

MFM BOWLAND FUND

Prospectus prepared in accordance with the
Collective Investment Schemes Sourcebook

This Prospectus is valid
as at and dated 31st May 2017

This document is important and you should read all the information contained in it. If you are in any doubt as to the meaning of any information contained in this document you should consult either the Manager or your authorised Financial Adviser.

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THIS PROSPECTUS IS IMPORTANT.

IF YOU ARE IN ANY DOUBT AS TO THE MEANING OF ANY INFORMATION CONTAINED IN THIS PROSPECTUS, YOU SHOULD CONSULT THE ACD OR YOUR FINANCIAL ADVISER.

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

This Prospectus is intended for distribution in the United Kingdom. The distribution of this Prospectus and the offering of Units in certain jurisdictions may be restricted. Persons into whose possession this Prospectus comes are required by the Scheme 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 Units.

Unitholders are deemed to have taken notice of the provisions of the Trust Deed which is binding on each of the Unitholders. A copy of the Trust Deed is available on request from Marlborough Fund Managers Limited. This Prospectus has been issued for the purpose of section 21 of the Financial Services and Markets Act 2000 by Marlborough Fund Managers Limited.

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

This Prospectus is based on information, law and practice at the "valid as at date" which is on the front cover and below. The Company cannot be bound by an out of date prospectus when it has issued a new prospectus and investors should check with the Manager that this is the most recently published prospectus.

US Tax Reporting

The Scheme may be required to comply with certain reporting requirements in order to avoid a 30% US withholding tax on interest income and the proceeds of sales of US securities and other US financial instruments. Complying with such requirements may require the Scheme to request certain information and documentation from Unitholders, and to agree to provide such information and documentation to the IRS if requested to do so. Any Unitholder that fails to provide the required information may be subject to a compulsory redemption of their units and/or mandatory penalties.

Units 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 (as defined below). The Scheme has not been and will not be registered under the United States Investment Trust Act of 1940, as amended. The Manager has not been and will not be registered under the United States Investment Advisers Act of 1940.

A "US Person" means any citizen or resident of the United States of America, its territories and possessions including the State and District of Columbia and all areas subject to its jurisdiction (including the Commonwealth of Puerto Rico), any corporation, trust, partnership or other entity created or organised in or under the laws of the United States of America, any state thereof or any estate or trust the income of which is subject to United States federal income tax, regardless of source. The expression also includes any person falling within the definition of the term "U.S Person" under Regulation S promulgated under the United States Securities Act of 1933.

This Prospectus is dated and valid as at 31st May 2017.

1 **DEFINITIONS**

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| "the Act" | the Financial Services and Markets Act 2000, as amended from time to time. |
| "FCA" | Financial Conduct Authority of 25 The North Colonnade, Canary Wharf, London E14 5HS |
| "The Manager" | Marlborough Fund Managers Limited |
| "The Scheme" | MFM Bowland Fund |
| "The Trustee" | HSBC Bank plc |
| "Unit" | an income or an accumulation Unit in the Scheme |
| "Unitholder" | a holder of Units |
| "The Collective Investment Scheme Sourcebook" or "COLL" | the rules contained in the Collective Investment Schemes Sourcebook and made by the FCA pursuant to section 247 of the Act 2000, as amended from time to time. |
| "UCITS Directive" | a Council Directive of 20 December 1985 on the co-ordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities, as amended from time to time. |
| "UCITS Scheme" | a collective investment Scheme authorised by the FCA which complies with the conditions necessary for it to enjoy the benefits and rights conferred by the UCITS Directive. |

2 THE AUTHORISED FUND MANAGER

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| Name | Marlborough Fund Managers Limited. |
| Corporate form | Private limited company. |
| Country of incorporation | Incorporated in England and Wales. |
| Holding company | The Manager's ultimate holding company is UFC Fund Management plc, which is incorporated in England and Wales. |
| Registered office and head office | Marlborough House, 59 Chorley New Road, Bolton, BL1 4QP |
| Date of incorporation | 3 October 1986. |
| Share capital | Issued and paid up share capital of £50,000. |
| Authorisation | Authorised and regulated by the Financial Conduct Authority. |

In accordance with COLL, the Manager is permitted to delegate certain functions and has delegated the investment management function in relation to the Scheme to Hargreave Hale Limited. In accordance with the requirements of COLL, the Manager may terminate this agreement at any time with immediate effect where it is in the interests of the Unitholders to do so.

Remuneration Policy

The Manager has put in place a remuneration policy (the "Remuneration Policy") that is in accordance with the requirements of SYSC 19 E of the FCA. The Remuneration Policy is designed to ensure that the Manager's remuneration practices are consistent with and promote sound and effective risk management, do not encourage risk taking and are consistent with the risk profile of the Schemes. The Manager considers the Remuneration Policy to be appropriate to the size, internal operations, nature scale and complexity of the Schemes and in line with the risk profile, risk appetite and the strategy of the Schemes.

The matters covered by the Remuneration Policy include:

- An assessment of the individual member of staff's performance;
- restrictions on the awarding of guaranteed variable remuneration;
- the balance between fixed and variable remuneration;
- any payment of remuneration in the form of units or shares in the Schemes;
- any mandatory deferral periods for the payment of some or all of the variable remuneration component;
- the reduction or cancellation of remuneration in the case of underperformance.

The Remuneration Policy will apply to the fixed and variable (if any) remuneration received by the identified staff.

The Manager will make the latest version of the Remuneration Policy available on its website, www.marlboroughfunds.com, and will provide paper copies free of charge upon written request to its operating address.

In respect of any investment management delegates, the Manager requires that: (i) the entities to which such activities have been delegated are subject to regulatory requirements on remuneration that are equally as effective as those applicable under the European Securities and Market's (ESMA's) Guidelines on Sound Remuneration Policies under the UCITS Directive and AIFMD / Article 14 of the UCITS Directive; or (ii) appropriate contractual arrangements are put in place with entities to which such activities have been delegated in order to ensure that there is no circumvention of the remuneration rules set out in the ESMA Guidelines or the FCA Handbook.

Terms of appointment

Pursuant to the agreement dated 18th March 2016 between the Scheme, the Manager and the Trustee (the "Depositary Services Agreement") and for the purposes of and in compliance with the Regulations, the Trustee has been appointed as the Trustee to the Scheme. The appointment of the Trustee under the Depositary Services Agreement may be terminated without cause by not less than 6 months written notice provided that the Depositary Services Agreement does not terminate until a replacement Trustee has been appointed.

The Trustee, HSBC Bank plc, is a public limited company incorporated in England and Wales with company registration number 00014259. HSBC Bank plc is a wholly owned subsidiary of HSBC Holdings plc. The Trustee's registered and head office is located at 8 Canada Square, London E14 5HQ and the principal business activity of the Trustee is the provision of financial services, including trustee and depositary services. The Trustee is authorised by the Prudential Regulation Authority and regulated by the Prudential Regulation Authority and the Financial Conduct Authority.

The fees to which the Trustee is entitled are set out below under the heading "Trustee Fees".

Key Duties of the Trustee

The Trustee provides services to the Scheme as set out in the Depositary Services Agreement and, in doing so, shall comply with the Regulations. The Trustee's duties include the following:

- (i) ensuring that the Scheme's cash flows are properly monitored and that all payments made by or on behalf of applicants upon the subscription to units of the Scheme have been received.
- (ii) safekeeping of the Scheme Property, which includes (i) holding in custody all financial instruments that may be held in custody; and (ii) verifying the ownership of other assets and maintaining records accordingly.
- (iii) ensuring that issues, redemptions and cancellations of the units of each Scheme are carried out in accordance with the Trust Deed, the Prospectus and the Regulations.
- (iv) ensuring that in transactions involving Scheme Property any consideration is remitted to the Scheme within the usual time limits.
- (v) ensuring that the value of the units of the Scheme is calculated in accordance with the Regulations.
- (vi) carrying out the instructions of the Manager unless they conflict with the Trust Deed, the Prospectus or the Regulations.
- (vii) ensuring that a Scheme's income is applied in accordance with the Regulations.

Delegation of safekeeping function

The Trustee may delegate its safekeeping functions subject to the terms of the Depositary Services Agreement. The Trustee has delegated to a number of delegates the custody of certain Scheme Property entrusted to the Trustee for safekeeping in accordance with the terms of written agreements between the Trustee and those delegates.

A list of delegates is set out in Appendix C. Unitholders should note that the list of delegates is updated only at each Prospectus review.

Conflicts

Actual or potential conflicts of interest may arise between the Scheme, the unitholders or the Manager and the Trustee. For example such actual or potential conflict may arise because the Trustee is part of a legal entity or is related to a legal entity which provides other products or services to the Scheme. The Trustee may have a financial or business interest in the provision of such products or services, or receives remuneration for related products or services provided to the Scheme, or may have other clients whose interests may conflict with those of the Scheme, the unitholders or the Manager.

The Trustee and any of its affiliates or delegates may effect, and make a profit from, transactions in which the Trustee (or its affiliates, or another client of the Trustee 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 Trustee's duty to the Scheme. This includes, for example, circumstances in which the same entity as the Trustee or any of its affiliates or connected persons: provides fund services (including administration, fund accounting and middle office services), securities lending and/or collateral management services, foreign exchange services, credit facilities, transaction, execution, lending, settlement or prime services to the Scheme and/or to other funds or companies; acts as financial adviser, distributor, broker, market maker, banker, sub-custodian, derivatives counterparty or otherwise provides services to an issuer of the investments of the Scheme in question; acts in the same transaction as agent for more than one client; has a material interest in the issue of the investments of the Scheme; or earns profits from or has a financial or business interest in any of these activities.

The Trustee will ensure that any such additional services provided by it or its affiliates are on terms which are not materially less favourable to the Scheme than if the conflict or potential conflict had not existed.

The Trustee has a conflict of interest policy in place to identify, manage and monitor on an on-going basis any potential conflict of interest.

From time to time actual or potential conflicts of interest may arise between the Trustee and its delegates, for example, where a delegate is an affiliate of the Trustee, the Trustee may have a financial or business interest in that delegate.

Included in the Trustee's conflict of interest policy are procedures to identify, manage and monitor on an on-going basis any potential conflict of interest involving its delegates.

Liability of the Depositary

In general, the Trustee is liable for losses suffered by the Scheme as a result of its negligence or wilful default to properly fulfil its obligations. Subject to the paragraph below, and pursuant to the Depositary Services Agreement, the Trustee will be liable to the Scheme for the loss of financial instruments of the Scheme which are held in its custody. The Trustee will not be indemnified out of the Scheme Property for the loss of financial instruments.

The liability of the Trustee will not be affected by the fact that it has delegated safekeeping to a third party.

The Trustee will not be liable where the loss of financial instruments arises as a result of an external event beyond the reasonable control of the Trustee, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary. The Trustee shall not be liable for any indirect, special or consequential loss.

In the event there are any changes to the Trustee's liability under the Regulations, the Manager will inform unitholders of such changes without delay.

Unitholders have no personal right to directly enforce any rights or obligations under the Depositary Services Agreement.

Updated Information

Up to date information regarding the name of the Trustee, any conflicts of interest and delegations of the Trustee's safekeeping functions will be made available to unitholders upon written request to the Manager.

4 **THE REGISTRAR**

Name Marlborough Fund Managers Limited
Address Marlborough House, 59 Chorley New Road, Bolton, BL1 4QP

The Register of Holders for the Scheme is kept and may be inspected at the Registrar's address shown above during normal office hours.

5 **THE INVESTMENT ADVISER**

Name Hargreave Hale Limited
Registered Office Talisman House, Boardmans Way, Blackpool, FY4 5FY
Authorisation Authorised and regulated by the Financial Conduct Authority.
Principal Activity Investment advisory services

The Investment Adviser undertakes the investment advisory service of the Scheme in accordance with the Trust Deed, the investment objectives and policy of the Scheme and COLL. The Investment Adviser is remunerated directly by the Manager under an agreement between them. Under such agreement, the Investment Adviser may call on the Manager to ratify and confirm any act or thing lawfully and properly done by it in the proper performance of its duties. The Investment Adviser has complete discretion to make the day-to-day investment decisions relating to the property of the Scheme and arrange for all sales and purchases of assets to be made. The Investment Adviser is remunerated by the Manager out of the preliminary charge and the periodic charge. The investment advisory agreement may be terminated by either party giving to the other no less than 6 months' prior written notice.

6 **THE AUDITOR**

Name CLB Coopers Audit Services
Address Fleet House, New Road, Lancaster LA1 1EZ

7 **DESCRIPTION OF THE SCHEME**

The Scheme is an authorised Unit Trust Scheme and is a UCITS Scheme which complies with COLL.

8 **INVESTMENT OBJECTIVE AND POLICY**

The date of establishment and objective of the Scheme is set out in Appendix A as are details of the Manager's investment policy for achieving those objectives. The eligible markets through which the Scheme may invest are set out in Appendix B. The base currency for the Scheme is sterling. Other aspects of the investment objectives and policy as permitted under COLL are summarised as follows:

Typical Investor

The Scheme may be marketed to all classes of investor. However, a typical investor will understand the risks involved in investing in Units in the Scheme and the associated risks which are set out under "Risk Warnings". It is anticipated that retail investors will have received advice from an appropriately qualified adviser.

Policy on the extent to which the Scheme is Fully Invested

The property may consist of cash and near cash rather than securities in the following circumstances:

- (a) where this may reasonably be regarded as ancillary to the objectives of the Scheme concerned or to assist in its efficient management;
- (b) where the investment adviser considers that it is appropriate not to be fully invested but to hold cash and near cash.

Investment Limits

Generally, the property of the Scheme must consist of transferable securities. For the purposes of COLL a transferable security is an investment which is either a share, debenture, a government and public security, a warrant or a certificate representing certain securities.

The fund may invest in transferable securities which fulfil the following criteria:

- the potential loss which the Fund may incur with respect to holding the transferable security is limited to the amount paid for it;
- its liquidity does not compromise the ability of the Manager to comply with its obligation to redeem units at the request of any qualifying unitholder;
- reliable valuation is available for the transferable securities as follows:
 - a) 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;
 - b) 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;
- appropriate information is available for the transferable security as follows:
 - a) 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;
 - b) 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 Manager on the transferable security or, where relevant, on the portfolio of the transferable security;
- it is negotiable; and
- its risks are adequately captured by the risk management process of the Manager.

Unless there is information available to the Manager that would lead to a different determination, a transferable security which is admitted to or dealt on an eligible market shall be presumed not to compromise the ability of the Manager to comply with its obligation to redeem units at the request of any qualifying unitholder; and to be negotiable.

Such transferable securities must (save as described below) further be “approved securities” within the meaning of COLL and the eligible markets for this purpose are listed in Appendix B.

The following investment limits apply:

- (a) up to 35% in value of the property of the Scheme concerned may be invested in government and other public securities issued by any one issuer or of any one issue;
- (b) up to 10% in value of the property of the Scheme concerned may consist of transferable securities which are not approved securities within the meaning of COLL;
- (c) in the case of other securities not more than 5% in value of the property of the Scheme may consist of transferable securities issued by any one issuer. This latter limit can be increased to 10% where the total value of all such holdings included in the property does not exceed 40% of a Scheme’s property;

- (d) up to 5% in value of the property of the Scheme may consist of Units in other collective investment Schemes. The Scheme must not invest in Units or shares of a collective investment Scheme (the "second Scheme") unless the second Scheme satisfies the conditions referred to below and provided that no more than 30% of the value of the scheme property attributed to the Fund is invested in second schemes within categories (ii) to (v) below.

The second scheme must fall into one of the following categories:

- (i) A Scheme which satisfies the conditions necessary for it to enjoy the rights conferred by the UCITS Directive;
- (ii) A Scheme which is a recognised Scheme under the provisions of section 270 of the Act (Schemes authorised in designated countries or territories);
- (iii) A Scheme which is authorised as a non-UCITS retail Scheme (as defined in COLL) and in respect of which the requirements of article 19(1)(e) of the UCITS Directive are met; or
- (iv) A Scheme which is authorised in another EEA state (and in respect of which the requirements of article 19(1)(e) of the UCITS Directive are met);
- (v) A Scheme which is 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 scheme's management company, rules and depositary/custody arrangements.

The second Scheme must comply, where relevant, with those COLL provisions regarding investment in other group Schemes and associated Schemes. The second Scheme must have terms which prohibit more than 10% in value of the Scheme property consisting of Units in collective investment Schemes.

The Fund may invest in shares or units of collective investment schemes which are managed or operated by (or, in the case of companies incorporated under the OEIC regulations, have as their authorised corporate director) the Manager or an associate of the Manager. However if the Fund invests in units in another collective investment scheme managed or operated by the Manager or an associate of the Manager, the Manager must pay into the property of the Fund before the close of business on the fourth business day after the agreement to invest or dispose of units:

- (i) on investment – if the manager pays more for the units issued to it than the then prevailing creation price, the full amount of the difference or, if this is not known, the maximum permitted amount of any charge which may be made by the issuer on the issue of units; and
 - (ii) on a disposal – any amount charged by the issuer on the redemption of such units.
- (e) not more than 5% in value of the property of the Scheme may be invested in Units or shares of any one collective investment Scheme;
- (f) not more than 5% in value of any of the Scheme's property may consist of warrants. Any right to subscribe which is conferred by a warrant must be able to be exercised without contravening any of the investment limits imposed by COLL; and,
- (g) the property of the Scheme is not permitted to include shares in a company which carry more than 10% of the voting rights. It is also restricted to 10% of any other shares in a company, other than an open ended investment company, and 10% of debentures, loan stock and other instruments of indebtedness issued by the same issuer (not being a government and other public security) and 10% of the Units in a collective investment Scheme.

Closed End Funds Constituting Transferable Securities

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

- where the closed end fund is constituted as an investment company or a unit trust:
 - a) it is subject to corporate governance mechanisms applied to companies; and
 - b) 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
- where the closed end fund is constituted under the law of contract:
 - a) it is subject to corporate governance mechanisms equivalent to those applied to companies; and
 - b) it is managed by a person who is subject to national regulation for the purpose of investor protection.

Hedging

For the purposes of hedging the Manager may enter either a derivatives transaction or a forward transaction in a currency in accordance with COLL.

Transactions undertaken for the purposes of hedging are not speculative and are undertaken with the aim of reducing the risk profile of the Scheme.

There is no limit on the amount of the Scheme Property which may be used for hedging, but the transactions must satisfy three broad requirements as set out below.

1. A transaction must be reasonably believed by the Manager to be economically appropriate for the efficient portfolio management of the Scheme. This means that for transactions undertaken to reduce risk or cost (or both), the transaction alone or in combination will diminish a risk or cost of a kind or level which it is sensible to reduce, and, for a transaction undertaken to generate additional capital or income, the Scheme is certain (or barring events which are not reasonably foreseeable) to derive a benefit from the transaction.
2. The purpose of the hedging transaction must be to achieve one of the following aims:
 - (i) the reduction of risk in terms of fluctuation in prices, interest rates or exchange rates;
 - (ii) the reduction in the cost of managing the relevant fund; and,
 - (iii) the generation of additional capital or income with an acceptably low level of risk. There is an acceptably low level of risk in any case where the Manager reasonably believes that the Scheme is certain (or barring certain events which are not reasonably foreseeable) to derive a benefit.
3. Each hedging transaction must be fully covered by cash, near cash or other property sufficient to meet any obligation which could arise.

Permitted hedging transactions (excluding stock lending transactions) are transactions in derivatives as defined in COLL (i.e. options, futures or contract for differences) which are dealt in or traded on an eligible derivatives market; and forward transactions in a currency and certain off-exchange options or contracts for differences resembling options or futures in certain circumstances.

The Scheme may enter into approved derivatives transactions on eligible derivatives markets. Eligible derivatives markets are derivatives markets which the Manager, after consultation with the Trustee, has decided are appropriate for the purpose of investment of or dealing in the Scheme Property with regard to the relevant criteria set out in the FCA Regulations and the guidance on eligible markets issued by the FCA (as amended from time to time). The eligible derivatives markets referred to for this purpose are listed in Appendix B.

Any forward transaction must be with an approved counterparty. A derivatives or forward transaction which would or could lead to delivery of Scheme Property to the Trustee in respect of the Scheme may be entered into only if such Scheme Property can be held by the Scheme and the Manager reasonably believes that delivery of the property pursuant to the transaction will not lead to a breach of the FCA Regulations.

Permitted Transaction (derivatives and forwards)

Derivatives transactions must either be in approved derivatives (being a derivative which is traded or dealt in on an eligible derivatives market as set out above) or an over the counter derivative with an approved counterparty in accordance with COLL.

A transaction in a derivative must not cause the Scheme to diverge from its investment objectives as stated in the Instrument and the most recently published version of this prospectus. The underlying assets of a transaction in a derivative may only consist of any one or more of the following:

- transferable securities;
- approved money market instruments;
- deposits;
- derivatives;
- collective investment schemes;
- financial indices;
- interest rates;
- foreign exchange rates; and
- currencies.

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 the section on “requirement to cover sales” are satisfied.

Any forwards transaction must be made with an eligible institution or an approved bank in accordance with COLL.

A derivative or forward transaction which will or could lead to the delivery of property for the account of the Scheme may be entered into only if:

- (i) that property can be held for the account of the Scheme; and
- (ii) the Manager having taken reasonable care determines that delivery of the property under the transaction will not occur or will not lead to a breach of COLL.

The Scheme may not undertake transactions in derivatives on commodities.

Requirement to cover sales

No agreement by or on behalf of the Scheme to dispose of property or rights may be made unless:

- (a) the obligation to make the disposal and any other similar obligations could immediately be honoured by the Scheme by delivery of property or the assignment of rights (or, in Scotland, assignation), and the property; and
- (b) rights above are owned by the Scheme at the time of the agreement.

This requirement does not apply to a deposit. FCA guidance states that the requirement set out at (a) above can be met where:

- (a) the risks of the underlying financial instrument of a derivative can be appropriately represented by another financial instrument which is highly liquid;
- (b) the Manager or the Trustee has the right to settle the derivative in cash, and cover exits within the scheme property which falls within one of the following asset classes:

- (i) cash;
- (ii) liquid debt instruments (e.g. government bonds of first credit rating) with appropriate safeguards (in particular, haircuts); or
- (iii) other highly liquid assets having regard to their correlation with the underlying of the financial derivative instruments, subject to appropriate safeguards (haircuts where relevant).

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

Over-the-counter ("OTC") transactions in derivatives

Any transaction in an OTC derivative must be:

- (a) 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 such transactions as principal off exchange;
- (b) on approved terms: The terms of a transaction in derivatives are approved only if the Manager:
 - (i) 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
 - (ii) can enter into one or more further transactions to sell, liquidate or close out that transaction at any time, at its fair value;
- (c) capable of reliable valuation: A transaction in derivatives is capable of reliable valuation only if the Manager 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:
 - (i) on the basis of an up-to-date market value which the Manager and the Trustee have agreed is reliable; or
 - (ii) if the value referred to in (i) is not available, on the basis of a pricing model which the Manager and the Trustee have agreed uses an adequate recognised methodology; and
- (d) 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:
 - (i) an appropriate third party which is independent from the counterparty of the derivative, at an adequate frequency and in such a way that the Manager is able to check it; or
 - (ii) a department within the Manager which is independent from the department in charge of managing the scheme property and which is adequately equipped for such a purpose.

For the purposes of paragraph (b) above, "fair value" is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arms' length transaction.

The Trustee must take reasonable care to ensure that the Manager has systems and controls that are adequate to ensure compliance with (a) to (d) above.

For the purposes of paragraph (b) the Manager must: (a) establish, implement and maintain arrangements and procedures which ensure appropriate, transparent and fair valuation of the exposure of the Scheme to OTC derivatives; and (b) ensure that the fair value of OTC derivatives is subject to adequate, accurate and independent assessment. Such arrangements and procedures must be adequate and proportionate to the nature and complexity of the OTC derivative concerned and adequately documented.

Derivative exposure

The Scheme may invest in derivatives and forward transactions only where the exposure to which the Scheme is committed by that transaction itself is suitably covered from within the scheme property. Exposure will include any initial outlay in respect of that transaction.

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

Cover used in respect of one transaction in derivatives or forwards transactions should not be used for cover in respect of another transaction in derivatives or a forward transaction.

Cover for transactions in derivatives and forward transactions

Global exposure relating to derivatives and forward transactions held in the Scheme must not exceed the net value of the scheme property. Global exposure of the Scheme must be calculated on an at least daily basis, and must take into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions and includes underwriting commitments.

Property the subject of a transaction under COLL 5.4 (stock lending) is only available for cover if the Manager has taken reasonable care to determine that it is obtainable (by return or re-acquisition) in time to meet the obligation for which cover is required.

The global exposure of the Scheme must be calculated either as (i) the incremental exposure and leverage generated through the use of derivatives and forward transactions (including embedded derivatives), which may not exceed 100% of the net value of the scheme property; or (ii) the market risk of the scheme property (being the risk of loss of the Scheme resulting from the fluctuation in the market value of positions in the Scheme's portfolio attributable to changes in market variables, such as interest rates, foreign exchange rates, equity and commodity prices or an issuer's credit worthiness).

The commitment approach

The global exposure of the Scheme is calculated by using the commitment approach in accordance with COLL. The Manager must:

- ensure that it applies this approach to all derivative and forward transactions (including embedded derivatives, as described above), whether used as part of the Scheme's investment policy, for the purposes of risk reduction or for the purposes of efficient portfolio management; and
- convert each derivative or forward transaction into the market value of an equivalent position in the underlying asset of that derivative or forward.

(the "standard commitment approach").

The Manager may apply other calculation methods which are equivalent to the standard commitment approach. The Manager may also take account of netting and hedging arrangements when calculating the global exposure of the Scheme, where such arrangements do not disregard obvious and material risks, and result in a clear reduction of risk exposure.

Where the use of derivatives or forward transactions does not generate incremental exposure for the Scheme, 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 Scheme (see below under "borrowing") need not form part of the global exposure calculation.

Risk Management

The Manager uses a risk management process enabling it to monitor and measure at any time the risk of the Scheme's positions and their contribution to the overall risk profile of the Scheme.

The following details of the risk management process must be regularly notified by the Manager to the FCA (and at least on an annual basis):

- (a) the methods for estimating risks in derivative and forward transactions; and
- (b) a true and fair view of the types of derivatives and forwards transactions to be used within the Scheme together with their underlying risks and any relevant quantitative limits.

In addition in accordance with COLL the Manager maintains a written risk management policy which identifies the risks which the Scheme is or might be exposed to, and contains procedures which are intended to enable the Manager to assess and manage the exposure of the Scheme to material risks.

Stock Lending

The Manager may request the Trustee to enter into stock lending transactions; such transactions must comply with COLL. Any interest earned in respect of such loans shall become part of the property of the Scheme concerned.

Borrowing Powers

Subject to compliance with COLL the Scheme may borrow sums of money repayable out of the property of the Scheme concerned.

The Manager must ensure that such borrowing is on a temporary basis and for this purpose must have regard to:

- (a) the duration of any period of borrowing
- (b) the number of occasions on which borrowing is undertaken in any period.

The Manager must ensure that no period of borrowing exceeds three months, whether in respect of any specific sum or at all, without the prior consent of the trustee.

In any event, the borrowing may not on any business day exceed 10% of the value of the property of the Scheme.

Currency other than sterling may be borrowed from an eligible institution for the purpose of hedging, under arrangements whereby a sum in sterling at least equivalent to the amount of currency borrowed is placed and kept on deposit by the Scheme concerned with the lender or its agents.

Borrowing may be made from the trustee or an associate on its best commercial terms.

Investment in Property

It is not intended that the Scheme will have an interest in any immovable property or tangible movable property.

9 TERMINATION OF A SCHEME

The Scheme will be wound up upon the happening of any of the events relevant to the Scheme in question set out in COLL which include, without limitation:

- (a) an order declaring the Scheme to be an authorised Unit trust Scheme being revoked;
- (b) the passing of an extraordinary resolution winding up the Scheme (provided the FCA's prior consent to the resolution has been obtained by the Manager or Trustee);
- (c) in response to a request to the FCA by the Manager or the Trustee for the revocation of the authorisation order, the FCA has agreed, inter alia, that, on the conclusion of the winding up of the Scheme, the FCA will agree to that request; and
- (d) pursuant to a Scheme of arrangement which is to result in the Scheme being left with no property.

The procedure for winding up the Scheme is as follows:-

- (a) Upon the effective date of any approved Scheme of arrangement pursuant to COLL the Trustee will wind up the Scheme in accordance with the approved Scheme arrangement.

- (b) In any other case, the Trustee will as soon as practicable after the Scheme falls to be wound up, realise the property of the Scheme and, after paying out of it all liabilities properly so payable and retaining provision for the costs of the winding-up distribute the proceeds to the holders and the Manager (upon production by them of evidence as to their entitlement) proportionately to their respective interests in the Scheme.
- (c) Any unclaimed net proceeds or other cash held by the Trustee after the expiry of twelve months from the date on which the same became payable will be paid by the Trustee into court subject to the Trustee having a right to receive out of it any expenses incurred by him in making and relating to that payment into court.
- (d) Where the Trustee and one or more Unitholders agree, the Trustee does not have to realise the property of the Scheme proportionate to the entitlement of that or those Unitholders. Instead, the Trustee may distribute that part in the form of property. Before distributing that property, the Trustee will make such adjustments or retain such provision as appears to the Trustee to be appropriate ensuring that, a proportionate share of the liabilities and costs is borne by that or those holders.
- (e) When the winding up is complete, the Trustee shall notify the FCA in writing. At the same time the Manager or Trustee shall request that the FCA revokes the order of authorisation under section 256 of the Act (as appropriate).

10 **CHARACTERISTICS OF UNITS IN THE SCHEME**

The Trust Deed of the Scheme authorises the issue of both income and accumulation Units. As at the date of this Prospectus, the Manager intends to issue only accumulation Units in relation to the Scheme.

Income Units

An income Unit is a Unit in respect of which net income is to be distributed and which represents one undivided share in the property of the Scheme.

Accumulation Units

An accumulation Unit is a Unit in respect of which income is accumulated within the price and not distributed and represents one undivided share in the property of the Scheme.

All income is automatically reinvested and retained in the property of the Scheme and is reflected in the price of a Unit.

Title to Units

Each holder of a Unit in the Scheme is entitled to participate in the property of the Schemes and the income thereof. A Unitholder's right in respect of the Scheme as represented by his Units is that of a beneficial interest under a trust.

Title to Units will be evidenced in a register (the "**Register**"). No certificates will be issued to Unitholders. A Unitholder's contract note will be evidence of title to his Units although the Register would ultimately be conclusive evidence.

The Trust Deed of the Scheme allows the Registrar to charge a fee for issuing any documents or for amending any entry on the Register otherwise than on the issue or sale of Units.

Unitholders are not liable for the debts of the Scheme.

Voting Rights

A meeting of Unitholders duly convened and held in accordance with COLL shall be competent and by extraordinary resolution may approve any modification alteration or addition to the provisions of either the Trust Deed or the Prospectus which the Manager and the Trustee have agreed to be a fundamental change in accordance with COLL. This would include, without limitation, any proposal for a Scheme of arrangement and certain changes to a Scheme's investment objective and/or investment policy.

At a meeting of Unitholders the quorum for the transaction of business is two Unitholders, present in person or by proxy. On a show of hands every Unitholder who (being an individual) is present in person or (being a corporation) is present by one of its officers as its proxy shall have one vote. On a poll every Unitholder who is present in person or by proxy will have one vote for every Income Unit (if any are in issue) of which he or it is the holder and the same number of votes (including fractions of a vote) for every Accumulation Unit of which he or it is the holder as the number of undivided shares (including fractions) in the Scheme represented by one Accumulation Unit.

In the case of joint holders the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other holders and for this purpose seniority is determined by the order in which the names stand in the Register of Holders. On a poll, votes may be given either personally or by proxy. Although different rights do not attach to the different classes of Units if the Trustee is of the view that any extraordinary resolution is one in relation to which there is or might be a conflict of interest between the holders of Accumulation Units and Income Units (if any are in issue), separate meetings of those Unitholders shall be held.

The Unitholders may request the convening of a general meeting by requisition pursuant to and in accordance with COLL. Unitholders in general meeting may, amongst other things, pass a resolution to remove the Manager.

Mandatory redemption of Units

If the Manager reasonably believes that any Units are owned directly or beneficially in circumstances which:

- (a) constitute a 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
- (b) may (or may if other shares are acquired or held in like circumstances) result in the Company incurring any liability to taxation or suffering any other adverse consequences (including a requirement to register under any securities or investment or similar laws or governmental regulation of any country or territory);

it may give notice to the holder of such Units requiring him or her to transfer them to a person who is qualified or entitled to own them or to request the redemption of the shares by the Manager. If the holder does not either transfer the shares to a qualified person or establish to the Manager's satisfaction that he or she and any person on whose behalf he or she holds the shares are qualified and entitled to hold and own them, he or she will be deemed on the expiry of a thirty-day period to have requested their redemption.

11 VALUATION OF PROPERTY, CHARGES AND DISTRIBUTIONS

Valuation of the Scheme

The valuation of the property of the Scheme will take place at 12 noon on each Monday that is a business day excluding the last business day before 25 December and the last business day of the year.

Valuations of the property of the Scheme will be done on both a bid and offer basis for redemption and sales of Units and on a mid-market basis for calculation of the Manager's participation fee. The bid basis calculation will be used for calculating the investment limits for the Scheme. The cancellation price is available on application to the Manager.

The Manager may carry out valuations at a time that is not a valuation point and must inform the Trustee if it does so.

Details of how the value of the property of the Scheme is determined in relation to each purpose for which such property must be valued are set out in Appendix D to this Prospectus.

Pricing Basis

The Manager deals at forward prices, that is to say at the price ruling at the next valuation point. Prices are calculated on a dual basis in accordance with COLL, which sets out a minimum and maximum price range.

12 CHARGES

Initial Charge

The Manager may include in the issue price of Units an initial charge on such Units. Details of the initial charge for the Scheme can be found in Appendix A.

Annual Management Charge

The Manager is also entitled under the Trust Deed to make an annual management charge on the value of the property of the Scheme. Details of the annual management charge for the Scheme are shown in Appendix A together with details of the basis on which the charge is made. Any change is subject to 60 days' prior written notice to the Unitholders. The periodic charge is paid monthly in arrears out of the property of the Scheme and is charged to the income of the Scheme.

Charge on Redemption

The Manager is entitled under the Trust Deed to make a charge on the redemption of Units in the Scheme but at present does not intend to make such a charge.

Other Charges and Expenses

Trustee Fee

The fee accrues daily, but is charged periodically on a sliding scale on the same value of the property of the Scheme as is calculated for the Manager's periodic charge. Such fee shall be paid monthly in arrears.

- 0.03% per annum of the first £500 million of the Scheme property;
- 0.02% per annum of the next £1 billion of the Scheme property;
- 0.01% per annum of the balance over £1.5 billion.

The Trustee's fee is paid monthly and may be increased on 60 days' prior written notice to Unitholders.

Custody and Activity Fees

A custody fee is charged on the same value and accrual basis as the Trustee fee. The value is sub-divided according to the geographical spread of the portfolio and the rates set out below applied to the individual parts.

Fixed Rate Activity Fees, again based on geographical spread, are charged monthly at the rates below on the movement of stocks other than on corporate actions, scrip dividends or stock loans.

The current rates for the custody and activity fees are as shown below.

| Geographical Area | Custody Fee (BPS per Annum) | Activity Fee |
|---|------------------------------------|---------------------|
| United Kingdom (Crest Transaction) | 0.60 | £11.00 |
| United Kingdom (Non Crest Transactions) | 0.90 | £20.00 |
| United States of America (together with all assets held in Cedel) | 2.00 | £20.00 |
| Euroclear / Clearstream | 2.50 | £22.50 |
| Europe | 2.00 to 7.00 | £22.50 to £45.00 |
| Other markets | 2.50 to 15.00 | £30.00 to £60.00 |

The Custody and Activity fees can be increased on 60 days' prior written notice to Unitholders in accordance with COLL.

Expenses

The Trustee is entitled to be reimbursed out of the property of the Scheme for expenses properly incurred in performing duties imposed on it or exercising powers conferred upon it by COLL, together with any VAT payable. The relevant duties may include without limitations:

- delivery of stock to the Trustee
- custody of assets
- collection of income
- submission of tax returns
- handling tax claims
- preparation of the Trustee's annual report
- such other duties as the Trustee is required by law to perform.

In particular, the Trustee may be paid the following expenses or disbursements (plus VAT):

- (a) all expenses of registration of assets in the name of the Trustee or its nominees or agents; of acquiring, holding, realising or otherwise dealing with any asset; of custody of documents; of insurance of documents and of collecting income or capital; of opening bank accounts; of effecting currency transactions and transmitting money relating to borrowings or other permitted transactions; of obtaining advice, including legal, accountancy or other advice; of conducting legal proceedings; of communicating with holders, the Manager, the Registrar or other persons in respect of each of the Schemes, relating to any enquiry by the Trustee into the conduct of the Manager and any report to holders or otherwise relating to the performance by the Trustee of its duties or the exercise by the Trustee of its powers; and
- (b) all charges of nominees or agents in connection with any of the matters referred to at (a) above; and
- (c) any other costs, disbursements or expenses accepted under the laws of England and Wales from time to time as being properly chargeable by Trustees.
- (d) If any person, at the request of the Trustee in accordance with COLL, provides services including but not limited to those of a custodian of the property of the Scheme, the expenses and disbursements hereby authorised to be paid to the Trustee out of the property of the Scheme shall extend to the remuneration of such persons as approved by the Trustee and the Manager.

In addition, all expenses permitted by COLL and by the Trust Deed to be paid out of the property of the Scheme may be so paid (together with VAT thereon). At present these comprise:

- (a) broker's commission, fiscal charges and other disbursements which are:
 - (i) necessary to be incurred in effecting transactions for the Scheme, and
 - (ii) normally shown in contract notes, confirmation notes and difference accounts as appropriate, and
- (b) interest on any borrowings permitted under the Trust Deed and all charges incurred in negotiating, entering into, varying, carrying into effect with or without variation, maintaining and terminating the borrowing arrangements, and
- (c) taxation and duties payable in respect of the property of the Scheme, the Trust Deed or the issue of Units, and
- (d) any costs incurred in modifying the Trust Deed constituting the Scheme, including costs incurred in respect of meetings of Unitholders convened for the purpose, where the modification is:
 - (i) necessary to implement any change in the law (including changes in COLL), or
 - (ii) necessary as a direct consequence of any change in the law (including changes in COLL), or
 - (iii) expedient having regard to any fiscal enactment and which the Manager and the Trustee agree is in the interests of the Unitholders, or

- (iv) to remove from the Trust Deed constituting the Scheme obsolete provisions, and
- (e) any costs incurred in respect of meetings of Unitholders convened on a requisition by Unitholders not including the Manager or an associate of the Manager, and
- (f) the expenses of the Trustee in convening a meeting of Unitholders convened by the Trustee alone, and
- (g) the audit fees of the auditor and VAT thereon and any expenses of the auditor,
- (h) the fees of the FCA under Schedule 1, Part III of the Financial Services and Markets Act 2000 or the corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which Units in the Scheme are or may be marketed; and
- (i) all fees charged by and any expenses and disbursements agreed for payment to any Registrar appointed under COLL; this includes fees, expenses and disbursements relating to the establishment of any sub-register. At present the Manager acts as Registrar for the Scheme. The charge for this is a fixed annual amount of £200 together with an additional amount of £10.75 per Unitholder.

VAT on any fee, charges or expenses will be chargeable out of the property of the Scheme where applicable.

13 **DETERMINATION AND DISTRIBUTION OF INCOME**

The Trust Deed permits grouping of Units for equalisation purposes. Group 1 Units are those purchased prior to the commencement of a particular distribution period and Group 2 Units are those purchased during a distribution period.

The distribution periods for the Scheme are detailed in Appendix A. Units purchased within these periods will be Group 2 Units. At the next distribution they become Group 1 Units.

Equalisation applies only to Group 2 Units. It is the average amount of income included in the purchase price of all Group 2 Units and is refunded to Unitholders of these Units as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of Units for capital gains tax purposes.

As the Scheme only has accumulation Units in issue, the income of the Scheme is added to the value of the Units.

The income available for distribution or accumulation in relation to the Scheme is determined in accordance with COLL. Broadly it comprises all sums deemed by the Scheme, after consultation with the Auditor, to be in the nature of income received or receivable for the account of the Scheme and attributable to the Scheme in respect of the accounting period concerned, after deducting net charges and expenses paid or payable out of such income and after making such adjustments as the Manager considers appropriate, after consulting the auditors in accordance with COLL, in relation to taxation and other matters.

Income relating to the Scheme is allocated as it accrues or is received in proportion to the Units of entitlement in the property of the Scheme.

If any distributions are unclaimed these will be added to the capital of the Scheme concerned after the expiration of six years from the date of the distribution.

14 **ISSUE AND REDEMPTION OF UNITS**

Dealing, Buying and Selling Units

Units in the Scheme may be brought or sold on any day the Manager is open for business. These business days are normally Mondays to Fridays each week between 9.00 am and 5.00 pm excluding public holidays, the afternoon of the last business day before 25 December and the afternoon of the last business day of the year.

The procedure for purchasing Units will be to complete an application form or a direct telephone deal. Settlement is due by return of post on receipt of the contract note. However a signed and fully completed application form

together with a cheque will normally be required for purchases of over £5,000 from private purchasers. Unit certificates will not be issued. The contract note will be evidence of title, although the register would ultimately be conclusive evidence. For redemption of Units, either a telephone or written instruction may effect such a redemption. A contract note will be issued to confirm the transaction and, on receipt of the properly completed formal renunciation, settlement will be made within 4 working days of its receipt or on the settlement date whichever is the later.

The minimum initial purchase in the Scheme is £9,900 although smaller amounts may be accepted where the Manager in its absolute discretion permits. Partial redemption must not be such as to reduce the holding below the £9,900 limit except where the Manager shall in its absolute discretion permit to the contrary.

Instructions accepted on any day will be dealt at the next valuation point following receipt of such instruction.

Electronic Communication of Transfer / Renunciation of Title to Fund Units

The Manager may accept instructions to transfer or renounce title to units by electronic communication in certain, limited circumstances following our prior agreement which will only be given on a case by case basis. In such circumstances the Manager will accept electronic communication only where the Manager can satisfy itself that the communication is from the unitholder and is genuine. The Manager does not intend, however, to accept electronic instructions as a matter of course and will require signed, hard copy instructions in accordance with the above.

Suspension of Dealing in Units

The Manager may with the prior agreement of the Trustee, and must without delay, if the Trustee so requires, temporarily suspend the issue, cancellation, sale, redemption and exchange of any units in a Fund ("dealing") where due to exceptional circumstances it is in the interests of all unitholders in the Fund.

The Manager and the Trustee must ensure that the suspension is only allowed to continue for so long as it is justified having regard to the interests of the unitholders. On suspension, the Manager, or the Trustee (if the Trustee has required the Manager to suspend dealings) will immediately inform the FCA stating the reason for the suspension and as soon as practicable give written confirmation of the suspension and the reasons for it to the FCA.

The Manager will notify unitholders of the suspension as soon as practicable after suspension commences, drawing unitholders' particular attention to the exceptional circumstances which resulted in the suspension in a manner that is clear, fair and not misleading, and will inform unitholders of how to obtain further information regarding the suspension with a view to keeping unitholders sufficiently informed. The Manager shall publish on its website and/or by other general means sufficient details to keep unitholders appropriately informed about the suspension including, if known, its likely duration.

During a suspension none of the obligations in COLL 6.2 (Dealing) apply; and the Manager shall comply with as much of COLL 6.3 (Valuation and pricing) as is practicable in the light of the suspension. The suspension of dealings in units must cease as soon as practicable after the exceptional circumstances which led to the suspension, have ceased.

The Manager and the Trustee shall formally review the suspension at least every 28 days and inform the FCA of the results of this review and any change to the information provided to the FCA in respect of the reasons for the suspension.

The Manager shall inform the FCA of the proposed restart of dealing in Units and immediately after the restart shall confirm this by giving notice to the FCA.

The Manager may agree, during the suspension, to deal in units 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 restart of dealing in units, provided that if the Manager operates limited redemption arrangements, and the event leading to the suspension of dealing has affected a valuation point, the Manager shall declare an additional valuation point as soon as possible after the restart of dealing in units.

The provisions relating to suspension of dealings can only apply to one or more classes of units without being applied to other classes, if it is in the interest of all the unitholders.

Cancellation of Units in Specie

Where a Unitholder requests redemption of a number of Units representing in value not less than 5% of the value of the Scheme as a whole, the Manager may serve a notice of election on that Unitholder indicating that the relevant proportion of the property of the Scheme will be transferred to him rather than the payment on redemption that would otherwise arise. Where the Unitholder receives such a notice, that Unitholder may serve a further notice on the Manager requiring the Manager to arrange for a sale of the property that would otherwise be transferred and for payment of the net proceeds of sale to that Unitholder. The first notice of election referred to above must be served no later than the close of business on the second business day following the day of receipt of the request for redemption while the second notice referred to must be served no later than the close of business on the fourth business day following the day of receipt of the notice of election.

Definition of Large Deal

Deals of more than £15,000 will be considered “large deals” for the purpose of COLL.

This allows the Manager the right to give cancellation prices on redemption deals of over £15,000 by any person as principal, either as a single transaction or as a series of transactions totalling over £15,000 in value, in one dealing period.

Publication of Prices

The bid and offer prices of Units are published in the Financial Times, where there are both Income and Accumulation Units in issue only the price of Income Units will be published. In addition, all prices can be obtained from our website www.marlbroughfunds.com. The cancellation prices last notified to the Trustee are available on request from the Manager. The Manager is not responsible for any errors in publication or non-publication.

15 INCOME AND CAPITAL GAINS TAXATION

Taxation of the Scheme

Income

The Scheme is liable to corporation tax on its income, less its expenses of management. All authorised Unit trusts pay corporation tax at a rate which is currently 20%.

Dividends from UK resident companies carry a credit for tax and are therefore not chargeable to further tax in each Scheme.

Chargeable Gains

The Scheme is exempt from tax on chargeable gains.

Taxation of the Unitholder

Individual Shareholders

The Scheme will generally make dividend distributions which broadly reflect any income arising from its investments. Dividend distributions by the Scheme are made without deduction of income tax. The first £5,000 (reducing to £2,000 from April 2018) of dividend distributions received by individual investors in any tax year are not subject to income tax. Dividend distributions received in excess of this amount should be reported on the individual investor’s Self-Assessment Tax Return. For distribution amounts in excess of £5,000 (reducing to £2,000 from April 2018) in any tax year, individual investors liable to income tax at the basic rate will have an additional liability to income tax equal to 7.5% of the dividend distribution to the extent that such sum, when treated as the top slice of his income, falls above the threshold for basic rate tax. Higher rate taxpayers will have a further liability to income tax equal to 32.5% of the dividend distribution to the extent that such sum, when treated as the top slice of his income, falls above the threshold for higher rate tax. Additional rate taxpayers will have a further liability to income tax equal to 38.1% of the dividend distribution to the extent that such sum, when treated as the top slice of his income, falls above the threshold for the additional rate of tax.

Non Residents

Dividend distributions will be made gross to unitholders who are not UK resident. Non-resident unitholders who are individuals are not liable to UK income tax on the dividend distribution. Non-UK resident unitholders 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 Scheme and are recommended to seek professional advice.

Corporate Unitholders

Dividend distributions received by corporate shareholders chargeable to UK corporation tax will need to be streamed into 'franked' and 'unfranked' income according to the underlying gross income of the Scheme.

In broad terms, the portion treated as being 'franked' will be such proportion of the Scheme's total income (brought into account when determining the distribution for the period in question) which consists of dividend income received which is treated as exempt under Part 9A of CTA 2009. The 'franked' portion will be treated as exempt dividend income when received by a UK resident corporate unitholder (unless the unitholder is treated as a dealer in securities for tax purposes). The 'unfranked' portion will be treated as an annual payment from which income tax at a rate of 20% has been deducted. A UK resident corporate unitholder will, therefore, be subject to corporate tax at the rate applicable to that corporate unitholder but with credit for the income tax deducted. Such unitholders may, therefore, be liable to further tax and any ability to claim repayment of the income tax credit will be limited to the corporate unitholder's share of the Scheme's liability to corporation tax for the distribution period in question.

Capital Gains

Capital gains made by individual Unitholders who are resident in the UK for tax purposes on the sale, disposal or as a result of any other chargeable event will be tax free if they fall within an individual's annual capital gains exemption. For the tax year 2017/2018, the first £11,300 of an individual's chargeable gains (that is after deduction of allowable losses) from all sources will, therefore, be exempt from capital gains tax. Subject to their personal circumstances, gains in excess of this amount are taxed at 10% for basic rate taxpayers and 20% for higher and additional rate taxpayers.

Unitholders who are non UK resident will not normally be liable to UK tax on capital gains arising on a sale, disposal or other chargeable event unless the unitholding is connected with a trade carried on by the Unitholder through a UK branch or agency or certain anti-avoidance provisions relating to temporary non-UK residence apply

Capital gains made by Unitholders liable to UK corporation tax will be taxable at the corporation tax rate applicable to that corporate Unitholder after taking account the availability of any indexation relief. The main rate of corporation tax is currently 19%.

THE ABOVE IS ONLY A SUMMARY OF THE RELEVANT TAX POSITION AND IS NOT EXHAUSTIVE. IT IS INTENDED FOR GUIDANCE ONLY AND DOES NOT TAKE ACCOUNT OF INDIVIDUAL CIRCUMSTANCES. UNITHOLDERS SHOULD CONSULT THEIR OWN TAX ADVISERS IN CASES OF DOUBT.

STAMP DUTY RESERVE TAX ("SDRT")

The Stamp Duty Reserve Tax (SDRT) charge on the surrender of units / shares in UK based unit trust schemes and open ended investment companies (OEICs) to the fund manager was abolished on 30 March 2014.

However, the SDRT charge will remain in relation to certain transactions:

- (i) Third party transfers of units

Where the transaction is handled by the Manager there will continue to be no principal SDRT charge. However, where transactions are not handled by the Manager (i.e. a third party transfer where only beneficial ownership of the shares change) then the principal SDRT charge on agreements to transfer will still technically apply at 0.5% or at the higher rate (1.5%) if transferred into depositary receipt arrangements or clearance services.

- (ii) Non-pro rata in specie redemptions

An additional revision was made to the legislation to make non-pro rata in specie redemptions subject to a principal SDRT charge rather than a schedule 19 charge.

There is no charge on a pro rata in specie redemption. A pro rata in specie redemption ensures that an investor redeems an equal and exactly proportionate stake of their investment in the scheme, however a non-pro rata in specie redemption does not and it is therefore deemed by HMRC that the investor is effectively acquiring new interests in chargeable securities and is hence subject to an SDRT charge.

ANTI-MONEY LAUNDERING PROCEDURES

The Manager is subject to the Proceeds of Crime Act 2002 and the Money Laundering Regulations 2007 which implemented the EC Money Laundering Directive. The Manager is also subject to additional requirements imposed by the FCA which require all firms carrying on investment business to deter criminals from using the facilities for money laundering.

These procedures include a requirement to obtain proof of identity of clients and potential clients. In certain circumstances Unitholders may be asked to provide proof of identity. This may be either on the issue or redemption of Units. In these circumstances, the Manager would be unable to pay over any income from Units or proceeds of redemption of Units until satisfactory evidence had been obtained.

The Manager will, where possible, verify identity using information from credit reference agencies. Where this is not possible or where the Manager decides, at its own discretion, that it is appropriate further documentation will be requested.

16 GENERAL INFORMATION

- (a) Annual and half-yearly long reports are available on our website at www.marlboroughfunds.com. Alternatively copies can be obtained free of charge from the Manager at its operating address or by calling 0808 145 2500. Please see Appendix A for publication dates.
- (b) Copies of the Trust Deed for the Scheme, this Prospectus, any supplemental deeds and the most recent Manager's annual and half-yearly long reports may be inspected at and copies obtained from the offices of Manager.
- (c) The Manager may from time to time communicate with Unitholders. All notices or documents required to be served on Unitholders shall be served by post to the address of such Unitholders as evidenced on the Register or electronically.
- (d) Any Unit holder wishing to make a complaint can contact the Manager at the registered office. The matter may also be referred thereafter to the Financial Ombudsman Service Exchange Tower, London, E14 9SR.
- (e) For security, telephone calls to the Unit trust administration area and the sales and marketing area may be recorded.
- (f) All profits and/or losses which the Manager makes in connection with the sale and repurchase of Units will be retained by the Manager.
- (g) The Manager is under no obligation to account to the Trustee or to the Unitholders (or any of them) for any profits made by the Manager on the issue of Units in the Schemes or on the re-issue or cancellation of Units previously redeemed by the Manager.
- (h) The Manager will provide upon the request of a Shareholder further information relating to:
 - a) the quantitative limits applying in the risk management of any Fund;
 - b) the methods used in relation to (a) and
 - c) any recent development of the risk and yields of the main categories of investment.
- (i) In accordance with the Regulations the Manager has in place a number of policies which set out how it operates and manages the Fund in a number of key areas. The Manager's voting policy (which sets out

how and when voting rights attached to the Fund's investments are to be exercised), execution policy (which sets out the procedures to be followed when transactions are carried out on behalf of the Fund) and inducement policy (which sets out the types of payments, including fees, commissions and non-monetary benefits, which may be received or made by a third party in respect of the Fund) are available on request from the Manager.

17 **RISK WARNINGS**

The following risk factors should be considered before making your investment decision:

1. Past performance is not necessarily a guide to future performance. Investments and the income derived from them can fall as well as rise and the investor may not get back the amount originally invested.
2. If you have any doubts about the suitability of an investment, please contact a financial adviser. Please note Marlborough Fund Managers Ltd does not provide investment advice.
3. The fund is subject to an initial charge and consequently charges are not made uniformly throughout the period of an investment.
4. Where the annual management charge is taken from the income generated by the Scheme and there is insufficient income within the Scheme to meet that charge, the balance will be deducted from the Scheme's capital and to that extent may constrain capital growth.
5. The Scheme invests in assets involving various degrees of risk. The nature of these risks is implicit to the Scheme Objective and reference should also be made to the simplified prospectus and promotional material. An Independent Financial Adviser should be consulted for specific advice on the suitability of investing in the Scheme, an investment in which should be seen as a long term commitment.
6. Whilst equity investments carry potential for attractive returns over the longer term, the volatility of these returns can also be relatively high.
7. Changes in exchange rates between currencies may cause the value of both the capital and income of your investment to increase and diminish.
8. Inflation may affect the real value of your savings and investments, which may reduce the buying power of the money you have saved and your investments.
9. Where cancellation rights are applicable, if you choose to exercise your cancellation rights and the value of your investment falls before notice of cancellation is received by us in writing, a full refund of the original investment may not be provided but rather the original amount less the fall in value.
10. The Scheme may invest in smaller companies which carry a higher degree of risk than funds investing in larger companies. The shares of smaller companies may be less liquid and their performance more volatile over shorter time periods. The Scheme can also invest in smaller companies listed on the Alternative Investment Market (AIM) which also carry the risks described above.
11. In certain circumstances, for hedging purposes to reduce or eliminate risk arising from fluctuations in interest or exchange rates and in the price of investments, the Scheme may enter into certain derivatives transactions, including, without limitation, forward transactions, futures and options. The value of these investments may fluctuate significantly. By holding these types of investments there is a risk of capital depreciation in relation to certain assets of the Scheme. There is also the potential for capital appreciation of such assets.

APPENDIX A Details of Objective, Policy, Relevant Dates, Charges and Performance Information

| | |
|---|---|
| Date of Establishment of Scheme: | 22 June 1999 |
| Date of authorisation by the FCA: | 28 June 1999 |
| Investment Objective: | To achieve capital growth with a moderate level of risk. |
| Current Investment Policy, general nature of portfolio and any intended specialisation; | <p>Investing in the shares of companies both in the UK and overseas, but concentrating mainly on UK shares. Other investments including bonds and warrants within the limits imposed by COLL can be used where it is considered that they meet the investment objectives. It is also intended, where appropriate, to take advantage of underwriting and placings.</p> <p>The Scheme may invest in derivatives and forward transactions but only for hedging purposes.</p> |
| Accounting Reference Date: | 31 March |
| Annual Management Charge: | <p>1.85% on the first £1.5m, 0.65% on the excess over £1.5m.</p> <p>Any increase in the annual management charge is subject to 60 days' prior written notice in accordance with COLL.</p> |
| Initial Charge: | <p>7.00%</p> <p>Any increase in the initial charge is subject to 60 days' prior written notice in accordance with COLL.</p> |
| Basis of calculating Periodic Charge | The periodic charge shall accrue daily and be calculated and paid monthly on the basis of the value of the property of the Scheme on the last valuation point to have occurred before the beginning of the payment period concerned. |
| Interim Accounting Period: | 1 April to 30 September |
| Annual Income Allocation Date: | 31 May |
| Grouping Period: | 31 March annually |
| Dates of the publication of the annual and half-yearly long reports: | 31 May and 30 November |

Performance Information

MFM Bowland Fund

1st April 2012 – 31st March 2017, Bid to Bid, UK Basic Rate, Based in UK Sterling

Net Income Reinvested

| Name | % Growth 01.04.2016 to 31.03.2017 | % Growth 01.04.2015 to 31.03.2016 | % Growth 01.04.2014 to 31.03.2015 | % Growth 01.04.2013 to 31.03.2014 | % Growth 01.04.2012 to 31.03.2013 |
|------------------|--|--|--|--|--|
| MFM Bowland Fund | 24.77 | 14.45 | 1.58 | 23.13 | (1.04) |

Source: Morningstar

The value of your units may go down as well as up. Past performance is not a guide to future performance.

APPENDIX B Schedule of Eligible Securities and Derivatives Markets

The following list of markets are the markets through which the Scheme may invest or deal in approved securities (subject to the Scheme's investment objective and policy and COLL):

- (a) a "regulated market" as defined in the Rules;
- (b) a securities market established in any EEA State (which as at the date of this Prospectus includes the UK, Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, and Sweden) which is regulated, operates regularly and is open to the public; or
- (c) the principal or only market established under the rules of any of the following investment exchanges:

| Country | Market |
|-------------------|---|
| The United States | NYSE Amex NYSE Euronext NASDAQ Stock Exchange NYSE Arca NASDAQ OMX BX Chicago Stock Exchange |
| Canada | TSX Venture Exchange Toronto Stock Exchange |
| United Kingdom | Alternative Investment Market (AIM) |

Eligible Derivatives Markets

Set out below are the derivatives markets through which the Scheme may deal (subject to the Trust Deed, this Prospectus and COLL as it applies to UCITS Schemes):

| Country | Market |
|------------------------------|---|
| United Kingdom | London International Financial Futures and Options Exchange |
| The United States of America | Chicago Board of Trade (GLOBEX) Chicago Board Options Exchange (CBOE) Chicago Mercantile Exchange (CME) NYSE Amex Options NASDAQ OMX PHLX |
| Europe | EURONEXT Amsterdam |

APPENDIX C List of Trustee Delegates

The Trustee may delegate the custody of assets in certain markets in which the Scheme invests to various sub-delegates:

| Function | Appointed Service Provider |
|--------------------------------|--|
| Sub-custodian - Austria | UniCredit Bank Austria AG |
| Sub-custodian - Austria | Erste Group Bank Ag |
| Sub-custodian - Belgium | BNP Paribas Securities Services (Belgium) |
| Sub-custodian - Belgium | Euroclear Bank S.A./N.V. |
| Sub-custodian - Bulgaria | UniCredit Bulbank AD |
| Sub-custodian - Canada | Royal Bank of Canada |
| Sub-custodian - Croatia | Privredna Banka Zagreb |
| Sub-custodian - Cyprus | HSBC Bank Plc, Athens |
| Sub-custodian - Czech Republic | Ceskoslovensak Obchodni Banka |
| Sub-custodian - Czech Republic | Unicredit Bank Czech Republic, A.S. |
| Sub-custodian - Denmark | Skandinaviska Enskilda Banken AB (publ), Copenhagen Branch |
| Sub-custodian - Estonia | AS SEB Pank |
| Sub-custodian - Finland | Skandinaviska Enskilda Banken AB (publ.), Helsinki Branch |
| Sub-custodian - France | CACEIS Bank |
| Sub-custodian - France | BNP Paribas Securities Services (France) |
| Sub-custodian - Germany | HSBC Trinkaus & Burkhardt |
| Sub-custodian - Greece | HSBC Bank Plc |
| Sub-custodian - Hungary | Unicredit Bank Hungary Zrt |
| Sub-custodian - Ireland | HSBC Bank Plc |
| Sub-custodian - Italy | BNP Paribas Securities Services (Italy) |
| Sub-custodian - Latvia | AS SEB Banka |
| Sub-custodian - Lithuania | SEB Bankas |
| Sub-custodian - Luxembourg | Clearstream Banking SA |
| Sub-custodian - Netherlands | BNP Paribas Securities Services (Netherlands) |
| Sub-custodian - Norway | Skandinaviska Enskilda Banken AB (publ) Oslo Branch |
| Sub-custodian - Poland | Bank Polska Kasa Opieki SA |

| Function | Appointed Service Provider |
|--|---|
| Sub-custodian - Portugal | BNP Paribas Securities Services (Portugal) |
| Sub-custodian - Romania | Citibank Europe plc, Romania branch |
| Sub-custodian - Slovakia | Ceskoslovenska Obchodna Banka A.S. |
| Sub-custodian - Slovenia | Unicredit Banka Slovenija DD |
| Sub-custodian - Spain | BNP Paribas Securities Services (Spain) |
| Sub-custodian - Sweden | Skandinaviska Enskilda Banken AB (publ.) |
| Sub-Custodian – United Kingdom | Deutsche Bank AG (London Branch) |
| Sub-Custodian – United Kingdom | JPMorgan Chase Bank NA (London) |
| Sub-Custodian – United Kingdom | HSBC Bank Plc (UK) |
| Sub-Custodian – United Kingdom | State Street Bank & Trust Co (UK) |
| Sub-Custodian – United Kingdom | UBS AG, London branch |
| Sub-custodian - United States | HSBC Bank (USA) NA |
| Sub-custodian - United States | Brown Brothers Harriman & Co |
| Sub-custodian - United States | Citibank, N.A. (USA) |
| Sub-custodian - United States | The Bank of New York Mellon Corporation |
| Sub-custodian - United States | JPMorgan Chase Bank NA |
| Proxy voting | Broadridge Investor Communication Solutions Inc |
| Nominee companies | The Depository uses various nominee companies |
| Registrar (if the Depository is responsible for the registration function) | As agreed between the Fund/Management Company and the Depository and described in the Fund's offering documents |

APPENDIX D Valuation of the property of the Scheme

The property of the Scheme is valued on the following basis and is in two parts (the issue basis and the cancellation basis):

- 1 All valuations are made in the base currency and are based on the most recent prices that can be reasonably obtained after the valuation point with a view to giving an accurate valuation at that point.
- 2 To convert to the Scheme's base currency the value of the Scheme's property which would otherwise be valued in another currency the Manager must either:
 - (a) select a rate of exchange which represents the average of the highest and lowest rates quoted at the relevant time for conversion of that currency into base currency on the market on which the Manager would normally deal if it wished to make such a conversion, or
 - (b) invite the Trustee to agree that it is in the interests of the Unitholders to select a different rate, and, if the Trustee so agrees, use that other rate.
- 3 All Scheme property as at the valuation point is included in the valuation, subject to any adjustments.
- 4 If the Trustee has been instructed to issue or cancel Units it will be assumed (unless the contrary is shown) that:
 - (a) it has been done so;
 - (b) it has paid or been paid for them; and
 - (c) all consequential action required has been taken.
- 5 If the Trustee has issued or cancelled Units but consequential action at 4(c) above is outstanding, assume that it has been taken.
- 6 Any agreement for the unconditional sale or purchase of property will be treated as having been completed and all necessary consequential actions having been taken. This is to include any agreement the existence of which is, or could reasonably be expected to be, known to the person valuing the property, assuming that all other persons in the Manager's employment take all reasonable steps to inform it immediately of the making of any agreement. However, this does not include any future or contract for differences which is not yet due to be performed or any unexpired option which has been written or purchased for the Scheme and has not yet been exercised.
- 7 An estimated amount will be deducted for anticipated tax liabilities on the following:
 - (a) unrealised capital gains where the liabilities have accrued and are payable out of the Scheme property of the Scheme;
 - (b) realised capital gains in respect of previously completed and current accounting periods;
 - (c) income where the liabilities have accrued; including SDRT and any other fiscal charge not set out here.
- 8 The following will also be deducted:
 - (a) an estimated amount for any liabilities payable out of the property attributable to the fund and any tax on it (treating any periodic items as accruing from day to day);

- (b) the principal amount of any outstanding borrowings whenever payable;
- (c) any accrued but unpaid interest on borrowings;
- (d) the value of any option written (if the premium for writing the option has become part of the Scheme property of the Scheme); and
- (e) in the case of a margined contract, any amount reasonably anticipated to be paid by way of variation margin (the difference in price between the last settlement price, whether or not variation margin was then payable, and the price of the contract at the valuation point).

9 An estimated amount will be added for accrued claims for repayment of taxation levied:

- (a) on capital (including capital gains); or
- (b) on income.

10 The following will be added:

- (a) any other credit due to be paid into the Scheme property;
- (b) in the case of a margined contract, any amount reasonably anticipated to be received by way of variation margin (that is the difference in price between the last settlement price, whether or not variation margin was then receivable, and the price of the contract at the valuation point);
- (c) any SDRT provision anticipated to be received.

Issue Basis

The valuation of the Property of the Scheme for that part of the valuation which is on an issue basis is as follows:

| Property | | To be valued at |
|----------|--|---|
| (a) | Cash | Nominal value |
| (b) | Amounts held in current and deposit accounts | Nominal value |
| (c) | Property which is not within (a), (b) or (d): | |
| (i) | If Units in an authorised Unit trust which is dual priced | Except where Note 1 applies, the most recent maximum sale price less any expected discount (plus dealing costs) [Note 2]. |
| (ii) | If Units or shares in either an investment company with variable capital or authorised Unit trust which is single priced | The most recent price (plus dealing costs) [Notes 2 and 3] |
| (iii) | If any other investment | Best available market dealing offer price on the most appropriate market in a standard size (plus dealing costs) [Note 2] |

| | | |
|-------|---|--|
| (iv) | If other property, or no price exists under (i), (ii) or (iii) | Manager's reasonable estimate of a buyer's price (plus dealing costs) [Notes 2 and 4] |
| (d) | Property which is a derivative under the terms of which there may be a liability to make, for the account of the Scheme, further payments (other than charges and whether or not secured by margin) when the transaction in the derivative falls to be completed or upon its closing out. | |
| (i) | If a written option under para 8d above | To be deducted at a net valuation of premium [Notes 5 and 8] |
| (ii) | If an off-exchange future | Net value on closing out [Notes 6 and 8] |
| (iii) | If any other such property | Net value of margin of closing out (whether as a positive or negative figure) [Notes 7 and 8] |

Notes

1. The issue price is taken, instead of the maximum sale price if the Manager of the authorised Unit trust whose Scheme property is being valued is also the Manager, or an associate of the Manager, of the authorised Unit trust whose Units form part of that property.
2. "Dealing costs" means any fiscal charges, commission or other charges payable in the event of the authorised Unit trust carrying out the transaction in question, assuming that the commission and charges (other than fiscal charges) which would be payable by the authorised Unit trust are the least that could reasonably be expected to be paid in order to carry out the transaction. On the issue basis, dealing costs exclude any preliminary charge on sale of Units in an authorised Unit trust.
3. Dealing costs under Note 2. Include any dilution levy or SDRT provision which would be added in the event of a purchase by the Scheme of the Units in question but, if the Manager of the authorised Unit trust being valued, or an associate of the Manager is also the Manager of the authorised Unit trust or the ACD of the ICVC whose Units are held by the Scheme, must not include the preliminary charge which would be payable in the event of a purchase by the Scheme of those Units.
4. The buyer's price is the consideration which would be paid by a buyer for an immediate transfer or assignment (or, in Scotland, assignation) to him at arm's length.
5. Estimate the premium on writing an option of the same series on the best terms then available on the most appropriate market on which such options are traded; but deduct dealing costs.
6. Estimate the amount of margin (whether receivable or payable by the authorised Unit trust on closing out the contract. Deduct minimum dealing costs in the case of profit and add them in the case of loss.
7. Estimate the amount of margin (whether receivable or payable by the Scheme on closing out the contract) on the best terms then available on the most appropriate market on which such contracts are traded. If that amount is receivable deduct minimum dealing costs. If however, that amount is payable then add minimum dealing costs to the margin and the value is that figure as a negative sum.
8. If the property is an over-the counter transaction in derivatives, use the relevant valuation referred to in the Regulations.

Cancellation Basis

The valuation of the property for that part of the valuation which is on a cancellation basis is as follows:

| Property | To be valued at |
|---|--|
| (a) Cash | Nominal value |
| (b) Amounts held in current and deposit accounts | Nominal value |
| (c) Property which is not within (a), (b) or (d): | |
| (i) If Units in an authorised Unit trust which is dual priced | Except where Note 1 applies, the most recent minimum redemption price (less dealing costs) [Note 2]. |
| (ii) If Units or shares in either an investment company with variable capital or authorised Unit trust which is single priced | The most recent price (less dealing costs) [Notes 2 and 3] |
| (iii) If any other investment | Best available market dealing bid price on the most appropriate market in a standard size (less dealing costs) [Note 2] |
| (iv) If other property, or no price exists under (i), (ii) or (iii) | Manager's reasonable estimate of a seller's price (less dealing costs) [Notes 2 and 4] |
| (d) Property of the type described in 8d | |
| (i) If a written option under para Issue Basis d above | To be deducted at a net valuation of premium [Notes 5 and 8] |
| (ii) If an off-exchange future | Net value on closing out [Note 8] |
| (iii) If any other such property | Net value of margin on closing out (whether as a positive or negative figure) [Notes 6 and 8] |

Notes

1. The cancellation price is taken, instead of the minimum redemption price if the property, if sold in one transaction, would amount to a large deal.
2. For "dealing costs" see Note 2 for the valuation on the issue basis. Dealing costs include any charge payable on redemption of Units in an authorised Unit trust (taking account of any expected discount), except where the Manager of the Fund is also the Manager or the associate of the Manager of the authorised Unit trust whose Units form part of that property.
3. Dealing costs under Note 2. Include any dilution levy or SDRT provision which would be deducted in the event of a sale by the Scheme of the Units in question and, except when the Manager of the Scheme, or an associate of the Manager is also the Manager of the authorised Unit trust or the ACD of the ICVC whose Units are held by the Scheme, must not include any charge payable on the redemption of those Units (taking account of any expected discount).
4. The seller's price is the consideration which would be received by a seller for an immediate transfer or assignment (or, in Scotland, assignation) from him at arm's length, less dealing costs.
5. Estimate the premium on writing an option of the same series on the best terms then available on the most appropriate market on which such options are traded; and add dealing costs.

6. For off-exchange futures, see note 6 in the issue basis valuation provisions (above).
7. For net value of margin see note 7 in the issue basis valuation provisions (above).
8. For over-the counter transactions in derivatives see note 8 in the issue basis valuation provisions (above).

APPENDIX E Further Information

The Manager acts as Authorised Corporate Director in relation to the following OEIC's:

Marlborough No2 OEIC:

Marlborough Far East Growth Fund

Marlborough Multi-Cap Income Fund

Marlborough Nano-Cap Growth Fund

Marlborough ETF OEIC:

Marlborough ETF Commodity Fund

Marlborough ETF Global Growth Fund

Marlborough OEIC:

Marlborough Defensive Fund

MFM UK Primary Opportunities Fund

MFM Maze OEIC:

MFM Haldex Managed Fund

Junior Gold

MFM Techinvest Technology Fund

MFM Techinvest Special Situations Fund

MFM Slater OEIC:

MFM Slater Income Fund

MFM Slater No 2 OEIC:

MFM Artorius Fund

The Manager is Authorised and regulated by the FCA. The Manager acts as Authorised Fund Manager in relation to the following authorised unit trusts:

Marlborough Extra Income Fund

Marlborough Balanced Fund

Marlborough Bond Income Fund

Marlborough Cautious Fund

Marlborough Global Fund

Marlborough Global Bond Fund

Marlborough Special Situations Fund

Marlborough UK Micro-Cap Growth Fund

Marlborough High Yield Fixed Interest Fund

Marlborough UK Multi-Cap Growth Fund

Marlborough Cash Trust

Marlborough Emerging Markets Trust

Marlborough North American Trust

Marlborough European Trust

MFM Bowland Fund

MFM Hathaway Fund

MFM Slater Growth Fund

MFM Slater Recovery Fund

Junior Oils Trust

The directors of Marlborough Fund Managers Limited are:

Andrew Staley

In addition to his role as director of the Manager, Mr Staley also acts as managing director of Marlborough Investment Management Limited and is a director of Investment Fund Services Limited, MFM Unit Trust Managers Ltd, Marlborough Tiger Fund Limited, Marlborough North American Fund Limited, Marlborough Multi-Asset Balanced Growth Fund Limited and UFC Fund Management PLC.

Nicholas FJ Cooling

In addition to his role as director of the Manager, Mr Cooling also acts as the investment director of Marlborough Investment Management Limited and is a director of Investment Fund Services Limited, MFM Unit Trust Managers Limited, Marlborough International Investment Management Limited and UFC Fund Management PLC.

Geoffrey R Hitchin

Allan Hamer

Also a director of Investment Fund Services Limited, MFM Unit Trust Managers Limited, IFSL Professional Services Limited, IFSL Administration Limited and Philotas Limited.

Wayne D Green

Also a director of Investment Fund Services Limited, MFM Unit Trust Managers Limited, IFSL Professional Services Limited and IFSL Administration Limited.

Dominique Clarke

Also a director of Investment Fund Services Limited, MFM Unit Trust Managers Limited, IFSL Professional Services Limited, IFSL Administration Limited and Philotas Limited.

Helen Derbyshire

Also a director of Investment Fund Services Limited and IFSL Administration Limited.

Guy Sears – Non-Executive Director

Also a non-executive director of Investment Fund Services Limited.