

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

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

PROSPECTUS
OF
CF ZENITH INTERNATIONAL MANAGED FUND
(A non-UCITS retail scheme)

This document constitutes the Prospectus for CF Zenith International Managed Fund which has been prepared in accordance with the New Collective Investment Schemes Sourcebook.

This Prospectus is dated, and is valid as at, 1 November 2007.

Copies of this Prospectus have been sent to the Financial Services Authority and the Trustee.

CONTENTS

Clause		Page
1	DEFINITIONS	6
2	DETAILS OF THE TRUST.....	11
2.1	General Information	11
2.1.1	General.....	11
2.1.2	Base Currency	11
2.1.3	Units	11
2.2	The structure of the Trust.....	11
2.2.1	The Trust	11
2.2.2	Units	12
3	BUYING, REDEEMING AND SWITCHING UNITS	14
3.1	Money laundering.....	14
3.2	Buying Units	14
3.2.1	Procedure.....	14
3.2.2	Documents the buyer will receive	15
3.2.3	Regular Savings Plan	16
3.2.4	Minimum subscriptions and holdings	16
3.3	Redeeming Units	17
3.3.1	Procedure.....	17
3.3.2	Documents a redeeming Unitholder will receive.....	17
3.3.3	Minimum redemption	18
3.4	Switching	18
3.5	Dealing Charges	19
3.5.1	Initial charge	19
3.5.2	Redemption Charge	19
3.5.3	Stamp duty reserve tax ('SDRT')	19
3.6	Transfers.....	20
3.7	Restrictions and Compulsory Transfer and Redemption.....	20
3.8	Issue of Units in exchange for in specie assets	22
3.9	In specie redemptions.....	22
3.10	Suspension of dealings in the Trust.....	22
3.11	Large deals.....	23
3.12	Governing law.....	23
4	VALUATION OF THE TRUST	24
4.1	General.....	24
4.2	Calculation of the value.....	24
4.3	Price per Unit in each Class.....	25
4.4	Pricing basis	25
4.5	Publication of Prices.....	25
5	RISK FACTORS	26
5.1	General.....	26
5.2	Effect of Initial Charge or Redemption Charge	26
5.3	SDRT provision	26
5.4	Suspension of Dealings in Units.....	26
5.5	Liabilities of the Trust	27
5.6	Currency Exchange Rates	27

	5.7	Derivatives	27
	5.8	Investment in Property	27
	5.9	OTC Derivatives	27
6		MANAGEMENT AND ADMINISTRATION	28
	6.1	Regulatory Status.....	28
	6.2	Manager.....	28
		6.2.1 General.....	28
	6.3	The Trustee	29
		6.3.1 General.....	29
	6.4	The Investment Manager.....	30
		6.4.1 General.....	30
	6.5	The Registrar	30
		6.5.1 General.....	30
		6.5.2 Register of Unitholders.....	30
	6.6	The Auditors	31
	6.7	Conflicts of Interest	31
7		FEES AND EXPENSES	32
	7.1	Ongoing	32
	7.2	Charges payable to the Manager	34
		7.2.1 Annual Management Charge	34
		7.2.2 Registration Fees	34
		7.2.3 Expenses	34
	7.3	Trustee's fee and expenses.....	35
	7.4	Investment Manager's fee	37
8		UNITHOLDER MEETINGS AND VOTING RIGHTS.....	38
	8.1	Class and Trust Meetings.....	38
	8.2	Requisitions of Meetings.....	38
	8.3	Notice and Quorum.....	38
	8.4	Voting Rights	38
	8.5	Variation of Class Rights.....	39
9		TAXATION.....	40
	9.1	General.....	40
	9.2	The Trust	40
	9.3	Unitholders.....	40
		9.3.1 Income	40
		9.3.2 Income equalisation	41
		9.3.3 Gains.....	41
		9.3.4 EU Savings Directive.....	41
10		WINDING UP OF THE TRUST	42
11		GENERAL INFORMATION.....	43
	11.1	Accounting Periods	43
	11.2	Notice to Unitholders	43
	11.3	Income Allocations	43
	11.4	Annual Reports	44
	11.5	Documents of the Trust.....	44
	11.6	Provision of Investment Advice	44
	11.7	Telephone Recordings	44
	11.8	Complaints	44
		APPENDIX I.....	45

TRUST DETAILS.....	45
APPENDIX II	47
ELIGIBLE SECURITIES MARKETS AND ELIGIBLE DERIVATIVES MARKETS	47
APPENDIX III	49
VALUATION AND PRICING.....	49
APPENDIX IV.....	56
INVESTMENT AND BORROWING POWERS OF THE TRUST	56
APPENDIX V	73
LIST OF OTHER AUTHORISED COLLECTIVE INVESTMENT SCHEMES OPERATED BY THE MANAGER.....	73
APPENDIX VI.....	75
PAST PERFORMANCE AND INVESTOR PROFILE.....	75
APPENDIX VII.....	77
DIRECTORY.....	77

No person has been authorised by the Manager to give any information or to make any representations in connection with the offering of Units other than those contained in the Prospectus and, if given or made, such information or representations must not be relied on as having been made by the 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 Trust have not changed since the date hereof.

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 Manager 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.

The 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.

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.

The provisions of the Trust Deed are binding on each of the Unitholders a summary of which are included in this Prospectus and a copy of the Trust Deed is available on request.

This Prospectus has been issued for the purpose of section 21 of the Financial Services and Markets Act 2000 by Capita Financial 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 date hereof. The Manager cannot be bound by an out of date prospectus when it has issued a new prospectus and investors should check with Capita Financial Managers Limited that this is the most recently published prospectus.

1. **DEFINITIONS**

“Approved Bank”

(in relation to a bank account opened by the Manager):

- (a) if the account is opened at a branch in the United Kingdom:
 - (i) the Bank of England; or
 - (ii) the central bank of a member state of the OECD; or
 - (iii) a bank; or
 - (iv) a building society; or
 - (v) a bank which is supervised by the central bank or other banking regulator of a member state of the OECD; or
- (b) if the account is opened elsewhere:
 - (i) a bank in (a); or
 - (ii) a credit institution established in an EEA State other than in the United Kingdom and duly authorised by the relevant Home State Regulator; or
 - (iii) a bank which is regulated in the Isle of Man or the Channel Islands; or
 - (iv) a bank supervised by the South African Reserve Bank

“Auditor”

PKF (UK) LLP, or such other entity as is appointed to act as auditor to the Trust from time to time

“business day”

a day on which the London Stock Exchange is open. If the London Stock Exchange is closed as a result of a holiday or for any other reason, or there is a holiday elsewhere or other reason which impedes the calculation of the fair market

value of the Trust's portfolio of securities or a significant portion thereof, the Manager may decide that any business day shall not be construed as such

"Class" or "Classes"

in relation to Units, means (according to the context) a particular class or classes of Unit

"COLL"

refers to the appropriate chapter or rule in the COLL Sourcebook

"the COLL Sourcebook"

the New Collective Investment Schemes Sourcebook issued by the FSA as amended from time to time

"Dealing Day"

Monday to Friday where these days are business days

"EEA State"

a member state of the European Union and any other state which is within the European Economic Area

"Efficient Portfolio Management" or "EPM"

an investment technique where derivatives are used for one or more of the following purposes: reduction of risk, reduction of cost or generation of additional income with an acceptably low level of risk

"Eligible Institution"

one of certain eligible institutions as defined in the glossary of definitions to the FSA Handbook

"the FSA"

the Financial Services Authority or any other regulatory body which may assume its regulatory responsibilities from time to time

"the FSA Handbook"

the FSA Handbook of Rules and Guidance, as amended from time to time

"the FSA Register"

the public record, as required by section 347 of the Financial Services and Markets Act 2000 (The public record) of every:

- (a) authorised person;
- (b) AUT;
- (c) ICVC;

- (d) recognised scheme;
- (e) recognised investment exchange;
- (f) recognised clearing house;
- (g) individual to whom a prohibition order relates;
- (h) approved person; and
- (i) person within such other class (if any) as the FSA may determine; except as provided by any transitional provisions

“Home State”

- (1) (in relation to a credit institution) the EEA State in which the credit institution has been authorised in accordance with the Banking Consolidation Directive
- (2) (in relation to an investment firm):
 - (a) where the investment firm is a natural person, the EEA State in which his head office is situated;
 - (b) where the investment firm is a legal person, the EEA State in which its registered office is situated or, if under its national law it has no registered office, the EEA State in which its head office is situated
- (3) (in relation to an insurer with an EEA right) the EEA State in which the registered office of the insurer is situated
- (4) (in relation to a market) the EEA State in which the registered office of the body which provides trading facilities is situated or, if under its national law it has no registered office, the EEA State in which that body's head office is situated
- (5) (in relation to a Treaty firm) the EEA State in which its head office is situated, in accordance with paragraph 1 of

Schedule 4 to the Act (Treaty rights)

“Investment Manager”	Ashcourt Asset Management Limited, the investment manager to the Manager in respect of the Trust
“Manager”	Capita Financial Managers Limited, the manager of the Trust
“NAV” or “value”	the value of the Scheme Property less the liabilities of the Trust as calculated in accordance with the Trust Deed
“Register”	the register of Unitholders of the Trust
“Registrar”	Capita Financial Administrators Limited, or such other entity as is appointed to act as Registrar to the Trust from time to time
“Regulated Activities Order”	the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544)
“Regulations”	the FSA Handbook (including the COLL Sourcebook)
“Scheme Property”	the scheme property of the Trust required under the COLL Sourcebook to be given for safekeeping to the Trustee
“SDRT”	stamp duty reserve tax
“Switch”	the exchange where permissible of Units of one Class for Units of another Class
“Trust Deed”	the trust deed constituting the Trust, as amended from time to time in accordance with the COLL Sourcebook
“Trust”	CF Zenith International Managed Fund
“Trustee”	The Bank of New York Trust and Depositary Company Limited, or such other entity as is appointed to act as Trustee
“Unit” or “Units”	a unit or units in the Trust

“Unitholder”

a holder of registered Units in the Trust

“Valuation Point”

the point, on a Dealing Day whether on a periodic basis or for a particular valuation, at which the Manager carries out a valuation of the Scheme Property for the Trust for the purpose of determining the price at which Units of a Class may be issued, cancelled or redeemed. The current Valuation Point is 8.30 a.m. London time on each Dealing Day, with the exception of Christmas Eve and New Year’s Eve or a bank holiday in England and Wales, or the last business day prior to those days annually where the valuation may be carried out at a time agreed in advance between the Manager and the Trustee

“VAT”

value added tax

2. **DETAILS OF THE TRUST**

2.1 **General Information**

2.1.1 **General**

CF Zenith International Managed Fund (the Trust) is a unit trust authorised by the Financial Services Authority with effect from 16 January 1992. The Trust was authorised as "CF BWH International Fund". The name of the Trust was changed to CF Zenith International Managed Fund on 1 November 2007. The Trust has an unlimited duration.

Unitholders are not liable for the debts of the Trust.

The Manager is also the manager of certain authorised unit trusts and open-ended investment companies details of which are set out in Appendix V.

2.1.2 **Base Currency**

The base currency of the Trust is Pounds Sterling.

2.1.3 **Units**

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

The Trust is designed and managed to support longer-term investment and active trading is discouraged. Short-term or excessive trading into and out of the Trust may harm performance by disrupting portfolio management strategies and by increasing expenses. The Manager may at its discretion refuse to accept applications for, or switching of, Units, especially where transactions are deemed disruptive, particularly from possible market timers or investors who, in its opinion, have a pattern of short-term or excessive trading or whose trading has been or may be disruptive to the Trust. For these purposes, the Manager may consider an investor's trading history in the Trust or other Capita Financial Managers Limited funds and accounts under common ownership or control.

2.2 **The structure of the Trust**

2.2.1 **The Trust**

The Trust is a non-UCITS retail scheme.

Investment of the assets of the Trust must comply with the COLL Sourcebook and the investment objective and policy of the Trust. Details of the Trust, including its investment objective and policy, are set out in Appendix I.

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

2.2.2 **Units**

Classes of Units within the Trust

The rights represented by Units are those of a beneficial interest under a trust.

Units do not carry preferential or pre-emptive rights to acquire further Units.

Further Classes of Unit may be established from time to time by the Manager with the approval of the FSA, the agreement of the Trustee and in accordance with the Trust Deed. On the introduction of any new Class, either a revised prospectus or a supplemental prospectus will be prepared, setting out the details of each Class.

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

The Trust may issue income and accumulation Units, although only income Units are currently in issue. Further details of the Units presently available, including details of their criteria for subscription and fee structure, are set out in Appendix I.

A Regular Savings Plan is available on certain Classes of Units. Details of which Unit Classes are set out in Appendix I.

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

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

The Trust Deed allows gross income and gross accumulation Units to be issued, as well as net income and net accumulation Units, but currently none are in issue. Net Units are Units in respect of which income allocated to them is distributed periodically to the relevant Unitholders (in the case of income Units) or credited periodically to capital (in the case of accumulation Units), in either case in accordance with relevant tax law, net of any tax deducted or accounted for by the Trust. Gross Units are income or accumulation Units where, in accordance with relevant tax law, distribution or allocation of income is made without any tax being deducted or accounted for by the Trust. All references in this Prospectus are to net Units unless otherwise stated.

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

Unitholders are entitled (subject to certain restrictions) to Switch all or part of their Units in a Class for Units of another Class. Details of this switching facility and the restrictions are set out in paragraph 3.4 "Switching".

3. **BUYING, REDEEMING AND SWITCHING UNITS**

The dealing office of the Manager is normally open from 9.00 a.m. to 5.30 p.m. (London time) on each business day to receive postal requests for the purchase, sale and switching of Units. The Manager may vary these times at its discretion. Requests to deal in Units may also be made by telephone on each business day (at the Manager's discretion) between 9.00 a.m. and 5.30 p.m. (London time) directly to the office of the Manager (telephone: 0845 922 0044 or such other number as published from time to time). The initial purchase must, at the discretion of the Manager, be accompanied by an application form.

In addition, the Manager may from time to time make arrangements to allow Units to be bought or sold on-line or through other communication media.

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

In its dealings in Units the Manager is dealing as principal. The Manager does not actively seek to make a profit from dealing in Units as principal but does so in order to facilitate the efficient management of the Trust. The Manager is not accountable to Unitholders for any profit it makes from dealing in Units as principal.

3.1 **Money laundering**

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

3.2 **Buying Units**

3.2.1 **Procedure**

Units may be bought directly from the Manager or through a professional adviser or other intermediary. Any intermediary who recommends an investment in the Trust to Unitholders may be entitled to receive commission from the Manager. An ongoing commission, based on the value of Units held may also be paid to qualifying intermediaries. In addition, the Manager may from time to time make arrangements to

allow Units to be bought through other communication media. For details of dealing charges see paragraph 3.5 below. Application forms may be obtained from the Manager.

Valid applications to purchase Units in the Trust will be processed at the Unit price calculated, in accordance with the Regulations, at the next Valuation Point following receipt of the application, except in the case where dealing in the Trust has been suspended as set out in paragraph 3.10.

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

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

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

3.2.2 Documents the buyer will receive

A confirmation giving details of the number and price of Units bought will be issued no later than the end of the business day following the

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

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

Settlement is due within 4 business days of the Valuation Point. An order for the purchase of Units will only be deemed to have been accepted by the Manager once it is in receipt of cleared funds for the application. If settlement is not made within a reasonable period, then the Manager has the right to cancel any Units issued in respect of the application.

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

3.2.3 Regular Savings Plan

The Manager may make available certain Classes of Units through the Regular Savings Plan (details of current Classes of Units which are available are shown in Appendix I). Further information on how to invest through the Regular Savings Plan is available from the Manager.

3.2.4 Minimum subscriptions and holdings

The minimum initial subscriptions, subsequent subscriptions and holdings levels for each Class of Unit are set out in Appendix I.

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

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

3.3 Redeeming Units

3.3.1 Procedure

Every Unitholder is entitled on any Dealing Day to redeem its Units, which shall be purchased by the Manager dealing as principal.

Valid instructions to the Manager to redeem Units will be processed at the Unit price calculated, calculated in accordance with the Regulations at the next Valuation Point following receipt of the instruction, except in the case where dealing in the Trust has been suspended as set out in paragraph 3.10.

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

For details of dealing charges see paragraph 3.5 below.

3.3.2 Documents a redeeming Unitholder will receive

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

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

Such payment will be made within four business days of the later of (a) receipt by the Manager of the form of renunciation (or other sufficient written instructions) duly signed and completed by all the relevant Unitholders together with any other documentation and appropriate

evidence of title, any required anti-money laundering related documentation, and (b) the Valuation Point following receipt by the Manager of the request to redeem.

3.3.3 **Minimum redemption**

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

3.4 **Switching**

Subject to any restrictions on the eligibility of investors for a particular Unit Class, a Unitholder may at any time Switch all or some of his Units of one Class ("the Original Units") for Units of another Class ("the New Units") in the Trust. The number of New Units issued will be determined by reference to the respective prices of New Units and Original Units at the Valuation Point applicable at the time the Original Units are redeemed and the New Units are issued.

Telephone switching instructions may be given but Unitholders are required to provide written instructions to the Manager (which, in the case of joint Unitholders, must be signed by all the joint Unitholders) before switching is effected.

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

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

A Unitholder who Switches Units in one Class for Units in any other Class will not be given a right by law to withdraw from or cancel the transaction.

3.5 **Dealing Charges**

The price per Unit at which Units are bought, redeemed or switched is calculated in accordance with the Regulations. Any initial charge or redemption charge, (or SDRT on a specific deal, if applicable) is payable in addition to the price or deducted from the proceeds and is taken from the gross subscription or redemption monies.

3.5.1 **Initial charge**

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

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

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

From the initial charge received, or out of its other resources, the Manager may pay a commission to relevant intermediaries including the Investment Manager and its Associates.

3.5.2 **Redemption Charge**

The Manager may make a charge on the redemption of Units in each Class. At present, no redemption charge is levied.

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

3.5.3 **Stamp duty reserve tax ("SDRT")**

SDRT is charged on the surrender of Units to the Manager or Trustee and on certain transfers of Units requiring reregistration, with the Trustee liable for the SDRT. The SDRT due is calculated at the rate of 0.5% of the market value of the Units surrendered. This charge is subject to reduction to the extent that:

- (i) the number of Units surrendered in the two week period in which the redemption occurs exceeds the number of Units issued in that period; and

(ii) the Trust is invested in certain exempt investments in the two week period.

No SDRT charge arises in respect of pro rata in specie cancellations of a holder's Units.

The current policy is that all SDRT costs will be paid out of the Trust's Scheme Property and charged to capital. SDRT will not be recovered from Unitholders. However, the Manager reserves the right to require Unitholders to pay SDRT whenever it considers that the circumstances have arisen which make such imposition fair to all Unitholders or potential Unitholders. The Manager may impose an SDRT provision on large deals when no SDRT provision is imposed on smaller deals or which is larger than that imposed on smaller deals. A "large deal" is a transaction (or a series of transactions in one dealing period) by any person to buy, sell or exchange Units of £15,000 or more. In the event there is a change in this policy the Manager will give prior notification of such change to Unitholders prior to it taking effect.

Since the authorisation of the Trust to the date of this Prospectus it has not been necessary to recover any SDRT from Unitholders on any dealings in the Units.

Although it cannot be guaranteed, it is the opinion of the Manager that SDRT will rarely be recovered from Unitholders on the sale of Units. This statement is based on the current policy for SDRT as detailed above. If imposed on a particular deal the maximum provision for SDRT shall always be equivalent to the current rate of SDRT.

SDRT at 0.5% is also payable on certain dealings in units in trusts not requiring reregistration.

3.6 Transfers

Unitholders are entitled to transfer their Units to another person or body. All transfers must be in writing in the form of an instrument of transfer approved by the Manager for this purpose. Completed instruments of transfer must be returned to the Manager in order for the transfer to be registered by the Manager. The Manager may refuse to register a transfer unless any provision for SDRT due has been paid.

3.7 Restrictions and Compulsory Transfer and Redemption

The Manager may from time to time impose such restrictions as it may think necessary for the purpose of ensuring that no Units are acquired or held by any person in breach of the law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory or which

would result in the Trust incurring any liability to taxation which the Trust is not able to recoup itself or suffering any other adverse consequence. In this connection, the Manager may, inter alia, reject in its discretion any application for the purchase, redemption, transfer or switching of Units.

If it comes to the notice of the Manager that any Units (“affected Units”):

- (a) are owned directly or beneficially in breach of any law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory; or
- (b) would result in the Trust incurring any liability to taxation which the Trust would not be able to recoup itself or suffering any other adverse consequence (including a requirement to register under any securities or investment or similar laws or governmental regulation of any country or territory); or
- (c) are held in any manner by virtue of which the Unitholder or Unitholders in question is/are not qualified to hold such Units or if it reasonably believes this to be the case;

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

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

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

3.8 Issue of Units in exchange for in specie assets

The Manager may arrange for the Trust to issue Units in exchange for assets other than cash, but will only do so where the Trustee has taken reasonable care to determine that the Trust's acquisition of those assets in exchange for the Units concerned is not likely to result in any material prejudice to the interests of Unitholders.

The Manager will ensure that the beneficial interest in the assets is transferred to the Trust with effect from the issue of the Units.

The Manager will not issue Units in exchange for assets the holding of which would be inconsistent with the investment objective or policy of the Trust.

3.9 In specie redemptions

If a Unitholder requests the redemption of Units the Manager may, where it considers the deal to be substantial in relation to the total size of the Trust or in some way detrimental to the Trust, arrange, having given prior notice in writing to the Unitholder, that, in place of payment for the Units in cash, the Trust transfers property or, if required by the Unitholder, the net proceeds of sale of the relevant property, to the Unitholder. Before the redemption proceeds of the Units become payable, the Manager must give written notice to the Unitholder that the relevant property or the proceeds of sale of the relevant property will be transferred to that Unitholder so that the Unitholder can require the net proceeds of redemption rather than the relevant property if he so desires.

For this purpose, the Manager may consider a deal to be substantial if the relevant Units constitute 5% (or a lesser or higher percentage if considered appropriate) of those in issue.

The Manager will select the property to be transferred or sold in consultation with the Trustee. They must ensure that the selection is made with a view to achieving no more advantage or disadvantage to the Unitholder requesting the redemption than to the continuing Unitholders.

3.10 Suspension of dealings in the Trust

The Manager may, with the prior agreement of the Trustee, or must if the Trustee so requires, for a period of up to 28 days suspend, without notice to Unitholders, the purchase and redemption of Units (including any purchase and redemption on switching), if the Manager (or the Trustee in the case of any requirement by it) is of the opinion that due to exceptional circumstances there is good and sufficient reason to do so having regard to the interests of Unitholders or potential Unitholders (for example, but without limitation, on the closure or suspension of dealing on a relevant stock exchange, or the inability of the Manager to ascertain

properly the value of any or all of the assets or realise any material part of the assets of the Trust).

Recalculation of the Unit price for the purposes of purchases and redemptions will commence on the next relevant Valuation Point following the ending of the suspension.

During any suspension, in the exercise of its discretion, the Manager will permit a Unitholder to withdraw their redemption notice provided that this withdrawal is in writing and is received before the period of suspension ends. Any notice not withdrawn will be dealt with on the next Dealing Day following the end of the suspension.

3.11 Large deals

Any purchase or redemption of Units with a value equal to or in excess of £15,000 will amount to a "large deal". For large deals (subject to the Regulations), the Manager may sell Units at more than, or redeem Units at less than, the published price (see paragraph 4.2 below).

3.12 Governing law

All deals in Units are governed by the law of England and Wales.

4. VALUATION OF THE TRUST

4.1 General

The Trust will be valued in accordance with the provisions set out in Appendix III. The value per Unit in the Trust is currently calculated at 8.30 a.m. (London time) (this being the Valuation Point) on each Dealing Day.

4.2 Calculation of the value

Valuations of the Trust will take place on each Dealing Day at the Valuation Point for the purposes of determining prices of which Units may be bought or sold to the Manager being calculated on an offer basis (for the purposes of calculating the issue price of a Unit) or a bid basis (for the purposes of calculating the cancellation price of a Unit) respectively. The price at which the Manager sells Units (the offer price), may not exceed the issue price of Units plus the Manager's initial charge. The price at which the Manager redeems Units (the bid price) will not be less than the cancellation price (less any redemption charge and any SDRT provision). The bid price will not exceed the relevant issue price.

Large deals (see paragraph 3.11) may be carried out at a higher offer price or a lower bid price than those published, provided these prices do not exceed the relevant maximum and minimum parameters set out in the paragraph above.

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

For the purposes of calculating the Manager's and Trustee's periodic charges the Scheme Property is valued on a mid-market basis, for the purposes of calculating the investment limits the Scheme Property is valued on a bid basis.

The Manager will, upon completion of each valuation, notify the Trustee of the issue price, the cancellation price, the maximum offer price and the minimum bid price of Units, of each Class.

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

4.3 **Price per Unit in each Class**

The price per Unit at which Units are issued or cancelled is calculated by taking the proportion, attributable to the Units of the class in question, of the value on the issue basis (when calculating the issue price per Unit) or the cancellation basis (when calculating the cancellation price per Unit) of the Scheme Property by reference to the most recent valuation, computing the number of Units of the relevant class in issue immediately before that valuation, dividing the total by that number of Units. Any initial charge or redemption charge, (or SDRT on a specific deal, if applicable) is payable in addition to the price or deducted from the proceeds and is taken from the gross subscription or redemption monies.

4.4 **Pricing basis**

The Manager deals on a forward pricing basis. A forward price is the price calculated at the next Valuation Point after the purchase or redemption is deemed to be accepted by the Manager. Units in the Trust are dual priced.

4.5 **Publication of Prices**

The prices of all Units are published in The Financial Times and on the Investment Management Association's website: www.investmentuk.org. As the Manager deals on a forward pricing basis, the price that appears in these sources will not necessarily be the same as the one at which investors can currently deal. The Manager may also, at its sole discretion, decide to publish certain Unit prices in other third party websites or publications but the Manager does not accept responsibility for the accuracy of the prices published in, or for the non-publication of prices by, these sources for reasons beyond the control of the Manager.

5. **RISK FACTORS**

Potential investors should consider the following risk factors before investing in the Trust.

5.1 **General**

The investments of the Trust are subject to normal market fluctuations and other risks inherent in investing in securities. There can be no assurance that any appreciation in the value of investments will occur.

The value of investments and the income derived from them may fall as well as rise and investors may not recoup the original amount they invest in the Trust. There is no certainty that the investment objective of the Trust will actually be achieved and no warranty or representation is given to this effect. The level of any yield for the Trust may be subject to fluctuations and is not guaranteed.

When investing in unregulated collective investment schemes, the fund is fully exposed to the risks involved in this type of investment without any redress to a regulator. The funds may also have a more limited transferability and volatility of movement than a regulated fund.

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

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

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

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

5.3 **SDRT provision**

Certain investment transactions can result in the payment of stamp duty reserve tax ("SDRT"). When such payment results in the diminution in value of the Units, an additional charge may be levied in addition to the price of the Units when issued or deducted when sold.

5.4 **Suspension of Dealings in Units**

Investors are reminded that in certain circumstances their right to redeem Units (including a redemption by way of switching) may be suspended.

5.5 **Liabilities of the Trust**

Unitholders are not liable for the debts of the Trust. A Unitholder is not liable to make any further payment to the Trust after he has paid the price on purchase of the Units.

5.6 **Currency Exchange Rates**

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

5.7 **Derivatives**

The Investment Manager may employ derivatives in the pursuit of the investment objective but solely for the purposes of hedging with the aim of reducing the risk profile of the Trust in accordance with Efficient Portfolio Management.

Following not less than 60 days' notice to Unitholders, the Investment Manager may also employ derivatives and forward transactions in the pursuit of the investment objectives as stated in this Prospectus and in accordance with its risk management policy. Should the Manager and the Investment Manager decide to invest in derivatives and forward transactions for investment purposes, the net asset value of the Trust may at times be highly volatile (in the absence of compensating investment techniques). However, it is the Investment Manager's intention that the Trust, owing to its portfolio composition, or the portfolio management techniques used, will not have volatility over and above the general market volatility of the markets of their underlying investments.

5.8 **Investment in Property**

Following not less than 60 days' notice to Unitholders, the Investment Managers may invest in property. Investments in property are relatively illiquid and more difficult to realise than equities and bonds.

5.9 **OTC Derivatives**

The Trust may invest in an over-the-counter derivative contract ('OTC Derivative').

If the counterparty to the Trust in relation to an OTC Derivative became insolvent or is unable to meet its obligations under the OTC Derivative, then the Trust would likely suffer a loss which would have a significant impact on the investment performance of the Trust.

6. MANAGEMENT AND ADMINISTRATION

6.1 Regulatory Status

The Manager, the Trustee and the Investment Manager are authorised and regulated by the Financial Services Authority of 25 The North Colonnade, Canary Wharf, London E14 5HS.

6.2 Manager

6.2.1 General

The Manager is Capita Financial Managers Limited which is a private company limited by shares incorporated in England and Wales on 21 November 1973.

The directors of the Manager are:

C Addenbrooke
J Eadie
L Everitt
K Marsden
K Midl
N Morar
D Page

No director is engaged in any significant business activity not connected with the business of the Manager or other Capita Group Plc subsidiaries.

**Registered Office
and Head Office:
Share Capital:**

Beaufort House, 15 St Botolph Street, London EC3A 7HH
It has a share capital of £125,000 issued and paid up.

**Ultimate Holding
Company:**

The Capita Group Plc, a company incorporated in England and Wales and listed on the London Stock Exchange.

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

It has therefore delegated to the Investment Manager the function of managing and acting as the investment adviser for the investment and reinvestment of the assets of the Trust (as further explained in paragraph 6.4 below). It has also delegated to the Registrar certain

functions relating to the register (as further explained in paragraph 6.5 below).

The Manager receives payments on an annual basis from The Bank of New York Inc. as the preferred supplier to the funds operated by the Manager. The Manager is not obliged to account to Unitholders for these payments.

The Manager is also under no obligation to account to the Trustee, the Trust or the Unitholders for any profit it makes on the issue or re-issue or cancellation of Units which it has redeemed.

6.3 The Trustee

6.3.1 General

The Trustee of the Trust is The Bank of New York Trust and Depositary Company Limited (registered no. 3588038), a private company limited by shares incorporated in England and Wales on 25 June 1998. Its ultimate holding company is The Bank of New York Inc., incorporated in New York. Its registered office is at One Canada Square, Canary Wharf, London E14 5AL. The principal business activity of the Trustee is acting as a trustee and depositary. It is authorised and regulated by the Financial Services Authority.

The Trustee has delegated custody to The Bank of New York Inc. under a custody agreement dated 26 February 1999.

The Trustee is responsible for the safekeeping of all the Scheme Property (other than tangible moveable property) of the Trust and has a duty to take reasonable care to ensure that the Trust is managed in accordance with the Trust Deed and the provisions of the COLL Sourcebook relating to the pricing of, and dealing in, Units and relating to the income and the investment and borrowing powers of the Trust.

The Trustee is entitled to receive remuneration out of the Scheme Property for its services, as explained in paragraph 7.3 "Trustee's fee and expenses" below. The Trustee is under no obligation to account to the Manager, the Trust or the Unitholders for any profits or benefits it makes or receives that are made or derived from or in connection with its role as trustee.

6.4 **The Investment Manager**

6.4.1 **General**

The Manager has appointed the Investment Manager, Ashcourt Asset Management Limited, to provide investment management services to the Manager. The Investment Manager is authorised and regulated by the Financial Services Authority.

The Investment Manager's registered office is at 11 Tower View, Kings Hill, West Malling, Kent ME19 4UN.

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

The terms of the Agreement between the Manager and the Investment Manager include the provision of discretionary investment management to attain the investment objectives, discretion to place purchase and sale orders with regulated dealers, and on the exercise of voting rights relating to such investments and on the marketing units (subject to the approval of the Manager) and preparation of the Investment Manager's report half yearly for inclusion in the Manager's Report for circulation to holders. The agreement is terminable on receipt of 6 months written notice given by either party.

The Investment Manager is entitled to a fee out of that paid to the Manager, as explained below in paragraph 7.4.

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

6.5 **The Registrar**

6.5.1 **General**

The Manager is responsible for the Trust's register.

On behalf of the Trust the Manager has also appointed Capita Financial Administrators Limited to act as registrar to the Trust.

The registered office of the Registrar is Beaufort House, 15 St Botolph Street, London EC3A 7HH.

6.5.2 **Register of Unitholders**

The Register of Unitholders will be maintained by the Registrar at the address of its registered office as noted above, and may be inspected at

that address during normal business hours by any Unitholder or any Unitholder's duly authorised agent.

The plan register, where applicable, (being a record of persons who subscribe for Units through Personal Equity Plans (PEPs) or Individual Savings Accounts (ISAs)) can be inspected at the office of the Registrar.

6.6 The Auditors

The auditors of the Trust are PKF (UK) LLP, whose address is Farringdon Place, 20 Farringdon Road, London EC1M 3AP.

6.7 Conflicts of Interest

The Manager, the Investment Manager and other companies within the Capita and/or the Investment Manager's group may, from time to time, act as Investment Manager or adviser to other funds or sub-funds which follow similar investment objectives to those of the Trust. It is therefore possible that the Manager and/or the Investment Manager may in the course of their business have potential conflicts of interest with the Trust. Each of the Manager and the Investment Manager will, however, have regard in such event to its general obligations to act in the best interests of the Trust so far as practicable, having regard to its obligations to other clients, when undertaking any investment business where potential conflicts of interest may arise.

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

7. FEES AND EXPENSES

7.1 Ongoing

All costs, charges, fees or expenses, other than the charges made in connection with the subscription and redemption of Units (see paragraph 3.5) payable by a Unitholder or out of Scheme Property are set out in this section.

The Manager may, so far as the COLL Sourcebook allows, also pay out of the Scheme Property all relevant costs, charges, fees and expenses including the following:

- 7.1.1 broker's commission, fiscal charges and other disbursements which are necessary to be incurred in effecting transactions for the Trust and normally shown in contract notes, confirmation notes and difference accounts as appropriate;
- 7.1.2 any costs incurred in modifying the Trust Deed including costs incurred in respect of meetings of Unitholders convened for purposes which include modifying the Trust Deed, where the modification is necessary to implement changes in the law or as a direct consequence of any change in the law, or is expedient having regard to any change in the law made by or under any fiscal enactment and which the Manager and the Trustee agree is in the interest of Unitholders, or to remove obsolete provisions from the Trust Deed;
- 7.1.3 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;
- 7.1.4 any payment permitted by clause 6.7.15R of the COLL Sourcebook;
- 7.1.5 interest on permitted borrowings and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings;
- 7.1.6 taxation and duties payable in respect of the Scheme Property, the Trust Deed or the issue of Units;
- 7.1.7 the audit fees of the Auditor (including VAT) and any expenses of the Auditor;
- 7.1.8 the periodic fees of the Financial Services Authority, together with any corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which units in the Trust are or may be marketed;

- 7.1.9 any costs incurred which are associated with independent risk monitoring or daily "value at risk" or "VaR" calculations part of the risk monitoring process);
- 7.1.10 any costs incurred in preparing, translating, producing (including printing), distributing and modifying the Trust Deed, the Prospectus, the simplified prospectus (apart from the cost of distributing the simplified prospectus) or reports, accounts, statements, contract notes and other like documentation, or any other relevant document required under the Regulations.
- 7.1.11 payments properly required for the maintenance, repair, refurbishment, management, preservation, protection or redevelopment of immovable property owned or leased by the Trust;
- 7.1.12 costs (including survey costs, costs of obtaining environmental reports and marketing costs) incurred in buying or selling immovable property;
- 7.1.13 costs incurred in connection with: buying-in a leasehold interest, restructuring leasehold interests of the Trust; project funding; payments to property consultants in respect of any immovable property;
- 7.1.14 costs incurred in connection with: letting, re-letting any leasehold interest; reviewing rents payable, renewing leases, action taken as a result of tenants' breach of covenant or eviction of squatters; issuing notices to tenants, work undertaken by property consultants; work undertaken by building surveyors and any legal advice taken or legal actions raised in relation to the Trust or any property which is, has been or may become property of the Trust;
- 7.1.15 insurance of immovable property (including environmental and public liability cover);
- 7.1.16 costs of insuring the Trustee against any liability which it may incur as a consequence of holding the property of a Trust and which is not met by the insurance referred to in 7.1.15 and which is greater than the value of the Trust;
- 7.1.17 costs incurred in administering insurance which relates to the Trust, any property which is, has been or may become property of the Trust or the insurance in 7.1.16 above and the costs and expenses involved in running and administering any claims, actions, proceedings or litigation which may be taken by or against a Trust or Trustee;
- 7.1.18 the fees properly payable to the Valuer or any other valuer (including VAT) and any proper expenses of the Valuer or any other valuer;

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

Expenses are allocated between capital and income in accordance with the Regulations. However, the approach for the Trust is set out in Appendix I. Where expenses are deducted in the first instance from income if and only if this is insufficient, deductions will be made from capital (save for any charge made in respect of SDRT under paragraph 3.5.3 "Stamp Duty Reserve Tax"). If deductions were made from capital, this would result in capital erosion and constrain growth.

7.2 **Charges payable to the Manager**

7.2.1 *Annual Management Charge*

In payment for carrying out its duties and responsibilities the Manager is entitled to take an annual fee out of the Trust as set out in Appendix I. The annual management charge will accrue on a daily basis in arrears by reference to the value of the Scheme Property on the immediately preceding Dealing Day in accordance with CIS 15 and the amount due for each month is payable on the last Dealing Day of each month. The current annual management charge for the Trust (expressed as a percentage per annum of the value of the Trust) is set out in Appendix I.

7.2.2 *Registration Fees*

The Manager is entitled to receive a fee out of the Scheme Property for providing registration services (including establishing and maintaining sub-registers where applicable), out of which the Manager will pay the fees of the Registrar. Such fee is a quarterly fee. The current fees payable to the Manager are as follows: £11.50 per annum per Unitholder with a minimum payment of £1,500 per annum for the Trust. A £11.50 charge per annum is also payable per holder held on a PEP or ISA sub-register.

7.2.3 *Expenses*

The Manager is also entitled to all reasonable, properly documented, out of pocket expenses incurred in the performance of its duties as set out above.

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

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

The current annual fee payable to the Manager for a Class may only be increased or a new type of remuneration introduced in accordance with the Regulations.

7.3 **Trustee's fee and expenses**

The Trustee is entitled to receive out of the Scheme Property by way of remuneration a periodic charge, which will be calculated and accrue daily and be paid monthly as soon as practicable after the end of each month, and certain additional charges and expenses. The rate of the Trustee's periodic charge in respect of the Trust will be such rate or rates as agreed from time to time between the Manager and the Trustee in accordance with the COLL Sourcebook. The current rate of the Trustee's periodic charge in respect of the Trust is:

Value of Trust	Fee
First £70 million	0.04%
Next £30 million	0.03%
Next £50 million	0.02%
Balance	0.01%

of the value of the Scheme Property subject to a minimum of £5,000 plus VAT, plus £2,000 plus VAT per annum for each second and subsequent investment manager appointed to the Trust.

In addition VAT on the amount of the periodic charge will be paid out of the Scheme Property.

In the event of the termination of the Trust, the Trustee shall continue to be entitled to a periodic charge for the period up to and including the day on which the final distribution in the termination of the Trust shall be made or, in the case of a termination following the passing of an extraordinary resolution approving a scheme of arrangement, up to and including the final day on which the Trustee is responsible for the safekeeping of the Scheme Property. Such periodic charge will be calculated, be subject to the same terms and accrue and be paid as described above, except that for the purpose of calculating the periodic charge in respect of any day falling after the day on which the termination of the Trust commences, the value of the Scheme Property shall be its value determined at the beginning of each such day.

In addition to a periodic charge the Trustee may also be paid by way of remuneration custody fees where it acts as Custodian and other transaction and bank charges. At present the Trustee delegates the function of custody of the Scheme Property to The Bank of New York Inc.

The remuneration for acting as custodian is calculated at such rate and/or amount as the Manager, the Trustee and the Custodian may agree from time to time.

The current remuneration ranges from between 0.01% per annum to 0.70% per annum of the value of the Scheme Property, plus VAT (if any) calculated at an ad valorem rate determined by the territory or country in which the assets of the Trust are held. The current range of transaction charges is between £10 and £175 per transaction plus VAT (if any).

Charges for principal markets are:

	Transaction charge per trade	Custody charge % per annum
UK	£10	0.01%
United States	£14	0.02%
Germany	£25	0.03%
Japan	£30	0.03%

Custody and transaction charges will be payable monthly in arrears.

In addition to the remuneration referred to above, the Trustee is entitled to receive reimbursement for expenses properly incurred by it in discharge of its duties or exercising any powers conferred upon it in relation to the Trust. Such expenses include, but are not restricted to:

- (i) delivery of stock to the Trustee or custodian;
- (ii) custody of assets;
- (iii) collection of income and capital;
- (iv) submission of tax returns;
- (v) handling tax claims;
- (vi) preparation of the Trustee's annual reports; and
- (vii) such other duties as the Trustee is required by law to perform.

VAT (if any) in connection with any of the above is payable in addition.

In each such case such expenses and disbursements will also be payable if incurred by any person (including the Manager or an associate or nominee of the Trustee or of the Manager) who has had the relevant duty delegated to it pursuant to the COLL Sourcebook by the Trustee.

7.4 **Investment Manager's fee**

The Investment Manager's fees and expenses (plus VAT thereon) for providing investment management services will be paid by the Manager out of its remuneration.

8. UNITHOLDER MEETINGS AND VOTING RIGHTS

8.1 Class and Trust Meetings

The provisions below, unless the context otherwise requires, apply to Class meetings as they apply to general meetings of the Trust, but by reference to Units of the Class concerned and the Unitholders and value and prices of such Units.

8.2 Requisitions of Meetings

The Manager may requisition a general meeting at any time.

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

8.3 Notice and Quorum

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

8.4 Voting Rights

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

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

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

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

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

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

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

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

8.5 Variation of Class Rights

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

9. TAXATION

9.1 General

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

9.2 The Trust

The Trust is generally exempt from United Kingdom tax on capital gains realised on the disposal of investments (including interest-paying securities and derivatives) held within them.

Dividends from United Kingdom companies (whether received directly or through another authorised investment fund) are received by the Trust with a tax credit and no further tax is payable by the Trust on that income. The Trust will be subject to corporation tax at 20% on most other types of income but after deducting allowable management expenses and the gross amount of any interest distributions. Where the Trust suffers foreign tax on income received, this may normally be deducted from the United Kingdom tax due on that income.

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

9.3 Unitholders

9.3.1 Income

The Trust will pay distributions (which will be automatically retained in the Trust in the case of accumulation Units) with a tax credit. Individuals liable to income tax at the basic rate will have no further liability to tax. Higher rate taxpayers will have to pay an additional amount of income tax of 25% of the amount received. Non-taxpayers may reclaim the tax credits on interest distributions paid, and starting rate taxpayers may reclaim part of them, but neither can reclaim tax credits on dividend distributions.

Corporate Unitholders who receive dividend distributions may have to divide them into two (in which case the division will be indicated on the tax voucher). Any part representing dividends received from a United Kingdom company will be treated as dividend income (that is, franked investment income) and no further tax will be due on it. The remainder

will be received as an annual payment after deduction of income tax at the lower rate, and corporate Unitholders may, depending on their circumstances, be liable to tax on the grossed up amount, with the benefit of the 20% income tax credit attached or to reclaim part of the tax credit as shown on the tax voucher. Corporate Unitholders are also subject to corporation tax on the gross amount of interest distributions.

9.3.2 **Income equalisation**

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

9.3.3 **Gains**

Unitholders who may, depending on their personal circumstances, be liable to capital gains tax or, if a corporate Unitholder, corporation tax on gains arising from the redemption, transfer or other disposal of Units (but not on Switches between Classes within the Trust). Any corporate Unitholder in the Trust if it is over 60% invested in interest-paying investments at a material time must treat the holding as a creditor relationship.

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

9.3.4 **EU Savings Directive**

The EU Council Directive 2003/48/EC on taxation of savings income (the "Directive") came into force on 1 July 2005. Member States of the European Union ("Member States") are required to provide to the tax authorities of other Member States details of payments of interest and other similar income (which in the case of a collective investment fund may include income arising as a result of the sale and redemption of the fund's units) paid by a person who is a "paying agent" for the purposes of the Directive to an individual (or certain "residual entities") resident for the purposes of the Directive in another Member State. However, Austria, Belgium and Luxembourg will instead impose a system of withholding tax for a transitional period unless during such period they elect otherwise.

10. **WINDING UP OF THE TRUST**

- 10.1 The Trust will not be wound up except in accordance with the COLL Sourcebook.
- 10.2 The Trustee shall proceed to wind-up the Trust:
- 10.2.1 if the order declaring the Trust to be an authorised unit trust scheme is revoked; or
- 10.2.2 if the Manager or the Trustee requests the FSA to revoke the order declaring the Trust to be an authorised unit trust scheme and the FSA has agreed (provided no material change in any relevant factor occurs) that on the winding-up of the Trust, the FSA will accede to that request; or
- 10.2.3 the expiration of any period specified in the Trust Deed as the period at the end of which the Trust is to terminate; or
- 10.2.4 on the effective date of a duly approved scheme of arrangement which is to result in the relevant Trust being left with no property.
- 10.3 If any of the events set out above occurs the rules in the COLL Sourcebook concerning Dealing (COLL 6.2), Valuation and Pricing (COLL 6.3) and Investment and Borrowing Powers (COLL 5), will cease to apply. The Trustee shall cease to issue and cancel units and the Manager will stop redeeming and selling units.
- 10.4 In the case of a scheme of arrangement referred to in paragraph 10.2.4 above, the Trustee shall wind up the Trust in accordance with the approved scheme of arrangement.
- 10.5 In any other case, the Trustee shall, as soon as practicable after the relevant Trust falls to be wound-up, realise the assets of the Trust and, after paying, or retaining adequate provision for, all liabilities properly payable and retaining provision for the costs of the winding-up, distribute the proceeds to the Unitholders and the Manager proportionately to their respective interest in the Trust.
- 10.6 Any unclaimed net proceeds or other cash (including unclaimed distribution payments) held by the Trustee after twelve months from the date the proceeds became payable, shall be paid by the Trustee into Court, although the Trustee will have the right to retain any expenses incurred in making that payment. On completion of the winding-up, the Trustee shall notify the FSA in writing of that fact and the Trustee or the Manager shall request the FSA to revoke the order of authorisation.

11. GENERAL INFORMATION

11.1 Accounting Periods

The annual accounting period of the Trust ends each year on the last day of February (the accounting reference date) with an interim accounting period ending on 31 August.

The Manager may even out the payments of income within an accounting period by carrying forward income otherwise distributable with a view to augmenting amounts to be paid out at a later date.

11.2 Notice to Unitholders

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

11.3 Income Allocations

The Trust has interim and final income allocations. Income is allocated in respect of the income available at each accounting date.

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

Where accumulation Units are issued, income will become part of the capital property of the Trust and will be reflected in the price of each such accumulation Unit as at the end of the relevant accounting period.

If a distribution made in relation to any income Units remains unclaimed for a period of six years after it has become due, it will be forfeited and will revert to the Trust.

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

11.4 **Annual Reports**

The annual report of the Trust will normally be published and sent to Unitholders within four months from the end of each annual accounting period and the half yearly report will be published within two months of each interim accounting period. Short reports will be issued.

A long report containing the full accounts is available to any person free of charge on request.

11.5 **Documents of the Trust**

The following documents may be inspected free of charge during normal business hours on any business day at the offices of the Manager at Beaufort House, 15 St Botolph Street, London EC3A 7HH:

11.5.1 the most recent annual and half yearly reports of the Trust; and

11.5.2 the Trust Deed (and any amending documents).

Unitholders may obtain copies of the above documents from the Manager. The Manager may make a charge at its discretion for copies of documents (apart from the most recent annual and half yearly long reports of the Trust which are available free of charge to anyone who requests).

11.6 **Provision of Investment Advice**

All information concerning the Trust and about investing in Units of the Trust is available from the Manager at Beaufort House, 15 St Botolph Street, London EC3A 7HH. The Manager is not authorised to give investment advice and persons requiring such advice should consult a professional financial adviser. All applications for Units are made solely on the basis of the current prospectus of the Trust, and investors should ensure that they have the most up to date version.

11.7 **Telephone Recordings**

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

11.8 **Complaints**

Complaints concerning the operation or marketing of the Trust may be referred to the Compliance Officer of the Manager at Beaufort House, 15 St Botolph Street, London EC3A 7HH or, if you subsequently wish to take your complaint further, direct to the Financial Ombudsman Service at South Quay Plaza, 183 Marsh Wall, London E14 9SR.

APPENDIX I

TRUST DETAILS

Name:	CF Zenith International Managed Fund
Type of Scheme:	Non-UCITS retail scheme
Investment Objective and Policy:	<p>The investment objective of the Trust is to seek capital growth with a modest level of income through diversified investment in other schemes. There will be no particular emphasis on any geographical area, industrial or economic sector. The Trust may also invest in transferable securities, money market instruments, cash and near cash, deposits, derivatives and forward transactions, immovable property and gold.</p> <p>The Trust may invest in immovable property and in derivatives and forward transactions for investment purposes only after the Manager has given not less than 60 days' notice to the Unitholders.</p>
Benchmark:	FTSE/APCIMS Private Investor Growth Index
Final accounting date:	Last day of February
Interim accounting date:	31 August
Income distribution dates:	30 April (final) 31 October (interim)
Units Classes and type of Units:	Income Units
Initial charge:	5.25%
Redemption charge:	Nil
Annual Management Charge:	1.5%
Charges taken from Income:	Yes
Investment minima:*	
Lump sum	£2,500
Holding	£2,500
Top-up	£500
Regular Savings	£100
Redemption	£N/A provided minimum holding

maintained

Past performance:

Past performance information is set out in Appendix VI

APPENDIX II

ELIGIBLE SECURITIES MARKETS AND ELIGIBLE DERIVATIVES MARKETS

The Trust may deal through securities and derivatives markets which are regulated markets (as defined in the glossary to the FSA Handbook) or markets established in an EEA State which are regulated, operate regularly and are open to the public (excluding Cyprus and Slovenia).

The Trust may also deal through the securities markets and derivatives markets indicated below

Eligible Securities Markets

United States of America	The New York Stock Exchange (NYSE) The NASDAQ Stock Market (NASDAQ) The American Stock Exchange (AMEX)
Australia	The Australian Stock Exchange
Canada	Montreal Exchange Toronto Stock Exchange TSX Venture Exchange
Hong Kong	Hong Kong Stock Exchange
Japan	Tokyo Stock Exchange Osaka Securities Exchange Nagoya Stock Exchange Sapporo Stock Exchange
Korea	Korea Stock Exchange (KSE)
Mexico	Mexican Stock Exchange
New Zealand	New Zealand Stock Exchange (NZSE)
Singapore	Stock Exchange of Singapore (SES)
South Africa	JSE Securities Exchange

Switzerland

The Swiss Exchange (SWX)

Thailand

The Stock Exchange of Thailand (SET)

Eligible Derivatives Markets

UK

London International Financial Futures and
Options Exchange (LIFFE)

APPENDIX III

VALUATION AND PRICING

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

1. All the property the Scheme (including receivables) is to be included, subject to the following provisions.
2. The valuation of the property of the Scheme shall consist of two parts, one on an issue basis and one on a cancellation basis calculated in accordance with the following provisions.
 - 2.1 The valuation of property for that part of the valuation which is on an issue basis is as follows:
 - 2.1.1 Property which is not cash (or other assets dealt with in paragraphs 3 and 4 below) shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:
 - 2.1.1.1 units or shares in a collective investment scheme:
 - (a) if a single price for buying and selling units or shares is quoted, at that price (plus any dealing costs, which means fiscal charges, commission or other charges (including any preliminary charge) payable in the event of the Scheme carrying out the transaction in question, assuming that the commission and charges (other than fiscal charges) which would be payable by the Scheme are the least that could reasonably be expected to be paid in order to carry out the transaction and including any dilution levy or SDRT provision which would be added in the event of a purchase by the Scheme of the units in question (except that, where the Manager, or an associate of the Manager, is also the manager or authorised corporate director of the collective investment scheme whose units are held by the Scheme, dealing costs must not include a preliminary charge which would be payable in the event of a purchase by the Scheme of those units); or
 - (b) if separate buying and selling prices are quoted, at the maximum sale price, less any expected discount (plus any

dealing costs, which means any fiscal charges, commission or other charges (but excluding any preliminary charge on sale of units in a collective investment scheme) payable in the event of the Scheme carrying out the transaction in question, assuming that the commission and charges (other than fiscal charges) which would be payable by the Scheme are the least that could reasonably be expected to be paid in order to carry out the transaction); but where the Manager, or an associate of the Manager, is also the manager or authorised corporate director of the collective investment scheme whose units are held by the Scheme, the issue price shall be taken instead of the maximum sale price; or

- (c) if, in the opinion of the Manager, the price obtained is unreliable or no recent traded price is available or if no recent price exists, at a buyer's price which, in the opinion of the Manager, is fair and reasonable;

2.1.1.2 any other investment:

- (a) the best available market dealing offer price on the most appropriate market in a standard size (plus any dealing costs, which means any fiscal charges, commission or other charges payable in the event of the Scheme carrying out the transaction in question, assuming that the commission and charges (other than fiscal charges) which would be payable by the Scheme are the least that could reasonably be expected to be paid in order to carry out the transaction); or
- (b) if, in the opinion of the Manager, the price obtained is unreliable or no recent traded price is available or if no recent price exists, at a buyer's price which, in the opinion of the Manager, is fair and reasonable.

2.1.1.3 if any other property, or no price exists under 2.1.1.1 or 2.1.1.2, the Manager's reasonable estimate of a buyer's price (plus any dealing costs, which means any fiscal charges, commission or other charges payable in the event of the Scheme carrying out the transaction in question, assuming that the commission and charges (other than fiscal charges) which would be payable by the Scheme are the least that could reasonably be expected to be paid in order to carry out the transaction but excluding any preliminary charge on sale of units in a collective investment scheme). The buyer's price is the consideration which would be paid by the buyer for an

immediate transfer or assignment (or, in Scotland, assignation) to him at arm's length.

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

2.2.1 Property which is not cash (or other assets dealt with in paragraphs 3 and 4 below) shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:

2.2.1.1 units or shares in a collective investment scheme:

- (a) if a single price for buying and selling units or shares is quoted, at that price (less any dealing costs, which means any fiscal charges, commission or other charges payable in the event of the Scheme carrying out the transaction in question, assuming that the commission and charges (other than fiscal charges) which would be payable by the Scheme are the least that could reasonably be expected to be paid in order to carry out the transaction, any redemption charge payable on sale of units in a collective investment scheme, taking account of any expected discount, any dilution levy or SDRT provision which would be deducted in the event of a sale by the Scheme of the units in question (except that, where the Manager, or an associate of the Manager, is also the manager or authorised corporate director of the collective investment scheme whose units are held by the Scheme, dealing costs must not include a redemption charge which would be payable in the event of a sale by the Scheme of those units)); or
- (b) if separate buying and selling prices are quoted, at the minimum redemption price (less any dealing costs, which means any fiscal charges, commission or other charges payable in the event of the Scheme carrying out the transaction in question, assuming that the commission and charges (other than fiscal charges) which would be payable by the Scheme are the least that could reasonably be expected to be paid in order to carry out the transaction and any charge payable on the sale of units in a collective investment scheme (except that, where the Manager, or an associate of the Manager, is also the manager or authorised corporate director of the collective investment scheme whose units are held by

the Scheme, dealing costs must not include a redemption charge which would be payable in the event of a sale by the Scheme of those units), less any expected discount); but, if the property sold in one transaction would amount to a large deal (as defined in the Glossary), the cancellation price shall be taken instead of the minimum redemption price; or

- (c) if, in the opinion of the Manager, the price obtained is unreliable or no recent traded price is available or if no recent price exists, at a seller's price which, in the opinion of the Manager, is fair and reasonable;

2.2.1.2 any other investment:

- (a) the best available market dealing bid price on the most appropriate market in a standard size (less any dealing costs, which means any fiscal charges, commission or other charges payable in the event of the Scheme carrying out the transaction in question, assuming that the commission and charges (other than fiscal charges) which would be payable by the Scheme are the least that could reasonably be expected to be paid in order to carry out the transaction); or
- (b) if, in the opinion of the Manager, the price obtained is unreliable or no recent traded price is available or if no recent price exists, at a seller's price which, in the opinion of the Manager, is fair and reasonable;

- 2.2.1.3 if any other property, or no price exists under 2.2.1.1 or 2.2.1.2, the Manager's reasonable estimate of a seller's price (less any dealing costs, which means any fiscal charges, commission or other charges payable in the event of the Scheme carrying out the transaction in question, assuming that the commission and charges (other than fiscal charges) which would be payable by the Scheme are the least that could reasonably be expected to be paid in order to carry out the transaction, and including any redemption charge payable on sale of units in a collective investment scheme, taking account of any expected discount, any dilution levy or SDRT provision which would be deducted in the event of a sale by the Scheme of the units in question (except that, where the

Manager, or an associate of the Manager, is also the manager or authorised corporate director of the collective investment scheme whose units are held by the Scheme, dealing costs must not include a redemption charge which would be payable in the event of a sale by the Scheme of those units)).

3. Property which is a derivative transaction shall be treated as follows:
 - (a) if a written option, (and the premium for writing the option has become part of the scheme property) deduct, for the calculation of the issue basis, the amount of the net valuation of premium (estimated on the basis of 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 add, in the case of the calculation of the cancellation basis, dealing costs); but if it is an OTC derivative, the valuation methods in COLL 5.2.23R shall be used; or
 - (b) if an off-exchange future, include at the net value of closing out (in the case of the calculation of the issue basis, estimated on the basis of the amount of profit or loss receivable or incurable by the Scheme on closing out the contract and deducting minimum dealing costs in the case of profit and adding them in the case of loss; but if it is an OTC derivative, the valuation methods in COLL 5.2.23R shall be used); or
 - (c) if any other form of derivative transaction, include at the net value of margin on closing out (estimated on the basis of 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 and including minimum dealing costs so that the value is the figure as a negative sum); but if it is an OTC derivative, the valuation methods in COLL 5.2.23R shall be used.
4. Cash and amounts held in current and deposit accounts shall be valued at their nominal values.
5. In determining the value of the scheme property, all instructions given to the Trustee to issue or cancel units shall be assumed (unless the contrary is shown) to have been carried out and any cash paid or received and all required consequential action required by the Regulations or the Trust Deed shall be assumed (unless the contrary is shown) to have been taken.
6. Subject to paragraphs 7 and 8 below, agreements for the unconditional sale or purchase of property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes

place and, in the opinion of the Manager, their omission shall not materially affect the final net asset amount.

7. Futures or contracts for differences which are not yet due to be performed and unexpired written or purchased options which have not been exercised shall not be included under paragraph 6.
8. All agreements are to be included under paragraph 6 which are, or ought reasonably to have been, 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.
9. Deduct an estimated amount for anticipated tax liabilities (on unrealised capital gains where the liabilities have accrued and are payable out of the property of the Scheme; on realised capital gains in respect of previously completed and current accounting periods; and on income where liabilities have accrued) including (as applicable and without limitation) capital gains tax, income tax, corporation tax, value added tax, stamp duty and stamp duty reserve tax.
10. Deduct an estimated amount for any liabilities payable out of the property of the Scheme and any tax thereon (treating periodic items as accruing from day to day).
11. Deduct the principal amount of any outstanding borrowings whenever payable and any accrued but unpaid interest on borrowings.
12. In the case of a margined contract, deduct any amount reasonably anticipated to be paid by way of variation margin.
13. Add an estimated amount for accrued claims for tax of whatever nature which may be recoverable.
14. Add any other credits due to be paid into the property of the Scheme.
15. In the case of a margined contract, add any amount reasonably anticipated to be received by way of variation margin.
16. Add a sum representing any interest or any income accrued due or deemed to have accrued but not received and any stamp duty reserve tax provision anticipated to be received.
17. The valuation is in the Scheme's base currency. To convert to the base currency the value of property which would otherwise be valued in another currency the Manager will either:
 - 17.1 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

- 17.2 invite the Trustee to agree that it is in the interests of unitholders to select a different rate, and, if the Trustee so agrees, use that other rate.”

APPENDIX IV

INVESTMENT AND BORROWING POWERS OF THE TRUST

1. General

The Scheme Property will be invested with the aim of achieving the investment objective of the Trust but subject to the limits set out in the Trust's investment policy and the limits set out in Chapter 5 of the COLL Sourcebook that are applicable to non-UCITS retail schemes and this Prospectus.

Normally, the Trust will be fully invested save for an amount to enable ready settlement of liabilities (including redemption of Units) and efficient management of the Trust both generally and in relation to its strategic objective. This amount will vary depending upon prevailing circumstances and although it would normally not exceed 10% of the total value of the Fund, there may be times when the Investment Manager considers stock markets around the world to be overpriced or that a period of instability exists which presents unusual risks. In such cases or during such periods, a higher level of liquidity may be maintained and, if considered prudent, the amount of cash or near cash instruments held would be increased. Unless market conditions were deemed unusually risky, the increased amount and period would not be expected to exceed 30% and six months respectively.

1.1 Prudent spread of risk

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

1.2 Cover

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

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

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

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

1.3 **Transferable Securities**

1.3.1 A transferable security is an investment falling within article 76 (shares etc), article 77 (instruments creating or acknowledging indebtedness), article 78 (government and public securities), article 79 (instruments giving entitlement to investments) and article 80 (certificates representing certain securities) of the Regulated Activities Order.

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

1.3.3 In applying paragraph 1.3.2 of this Appendix to an investment which is issued by a body corporate, and which is an investment falling within articles 76 (shares, etc) or 77 (instruments creating or acknowledging indebtedness) of the Regulated Activities Order, the need for any consent on the part of the body corporate or any members or debenture holders of it may be ignored.

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

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

2.1 Subject to the investment objective and policy of the Trust, the Scheme Property must, except where otherwise provided in COLL 5.6, only consist of any or all of:

2.1.1 transferable securities;

2.1.2 money market instruments;

2.1.3 units in permitted collective investment schemes;

2.1.4 permitted derivatives and forward transactions;

2.1.5 permitted deposits;

2.1.6 permitted immovables; and

2.1.7 gold (up to a limit of 10% in value of the Scheme Property).

2.2 Transferable securities and money market instruments held within the Trust must (subject to paragraph 2.3 and 2.4 of this Appendix) be admitted to or dealt on an eligible market as described below.

- 2.3 Not more than 20% in value of the Scheme Property is to consist of transferable securities, which are not approved securities (aggregated with the value of the Scheme Property which can be invested in unregulated collective investment schemes as set out in paragraph 6).
- 2.4 Not more than 20% in value of the Scheme Property is to consist of money market instruments and they must be liquid and have a value which can be determined accurately at any time.
- 2.5 The requirements on spread of investments generally and in relation to investment in government and public securities do not apply during any period in which it is not reasonably practical to comply, provided that the requirement to maintain prudent spread of risk in paragraph 1.1 of this Appendix is complied with.

3. **Eligible markets regime: purpose**

- 3.1 To protect investors the markets on which investments of the Trust are dealt in or traded on should be of an adequate quality ("eligible") at the time of acquisition of the investment and until it is sold.
- 3.2 Where a market ceases to be eligible, investments on that market cease to be approved securities. The 20% restriction on investing in non approved securities applies and exceeding this limit because a market ceases to be eligible will generally be regarded as an inadvertent breach.
- 3.3 A market is eligible for the purposes of the rules if it is:
 - 3.3.1 a regulated market as defined in the FSA Handbook; or
 - 3.3.2 a market in an EEA State which is regulated, operates regularly and is open to the public.
- 3.4 A market not falling within paragraph 3.3 of this Appendix is eligible for the purposes of COLL 5 if:
 - 3.4.1 the Manager, after consultation and notification with the Trustee, decides that market is appropriate for investment of, or dealing in, the Scheme Property;
 - 3.4.2 the market is included in a list in the Prospectus; and
 - 3.4.3 the Trustee has taken reasonable care to determine that:
 - 3.4.3.1 adequate custody arrangements can be provided for the investment dealt in on that market; and
 - 3.4.3.2 all reasonable steps have been taken by the Manager in

deciding whether that market is eligible.

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

4. **Spread: general**

4.1 This rule on spread does not apply to government and public securities.

4.2 Not more than 20% in value of the Scheme Property is to consist of deposits with a single body.

4.3 Not more than 10% in value of the Scheme Property is to consist of transferable securities or money market instruments issued by any single body subject to COLL 5.6.23R (schemes replicating an index).

4.4 In applying paragraph 4.3 certificates representing certain securities are treated as equivalent to the underlying security.

4.5 The exposure to any one counterparty in an OTC derivative transaction must not exceed 10% in value of the Scheme Property.

4.6 Not more than 35% in value of Scheme Property is to consist of units of any one collective investment scheme.

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

5.1 The following section applies to government and public securities ("such securities").

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

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

5.3.1 the Manager has before any such investment is made consulted with the Trustee and as a result considers that the issuer of such securities is one which is appropriate in accordance with the investment objectives of the authorised fund;

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

5.3.3 the Scheme Property includes such securities issued by that or another

issuer, of at least six different issues;

5.3.4 the disclosures required by the FSA have been made.

6. Investment in collective investment schemes

6.1 Up to 100% of the value of the Scheme Property may be invested in units or shares in other collective investment schemes ("Second Scheme") provided that Second Scheme satisfies all of the following conditions.

6.1.1 The Second Scheme must:

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

6.1.1.2 be authorised as a non-UCITS retail scheme; or

6.1.1.3 be recognised under the provisions of s.264, s.270, or s.272 of the Financial Services and Markets Act 2000; or

6.1.1.4 be constituted outside the United Kingdom and have investment and borrowing powers which are the same or more restrictive than those of a non-UCITS retail scheme; or

6.1.1.5 be a scheme not falling within paragraphs 6.1.1.1 to 6.1.1.4 and in respect of which no more than 20% in value of the Scheme Property (including any transferable securities which are not approved securities is invested).

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

6.1.3 The Second Scheme has terms which prohibit more than 15% in value of the scheme property consisting of units in collective investment schemes.

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

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

6.1.6 Investment may only be made in other collective investment schemes managed by the Manager or an associate of the Manager if the Trust's Prospectus clearly states that it may enter into such investments and

the rules on double charging contained in the COLL Sourcebook are complied with.

- 6.2 The Trust may invest in collective investment schemes managed or operated by, or whose authorised corporate director is, the Manager of the Trust or one of its associates.
- 6.3 If a substantial proportion of the Trust's assets are invested in other collective investment schemes, the maximum level of management fees that may be charged by an investee collective investment scheme to the Trust will be 6%.

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

- 7.1 Where the Trust invests in a warrant, the exposure created by the exercise of the right conferred by the warrant must not exceed the limits set out in the COLL Sourcebook in relation to spread (COLL 5.2.11R Spread: General; COLL 5.2.12R Spread: government and public securities).
- 7.2 A transferable security on which any sum is unpaid falls within a power of investment only if it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by the Trust, at the time when payment is required, without contravening the rules in COLL 5.
- 7.3 A warrant which is an investment falling within article 80 of the Regulated Activities Order (certificates representing certain securities) and which is akin to an investment falling within article 79 (instruments giving entitlement to investments) of the Regulated Activities Order may not be included in the Scheme Property unless it is listed on an eligible securities market.
- 7.4 No more than 5% of the value of the Scheme Property may be invested in warrants.

8. **Investment in money market instruments**

- 8.1 The Trust may invest up to 100% in money market instruments which are normally dealt in on the money market, are liquid and whose value can be accurately determined at any time, provided:
 - 8.1.1 the money market instrument is listed on or normally dealt on an eligible market (in accordance with paragraph 3 of this Appendix);
 - 8.1.2 the money market instrument is issued or guaranteed by a central, regional or local authority, a central bank of an EEA State, the European Central Bank, the European Union or the European Investment Bank, a non-EEA State or, in the case of a federal state, by one of the members making up the federation, or by a public international body to which one or more EEA States belong; or issued or guaranteed by an establishment

subject to prudential supervision in accordance with criteria defined by Community law or by an establishment which is subject to and complies with prudential rules considered by the FSA to be at least as stringent as those laid down by Community law; or

8.1.3 issued by a body, any securities of which are dealt in on an eligible market.

8.2 Notwithstanding the above, up to 10% of the Scheme Property may be invested in money market instruments which do not meet these criteria.

9. **Efficient Portfolio Management**

9.1 The Trust may also utilise the Scheme Property to enter into transactions for the purposes of Efficient Portfolio Management ("EPM"). Permitted EPM transactions (excluding stock lending arrangements) are transactions in derivatives e.g. to hedge against price or currency fluctuations, dealt with or traded on an eligible derivatives market; off-exchange options or contracts for differences resembling options; or synthetic futures in certain circumstances. The Manager must take reasonable care to ensure that the transaction is economically appropriate to the reduction of the relevant risks (whether in the price of investments, interest rates or exchange rates) or to the reduction of the relevant costs and/or to the generation of additional capital or income with an acceptably low level of risk. The exposure must be fully "covered" by cash and/or other property sufficient to meet any obligation to pay or deliver that could arise.

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

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

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

9.2.2.1 pricing imperfections in the market as regards the property which the Trust holds or may hold; or

9.2.2.2 receiving a premium for the writing of a covered call option or a cash covered put option on the Scheme Property of the Trust is willing to buy or sell at the exercise price; or

9.2.2.3 stock lending arrangements.

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

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

10. **Derivatives: general**

Upon giving not less than 60 days’ notice to Unitholders, the Trust may enter into derivatives and forward transactions for investment purposes in addition to Efficient Portfolio Management purposes, in which case the following additional restrictions regarding derivatives and forward transactions will apply:

- 10.1 if derivatives are used by the Trust for investment purposes, then the Trust will be valued on each business day;
- 10.2 a transaction in derivatives or a forward transaction must not be effected for the Trust unless the transaction is of a kind specified in paragraph 11 (Permitted transactions (derivatives and forwards)) below, and the transaction is covered, as required by paragraph 21 (Cover for transactions in derivatives and forward transactions);
- 10.3 where the Trust invests in derivatives, the exposure to the underlying assets must not exceed the limits set out in the COLL Sourcebook in relation to spread (COLL 5.6.7R Spread: general, COLL 5.6.8R Spread: government and public securities) except for index based derivatives where the rules below apply;
- 10.4 where a transferable security or money market instrument embeds a derivative, this must be taken into account for the purposes of complying with this section; and
- 10.5 where the Trust invests in an index based derivative, provided the relevant index falls within COLL 5.6.23R (Schemes replicating an index) the underlying constituents of the index do not have to be taken into account for the purposes of the rules on spread in the COLL Sourcebook (referred to in paragraph 10.3 of this Appendix). The relaxation is subject to the Manager continuing to ensure that the Scheme Property provides a prudent spread of risk.

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

- 11.1 A transaction in a derivative must be in an approved derivative; or be one which complies with paragraph 14 (OTC transactions in derivatives) of this Appendix.
- 11.2 A transaction in a derivative must have the underlying consisting of any one or more of the following to which the scheme is dedicated: transferable securities, permitted money market instruments, permitted deposits, derivatives permitted under this paragraph, permitted collective investment scheme units, permitted financial indices, interest rates, foreign exchange rates, and currencies.
- 11.3 A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market.
- 11.4 A transaction in a derivative must not cause the Trust to diverge from its investment objectives as stated in the Trust Deed and the most recently published version of this Prospectus.
- 11.5 A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of transferable securities, money market instruments, units in collective investment schemes, or derivatives.
- 11.6 Any forward transaction must be with an Eligible Institution or an Approved Bank.
- 11.7 The Manager must ensure compliance with COLL 5.3.6R (Continuing nature of limits and requirements).

12. **Transactions for the purchase or disposal of property**

A derivative or forward transaction which will or could lead to the delivery of property for the account of the Trust may be entered into only if that property can be held for the account of the Trust, and 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 the rules in the COLL Sourcebook.

13. **Requirement to cover sales**

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

- 13.2.1 the risks of the underlying financial instrument of a derivative can be appropriately represented by another financial instrument and the underlying financial instrument is highly liquid; or
- 13.2.2 the Manager or the Trustee has the right to settle the derivative in cash and cover exists within the Scheme Property which falls within one of the following asset classes:
 - 13.2.2.1 cash;
 - 13.2.2.2 liquid debt instruments (e.g. government bonds of first credit rating) with appropriate safeguards (in particular, haircuts); or
 - 13.2.2.3 other highly liquid assets having regard to their correlation with the underlying of the financial derivative instruments, subject to appropriate safeguards (e.g. haircuts where relevant).
- 13.3 In the asset classes referred to in paragraphs 13.2.2.1-13.2.2.3, 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.

14. **OTC transactions in derivatives**

- 14.1 Any transaction in an OTC derivative under paragraph 11 must be:
 - 14.1.1 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 FSA Register or whose Home State authorisation, permits it to enter into the transaction as principal off-exchange;
 - 14.1.2 on approved terms; the terms of the transaction in derivatives are approved only if, before the transaction is entered into, the Trustee is satisfied that the counterparty has agreed with the Manager: to provide a reliable and verifiable valuation in respect of that transaction at least daily and at any other time at the request of the Manager; and that it will, at the request of the Manager, enter into a further transaction to close out that transaction at any time, at a fair value arrived at under the pricing model or other reliable basis agreed under the following paragraph; and
 - 14.1.3 capable of valuation; a transaction in derivatives is capable of 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:

on the basis of the pricing model which has been agreed between the Manager and the Trustee; or on some other reliable basis reflecting an up-to-date market value which has been so agreed.

15. **Risk management: derivatives**

The Manager uses a risk management process enabling it to monitor and measure as frequently as appropriate the risk of the Trust's derivatives and forwards positions and their contribution to the overall risk profile of the Trust.

16. **Eligible Immovables**

Upon giving not less than 60 days' notice to Unitholders, the Trust may invest in immovables including property, in which case paragraphs 16 and 17 of this Appendix will apply:

16.1 For the purpose of COLL 5.6.18(2)(a) any investment in land or a building held within the Scheme Property must be situated in the United Kingdom. If situated in England and Wales or Northern Ireland, the immovable must be a freehold or leasehold interest, or in Scotland, an interest or estate in or over land or heritable right including a long lease.

16.2 The Manager must take reasonable care to determine that the title to the immovable is a good marketable title.

16.3 The Manager must:

16.3.1 have received a report from an appropriate valuer which contains a valuation of the immovable (with and without any relevant subsisting mortgage) and states that in the appropriate valuer's opinion the immovable would, if acquired by the Trust, be capable of being disposed of reasonably quickly at that valuer's valuation; or

16.3.2 have received a report from an appropriate valuer stating that the immovable is adjacent to or in the vicinity of another immovable included in the Scheme Property or is another legal interest in an immovable which is already included in the Scheme Property and in the opinion of the appropriate valuer, the total value of both immovables would at least equal the sum of the price payable for the immovable and the existing value of the other immovable.

16.4 An immovable must:

16.4.1 be bought or be agreed by enforceable contract to be bought within six months after receipt of the report of the appropriate valuer;

16.4.2 not be bought, if it is apparent to the Manager that the report of the appropriate valuer could no longer reasonably be relied upon; and

- 16.4.3 not be bought at more than 105% of the valuation for the relevant immovable in the report of the appropriate valuer.
- 16.5 Any furniture, fittings or other contents of any building may be regarded as part of the relevant immovable.
- 16.6 An appropriate valuer must be a person who:
 - 16.6.1 has knowledge of and experience in the valuation of immovables of the relevant kind in the relevant area;
 - 16.6.2 is qualified to be a standing independent valuer of a non-UCITS retail scheme or is considered by the Trust's standing independent valuer to hold an equivalent qualification;
 - 16.6.3 is independent of the Manager and Trustee; and
 - 16.6.4 has not engaged himself or any of his associates in relation to the finding of the immovable for the Trust or the finding of the Trust for the immovable.

17. **Investment limits for immovables**

- 17.1 The following limits apply in respect of immovables held as part of Scheme Property:
 - 17.1.1 not more than 15% in value of the Scheme Property is to consist of any one immovable and for these purposes, immovables within paragraph 16 (Investment in property) must be regarded as one immovable;
 - 17.1.2 the figure of 15% in paragraph 17.1.1 may be increased to 25% once the immovable has been included in Scheme Property;
 - 17.1.3 the income receivable from any one group of companies in any accounting period must not be attributable to immovables comprising more than 25% or, in the case of a government or public body, more than 35% of the value of the Scheme Property;
 - 17.1.4 not more than 20% in value of the Scheme Property is to consist of mortgaged immovables and the maximum mortgage on any one property must not exceed 100% of the value in the appropriate valuer's report (an immovable may be mortgaged up to 100% of such value provided that no more than 20% of the value of Scheme Property consists of such immovables and any transferable securities which are not approved securities);
 - 17.1.5 not more than 50% in value of the Scheme Property is to consist of immovables which are unoccupied and non-income producing or in the course of substantial development, redevelopment or refurbishment; and

- 17.1.6 the Manager will not grant options to third parties to buy any immovables comprised in the Scheme Property unless the value of the relevant immovable does not exceed 20% of the value of the Scheme Property together with, where appropriate, the value of investments in unregulated collective investment schemes and any transferable securities which are not approved securities.
- 17.2 The Manager has decided that currently not more than 10 % of Scheme Property may be invested in immovables.
- 17.3 The Manager will maintain adequate insurance for any immovables which form part of the Scheme Property (including environmental and public liability cover) which will be paid for out of the Scheme Property.
18. **Investments in deposits**
- The Trust may invest in deposits only with an Approved Bank and which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months
19. **Stock lending**
- 19.1 The entry into stock lending transactions for the account of the Trust is permitted for the generation of additional income for the benefit of the Trust, and hence for its investors.
- 19.2 The specific method of stock lending permitted in this section is in fact not a transaction which is a loan in the normal sense. Rather it is an arrangement of the kind described in section 263B of the Taxation of Chargeable Gains Act 1992, under which the lender transfers securities to the borrower otherwise than by way of sale and the borrower is to transfer those securities, or securities of the same type and amount, back to the lender at a later date. In accordance with good market practice, a separate transaction by way of transfer of assets is also involved for the purpose of providing collateral to the "lender" to cover him against the risk that the future transfer back of the securities may not be satisfactorily completed.
- 19.3 The stock lending permitted by this section may be exercised by the Trust when it reasonably appears to the Trust to be appropriate to do so with a view to generating additional income for the Trust with an acceptable degree of risk.
- 19.4 The Trustee at the request of the Manager may enter into a stock lending arrangement of the kind described in section 263B of the Taxation of Chargeable Gains Act 1992 (without extension by section 263C), but only if all the terms of the agreement under which securities are to be reacquired by the Trustee for the account of the Trust, are in a form which is acceptable to the Trustee and are in accordance with good market practice, the counterparty is an authorised person or a person authorised by a home state regulator, and collateral is obtained to secure the

obligation of the counterparty. Collateral must be acceptable to the Trustee, adequate and sufficiently immediate.

- 19.5 The Trustee must ensure that the value of the collateral at all times is at least equal to the value of the securities transferred by the Trustee. This duty may be regarded as satisfied in respect of collateral the validity of which is about to expire or has expired where the Trustee takes reasonable care to determine that sufficient collateral will again be transferred at the latest by the close of business on the day of expiry.
- 19.6 Any agreement for transfer at a future date of securities or of collateral (or of the equivalent of either) may be regarded, for the purposes of valuation under the COLL Sourcebook, as an unconditional agreement for the sale or transfer of property, whether or not the property is part of the property of the Trust.
- 19.7 There is no limit on the value of the Scheme Property which maybe the subject of stock lending transactions.

20. **Schemes replicating an index**

- 20.1 The Trust may invest up to 20% in value of the Scheme Property in shares and debentures which are issued by the same body where the stated investment policy is to replicate the composition of a relevant index as defined below.
- 20.2 The 20% limit can be raised up to 35% in value of the Scheme Property, but only in respect of one body and where justified by exceptional market conditions.
- 20.3 The indices referred to above are those which satisfy the following criteria:
- 20.3.1 the composition is sufficiently diversified;
 - 20.3.2 the index is a representative benchmark for the market to which it refers; and
 - 20.3.3 the index is published in an appropriate manner.

21. **Cover for transactions in derivatives and forward transactions**

- 21.1 A transaction in derivatives or forward transaction is to be entered into only if the maximum exposure, in terms of the principal or notional principal created by the transaction to which the scheme is or may be committed by another person is covered globally.
- 21.2 Exposure is covered globally if adequate cover from within the Scheme Property is available to meet the scheme's total exposure, taking into account the value of the underlying assets, any reasonably foreseeable market movement, counterparty risk, and the time available to liquidate any positions.

- 21.3 Cash not yet received into the Scheme Property but due to be received within one month is available as cover.
- 21.4 Property the subject of a stock lending transaction 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.
- 21.5 The global exposure relating to derivatives held in the Trust may not exceed the net value of the Scheme Property.

22. **Cover and Borrowing**

- 22.1 Cash obtained from borrowing, and borrowing which the Manager reasonably regards an Eligible Institution or an Approved Bank to be committed to provide, is available for cover under paragraph 22 of this Appendix as long as the normal limits on borrowing (see below) are observed.
- 22.2 Where, for the purposes of this paragraph the Trust borrows an amount of currency from an Eligible Institution or an Approved Bank; and keeps an amount in another currency, at least equal to such borrowing for the time on deposit with the lender (or his agent or nominee), then this applies as if the borrowed currency, and not the deposited currency, were part of the Scheme Property, and the normal limits on borrowing under paragraph 26 (Borrowing powers) of this Appendix do not apply to that borrowing.

23. **Cash and near cash**

- 23.1 Cash and near cash must not be retained in the Scheme Property except to the extent that, where this may reasonably be regarded as necessary in order to enable:
- 23.1.1 the pursuit of the Trust's investment objectives; or
 - 23.1.2 the redemption of units; or
 - 23.1.3 efficient management of the Trust in accordance with its investment objectives; or
 - 23.1.4 other purposes which may reasonably be regarded as ancillary to the investment objectives of the Trust.
- 23.2 During the period of the initial offer the Scheme Property may consist of cash and near cash without limitation.

24. **General**

- 24.1 It is envisaged that the Trust will normally be fully invested but there may be times that it is appropriate not to be fully invested when the Investment Manager

reasonably regards this as necessary in order to enable the redemption of units, efficient management of the Trust or any one purpose which may reasonably be regarded as ancillary to the investment objectives of the Trust.

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

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

25. **Underwriting**

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

26. **Borrowing powers**

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

26.2 The Manager must ensure that borrowing does not, on any business day, exceed 10% of the value of the Trust.

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

27. **Restrictions on lending of property other than money**

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

27.2 Transactions permitted by paragraph 19 (Stock lending) are not to be regarded as lending for the purposes of paragraph 27.1.

27.3 Scheme Property must not be mortgaged.

27.4 Nothing in this paragraph prevents the Trustee at the request of the Manager from lending, depositing, pledging or charging Scheme Property for margin requirements

where transactions in derivatives or forward transactions are used for the account of the Trust in accordance with COLL 5.

28. Restrictions on lending of money

- 28.1 None of the money in the Scheme Property may be lent and, for the purposes of this paragraph, money is lent by the Trust if it is paid to a person (“the payee”) on the basis that it should be repaid, whether or not by the payee.
- 28.2 Acquiring a debenture is not lending for the purposes of paragraph 28.1, nor is the placing of money on deposit or in a current account.

29. Guarantees and indemnities

- 29.1 The Trustee, for the account of the Trust, must not provide any guarantees or indemnity in respect of the obligation of any person.
- 29.2 Scheme Property may not be used to discharge any obligation arising under a guarantee or indemnity with respect to the obligation of any person.
- 29.3 Paragraphs 29.1 and 29.2 do not apply to any indemnity or guarantee given for margin requirements where derivatives or forward transactions are being used or an indemnity given to a person winding up a body corporate or other scheme in circumstances where share assets are becoming part of the Scheme Property by way of unitisation.

APPENDIX V

LIST OF OTHER AUTHORISED COLLECTIVE INVESTMENT SCHEMES OPERATED BY THE MANAGER

The Manager acts as Authorised Corporate Director of the following Open-ended Investment Companies:	
Asperior Investment Funds	Celestial Investment Funds
Capita BPM Investment Fund	CF Absolute Return Portfolio Funds
CF 7IM Investment Funds	CF Analyst Umbrella Fund
CF American Higher Income Fund	CF Asset Value Investors Global Fund
CF Arch Cru Investment Funds	CF Balanced Growth Fund
CF Australian Natural Resources Open Ended Investment Company	CF Bespoke Investment Funds
CF Bentley Capital Investment Funds	CF Cheviot Investment Funds
CF Chelverton UK Equity Fund	CF Cornelian Investment Funds
CF Christows Investment Funds	CF Danske Fund
CF CSPM Open Ended Investment Company	CF Eclectica Funds
CF DSMCP Investment Funds	CF Epic Investment Funds
CF Egerton Sterling Investment Fund	CF GHC Multi Manager Investment Funds
CF GHC Investment Funds	CF Heartwood Investment Funds
CF GHC Multi Manager Investment Funds	CF iimia Open Ended Investment Company
CF iimia Accelerated Fund	CF IMS Investment Funds
CF IM Investment Funds	CF JOHIM Investment Funds
CF J.M. Finn Investment Funds	CF KB Enterprise Funds
CF KB Endeavour Funds	CF KB Glendean Fund
CF KB Explorer Funds	CF KB Prokit Fund
CF KB Invicta Fund	CF Lindsell Train UK Equity Fund
CF KB Tully	CF Luna Investment Funds
CF Lord Abbett Investment Funds	CF Midas Investment Funds
CF Macquarie Investment Funds	CF Morant Wright Japan Fund
CF Miton Investment Funds	CF Odey Investment Funds
CF Octopus Opportunities Fund	CF Parkfield Investment Funds ICVC
CF Organised Growth & Income Fund	CF Ruffer Investment Funds
CF Richmond Core Fund	CF OPM Investments
CF OPM Investment Funds	CF Techinvest Special Situations Fund
CF St Andrews Asset Managers Investment Fund	CF Turcan Connell Investment Funds
CF Techinvest Technology Fund	CF US Equity High Yield Fund
CF TY Investment Funds	CF Wise Investment Funds
CF Whitefoord Absolute Return Fund	Deer Investment Funds
Christows Investment Funds	Global Discretionary Investment Funds
FEM Investment Fund	Mackintosh Investment Funds ICVC
Kennox Investment Fund	Nereid Investment Funds
Melchior Investment Funds	Orchard Investment Funds
New Square Investment Funds	Purisima Investment Funds
Pendennis Fund ICVC	Sheldon Investment Funds
Real Life Fund	Sunart Fund
smartinvest growth portfolio	The Abbotsford Fund
The Arbor Fund	The Broden Fund

The Beechwood Fund	The Circus Fund
The Castleton Growth Fund	The Cranmer Investment Fund
The Davids Fund	The Floco Fund
The Folla Fund	The Grande Motte Fund
The Gulland Fund	The Helm Investment Fund
The Hendom Fund	The Jaguar Fund
The Marten Fund	The Mazener Fund
The Montana Fund	The Mulberry Fund
The Navajo Fund	The Norton Fund
The Oenoke Fund	The Penrhos Fund
The Prestney Fund	The Primrose Fund
The Successor Investment Funds	The Steelback Fund
The Teal Fund	The Tasman Fund
The Viaduct Fund	The Triple Six Investment Fund
Westferry Investment Funds	Trojan Investment Funds
Windrush Fund	
The Manager acts as Manager of the following Authorised Unit Trusts:	
CF Adam Worldwide Fund	CF Cheviot Managed Fund
CF Canlife Unit Trusts	CF Church House High Income Fund
CF Church House Active Value Fund	CF Cobra Trust
CF Church House UK Growth Fund	CF Greenaway Fund
CF Dream Trust	CF Heartwood Balanced Growth Fund
CF Greenmount Fund	CF Institutional World Fund
CF Independence Trust	CF Jaycap Trust
CF James Brearley High Income Trust	CF KB Anfield Trust
CF KB Albert Trust	CF KB Capital Portfolio Trust
CF KB Bircham Trust	CF KB Dragon Trust
CF KB Catalyst Trust	CF KB Gorthleck Trust
CF KB Feelgood Trust	CF KB Ilex Trust
CF KB Hawthorn Trust	CF KB Jetwave Trust
CF KB Imperial Trust	CF KB Paradise Trust
CF KB Lancastrian Trust	CF Lacomp World Fund
CF KB Ramogan Trust	CF OLIM UK Equity Trust
CF Mitchell Trust	CF Stewart Ivory Investment Markets Fund
CF Rowan Portfolio Trust	CF Villturre Fund
CF Thameside Managed Fund	CF Walker Crips Equity Income Fund
CF Walker Crips Corporate Bond Fund	CF Walker Crips Select Income Trust
CF Walker Crips Global Growth Trust	CF Walker Crips UK High Alpha Fund
CF Walker Crips UK Growth Fund	Junior Oils Trust
CF Worldwide Fund	Lorimer Trust
London Bridge Fund	Sackville Balanced Portfolio Trust
Sackville Growth Portfolio Trust	The Amadeus Trust
The Beaver Trust	The Drygate Trust
The Elfyinn Trust	The Esk Fund
The Heathway Fund	The Holly Fund
The Lancaster Trust	The Mermaid Trust
The Newgate Trust	The Oakridge Trust
The Sycamore Fund	The Willow Fund

APPENDIX VI

PAST PERFORMANCE AND INVESTOR PROFILE

This performance information is net of tax and charges (subscription and redemption fees) but does not include the effect of any preliminary charge that may be paid on the purchase of an investment.

Past performance is no indication of future performance.

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
*CF Zenith International Managed Fund	2.80	6.74	8.12	23.55	-4.14	-12.79	-17.63	19.42	10.97	20.73
FTSE/APCIMS Private Investor Growth Index	11.90	21.69	16.77	22.22	-3.57	-11.12	-19.83	17.83	10.33	20.15

	2006
*CF Zenith International Managed Fund	5.94
FTSE/APCIMS Private Investor Growth Index	11.35

Percentage annual performance, income units, (total return), based on Lipper data.

	1997-2006
*CF Zenith International Managed Fund	66.42
FTSE/APCIMS Private Investor Growth Index	107.54

*The name of the Trust was changed from CF BWH International Fund to CF Zenith International Managed Fund on 1 November 2007.

Percentage cumulative performance, income units, (total return), based on Lipper data.

NOTE: Past performance should not be taken as a guide to the future. Please see Appendix I for the Trust's objective and below for an explanation of investor profile.

Investor profile:

The Trust is marketable to all eligible investors provided they can meet the minimum age and subscription levels. The Trust may be suitable for investors who see collective investment schemes as a convenient way of participating in investment markets. It may be suitable for investors wishing to seek to achieve defined investment objectives. Such investors must have

experience with, or understand, products where the capital is at risk. Investors must be able to accept some risk to their capital, thus the Trust may be suitable for investors who are looking to set aside the capital for at least 5 years. If you are uncertain whether this product is suitable for you, please contact a financial adviser.

CF Zenith International Managed Fund is suitable for those investors seeking to achieve long-term capital growth by investing in a diversified portfolio of collective investment schemes.

APPENDIX VII

DIRECTORY

Manager:

Capita Financial Managers Limited
Beaufort House
15 St Botolph Street
London EC3A 7HH

Trustee:

The Bank of New York Trust and Depository Company Limited
One Canada Square
Canary Wharf
London E14 5AL

Investment Manager:

Ashcourt Asset Management Limited
11 Tower View
Kings Hill
West Malling
Kent ME 19 4UN

Registrar:

Capita Financial Administrators Limited
Beaufort House
15 St Botolph Street
London EC3A 7HH

Auditor:

PKF (UK) LLP
Farringdon Place
20 Farringdon Road
London EC1M 3AP