such securities issued by that or another issuer, of at least six different issues;

15.3.4 the disclosures required by the FCA have been made.

15.4 In giving effect to the foregoing object more than 35% of the property of a Fund may be invested in transferable securities or approved money-market instruments issued or guaranteed by a single state, local authority or public international body included in the following list: the Government of the United Kingdom, or Northern Ireland, the Scottish Administration, the Executive Committee of the Northern Ireland Assembly or the National Assembly of Wales, the Governments of Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, and Sweden, and the Governments of Australia, Canada, Japan, New Zealand, Switzerland or the United States of America, and securities issued by the European Investment Bank.

15.5 Notwithstanding 13.1 and subject to 15.2 and 15.3 above, in applying the 20% limit in 13.9 with respect to a single body, government and public securities issued by that body shall be taken into account.

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

16.1 Up to 100% (10% in respect of MI Charles Stanley Monthly High Income Fund and MI Charles Stanley Equity Fund) in value of the Scheme Property of each Fund may be invested, in units or shares in other collective investment schemes ("Second Scheme") provided the Second Scheme satisfies all of the following conditions and provided that no more than 30% of the Scheme Property of a Fund is invested in Second Schemes within 16.1.1.2- 16.1.1.4 below.

16.1.1 The Second Scheme must:

16.1.1.1 satisfy the conditions necessary for it to enjoy the rights conferred by the UCITS Directive; or

16.1.1.2 is a recognised scheme that is authorised by the supervisory authorities of Guernsey, Jersey or the Isle of Man (provided the requirements of COLL 5.213AR are met); or

16.1.1.3 be authorised as a non-UCITS retail scheme (provided the requirements of COLL 5.2.13AR (1), (3), and (4) are met); or

16.1.1.4 be authorised in another EEA State provided the requirements of COLL 5.2.13AR are met; or

16.1.1.5 be authorised by the competent authority of an OECD member country (other than another EEA State) which has:

- (a) signed the IOSCO Multilateral Memorandum of Understanding;  
and
- (b) approved the Second Scheme's management company, rules  
and depositary/custody arrangements;

(provided the requirements of COLL 5.2.13AR are met).

16.1.2 The Second Scheme has terms which prohibit more than 10% in value of its Scheme Property consisting of units in collective investment schemes. Where the Second Scheme is an umbrella, the provisions in this paragraph 16.1.2, paragraph 16.1.3 and COLL 5.2.11R apply to each Fund as if it were a separate scheme.

16.1.3 Investment may only be made in other collective investment schemes managed by the ACD or an associate of the ACD if a Fund's Prospectus clearly states that it may enter into such investments and the rules on double charging contained in the COLL Sourcebook are complied with.

16.2 If a substantial proportion of a Fund's assets are invested in other collective investment schemes, the maximum level of management fees that may be charged by an investee collective investment scheme to a Fund will be 6%.

16.3 The Funds may invest in collective investment schemes managed or operated by, or whose authorised corporate director is, the ACD of a Fund or one of its associates.

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

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

## 18. **Derivatives: general**

**The Investment Manager may employ derivatives for the purpose of hedging in accordance with Efficient Portfolio Management.**

**To the extent that derivative instruments are utilised for hedging purposes, the risk of loss to the Funds may be increased where the value of the derivative instrument and the value of the security or position which it is hedging are insufficiently correlated.**

18.1 A transaction in derivatives or a forward transaction must not be effected for a Fund unless the transaction is of a kind specified in paragraph 20 (Permitted transactions

(derivatives and forwards)) below, and the transaction is covered, as required by paragraph 33 (Cover for investment in derivatives and forward transactions) of this Appendix.

- 18.2 Where a Fund invests in derivatives, the exposure to the underlying assets must not exceed the limits set out in the COLL Sourcebook in relation to spread (COLL 5.2.11R Spread: general, COLL 5.2.12R Spread: government and public securities) except for index based derivatives where the rules below apply.
- 18.3 Where a transferable security or approved money market instrument embeds a derivative, this must be taken into account for the purposes of complying with this section.
- 18.4 A transferable security or an approved money-market instrument will embed a derivative if it contains a component which fulfils the following criteria:
- 18.4.1 by virtue of that component some or all of the cash flows that otherwise would be required by the transferable security or approved money-market instrument which functions as host contract can be modified according to a specified interest rate, financial instrument price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, and therefore vary in a way similar to a stand-alone derivative;
  - 18.4.2 its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and
  - 18.4.3 it has a significant impact on the risk profile and pricing of the transferable security or approved money-market instrument.
- 18.5 A transferable security or an approved money-market instrument does not embed a derivative where it contains a component which is contractually transferable independently of the transferable security or the approved money-market instrument. That component shall be deemed to be a separate instrument.
- 18.6 Where a Fund invests in an index based derivative, provided the relevant index falls within paragraph 21 (Financial Indices underlying derivatives), the underlying constituents of the index do not have to be taken into account for the purposes of COLL 5.2.11R and COLL 5.2.12R.

## 19. **Efficient Portfolio Management**

- 19.1 The Company may also utilise the property of each Fund to enter into transactions for the purposes of Efficient Portfolio Management ("EPM"). Permitted EPM transactions (excluding stock lending arrangements) are transactions in derivatives e.g. to hedge against price or currency fluctuations, dealt with or traded on an eligible derivatives market; off-exchange options or contracts for differences resembling options; or



synthetic futures in certain circumstances. There is no limit on the amount or value of the Scheme Property which may be used for EPM but the ACD must take reasonable care to ensure that the transaction is economically appropriate to the reduction of the relevant risks (whether in the price of investments, interest rates or exchange rates) or to the reduction of the relevant costs and/or to the generation of additional capital or income with a risk level which is consistent with the risk profile of the Company and the risk diversification rules in COLL. The exposure must be fully “covered” by cash and/or other property sufficient to meet any obligation to pay or deliver that could arise. **The use of derivatives for EPM should not lead to an increase in risk to the Funds.**

19.2 Permitted transactions are those that the Company reasonably regards as economically appropriate to EPM, that is:

19.2.1 Transactions undertaken to reduce risk or cost in terms of fluctuations in prices, interest rates or exchange rates where the ACD reasonably believes that the transaction will diminish a risk or cost of a kind or level which it is sensible to reduce; or

19.2.2 Transactions for the generation of additional capital growth or income for a Fund by taking advantage of gains which the ACD reasonably believes are certain to be made (or certain, barring events which are not reasonably foreseeable) as a result of:

19.2.2.1 pricing imperfections in the market as regards the property which a Fund holds or may hold; or

19.2.2.2 receiving a premium for the writing of a covered call option or a covered put option on property of a Fund which the Company is willing to buy or sell at the exercise price, or

19.2.2.3 Stock lending arrangements.

A permitted arrangement in this context may at any time be closed out.

19.3 Transactions may take the form of “derivatives transactions” (that is, transactions in options, futures or contracts for differences) or forward currency transactions. A derivatives transaction must either be in a derivative which is traded or dealt in on an eligible derivatives market (and effected in accordance with the rules of that market), or be an off-exchange derivative which complies with the relevant conditions set out in the COLL Sourcebook, or be a “synthetic future” (i.e. a composite derivative created out of two separate options). Forward currency transactions must be entered into with counterparties who satisfy the COLL Sourcebook. A permitted transaction may at any time be closed out.

19.4 A transaction may not be entered into for the purposes of EPM if its purpose could reasonably be regarded as speculative.

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

20.1 A transaction in a derivative must be in an approved derivative; or be one which complies with paragraph 25 (OTC transactions in derivatives).

20.2 A transaction in a derivative must have the underlying consisting of any one or more of the following to which the scheme is dedicated: transferable securities, approved money market instruments permitted under paragraphs 8.1.1-8.1.3, deposits, permitted derivatives under this paragraph, collective investment scheme units permitted under paragraph 16 (Investment in collective investment schemes), financial indices which satisfy the criteria set out in COLL 5.2.20, interest rates, foreign exchange rates, and currencies.

20.3 A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market.

20.4 A transaction in a derivative must not cause a Fund to diverge from its investment objectives as stated in the Instrument constituting the scheme and the most recently published version of this Prospectus.

20.5 A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more, transferable securities, approved money market instruments, units in collective investment schemes, or derivatives, provided that a sale is not to be considered as uncovered if the conditions in paragraph 23 are satisfied.

20.6 Any forward transaction must be with an Eligible Institution or an Approved Bank.

**21. Financial Indices underlying derivatives**

21.1 The financial indices referred to in 20.2 are those which satisfy the following criteria:

21.1.1 the index is sufficiently diversified;

21.1.2 the index represents an adequate benchmark for the market to which it refers; and

21.1.3 the index is published in an appropriate manner.

21.2 A financial index is sufficiently diversified if:

21.2.1 it is composed in such a way that price movements or trading activities regarding one component do not unduly influence the performance of the whole index;

- 21.2.2 where it is composed of assets in which a Fund is permitted to invest, its composition is at least diversified in accordance with the requirements with respect to spread and concentration set out in this section; and
  - 21.2.3 where it is composed of assets in which a Fund cannot invest, it is diversified in a way which is equivalent to the diversification achieved by the requirements with respect to spread and concentration set out in this section.
- 21.3 A financial index represents an adequate benchmark for the market to which it refers if:
- 21.3.1 it measures the performance of a representative group of underlyings in a relevant and appropriate way;
  - 21.3.2 it is revised or rebalanced periodically to ensure that it continues to reflect the markets to which it refers, following criteria which are publicly available; and
  - 21.3.3 the underlyings are sufficiently liquid, allowing users to replicate it if necessary.
- 21.4 A financial index is published in an appropriate manner if:
- 21.4.1 its publication process relies on sound procedures to collect prices, and calculate and subsequently publish the index value, including pricing procedures for components where a market price is not available; and
  - 21.4.2 material information on matters such as index calculation, rebalancing methodologies, index changes or any operational difficulties in providing timely or accurate information is provided on a wide and timely basis.
- 21.5 Where the composition of underlyings of a transaction in a derivative does not satisfy the requirements for a financial index, the underlyings for that transaction shall where they satisfy the requirements with respect to other underlyings pursuant to 20.2, be regarded as a combination of those underlyings.

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

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

### 23. **Requirement to cover sales**

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

### 24. **Valuation of OTC derivatives**

24.1 For the purposes of paragraph 25.1, the ACD must:

24.1.1 establish, implement and maintain arrangements and procedures which ensure appropriate, transparent and fair valuation of the exposures of a Fund to OTC derivatives; and

24.1.2 ensure that the fair value of OTC derivatives is subject to adequate, accurate and independent assessment.

24.2 Where the arrangements and procedures referred to in 24.1 involve the performance of certain activities by third parties, the ACD must comply with the requirements in SYSC 8.1.13 R (Additional requirements for a management company) and COLL 6.6A.4 R (4) to (6) (Due diligence requirements of AFMs of UCITS schemes).

24.3 The arrangements and procedures referred to in 24.1 above must be

24.3.1 adequate and proportionate to the nature and complexity of the OTC derivative concerned; and

24.3.2 adequately documented.

### 25. **OTC transactions in derivatives**

25.1 Any transaction in an OTC derivative under paragraph 20.1 must be:

25.1.1 in a future or an option or a contract for differences;

25.1.2 with an approved counterparty; a counterparty to a transaction in derivatives is approved only if the counterparty is an Eligible Institution or an Approved Bank; or a person whose permission (including any requirements or limitations), as published in the FCA Register or whose Home State authorisation, permits it to enter into the transaction as principal off-exchange;

- 25.1.3 on approved terms; the terms of the transaction in derivatives are approved only if, the ACD carries out, at least daily, a reliable and verifiable valuation in respect of that transaction corresponding to its fair value and which does not rely only on market quotations by the counterparty; and can enter into one or more further transactions to sell, liquidate or close out that transaction at any time, at its fair value; and
- 25.1.4 capable of reliable valuation; a transaction in derivatives is capable of reliable valuation only if the ACD having taken reasonable care determines that, throughout the life of the derivative (if the transaction is entered into), it will be able to value the investment concerned with reasonable accuracy:
- 25.1.4.1 on the basis of an up-to-date market value which has been agreed is reliable; or
- 25.1.4.2 if the value referred to in 24.1.4.1 is not available, on the basis of a pricing model which the ACD and the Depositary have agreed uses an adequate recognised methodology; and
- 25.1.5 subject to verifiable valuation: a transaction in derivatives is subject to verifiable valuation only if, throughout the life of the derivative (if the transaction is entered into) verification of the valuation is carried out by:
- 25.1.5.1 an appropriate third party which is independent from the counterparty of the derivative at an adequate frequency and in such a way that the ACD is able to check it; or
- 25.1.5.2 a department within the ACD which is independent from the department in charge of managing a Fund and which is adequately equipped for such a purpose.

For the purposes of 25.1.3 above, "fair value" is the amount for which an asset could be changed or a liability settled, between knowledgeable willing parties in an arm's length transaction.

## 26. **ACD's collateral policy**

- 26.1 Where a Fund enters into OTC financial derivative transactions, stock lending or repurchase transactions (whether as buyer or seller), all collateral used to reduce counterparty risk exposure should comply with the following criteria:
- 26.1.1 **Liquidity:** Any collateral received other than cash shall be liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is

close to pre-sale valuation. Collateral received shall also comply with the provisions in Paragraph 30 below.

- 26.1.2 Valuation: Collateral received shall be valued in accordance with the rules described under the paragraph "Valuation of the Company" on at least a daily basis. Assets that exhibit high price volatility shall not be accepted as collateral unless suitably conservative haircuts are in place.
  - 26.1.3 Issuer credit quality: The collateral received shall be of a high credit quality.
  - 26.1.4 Correlation: Collateral should be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty.
  - 26.1.5 Diversification: Collateral should be sufficiently diversified in terms of country, markets and issuers.
  - 26.1.6 Immediately available: Collateral received must be capable of being fully enforced by the Fund at any time without reference to or approval from the counterparty.
- 26.2 In accordance with the collateral policy of the Funds, and subject to the above criteria, collateral received by the Funds must be in the form of one of or more of the following:
- 26.2.1 cash;
  - 26.2.2 a certificate of deposit;
  - 26.2.3 a letter of credit;
  - 26.2.4 a readily realisable security;
  - 26.2.5 commercial paper with no embedded derivative content; or
  - 26.2.6 a short-term money-market fund (as defined in ESMA "guidelines on a common definition of European money market funds") or a qualifying money market fund.
- 26.3 Risks linked to the management of collateral, such as operational and legal risks, shall be identified, managed and mitigated by the ACD's risk management process of the ACD.
- 26.4 Where there is a title transfer, the collateral received shall be held by the Depositary, or its agent. For other types of collateral arrangement (i.e. where there is no title transfer), the collateral can be held by a third party custodian which is

subject to prudential supervision, and which is unrelated to the provider of the collateral.

- 26.5 Collateral received shall be capable of being fully enforced by the Fund at any time without reference to or approval from the counterparty.
- 26.6 Non-cash collateral received cannot be sold, re-invested or pledged.
- 26.7 Cash collateral shall only be:
  - 26.7.1 placed on deposit with Approved Banks;
  - 26.7.2 invested in high-quality government bonds;
  - 26.7.3 used for the purpose of reverse repurchase transactions provided the transactions are with credit institutions subject to prudential supervision and the Fund is able to recall at any time the full amount of cash on accrued basis; or
  - 26.7.4 invested in short-term money market funds as defined in the "ESMA Guidelines on a Common Definition of European Money Market Funds".
- 26.8 Cash collateral will not be re-invested.

## 27. **Risk management**

- 27.1 The ACD uses a risk management process (including a risk management policy) in accordance with COLL 6.12, enabling it to monitor and measure at any time the risk of a Fund's positions and their contribution to the overall risk profile of that Fund. Before using the process, the ACD will notify the FCA of the details of the risk management process. The following details of the risk management process must be regularly notified to the FCA and at least on an annual basis:
  - 27.1.1 a true and fair view of the types of derivatives and forward transactions to be used within a Fund together with their underlying risks and any relevant quantitative limits.
  - 27.1.2 the methods for estimating risks in derivative and forward transactions.
- 27.2 The ACD must notify the FCA in advance of any material alteration to the details above.

**28. Investment in deposits**

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

**29. Significant influence**

29.1 A Company must not acquire transferable securities issued by a body corporate and carrying rights to vote (whether or not on substantially all matters) at a general meeting of that body corporate if:

29.1.1 immediately before the acquisition, the aggregate of any such securities held by the Company gives that Company power significantly to influence the conduct of business of that body corporate; or

29.1.2 the acquisition gives the Company that power.

29.2 For the purposes of paragraph 29.1, the Company is to be taken to have power significantly to influence the conduct of business of a body corporate if it can, because of the transferable securities held by it, exercise or control the exercise of 20% or more of the voting rights in that body corporate (disregarding for this purpose any temporary suspension of voting rights in respect of the transferable securities of that body corporate).

**30. Concentration**

A UCITS Scheme:

30.1 must not acquire transferable securities other than debt securities which:

30.1.1 do not carry a right to vote on any matter at a general meeting of the body corporate that issued them; and

30.1.2 represent more than 10% of these securities issued by that body corporate;

30.2 must not acquire more than 10% of the debt securities issued by any single issuing body;

30.3 must not acquire more than 25% of the units in a collective investment scheme;

30.4 must not acquire more than 10% of the approved money market instruments issued by any single body;



30.5 need not comply with the limits in paragraphs 30.2, 30.3 and 30.4 of this Appendix if, at the time of the acquisition, the net amount in issue of the relevant investment cannot be calculated.

### 31. **Derivative exposure**

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

31.2 Cover ensures that a Fund is not exposed to the risk of loss of property, including money, to an extent greater than the net value of the Scheme Property. Therefore, a Fund must hold Scheme Property sufficient in value or amount to match the exposure arising from a derivative obligation to which that Fund is committed. Paragraph 32 (Cover for investment in derivatives and forward transactions) below sets out detailed requirements for cover of that Fund.

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

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

### 32. **Schemes replicating an index**

32.1 Notwithstanding paragraph 13 (Spread: general), a Fund may invest up to 20% in value of the Scheme Property in shares and debentures which are issued by the same body where the stated investment policy is to replicate the composition of a relevant index as defined below.

32.2 Replication of the composition of a relevant index shall be understood to be a reference to a replication of the composition of the underlying assets of that index, including the use of techniques and instruments permitted for the purpose of efficient portfolio management.

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

- 32.4 In the case of a Fund replicating an index the Scheme Property need not consist of the exact composition and weighting of the underlying in the relevant index in cases where a Fund's investment objective is to achieve a result consistent with the replication of an index rather than an exact replication.
- 32.5 The indices referred to above are those which satisfy the following criteria:
- 32.5.1 the composition is sufficiently diversified;
  - 32.5.2 the index represents an adequate benchmark for the market to which it refers; and
  - 32.5.3 the index is published in an appropriate manner.
- 32.6 The composition of an index is sufficiently diversified if its components adhere to the spread and concentration requirements in this section.
- 32.7 An index represents an adequate benchmark if its provider uses a recognised methodology which generally does not result in the exclusion of a major issuer of the market to which it refers.
- 32.8 An index is published in an appropriate manner if:
- 32.8.1 it is accessible to the public;
  - 32.8.2 the index provider is independent from the index-replicating UCITS scheme; this does not preclude index providers and the UCITS scheme from forming part of the same group, provided that effective arrangements for the management of conflicts of interest are in place.
- 33. Cover for investment in derivatives and forward transactions**
- 33.1 A Fund may invest in derivatives and forward transactions as part of its investment policy provided:
- 33.1.1 its global exposure relating to derivatives and forward transactions held in the Fund does not exceed the net value of the Scheme Property; and
  - 33.1.2 its global exposure to the underlying assets does not exceed in aggregate the investment limits laid down in paragraph 13 above (Spread: general).
- 34. Daily calculation of global exposure**
- 34.1 The ACD must calculate the global exposure of a Fund on at least a daily basis.

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

### 35. **Calculation of global exposure**

35.1 The ACD must calculate the global exposure of any Fund it manages either as:

35.1.1 the incremental exposure and leverage generated through the use of derivatives and forward transactions (including embedded derivatives as referred to in Paragraph 18 (Derivatives: general)), which may not exceed 100% of the net value of the Scheme Property; or

35.1.2 the market risk of the Scheme Property.

35.2 The ACD must calculate the global exposure of a Fund by using:

35.2.1 the commitment approach; or

35.2.2 the value at risk approach.

35.3 The ACD must ensure that the method selected in 35.2 is appropriate, taking into account:

35.3.1 the investment strategy pursued by the Fund;

35.3.2 the types and complexities of the derivatives and forward transactions used; and

35.3.3 the proportion of the Scheme Property comprising derivatives and forward transactions.

35.4 Where a Fund employs techniques and instruments including repo contracts or stock lending transactions in accordance with Paragraph 37 (Stock lending) in order to generate additional leverage or exposure to market risk, the ACD must take those transactions into consideration when calculating global exposure.

35.5 For the purposes of 35.2, value at risk means a measure of the maximum expected loss at a given confidence level over the specific time period.

35.6 Where the ACD uses the commitment approach for the calculation of global exposure, it must:

35.6.1 ensure that it applies this approach to all derivative and forward transactions (including embedded derivatives as referred to in Paragraph 18 (Derivatives: general)), whether used as part of the Fund's general investment policy, for the purposes of risk reduction or for the purposes of

efficient portfolio management in accordance with Paragraph 37 (Stock lending); and

- 35.6.2 convert each derivative or forward transaction into the market value of an equivalent position in the underlying asset of that derivative or forward (standard commitment approach).
- 35.7 The ACD may apply other calculation methods which are equivalent to the standard commitment approach.
- 35.8 The ACD may take account of netting and hedging arrangements when calculating global exposure of a Fund, where these arrangements do not disregard obvious and material risks and result in a clear reduction in risk exposure.
- 35.9 Where the use of derivatives or forward transactions does not generate incremental exposure for the Fund, the underlying exposure need not be included in the commitment calculation.

Where the commitment approach is used, temporary borrowing arrangements entered into on behalf of the Fund in accordance with Paragraph 41 (Borrowing powers) need not form part of the global exposure calculation.

### 36. **Cover and Borrowing**

- 36.1 Cash obtained from borrowing, and borrowing which the ACD reasonably regards an Eligible Institution or an Approved Bank to be committed to provide, is not available for cover under paragraph 33 (Cover for investment in derivatives and forward transactions) except where 36.2 below applies.
- 36.2 Where, for the purposes of this paragraph a Fund borrows an amount of currency from an Eligible Institution or an Approved Bank; and keeps an amount in another currency, at least equal to such borrowing for the time being in 36.1 on deposit with the lender (or his agent or nominee), then this paragraph 36.2 applies as if the borrowed currency, and not the deposited currency, were part of the Scheme Property.

### 37. **Stock lending**

- 37.1 The entry into stock lending transactions or repo contract for the account of a Fund is permitted for the generation of additional income for the benefit of that Fund, and hence for its investors.
- 37.2 The specific method of stock lending permitted in this section is in fact not a transaction which is a loan in the normal sense. Rather it is an arrangement of the kind described in section 263B of the Taxation of Chargeable Gains Act 1992, under which the lender transfers securities to the borrower otherwise than by way of sale

and the borrower is to transfer those securities, or securities of the same type and amount, back to the lender at a later date. In accordance with good market practice, a separate transaction by way of transfer of assets is also involved for the purpose of providing collateral to the "lender" to cover him against the risk that the future transfer back of the securities may not be satisfactorily completed.

- 37.3 The stock lending permitted by this section may be exercised by a Fund when it reasonably appears to a Fund to be appropriate to do so with a view to generating additional income with an acceptable degree of risk.
- 37.4 The Company or the Depositary at the request of the Company may enter into a stock lending arrangement or repo contract of the kind described in section 263B of the Taxation of Chargeable Gains Act 1992 (without extension by section 263C), but only if all the terms of the agreement under which securities are to be reacquired by the Depositary for the account of the Company, are in a form which is acceptable to the Depositary and are in accordance with good market practice, the counterparty meets the criteria set out in COLL 5.4.4R(1)(b), and collateral is obtained to secure the obligation of the counterparty. Collateral must be acceptable to the Depositary, adequate and sufficiently immediate.
- 37.5 The Depositary must ensure that the value of the collateral at all times is at least equal to the value of the securities transferred by the Depositary. This duty may be regarded as satisfied in respect of collateral the validity of which is about to expire or has expired where the Depositary takes reasonable care to determine that sufficient collateral will again be transferred at the latest by the close of business on the day of expiry.
- 37.6 Any agreement for transfer at a future date of securities or of collateral (or of the equivalent of either) may be regarded, for the purposes of valuation under the COLL Sourcebook, as an unconditional agreement for the sale or transfer of property, whether or not the property is part of the property of a Fund.
- 37.7 There is no limit on the value of the Scheme Property of a Fund which maybe the subject of stock lending transactions or repo contract.

### 38. **Cash and near cash**

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

38.1.1 the pursuit of a Fund's investment objectives; or

38.1.2 redemption of units; or

38.1.3 efficient management of a Fund in accordance with its investment objectives; or

38.1.4 other purposes which may reasonably be regarded as ancillary to the investment objectives of a Fund.

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

## 39. **General**

39.1 It is not intended that a Fund will have an interest in any immovable property or tangible movable property.

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

39.3 No Fund may invest in shares of another Fund within the Company.

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

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

## 40. **Underwriting**

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

## 41. **Borrowing powers**

41.1 The ACD may, on the instructions of a Fund and subject to the COLL Sourcebook, borrow money from an Eligible Institution or an Approved Bank for the use of a Fund on terms that the borrowing is to be repayable out of the Scheme Property.

41.2 Borrowing must be on a temporary basis, must not be persistent, and in any event must not exceed three months without the prior consent of the Depositary, which may be given only on such conditions as appear appropriate to the Depositary to ensure that the borrowing does not cease to be on a temporary basis.

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

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

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

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

42.2 Acquiring a debenture is not lending for the purposes of paragraph 42.1, nor is the placing of money on deposit or in a current account.

42.3 Nothing in paragraph 42.1 prevents the Company from providing an officer of the Company with funds to meet expenditure to be incurred by him for the purposes of the Company (or for the purposes of enabling him properly to perform his duties as an officer of the Company) or from doing anything to enable an officer to avoid incurring such expenditure.

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

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

43.2 Transactions permitted by paragraph 37 (Stock lending) are not to be regarded as lending for the purposes of paragraph 43.1.

43.3 The Scheme Property of the Funds must not be mortgaged.

43.4 Where transactions in derivatives or forward transactions are used for the account of the Company in accordance with COLL 5, nothing in this paragraph prevents the Company or the Depositary at the request of the Company: from lending, depositing, pledging or charging Scheme Property for margin requirements; or transferring Scheme Property under the terms of an agreement in relation to margin requirements, provided that the ACD reasonably considers that both the agreement and the margin arrangements made under it (including in relation to the level of margin) provide appropriate protection to Shareholders.

**44. General power to accept or underwrite placings**

- 44.1 Any power in COLL 5 to invest in transferable securities may be used for the purpose of entering into transactions to which this section applies, subject to compliance with any restriction in the Instrument of Incorporation. This section applies, to any agreement or understanding: which is an underwriting or sub-underwriting agreement, or which contemplates that securities will or may be issued or subscribed for or acquired for the account of a Fund.
- 44.2 This ability does not apply to an option, or a purchase of a transferable security which confers a right to subscribe for or acquire a transferable security, or to convert one transferable security into another.
- 44.3 The exposure of a Fund to agreements and understandings as set out above, on any Business Day be covered and be such that, if all possible obligations arising under them had immediately to be met in full, there would be no breach of any limit in the COLL Sourcebook.

**45. Guarantees and indemnities**

- 45.1 The Company or the Depositary for the account of the Company must not provide any guarantee or indemnity in respect of the obligation of any person.
- 45.2 None of the Scheme Property may be used to discharge any obligation arising under a guarantee or indemnity with respect to the obligation of any person.
- 45.3 Paragraphs 45.1 and 45.2 do not apply to in respect of the Company:
- 45.3.1 any indemnity or guarantee given for margin requirements where the derivatives or forward transactions are being used in accordance with COLL 5; and
- 45.3.2 an indemnity falling within the provisions of regulation 62(3) (Exemptions from liability to be void) of the OEIC Regulations;
- 45.3.3 an indemnity (other than any provision in it which is void under regulation 62 of the OEIC Regulations) given to the Depositary against any liability incurred by it as a consequence of the safekeeping of any of the Scheme Property by it or by anyone retained by it to assist it to perform its function of the safekeeping of the Scheme Property; and
- 45.3.4 an indemnity given to a person winding up a scheme if the indemnity is given for the purposes of arrangements by which the whole or part of the property of that scheme becomes the first property of the Company and the holders of units in that scheme become the first Shareholders in the Company.



**APPENDIX IV**

**LIST OF OTHER AUTHORISED COLLECTIVE INVESTMENT SCHEMES OPERATED BY  
THE ACD**

**The ACD acts as Authorised Corporate Director (ACD), Alternative Investment Fund  
Manager (AIFM) or Manager of the following investment funds:**

MI Activus Wealth Funds

MI Bespoke Funds ICVC

MI Brewin Dolphin Investment Funds

MI Brewin Dolphin Voyager Funds

MI Brompton UK Recovery Unit Trust

MI Canaccord Genuity Investment Funds

MI Charles Stanley Investment Funds

MI Chelverton Equity Fund

MI Hawksmoor Open-Ended Investment Company

MI Metropolis Valuefund

MI Polen Capital Asia Income Fund

MI Polen Capital Investment Funds

MI Quilter Cheviot Investment Funds

MI Sonoma Partners Funds

MI Thornbridge Investment Funds

MI TwentyFour Investment Funds

TwentyFour Income Fund

TwentyFour Select Monthly Income Fund

**APPENDIX V****PAST PERFORMANCE AND INVESTOR PROFILE****Historic performance:**

Below we have shown the annual historical percentage performance over the last 5 years to 31 December 2024.

The performance is measured on a Net Asset Value (NAV) to NAV.

**MI Charles Stanley Equity Fund A Accumulation Shares**

Year to 31 December 2020	Year to 31 December 2021	Year to 31 December 2022	Year to 31 December 2023	Year to 31 December 2024
-0.1%	15.9%	-16.2%	13.0%	7.9%

**Launch date: 13 March 2006**

**MI Charles Stanley Equity Fund A Income Shares**

Year to 31 December 2020	Year to 31 December 2021	Year to 31 December 2022	Year to 31 December 2023	Year to 31 December 2024
-0.1%	15.8%	-16.2%	13.0%	8.0%

**Launch date: 13 March 2006**

**MI Charles Stanley Equity Fund B Accumulation Shares**

Year to 31 December 2020	Year to 31 December 2021	Year to 31 December 2022	Year to 31 December 2023	Year to 31 December 2024
-0.8%	15.0%	-16.8%	12.2%	7.2%

**Launch date: 10 December 2012**

**MI Charles Stanley Equity Fund B Income Shares**

Year to 31 December 2020	Year to 31 December 2021	Year to 31 December 2022	Year to 31 December 2023	Year to 31 December 2024
-0.8%	15.0%	-16.8%	12.2%	7.2%

**Launch date: 10 December 2012****MI Charles Stanley Equity Fund Benchmark**

Benchmark	Year to 31 December 2020	Year to 31 December 2021	Year to 31 December 2022	Year to 31 December 2023	Year to 31 December 2024
Morningstar UK GR Index	-11.5%	18.4%	1.2%	7.7%	9.9%

**MI Charles Stanley Monthly High Income Fund A Accumulation Shares**

Year to 31 December 2020	Year to 31 December 2021	Year to 31 December 2022	Year to 31 December 2023	Year to 31 December 2024
0.0%	4.2%	-9.4%	7.3%	4.7%

**Launch date: 13 March 2006****MI Charles Stanley Monthly High Income Fund A Income Shares**

Year to 31 December 2020	Year to 31 December 2021	Year to 31 December 2022	Year to 31 December 2023	Year to 31 December 2024
0.0%	4.1%	-9.4%	7.3%	4.7%

**Launch date: 13 March 2006****MI Charles Stanley Monthly High Income Fund B Income Shares**

Year to 31 December 2020	Year to 31 December 2021	Year to 31 December 2022	2 May 2023 to 31 December 2023	Year to 31 December 2024
N/A	N/A	N/A	3.3%	5.5%

**Launch date: 2 May 2023**

**MI Charles Stanley Monthly High Income Fund C Accumulation Shares**

Year to 31 December 2020	Year to 31 December 2021	Year to 31 December 2022	Year to 31 December 2023	Year to 31 December 2024
0.3%	4.4%	-9.4%	7.6%	5.0%

**Launch date: 10 December 2012****MI Charles Stanley Monthly High Income Fund C Income Shares**

Year to 31 December 2020	Year to 31 December 2021	Year to 31 December 2022	Year to 31 December 2023	Year to 31 December 2024
0.3%	4.4%	-9.4%	7.6%	5.0%

**Launch date: 10 December 2012**

There is no past performance available for MI Charles Stanley Monthly High Income Fund – B Accumulation Share Class as this Share Class is currently unlaunched. When available, the information will be set out above.

**MI Charles Stanley UK & International Growth Fund A Accumulation Shares**

Year to 31 December 2020	Year to 31 December 2021	Year to 31 December 2022	Year to 31 December 2023	Year to 31 December 2024
-1.3%	17.4%	-4.2%	8.5%	14.2%

**Launch date: 11 December 2008**

Source: Financial Express – Percentage annual performance (total return).

Past performance is no guarantee of future performance.

These figures are presented as a matter of record and should be regarded as such.

## **Investor profiles**

The Funds are marketable to all eligible investors provided they can meet the minimum age and subscription levels. The Funds may be suitable for investors who see collective investment schemes as a convenient way of participating in investment markets. They may be suitable for investors wishing to seek to achieve defined investment objectives. Such investors must have experience with, or understand, products where the capital is at risk. Investors must be able to accept some risk to their capital, thus the Funds may be suitable for investors who are looking to set aside the capital for at least 5 years. If you are uncertain whether these products are suitable for you, please contact a financial adviser.

**MI Charles Stanley Equity Fund** may be suitable for those investors wanting to achieve capital growth from a portfolio consisting predominantly of companies which form part of the Morningstar UK GR Index.

**MI Charles Stanley Monthly High Income Fund** may be suitable for those investors wanting to achieve a high income with the potential for capital growth from a portfolio consisting predominantly of UK bonds, government securities, high yielding equities and preference shares.

**MI Charles Stanley UK & International Growth Fund** may be suitable for those investors wanting to achieve long-term capital growth through investment in a diversified portfolio of global equities with a focus on UK Blue-Chip companies.

**APPENDIX VI****SUB-CUSTODIANS**

<b>Depository – Sub-custodian Delegate Information</b>		
<b>January 2025</b>		
<b>Jurisdiction</b>	<b>Sub-custodian</b>	<b>Sub-custodian Delegate</b>
<b>Argentina</b>	Citibank N.A., Buenos Aires Branch	
<b>Australia</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Australia Limited
<b>Austria</b>	UniCredit Bank Austria AG	
<b>Bahrain</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited
<b>Bangladesh</b>	Standard Chartered Bank	
<b>Belgium</b>	The Northern Trust Company	
<b>Bosnia and Herzegovina (Federation of Bosnia-Herzegovina)</b>	Raiffeisen Bank International AG	Raiffeisen Bank Bosnia DD BiH
<b>Bosnia and Herzegovina (Republic of Srpska)</b>	Raiffeisen Bank International AG	Raiffeisen Bank Bosnia DD BiH
<b>Botswana</b>	Standard Chartered Bank Botswana Limited	
<b>Brazil</b>	Citibank N.A., Brazilian Branch	Citibank Distribuidora de Titulos e Valores Mobiliarios S.A ("DTVM")
<b>Bulgaria</b>	Citibank Europe plc, Bulgaria Branch	

<b>Canada</b>	The Northern Trust Company, Canada Branch	
<b>Canada</b>	Royal Bank of Canada	
<b>Chile</b>	Citibank N.A.	Banco de Chile
<b>China A Share</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank (China) Company Limited
<b>China A Share</b>	Industrial and Commercial Bank of China Limited	
<b>China B Share</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank (China) Company Limited
<b>Clearstream</b>	Clearstream Banking S.A	
<b>Colombia</b>	Cititrust Columbia S.A. Sociedad Fiduciaria	
<b>Costa Rica</b>	Banco Nacional de Costa Rica	
<b>Croatia</b>	UniCredit Bank Austria AG	Zagrebacka Banka d.d.
<b>Cyprus</b>	Citibank Europe PLC	
<b>Czech Republic</b>	UniCredit Bank Czech Republic and Slovenia, a.s.	
<b>Denmark</b>	Skandinaviska Enskilda Banken AB (publ)	
<b>Egypt</b>	Citibank N.A., Cairo Branch	
<b>Estonia</b>	Swedbank AS	

<b>Euroclear</b>	Euroclear Bank S.A/N.V	
<b>Finland</b>	Skandinaviska Enskilda Banken AB (publ)	
<b>France</b>	The Northern Trust Company	
<b>Germany</b>	The Northern Trust Company	
<b>Ghana</b>	Standard Chartered Bank Ghana Limited	
<b>Greece</b>	Citibank Europe PLC	
<b>Hong Kong</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Hong Kong (Stock and Bond Connect)</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Hungary</b>	Citibank Europe plc.	
<b>Iceland</b>	Landsbankinn hf.	
<b>India</b>	Citibank N.A.	
<b>Indonesia</b>	Standard Chartered Bank	
<b>Ireland</b>	The Northern Trust Company, London	
<b>Israel</b>	Citibank, N.A., Israel Branch	
<b>Italy</b>	Citibank Europe plc	



<b>Japan</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Jordan</b>	Bank of Jordan Plc	
<b>Kazakhstan</b>	Citibank Kazakhstan JSC	
<b>Kenya</b>	Standard Chartered Bank Kenya Limited	
<b>Kuwait</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited
<b>Latvia</b>	Swedbank AS	
<b>Lithuania</b>	AB SEB bankas	
<b>Luxembourg</b>	Euroclear Bank S.A./N.V.	
<b>Malaysia</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Malaysia Berhad
<b>Mauritius</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Mexico</b>	Banco Citi Mexico S.A.	
<b>Morocco</b>	Citibank Maghreb S.A.	
<b>Namibia</b>	Standard Bank Namibia Ltd	
<b>Netherlands</b>	The Northern Trust Company	
<b>New Zealand</b>	The Hongkong and Shanghai Banking Corporation Limited	

<b>Nigeria</b>	Stanbic IBTC Bank Plc	
<b>Norway</b>	Skandinaviska Enskilda Banken AB (publ)	
<b>Oman</b>	First Abu Dhabi PJSC, Oman Branch	
<b>Pakistan</b>	Citibank N.A., Karachi Branch	
<b>Panama</b>	Citibank N.A., Panama Branch	
<b>Peru</b>	Citibank del Peru S.A.	
<b>Philippines</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Poland</b>	Bank Handlowy w Warszawie S.A	
<b>Portugal</b>	BNP Paribas SA	
<b>Qatar</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited
<b>Romania</b>	Citibank Europe PLC	
<b>Russia</b>	AO Citibank	
<b>Saudi Arabia</b>	The Northern Trust Company of Saudi Arabia	
<b>Serbia</b>	UniCredit Bank Austria A.G.	UniCredit Bank Serbia JSC
<b>Singapore</b>	The Hongkong and Shanghai Banking Corporation Limited	

<b>Slovakia</b>	Citibank Europe PLC	
<b>Slovenia</b>	UniCredit Banka Slovenija d.d.	
<b>South Africa</b>	The Standard Bank of South Africa Limited	
<b>South Korea</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Spain</b>	Citibank Europe plc	
<b>Sri Lanka</b>	Standard Chartered Bank	
<b>Sweden</b>	Skandinaviska Enskilda Banken AB (publ)	
<b>Switzerland</b>	UBS AG Switzerland	
<b>Taiwan</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank (Taiwan) Limited
<b>Tanzania</b>	Standard Chartered Bank (Mauritius) Limited	Standard Chartered Bank Tanzania Limited
<b>Thailand</b>	Citibank N.A., Bangkok Branch	
<b>Tunisia</b>	Union Internationale de Banques	
<b>Turkey</b>	Citibank A.S.	
<b>United Arab Emirates (ADX)</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited (DIFC) Branch
<b>United Arab Emirates (DFM)</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited (DIFC) Branch

<b>United Arab Emirates (NASDAQ)</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited (DIFC) Branch
<b>Uganda</b>	Standard Chartered Bank Uganda Limited	
<b>Ukraine (Market suspended)</b>	JSC "Citibank"	
<b>United Kingdom</b>	Euroclear UK & International Limited (Northern Trust self-custody)	
<b>United States</b>	The Northern Trust Company	
<b>Uruguay</b>	Banco Itau Uruguay S.A.	
<b>Vietnam</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank (Vietnam) Ltd
<b>West Africa (UEMOA)</b>	Standard Chartered Bank (Mauritius) Limited	Standard Chartered Bank Cote d'Ivoire SA
<b>Zambia</b>	Standard Chartered Bank Zambia PLC	
<b>Zimbabwe</b>	The Standard bank of South Africa Limited	Stanbic Bank Zimbabwe Limited

**APPENDIX VII****DIRECTORY****The Company and Head Office:**

MI Charles Stanley Investment Funds II  
Hamilton Centre  
Rodney Way  
Chelmsford  
Essex  
CM1 3BY

**Authorised Corporate Director:**

Apex Fundrock Ltd  
Hamilton Centre  
Rodney Way  
Chelmsford  
Essex  
CM1 3BY

**Depository:**

Northern Trust Investor Services Limited  
50 Bank Street  
Canary Wharf  
London  
E14 5NT

**Custodian:**

The Northern Trust Company, London Branch  
50 Bank Street  
Canary Wharf  
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