

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

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

**PROSPECTUS**

**OF**

**S&W Matterley Investment Funds**

**(An open-ended investment company  
incorporated with limited liability and  
registered in England and Wales  
under registered number IC000694**

This document constitutes the Prospectus for S&W Matterley Investment Funds which has been prepared in accordance with The Collective Investment Schemes Sourcebook.

This Prospectus is dated, and is valid as at, 16 February 2010.

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

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

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

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

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

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

This Prospectus has been issued for the purpose of section 21 of the Financial Services and Markets Act 2000 by Smith & Williamson Fund Administration 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 Company cannot be bound by an out of date prospectus when it has issued a new prospectus and investors should check with Smith & Williamson Fund Administration Limited that this is the most recently published prospectus.

The Depositary and the Investment Manager are not responsible for the information contained in this Prospectus and accordingly do not accept any responsibility therefore under the Regulations or otherwise

## 1. DEFINITIONS

- “ACD”** Smith & Williamson Fund Administration Limited, the authorised corporate director of the Company
- “ACD Agreement”** An agreement dated 11 August 2008 between the Company and the ACD
- “Administrator”** Smith & Williamson Fund Administration Limited, or such other entity as is appointed to act as administrator to the Company from time to time
- “Approved Bank”** (in relation to a bank account opened by the Company):
- (a) if the account is opened at a branch in the United Kingdom:
    - (i) the Bank of England; or
    - (ii) the central bank of a member state of the OECD; or
    - (iii) a bank; or
    - (iv) a building society; or
    - (v) a bank which is supervised by the central bank or other banking regulator of a member state of the OECD; or
  - (b) if the account is opened elsewhere:
    - (i) a bank in (a); or
    - (ii) a credit institution established in an EEA State 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

<b>"Auditor"</b>	Saffery Champness, or such other entity as is appointed to act as auditor to the Company from time to time
<b>"Class" or "Classes"</b>	in relation to Shares, means (according to the context) all of the Shares related to a single Fund or a particular class or classes of Share related to a single Fund
<b>"COLL"</b>	refers to the appropriate chapter or rule in the COLL Sourcebook
<b>"the COLL Sourcebook"</b>	The Collective Investment Schemes Sourcebook issued by the FSA as amended from time to time
<b>"Company"</b>	S&W Matterley Investment Funds
<b>"Dealing Day"</b>	Monday to Friday (except for (unless the ACD otherwise decides) a bank holiday in England and Wales and any other days declared by the ACD to be a company holiday) and other days at the ACD's discretion
<b>"Depository"</b>	The Royal Bank of Scotland plc, or such other entity as is appointed to act as Depository
<b>"Director" or "Directors"</b>	the directors of the Company from time to time (including the ACD)
<b>"EEA State"</b>	a member state of the European Union and any other state which is within the European Economic Area
<b>"Eligible Institution"</b>	one of certain eligible institutions as defined in the glossary of definitions to the FSA Handbook
<b>"the FSA"</b>	the Financial Services Authority or any other regulatory body which may assume its regulatory responsibilities from time to time

<b>“the FSA Handbook”</b>	the FSA Handbook of Rules and Guidance, as amended from time to time
<b>“Fund” or “Funds”</b>	a sub-fund of the Company (being part of the Scheme Property of the Company which is pooled separately) to which specific assets and liabilities of the Company may be allocated and which is invested in accordance with the investment objective applicable to such sub-fund
<b>“Instrument of Incorporation”</b>	the instrument of incorporation of the Company as amended from time to time
<b>“Investment Manager”</b>	Charles Stanley & Co Limited, the investment manager to the ACD in respect of the Company
<b>“ISA”</b>	an individual savings account under The Individual Savings Account Regulations 1998 (as amended)
<b>“Matterley LLP”</b>	the original Investment Manager to the ACD in respect of the Company
<b>“Money Laundering Regulations”</b>	Means the Money Laundering Regulations 2003 (SI 2003/3075)
<b>“Net Asset Value” or “NAV”</b>	the value of the Scheme Property of the Company or of any Fund (as the context may require) less the liabilities of the Company (or of the Fund concerned) as calculated in accordance with the Instrument of Incorporation
<b>“OEIC Regulations”</b>	the Open-Ended Investment Companies Regulations 2001 as amended or re-enacted from time to time
<b>“Register”</b>	the register of Shareholders of the Company

<b>“Registrar”</b>	Smith & Williamson Fund Administration Limited, or such other entity as is appointed to act as Registrar to the Company from time to time
<b>“Regulated Activities Order”</b>	the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544) as amended from time to time
<b>“Regulations”</b>	the OEIC Regulations and the FSA Handbook (including the COLL Sourcebook)
<b>“Scheme Property”</b>	the scheme property of the Company required under the COLL Sourcebook to be given for safekeeping to the Depositary
<b>“SDRT”</b>	stamp duty reserve tax
<b>“Share” or “Shares”</b>	a Share or Shares in the Company (including larger denomination Shares, and smaller denomination Shares equivalent to one thousandth of a larger denomination share)
<b>“Shareholder”</b>	a holder of registered Shares in the Company
<b>“Switch”</b>	the exchange where permissible of Shares of one Class or Fund for Shares of another Class or Fund
<b>“US Persons”</b>	a person who falls within the definition of “US Person” as defined in rule 902 of regulation 5 of the United States Securities Act 1933
<b>“Valuation Point”</b>	the point, whether on a periodic basis or for a particular valuation, at which the ACD carries out a valuation of the Scheme Property for the Company or a Fund (as the case may be) for the purpose of determining the price at which Shares of a Class may be issued, cancelled or redeemed. For details of the Valuation Point of a Fund please see Appendix I.
<b>“VAT”</b>	value added tax

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

### **2.1 General**

2.1.1 S&W Matterley Investment Funds (the Company) is an investment company with variable capital incorporated in England and Wales under registered number IC000694 and authorised by the FSA with effect from 7 August 2008. The Company has an unlimited duration. The Company launched on 12 August 2008.

Shareholders are not liable for the debts of the Company.

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

#### **2.1.2 Head Office**

The head office of the Company is at 25 Moorgate, London EC2R 6AY.

#### **2.1.3 Address for Service**

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

#### **2.1.4 Base Currency**

The base currency of the Company and each Fund is Pounds Sterling (or, should this change, the official currency of the United Kingdom from time to time).

#### **2.1.5 Share Capital**

Maximum £100 billion

Minimum £1

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

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

Each of the Funds of the Company is designed and managed to support longer-term investment and active trading is discouraged. Short-term or excessive trading into and out of the Fund may harm performance by disrupting portfolio management strategies and by increasing expenses. The ACD may at its discretion refuse to

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

## 2.2 **The Structure of the Company**

### 2.2.1 **The Funds**

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

The Company is a non-UCITS retail scheme.

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

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

Each Fund has a specific portfolio to which that Fund's assets and liabilities are attributable. So far as the Shareholders are concerned, each Fund is treated as a separate entity.

Creditors of the Company may nevertheless look to all the assets of the Company for payment regardless of the Fund in respect of which that creditor's debt has arisen. Assets may be re-allocated to and from other Funds of the Company in the unlikely event that a Fund's assets are insufficient to meet its liabilities. In the event that any assets are so reallocated, the ACD will advise Shareholders in the next succeeding annual or half yearly report to Shareholders.

Subject to the above, each Fund will be charged with the liabilities, expenses, costs and charges of the Company attributable to that Fund, and within each Fund charges will be allocated between Classes in accordance with the terms of issue of Shares of those Classes. Any assets, liabilities,

expenses, costs or charges not attributable to a particular Fund may be allocated by the ACD in a manner which it believes is fair to the Shareholders generally. This will normally be pro rata to the Net Asset Value of the relevant Funds.

## 2.2.2 **Shares**

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

Shares will be issued in larger and smaller denominations. There are 1,000 smaller denomination Shares to each larger Share. Smaller denomination Shares represent what, in other terms, might be called fractions of a larger Share and have proportionate rights.

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

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

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

The net proceeds from subscriptions to a Fund will be invested in the specific pool of assets constituting that Fund. The Company will maintain for each current Fund a separate pool of assets, each invested for the exclusive benefit of the relevant Fund. The Company as a whole will be responsible for all obligations, whichever Fund such liabilities are attributable to, unless otherwise agreed with specific creditors.

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

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

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

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

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

The Instrument of Incorporation allows gross income and gross accumulation Shares to be issued as well as net income and net accumulation Shares. Net Shares are Shares in respect of which income allocated to them is distributed periodically to the relevant Shareholders (in the case of income Shares) or credited periodically to capital (in the case of accumulation Shares), in either case in accordance with relevant tax law, net of any tax deducted or accounted for by the Company. Gross Shares are income or accumulation Shares where, in accordance with relevant tax law, distribution or allocation of income is made without any tax being deducted or accounted for by the Company. Details of whether gross and/or net Shares are available in any Fund are set out in Appendix I. All references in this Prospectus are to net Shares unless otherwise stated.

Gross Shares are available only to investors who qualify for the gross payment of interest distributions or accumulations. These include companies, trustees of authorised unit trusts, OEICs, certain pension funds, charities and persons who are not ordinarily resident in the UK. For a complete list, please refer to sections 349A, 249B and 468M of the Income and Corporations Taxes Act 1988.

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

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

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

The dealing office of the Administrator is normally open from 9am to 5pm (London time) on each Dealing Day to receive requests by post or by telephone (for subsequent purchases only) on 0207 131 4951 for the purchase, sale and switching of Shares. The Administrator may vary these times with the consent of the ACD. The initial purchase must, at the discretion of the ACD, be accompanied by an application form and a cheque in all cases.

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

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

In its dealings in Shares of the Funds the ACD is dealing as principal. The ACD may make a profit from dealing in Shares as principal. The ACD is not accountable to Shareholders for any profit it makes in dealing in Shares as principal.

#### **3.1 Buying Shares**

##### **3.1.1 Procedure**

Shares may be bought directly from the ACD or through a professional adviser or other intermediary. Any intermediary who recommends an investment in the Company to Shareholders may be entitled to receive commission from the ACD. An ongoing commission, based on the value of Shares held may also be paid to qualifying intermediaries. For details of dealing charges see paragraph 3.5 below. Application forms may be obtained from the ACD.

Investors wishing to purchase gross Shares, where applicable, must complete a Declaration of Eligibility and Undertaking, which may be obtained from the ACD.

Valid applications to purchase Shares in a Fund will be processed at the Share price calculated, based on the Net Asset Value per Share, at the next Valuation Point following receipt of the application, except in the case where dealing in a Fund has been suspended as set out in paragraph 3.11.

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

The ACD has the right to reject, on reasonable grounds, relating to the circumstances of the applicant, any application for Shares in whole or part, and in this event the ACD will return any money sent, or the balance of such monies, at the risk of the applicant. In addition the ACD may reject any application previously accepted in circumstances where the applicant has paid by cheque and that cheque subsequently fails to be cleared.

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

No interest payment will be made on client money held by the ACD, prior to investment in the Funds, client money will be held in an account with Smith & Williamson Investment Management Limited.

Shareholders have a right to cancel their transaction within 14 calendar days of receipt of the contract note. If a Shareholder cancels his/her contract, he/she will receive a refund of the amount invested including the initial charge either in full or less a deduction to reflect any fall in share price since you invested. This may result in a loss on that Shareholder's part. To exercise the right to cancel, Shareholders should write to the Dealing and Registration team at 25 Moorgate, London EC2R 6AY. Shareholders will not be able to exercise his/her cancellation rights after 14 calendar days of receipt of his/her contract note. Please note that in certain circumstances, there may be a delay in returning a Shareholder's investment.

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

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

Settlement is due on receipt by the purchaser of the contract note. An order for the purchase of Shares will only be deemed to have been accepted by the ACD once it is in receipt of cleared funds for the application. If settlement is not made within a reasonable period, then the ACD has the right to cancel any Shares issued in respect of the application.

Share certificates will not be issued in respect of Shares. Ownership of Shares will be evidenced by an entry on the Register. Statements in respect of periodic distributions on Shares will show the number of Shares held by the recipient. Individual statements of a Shareholder's (or, when Shares are

jointly held, the first named holder's) Shares will also be issued at any time on request by the registered holder.

The Company has the power to issue bearer Shares but there are no present plans to do so.

### 3.1.3 **Minimum subscriptions and holdings**

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

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

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

## 3.2 **Redeeming Shares**

### 3.2.1 **Procedure**

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

Valid instructions to the ACD to redeem Shares in a Fund will be processed at the Share price calculated, based on the Net Asset Value per Share, at the next Valuation Point following receipt of the instruction, except in the case where dealing in a Fund has been suspended as set out in paragraph 3.11.

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

For details of dealing charges see paragraph 3.5 below.

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

A contract note giving details of the number and price of Shares redeemed will be sent to the redeeming Shareholder (or the first named Shareholder, in

the case of joint Shareholders) or their duly authorised agents together with (if sufficient written instructions have not already been given) a form of renunciation for completion and execution by the Shareholder (or, in the case of a joint holding, by all the joint Shareholders) no later than the end of the business day following the later of the request to redeem Shares or the Valuation Point by reference to which the price is determined.

Payment of redemption proceeds will normally be made by cheque to the first named Shareholder (at their risk). Instructions to make payments to third parties (other than intermediaries associated with the redemption) will not normally be accepted.

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

### 3.2.3 **Minimum redemption**

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

## 3.3 **Deferred redemption of Shares**

In times of high redemptions, where requested redemptions exceed 10% of a Fund's value, to protect the interests of continuing Shareholders, the ACD may defer redemptions at a particular Valuation Point on a Dealing Day, to the Valuation Point on the next Dealing Day. This will allow the ACD to match the sale of Scheme Property to the level of redemptions, and should reduce the impact of dilution on a Fund. Subject to sufficient liquidity being raised at the next Valuation Point deals will be processed in the order that they were received with all deals relating to the earlier Valuation Point will be completed before those relating to the later Valuation Point are considered.

## 3.4 **Switching**

Subject to any restrictions on the eligibility of investors for a particular Share Class, a Shareholder in a Fund may at any time Switch all or some of his Shares of one Class or Fund ("the Original Shares") for Shares of another Class or Fund ("the New Shares") in the Company. However, investors wishing to Switch into gross Shares (if they are available) must first complete a Declaration of Eligibility and Undertaking that may be obtained from the ACD. The number of New Shares issued will be

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

The ACD may at its discretion make a charge on the switching of Shares between Funds or Classes. Any such charge on switching does not constitute a separate charge payable by a Shareholder, but is rather the application of any redemption charge on the Original Shares and any initial charge on the New Shares, subject to certain waivers. For details of the charges on switching currently payable, please see paragraph 3.5.3 "Charges on Switching".

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

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

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

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

### 3.5 Dealing Charges

The price per Share at which Shares are bought, redeemed or switched is the Net Asset Value per Share. Any initial charge, or redemption charge, (or SDRT on a specific deal, if applicable) is deducted from the gross subscription or the proceeds of the redemption monies.

### 3.5.1 **Initial charge**

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

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

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

From the initial charge received, or out of other of its own resources, the ACD may pay a commission to relevant intermediaries.

### 3.5.2 **Redemption Charge**

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

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

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

### 3.5.3 **Charges on Switching**

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

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

### 3.5.4 **Dilution Levy**

The basis on which the Fund's investments are valued for the purpose of calculating the issue and redemption price of Shares as stipulated in the Regulations and the Company's Instrument of Incorporation is summarised in Section 4. The actual cost of purchasing or selling investments may be higher or lower than the mid market value used in calculating the Share price - for example, due to dealing charges, or through dealing at prices other than the mid-market price. Under certain circumstances (for example, large volumes of deals) this may have an adverse effect

on the Shareholders' interests. In order to prevent this effect, called "dilution", the ACD has the power to charge a "dilution levy" on the sale and/or redemption of Shares. As a dilution levy is not currently charged on the sale and/or redemption of Shares (except on large deals, as defined below), the cost of purchasing or selling investments for a Fund subsequent to Shareholder dealing will be borne by that Fund with a consequent effect on future growth. If the ACD decides in the future to charge a dilution levy on all deals (and not just on large deals), it will be calculated by reference to the costs of dealing in the underlying investments of a Fund, including any dealing spreads, commission and transfer taxes. If charged, the dilution levy will be paid into that Fund and will become part of its Scheme Property.

The dilution levy for a Fund will be calculated by reference to the estimated costs of dealing in the underlying investments of the Fund, including any dealing spreads, commission and transfer taxes.

The need to charge a dilution levy will depend on the volume of sales or redemptions. The ACD may charge a discretionary dilution levy on the sale and redemption of Shares if, in its opinion, the existing Shareholders (for sales) or remaining Shareholders (for redemptions) might otherwise be adversely affected, and if charging a dilution levy is, so far as practicable, fair to all Shareholders and potential Shareholders. In particular, the dilution levy may be charged in the following circumstances.

- 3.5.4.1 where over a dealing period a Fund has experienced a large level of net sales or redemptions relative to its size;
- 3.5.4.2 on "large deals". For these purposes, a large deal means a deal worth 5% or more of the size of a Fund; and
- 3.5.4.3 where the ACD considers it necessary to protect the interests of the Shareholders of the relevant Fund.

It is therefore not possible to predict accurately whether dilution would occur at any point in time. If a dilution levy is required in S&W Matterley Undervalued Returns Fund then, based on future projections, the estimated rate or amount of such levy will be 0.8% and will be incurred on around 10% of deals. If a dilution levy is not charged then this may restrict the future growth of the relevant Fund.

Except in relation to "large deals" the ACD has no plans at present to introduce a dilution levy on the purchase or sale of Shares (this sentence will be removed on 13 April 2010). The ACD may alter its dilution policy in accordance with the Regulations.

### 3.5.5 Stamp duty reserve tax ("SDRT")

SDRT is payable on certain dealings in Shares in ICVCs. SDRT is a tax charged at a rate of 0.5 per cent. in respect of agreements to transfer chargeable securities (which include shares in UK ICVCs) for a consideration.

SDRT is charged on the surrender of Shares to the Company, with the Company liable for the SDRT. The SDRT due is calculated at the rate of 0.5 per cent. of the market value of the Shares surrendered. This charge is subject to reduction to the extent that:

- (i) the number of Shares surrendered to the Company in a prescribed two week period in which the redemption occurs exceeds the number of Shares of the same Fund issued in that period; or
- (ii) the Company invested in certain exempt investments in the two week period.

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

The current policy is that all SDRT costs will be paid out of the Company's Scheme Property and charged to capital. SDRT will not be recovered from Shareholders.

However, the ACD reserves the right to charge a SDRT Provision of up to 0.5% of its value, on a deal (a large deal) in the following circumstances:

- (a) A single deal which exceeds 5% of the value of the Fund itself, and in the estimation of the ACD, is likely to cause a significant abnormal liability to SDRT falling on the Fund;
- (b) On a non pro-rata in specie redemption; and
- (c) On a third party transfer of Shares.

In the event there is a change in this policy the ACD will give prior notification of such change to Shareholders prior to it taking effect.

Although it cannot be guaranteed, it is the opinion of the ACD that SDRT will rarely be recovered from Shareholders on the sale of Shares in any Fund. This statement is based on the ACD's current policy for SDRT as detailed above. If imposed on a particular deal the maximum rate of SDRT shall always be equivalent to the rate set by the HM Revenue and Customs.

## 3.6 Money Laundering

As a result of legislation in force in the United Kingdom to prevent money laundering, persons conducting investment business are responsible for compliance with money laundering regulations. In order to implement these procedures, in certain

circumstances investors may be asked to provide proof of identity when buying Shares. The ACD reserves the right to reverse the transaction or to refuse to sell Shares if it is not satisfied as to the identity of the applicant.

The ACD is responsible for all matters relating to compliance with Money Laundering Regulations pertaining to the Company and investments in the Company, Fund or Funds.

### 3.7 **Transfers**

Shareholders are entitled to transfer their Shares to another person or body. All transfers must be in writing in the form of an instrument of transfer approved by the ACD for this purpose. Completed instruments of transfer must be returned to the ACD in order for the transfer to be registered by the ACD. The ACD may refuse to register a transfer unless any provision for SDRT due has been paid. Please note that gross Shares are available only to certain categories of investors, and that prospective investors in these Shares must complete a Declaration of Eligibility and Undertaking (which may be obtained from the ACD) and return it to the ACD before the gross Shares can be transferred.

### 3.8 **Restrictions and Compulsory Transfer and Redemption**

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

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

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

- (d) are owned by a Shareholder who is registered in a jurisdiction (where the Fund is not registered or recognised by the relevant competent authority) whereby communication with that Shareholder by the ACD, on behalf of the Fund, might constitute a breach of the regulations in that jurisdiction (unless specific action is taken by the ACD to prevent such a communication constituting a breach).

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

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

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

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

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

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

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

### 3.10 **In specie redemptions**

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

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

The Depositary must take reasonable care to ensure that the property concerned would not be likely to result in any material prejudice to the interests of Shareholders.

The ACD will select the property to be transferred or sold in consultation with the Depositary.

### 3.11 **Suspension of dealings**

The ACD may, with the prior agreement of the Depositary, or must if the Depositary so requires, for a period of up to 28 days suspend, without notice to Shareholders, the purchase and redemption of Shares (including any purchase and redemption on switching) in any or all of the Funds, if the ACD (or the Depositary in the case of any requirement by it) is of the opinion that due to exceptional circumstances it is in the interests of all the Shareholders.

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

### 3.12 **Governing law**

All deals in Shares are governed by English law.

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

### 4.1 **General**

There is only a single price for Shares. The price of a Share is calculated by reference to the Net Asset Value of the Fund to which it relates. The Net Asset Value per Share

of a Fund is currently calculated on each Dealing Day at the Valuation Point of the Fund. For details of the Valuation Point of a Fund please see Appendix I.

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

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

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

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

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

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

4.2.2 Property which is not cash (or other assets dealt with in paragraphs 4.2.2.6 or 4.2.3 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:

4.2.2.1 Units or shares in a collective investment scheme:

(a) if a single price for buying and redeeming units or shares is quoted, at that price; or

(b) if separate buying and selling prices are quoted, at the average of the two prices provided the buying price has been reduced by any initial charge included therein and the selling price has been increased by any exit or selling charge attributable thereto; or

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

- 4.2.4 Subject to paragraphs 4.2.5 and 4.2.6 below, agreements for the unconditional sale or purchase of Scheme Property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and if, in the opinion of the ACD, their omission will not materially affect the final net asset amount.
- 4.2.5 Futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under paragraph 4.2.4.
- 4.2.6 All agreements are to be included under paragraph 4.2.4 which are, or ought reasonably to have been, known to the person valuing the property assuming that all other persons in the ACD's employment take all reasonable steps to inform it immediately of the making of any agreement.
- 4.2.7 Deduct an estimated amount for anticipated tax liabilities at that point in time including (as applicable and without limitation) capital gains tax, income tax, corporation tax, VAT, stamp duty, SDRT and any foreign taxes or duties.
- 4.2.8 Deduct an estimated amount for anticipated tax liabilities (on unrealised capital gains where the liabilities have accrued and are payable out of the Scheme Property; on realised capital gains in respect of previously completed and current accounting periods; and on income where liabilities have accrued) including (as applicable and without limitation) capital gains tax, income tax, corporation tax, value added tax, stamp duty and stamp duty reserve tax.
- 4.2.9 Deduct the principal amount of any outstanding borrowings whenever repayable and any accrued but unpaid interest on borrowings.
- 4.2.10 Add an estimated amount for accrued claims for tax of whatever nature which may be recoverable.
- 4.2.11 Add any other credits or amounts due to be paid into the Scheme Property.
- 4.2.12 Currencies or values in currencies other than Sterling shall be converted at the relevant Valuation Point at a rate of exchange that is not likely to result in any material prejudice to the interests of Shareholders or potential Shareholders.
- 4.2.13 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.

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

The price per Share at which Shares are bought or are redeemed is the Net Asset Value per Share. There will be a single price per Share. Any initial charge, or redemption charge, (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.

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

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

4.4.1 Where the ACD has reasonable grounds to believe that:

4.4.1.1 no reliable price exists for a security (including a unit/share in a collective investment scheme) at a Valuation Point; or

4.4.1.2 the most recent price available does not reflect the ACD's best estimate of the value of the security (including a unit/share in a collective investment scheme) at the Valuation Point;

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

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

4.4.2.1 no recent trade in the security concerned; or

4.4.2.2 suspension of dealings in an underlying collective investment scheme; or

4.4.2.3 the occurrence of a significant event since the most recent closure of the market where the price of the security is taken.

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

4.4.3.1 the type of authorised fund concerned;

4.4.3.2 the securities involved;

4.4.3.3 whether the underlying collective investment schemes may already have applied fair value pricing;

4.4.3.4 the basis and reliability of the alternative price used; and

4.4.3.5 the ACD's policy on the valuation of Scheme Property as disclosed in this Prospectus.

#### 4.5 **Pricing basis**

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

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

The prices of all Share Classes are available on the Investment Manager's website at: [www.matterley.com](http://www.matterley.com) and also on the Investment Managers Association website at: [www.investmentuk.org](http://www.investmentuk.org). The prices of Shares may also be obtained by calling 0207 131 4951 during the ACD's normal business hours. As the ACD deals on a forward pricing basis, the price that appears in these sources will not necessarily be the same as the one at which investors can currently deal. The ACD may also, at its sole discretion, decide to publish certain share prices in third party websites or publications but the ACD does not accept responsibility for the accuracy of the prices published in, or for the non-publication of prices by, these sources for reasons beyond the control of the ACD.

### 5. **RISK FACTORS**

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

#### 5.1 **General**

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

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

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

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

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

## 5.3 **Dilution levy and SDRT provision**

Investors should note that in certain circumstances a dilution levy may be charged in addition to the price payable on the purchase or redemption of their Shares (see "Dilution Levy" at paragraph 3.5.4) or a provision for SDRT may be charged on the purchase, redemption or transfer of Shares (see "SDRT" at paragraph 3.5.5). Where a dilution levy is not applied, the Fund in question may incur dilution which may constrain capital growth.

## 5.4 **Charges to capital**

Where the investment objective of a Fund is to treat the generation of income as a higher priority than capital growth, or the generation of income and capital growth have equal priority, all or part of the ACD's fee and other expenses may be charged against capital instead of against income. This treatment of the ACD's fee and other expenses will increase the amount of income (which may be taxable) available for distribution to Shareholders in the Fund concerned but may constrain capital growth. Currently none of the Fund's charge the ACD fee and other expenses against capital but deduct from income instead.

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

Investors are reminded that in certain circumstances their right to redeem Shares (including a redemption by way of switching) may be suspended (see "Suspension of dealings in the Company" at Paragraph 3.11).

## 5.6 **Pricing and liquidity**

Where a Fund has exposure to alternative asset classes there is a risk that the price at which an asset is valued may not be realisable in the event of sale. This could be due to a mis-estimation of the asset's value or due to a lack of liquidity in the relevant market. As a result, at times, the ACD may have to delay acting on instructions to sell investments, and the proceeds on redemption may be materially less than the value implied by the Fund's price.

## 5.7 **Liabilities of the Company**

Although each Fund so far as possible will be treated as bearing the liabilities, expenses, costs and charges attributable to it, in the unlikely event that its assets are not sufficient to meet these the ACD may re-allocate assets, liabilities, expenses, costs and charges between the Funds of the Company in a manner which it believes is fair to the Shareholders generally. The ACD would normally expect any such re-allocation to be effected on a pro rata basis having regard to the Net Asset Values of the relevant Funds. If there is any such re-allocation the ACD will advise Shareholders of it in the next succeeding annual or half yearly report to Shareholders.

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

## 5.8 **Currency exchange rates**

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

## 5.9 **Smaller companies**

Funds investing in smaller companies invest in transferable securities which may be less liquid than the securities of larger companies, as a result of inadequate trading volume or restrictions on trading. Securities in smaller companies may possess greater potential for capital appreciation, but also involve risks, such as limited product lines, markets and financial or managerial resources and trading in such securities may be subject to more abrupt price movements than trading in the securities of larger companies.

## 5.10 **Sub investment grade bonds**

The Funds may hold sub-investment grade bonds. Such bonds have a lower credit rating than investment grade bonds and carry a higher degree of risk.

## 5.11 **Overseas bonds and currencies**

From time to time, a Fund may invest in overseas bonds and currencies. These markets may respond to different influences to those that affect the underlying funds and accordingly carry a higher degree of risk.

## 5.12 **Derivatives and volatility**

The COLL Sourcebook permits the ACD to use certain techniques when investing in derivatives in order to manage a Fund's exposure to particular counterparties and in

relation to the use of collateral to reduce overall exposure to over-the-counter ("OTC") derivatives; for example a Fund may take collateral from counterparties with whom they have an OTC derivative position and use that collateral to net off against the exposure they have to the counterparty under that OTC derivative position, for the purposes of complying with counterparty spread limits. The COLL Sourcebook also permits a Fund to use derivatives to effectively short sell (agree to deliver the relevant asset without holding it in the scheme) under certain conditions.

**Derivatives will be used in the Funds for the purposes of investment. Where the ACD invests in derivatives and forward transactions in the pursuit of a Fund's objectives, the net asset value of that Fund may at times be volatile (in the absence of compensating investment techniques). However, it is the ACD's intention that the Fund will not have volatility over and above the general market volatility of the markets of the Fund's underlying investments owing to the use of the derivatives and/or forward transactions in the pursuit of its objectives. It is not the ACD's intention that the use of derivatives and forward transactions in the pursuit of a Fund's objective will cause its risk profile to change.**

## **6. MANAGEMENT AND ADMINISTRATION**

### **6.1 Regulatory Status**

The ACD, the Depositary 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 Authorised Corporate Director**

#### **6.2.1 General**

The ACD is Smith & Williamson Fund Administration Limited which is a private company limited by shares incorporated in England and Wales on 30 July 1985 (Registered Company No. 1934644).

The directors of the ACD are:-

Karen Barrow  
Tim Lyford  
Giles Murphy  
Martin Rose  
Geoff Windebank

Each of the above directors are also directors of the Administrator and Registrar.

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

25 Moorgate, London EC2R 6AY

An issued and paid up share

capital of £50,000 ordinary shares of £1 each.

**Ultimate Holding Company:**

Smith & Williamson Holdings Limited

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

It has therefore delegated to the Investment Manager the function of managing and acting as the investment adviser for the investment and reinvestment of the assets of the Funds (as further explained in paragraph 6.5 below).

**6.2.2 Terms of Appointment:**

The appointment of the ACD has been made under an agreement dated 11 August 2008 between the Company and the ACD, as amended from time to time, (the "ACD Agreement").

Pursuant to the ACD Agreement, the ACD manages and administers the affairs of the Company in accordance with the Regulations, the Instrument of Incorporation and this Prospectus. The ACD Agreement incorporates detailed provisions relating to the ACD's responsibilities. It also excludes the ACD from liability to the Company or any Shareholder for any actions, claims, costs, damages or expenses in connection with the subject matter of the ACD Agreement, unless arising as a direct consequence of fraud, negligence, wilful default or breach of duty in the performance of its duties and obligations under the ACD Agreement.

The Company has agreed to indemnify the ACD against all liabilities brought or made against the ACD as a result of any negligent or wrongful direction or requirement of the Company given or made under the terms of the ACD Agreement. The Company further undertakes to indemnify the ACD against any actions, claims, costs, damages and expenses that arise out of any indemnity given with the approval of the Company by the ACD to the appointed depositary of the Company.

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

The ACD (or its associates or any affected person) is also under no obligation to account to the Depositary, the Company or the Shareholders for any profit it makes on the issue or re-issue or cancellation of Shares

which it has redeemed. The ACD may carry out or arrange for the carrying out of stock lending transactions in respect of the Funds. The ACD reserves the right to receive a fee in relation to stock lending, subject to giving Shareholders 60 days' written notice of the details of such fees.

The ACD Agreement is for an initial period of two years, and will continue after then unless and until terminated by the Company on not less than 3 months' prior notice to the ACD, or earlier on certain types of breaches or the insolvency of a party.

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

## 6.3 **The Depositary**

### 6.3.1 **General**

The Depositary of the Company is The Royal Bank of Scotland plc. The Depositary is a public limited company. Its registered office is at 36 St. Andrew Square, Edinburgh EH2 2YB and it has a head office at Gogarburn, PO Box 1000, EH12 1HQ. The principal business activity of the Depositary is acting as a trustee and depositary of Collective Investment Schemes. The Depositary is authorised and regulated by the Financial Services Authority. Its registered office is 25 The North Colonnade, Canary Wharf, London E14 5HS.

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

### 6.3.2 **Terms of Appointment:**

The appointment of the Depositary has been made under an agreement dated 11 August 2008, as amended from time to time, between the Company, the ACD and the Depositary (the "Depositary Agreement").

Subject to the COLL Sourcebook, the Depositary has full power under the Depositary Agreement to delegate (and authorise its delegate to sub-delegate) all or any part of its duties as depositary. The Depositary also

acts as custodian of the Company. However it has delegated the custody of assets of the Company to The Bank of New York Mellon.

The Depositary's Agreement may be terminated by not less than three months' written notice provided that no such notice shall take effect until the appointment of a successor to the Depositary.

To the extent permitted by the FSA Handbook, the Company will indemnify the Depositary (or its associates) against liabilities incurred by it (or its associates) in safekeeping of the Scheme Property, except in the case of any liability for a failure to exercise due care and diligence in the discharge of its functions and any loss to the extent that it has arisen as a result of the fraud negligence or wilful default of the Depositary.

6.4 The Depositary is entitled to receive remuneration out of the property of the Funds for its services, as explained in paragraphs 7.4 and 7.6 below. The Depositary (or its associates or any affected person) is under no obligation to account to the ACD, the Company or the Shareholders for any profits or benefits it makes or receives that are made or derived from or in connection with the dealings in Shares of the Company, any transaction in Scheme Property or the supply of services to the Company.

## 6.5 **The Investment Manager**

### 6.5.1 **General**

The ACD has appointed the Investment Manager, Charles Stanley & Co Limited, to provide investment management and advisory services to the ACD. The Investment Manager is authorised and regulated by the Financial Services Authority. Its registered office is 25 The North Colonnade, Canary Wharf, London E14 5HS.

The Investment Manager's registered office is at 25 Luke Street, London, EC2A 4AR.

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

### 6.5.2 **Terms of Appointment:**

The original Investment Manager was Matterley LLP who was appointed by the ACD by an agreement dated 11 August 2008 (the "Investment Management Agreement"). By a novation agreement dated 12 August 2009 the Investment Manager replaced Matterley LLP.

In the exercise of the ACD's investment functions, the Investment Manager shall (subject to the overall policy and supervision of the ACD) have full power, authority and right to exercise the functions, duties, powers and discretions exercisable by the ACD under the Instrument of Incorporation or the Regulations to manage the investment of the scheme property of the Company. The Investment Manager has full power to delegate under the Investment Management Agreement.

The Investment Manager may also direct the exercise of rights (including voting rights) attaching to the ownership of the Company's Scheme Property.

The Investment Management Agreement may be terminated by not less than three months' written notice, or immediately by written notice given by either party on the happening of certain events involving any material breach or insolvency. It will also terminate with immediate effect in certain specified circumstances.

The Investment Manager is entitled to a fee out of that paid to the ACD, as explained below in paragraph 7.

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

## **6.6 The Administrator**

The ACD has not delegated the role of administrator for the Company but carries out this function itself.

## **6.7 The Registrar**

### **6.7.1 General**

The ACD has not delegated the role of registrar but carries out this function itself.

### **6.7.2 Register of Shareholders**

The Register of Shareholders will be maintained by the ACD at its office at 25 Moorgate, London EC2R 6AY and may be inspected at that address during normal business hours by any Shareholder or any Shareholder's duly authorised agent.

The plan register (being a record of persons who subscribe for Shares through ISA plans) can also be inspected at the office of the ACD.

## 6.8 **The Auditors**

The auditors of the Company are Saffery Champness, whose address is Lion House, Red Lion Street, London WC1R 4GB

## 6.9 **Legal Advisers**

The Company is advised by Eversheds LLP of One Wood Street, London EC2V 7WF.

## 6.10 **Conflicts of Interest**

The ACD and other companies within Smith & Williamson Group and the Investment Manager may, from time to time, act as managers or investment advisers to other funds or sub-funds which follow similar investment objectives to those of the Funds. It is therefore possible that the ACD and/or Investment Manager may in the course of their business have potential conflicts of interest with the Company or a particular Fund. The ACD and/or the Investment Manager will, however, have regard in such event to their obligations under the ACD Agreement and Investment Management Agreement (respectively) and, in particular, to their obligation to act in the best interests of the Company so far as practicable, having regard to their obligations to other clients, when undertaking any investment business where potential conflicts of interest may arise.

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

## **7. FEES AND EXPENSES**

### 7.1 **General**

The fees, costs and expenses relating to the authorisation and incorporation and establishment of the Company, the offer of Shares, the preparation and printing of this Prospectus and the fees of the professional advisers to the Company in connection with the offer will be borne by the Company.

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

The Company may pay out of the property of the Company any liabilities arising on the unitisation, amalgamation or reconstruction of the Company or of any Fund.

All fees, costs, charges or expenses payable by a Shareholder or out of the property of the Company or each Fund (as the case may be) are set out in this section 7. The Company or each Fund (as the case may be) may, so far as the COLL Sourcebook allows, also pay out of the property of the Company or each Fund (as the case may be) all relevant fees, costs, charges and expenses incurred by the Company or each Fund (as the case may be), which will include the following:

- 7.1.1 the charges and expenses payable to the ACD (which will include the fees and expenses payable to the Investment Manager;
- 7.1.2 fees and expenses in respect of establishing and maintaining the Register of Shareholders (and any plan sub-register) and related functions;
- 7.1.3 expenses incurred in acquiring, registering and disposing of investments;
- 7.1.4 expenses incurred in producing, distributing and dispatching income and other payments to Shareholders;
- 7.1.5 fees in respect of the publication and circulation of details of the Net Asset Value and prices;
- 7.1.6 the fees and expenses of the auditors and tax, legal and other professional advisers of the Company;
- 7.1.7 the costs of convening and holding Shareholder meetings (including meetings of Shareholders in any particular Fund, or any particular Class within a Fund);
- 7.1.8 costs incurred in taking out and maintaining any insurance policy in relation to the Company and/or its Directors;
- 7.1.9 expenses incurred in company secretarial duties, including the cost of minute books and other documentation required to be maintained by the Company;
- 7.1.10 the costs of preparing, updating and printing this Prospectus, the Simplified Prospectuses, the Instrument of Incorporation and contract notes and the costs of distributing this Prospectus and the Instrument of Incorporation and the costs of printing and distributing reports and accounts and any other administrative expenses related to this clause 7.1.10;
- 7.1.11 tax and duties payable by the Company;
- 7.1.12 interest on and charges incurred in borrowings;
- 7.1.13 any amount payable by the Company under any indemnity provisions contained in the Instrument of Incorporation or any agreement with any functionary of the Company;
- 7.1.14 fees of the FSA under the Financial Services and Markets Act 2000 and the corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which Shares are or may lawfully be marketed;

- 7.1.15 fees and expenses associated with administration of the Funds and pricing of the Shares;
- 7.1.16 any payments otherwise due by virtue of changes to the Regulations;
- 7.1.17 costs in respect of communications with actual or potential investors;
- 7.1.18 fees of any paying, representative or other agents of the Company or the ACD;
- 7.1.19 any costs in modifying the ACD Agreement and any other relevant document required under the Regulations; and
- 7.1.20 the fees of any stock lending agent and the fees of the ACD for arranging any stock lending, subject to giving Shareholders 60 days' prior written notice of the details of these fees;

VAT may be payable on these charges.

It is not currently proposed to seek a listing for the Shares on any stock exchange, but if a listing is sought in the future the fees connected with the listing will be payable by the Company.

Expenses are allocated to income. Where there is insufficient income to meet expenses any remaining expenses will be allocated to capital which will constrain capital growth.

## 7.2 **Charges payable to the ACD**

In payment for carrying out its duties and responsibilities the ACD is entitled to take an annual management charge out of each Fund. The annual management charge is based on the month end valuation from the previous month, accrues daily and is payable monthly in arrears on the last business day of each month.

The current management charge for each Fund (expressed as a percentage per annum of the Net Asset Value of each Fund) is set out in Appendix I.

The annual management charge is subject to a minimum payment of £33,000 per Fund, per annum for the first year from its launch and £38,000 per Fund, per annum thereafter (although from 13 April 2010 the minimum payment will be £41,000). In circumstances where the minimum annual management charge may be payable in relation to a Fund, the ACD reserves the right not to charge this to the Scheme Property but to pay it from outside of the Fund at its absolute discretion. Shareholders should note that during the first two years from the launch of a Fund, where the minimum annual management charge may be payable, the ACD reserves the right not to deduct the annual management charge from the Scheme Property in

12 equal monthly deductions per annum but may, make the deductions in the proportions it thinks fit at its discretion during this period.

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

VAT may be payable on these charges.

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

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

For all Funds the ACD and any stock lending agent are able to benefit from any income which is created through stock lending. Where additional income is so created it will be split between the relevant Fund, the ACD and the stock lending agent. Before the ACD and any stock lending share in any income generated from stock lending Shareholders will be given 60 days' written notice of the proportions of any income so generated which will be allocated to the relevant Fund, the ACD and any stock lending agent.

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

Any increase of the annual management charge by the ACD will be carried out in accordance with the Regulations.

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

The Depositary receives for its own account a periodic fee which will accrue due monthly on the last business day in each calendar month in respect of that day and the period since the last business day in the preceding month and is payable within seven days after the last business day in each month. The fee is calculated by reference to the value of the Fund on the last business day of the preceding month except for the first accrual which is calculated by reference to the first valuation point of the Fund. The rate of the periodic fee is agreed between the ACD and the Depositary and is currently 0.05% per annum of the Net Asset Value of each Fund subject to a minimum fee of £7,500 per annum, per Fund.

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

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

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

Item	Range
Transaction Charges	£12.50 to £400.
Custody Charges	0.0025% to 0.6%.

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

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

The Depositary will also be entitled to payment and reimbursement of all costs, liabilities and expenses properly incurred in the performance of, or arranging the performance of, functions conferred on it by the Instrument, the Regulations or by the general law.

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

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

In each such case such payments, expenses and disbursements may be payable to any person (including the ACD or any associate or nominee of the Depositary or of the ACD) who has had the relevant duty delegated to it pursuant to the FSA Regulations by the Depositary.

## 7.5 **Charges payable to the Investment Manager**

In payment for carrying out its duties and responsibilities the Investment Manager is paid a fee by the ACD out of the annual management charge.

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

All the above fees, duties and charges (other than those borne by the ACD) will be charged to the Fund in respect of which they were incurred. Where an expense is not considered to be attributable to any one Fund, the expense will normally be allocated to all Funds pro rata to the value of the Net Asset Value of the Funds, although the ACD has discretion to allocate these fees and expenses in a manner which it considers fair to Shareholders generally.

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

#### **8.1 Class and Fund Meetings**

The Company does not hold Annual General Meetings.

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

#### **8.2 Requisitions of Meetings**

The ACD may requisition a general meeting at any time.

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

#### **8.3 Notice and Quorum**

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

#### **8.4 Voting Rights**

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

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

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

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

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

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

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

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

## **9. TAXATION**

9.1 The following summary is only intended as a general summary of United Kingdom ("UK") tax law and HM Revenue & Customs practice, as at the date of this

Prospectus, applicable to the Company and to UK resident individual and corporate investors who are the absolute beneficial owners of a holding in the Fund held as an investment (except where indicated). The summary's applicability will depend upon the particular circumstances of each investor (and it will not apply to persons, such as certain institutional investors, who are subject to a special tax regime). It should not be treated as legal or tax advice. Accordingly, if Shareholders are in any doubt as to their taxation position, they should consult their professional adviser. Levels and bases of, and reliefs from, taxation are subject to change in the future.

Shareholders should also refer to any tax information given in Appendix 1, if any.

The following is divided into sections relating to "Bond Funds" and "Equity Funds". A "Bond Fund" is a Fund which invests more than 60% of its market value in "Qualifying Investments" (at all times in each accounting period). The terms "Qualifying Investments" includes money placed at interest and securities that are not shares, including but not limited to government and corporate debt securities and cash on deposit. The tax issues relating to the Fund and the investors within it are treated separately in this section.

## 9.2 **Taxation of an Equity Fund**

### 9.2.1 **Tax on capital gains**

An Equity Fund is not subject to UK taxation on capital gains arising on the disposal of its investments. Should the Fund be considered to be trading in securities under revenue law, however, any gains made will be treated as income and not exempt.

### 9.2.2 **Tax on income**

An Equity Fund will be liable to corporation tax at a rate equal to the basic rate of income tax, currently 20%, on its income after relief for expenses (which include fees payable to the ACD and to the Depositary). Dividends and similar income distributions from UK resident companies are exempt from corporation tax. Dividends and similar income distributions from UK authorised unit trusts and other UK ICVC's are generally exempt from corporation tax to the extent that the underlying income derives from dividends from UK resident companies.

The first income allocation received by an investor after buying Shares may include an amount of income equalisation. This is effectively a repayment of the income equalisation paid by the investor as part of the purchase price. It is a return of capital, and is not taxable. Rather it should be deducted from the allowable cost of income (but not accumulation) the Shares for capital gains tax purposes.

### 9.2.3 **Relief for foreign withholding taxes**

To the extent that an Equity Fund receives income from, or realises gains on disposal of investments in, foreign countries it may be subject to foreign withholding or other taxation in those jurisdictions. To the extent it relates to income, this foreign tax may be able to be treated as an expense for UK corporation tax purposes, or it may be treated, up to certain limits, as a credit against UK corporation tax.

## 9.3 **Taxation of a Bond Fund**

### 9.3.1 **Corporation Tax**

Bond Funds will be liable to UK corporation tax on income, translated (where appropriate) into Sterling, from investments in debt, debt related securities and cash deposits. Such income will be computed according to the generally accepted accounting practice relevant to the Fund.

The total of the above elements will be taxed under Schedule D Case III. Any income received from UK equities will be exempt from UK corporation tax.

A Bond Fund would be expected to be entitled to make up distribution accounts in such a way that the income distribution (including accumulations of income, which are deemed to be paid and reinvested as capital) to Shareholders is treated as if it were interest for UK tax purposes. If so entitled, a Bond Fund intends that distributors will be made in this way.

The treatment of distributors as interest distributions for UK tax purposes is significant in two material respects:

- distributions made should be deductible for corporation tax purposes against UK taxable income; and
- UK income tax, currently at a rate of 20%, should be deducted from distributions made by a Bond Fund and accounted for by it to HM Revenue & Customs. However the obligation to deduct income tax from interest distributions does not apply in certain cases, notably where a non-resident beneficial owner of the shares makes a valid declaration ("NOR declaration") to a Fund in advance of a distribution being made or the distribution is paid to certain categories of investors including companies, registered pension schemes, charities and ISAs.

Schedule D Case III income, less gross interest distributions for UK corporation tax purposes, expenses (including ACD's and Depositary's fees) and non-UK withholding taxes, is subject to UK corporation tax at a rate equal to the basic rate of income tax (currently 20%). It is expected that the corporation tax charge will be insignificant.

Capital gains (except insofar as treated as Schedule D Case III income gains - see above) accruing to a Bond Fund will be exempt from UK tax on chargeable gains.

## 9.4 **The Shareholder - Equity Fund**

### 9.4.1 **Income distributions**

Accumulations and distributions of income (hereinafter "distributions") comprise income for UK tax purposes. Except for Shareholders within the charge to corporation tax (as explained below), dividend distributions to UK resident Shareholders carry a tax credit (i.e. one-ninth of the amount distributed/accumulated).

UK resident individuals and (the trustees of) certain trusts liable to UK income tax will be taxable on the sum of their distributions and associated tax credits but will be entitled to set the tax credits against their UK income tax liability. Associated tax credits will satisfy the liability to income tax of basic rate taxpayers. Higher rate taxpayers who are individuals will have additional tax to pay, the distributions and associated tax credits being taxed at a special rate of 32.5% with the offset of a 10% tax credit. If the total income of a Shareholder who is an individual is less than his/her personal allowances, the associated tax credits applicable to dividend distributions cannot be repaid. Dividend tax credits in excess of the individual's tax liability are not repaid.

Distributions to Shareholders within the charge to corporation tax are deemed to comprise two elements:

- where an Equity Fund's gross income is not wholly derived from franked investment income, part of any distribution will be deemed to be reclassified as an annual payment received by such Shareholders after deduction of income tax at the basic rate, currently 20% ("deemed tax deducted"). Such Shareholders will be subject to corporation tax on the grossed-up amount of the annual payments but will be entitled to the repayable deemed tax deducted. This repayment is, however, restricted to the lower of the deemed tax deducted and the Shareholder's share of the Equity Fund's

corporation tax liability (after double tax relief on overseas income) for the period; and

- the remainder, which comprises franked investment income after grossing up the net distribution for the 10% tax credit. Such franked investment income, as it is known, is exempt from UK corporation tax.

Details of the proportions of distributions comprising franked investment income and annual payments will be shown on the tax voucher of the Equity Fund concerned.

These rules do not apply or are modified in relation to life insurance companies, in particular those with pensions and ISA business, life reinsurance business or overseas life assurance business.

#### 9.4.2 **Capital gains**

Shareholders who are resident or ordinarily resident in the UK may be liable to UK taxation on capital gains arising from the sale or other disposal, including redemption, of shares. Individuals and certain trusts generally compute their gains by deducting from the net sale proceeds the capital gains base cost in respect of units. The resulting gains will be taxable at the capital gains tax rate (currently 18%), and may be reduced by capital losses brought forward from previous tax years or losses in the year, and by annual exemptions. Exempt Shareholders, which include UK charities, UK registered pension schemes, ISAs, would not normally be expected to be liable to capital gains tax on their disposal of shares.

Shareholders within the charge to corporation tax are taxed on the capital gain made computed on the basis of the rules described above. They are, however, entitled to indexation allowance on the basic cost to the date of disposal. In certain cases, the "loan relationships" provisions mentioned below in relation to Bond Funds could apply.

Special rules apply to life insurance companies which beneficially own Shares.

#### 9.4.3 **Inheritance Tax**

A gift by an individual Shareholder of his Shareholding in the Fund or the death of a Shareholder may give rise to a liability to inheritance tax, except where the Shareholder is neither domiciled in the UK, nor deemed to be domiciled there under special rules relating to long residence or previous domicile in the UK. For these purposes, a transfer of a Shareholding at less than the full market value may be treated as a gift.

## 9.5 **The Shareholder - Bond Fund**

### 9.5.1 **Income distributions**

Distributions comprise income for UK tax purposes. Shareholders will be taxable on the gross amount distributed. Except in the case of an exemption from the obligation to deduct income tax (for instance, where a valid non ordinarily resident investors' declaration has been made or the distribution is paid to one of the categories of investor entitled to receive it gross, the amount actually received will be net of tax at the basic rate, currently 20%, and so the amount to be taxed is at present equal to the amount received grossed up by the tax credit of one quarter as much.

Shareholders will be treated as already having paid 20% income tax on this income, and individuals liable to tax at the starting for savings income or basic rate tax will have no further tax to pay. Higher rate taxpayers will have an additional liability of 20% of the grossed up amount, but those with no liability at all or who are only liable at the starting rate for savings income may be able to claim a refund. Corporate Shareholders will be able to set the income tax deducted against tax payments due to HM Revenue & Customs or claim repayment where there are none. Non UK resident Shareholders, on completing the appropriate declarations, may be entitled to receive distributions gross of tax.

Exempt Shareholders, which include UK charities, UK registered pension schemes and ISAs, should be able to recover any tax deducted from HM Revenue & Customs.

### 9.5.2 **Capital gains**

Shareholders who are resident or ordinarily resident in the UK may be liable to UK taxation on capital gains arising from the sale or other disposal, including redemption, of Shares. Individuals and certain trusts generally compute their gains by deducting from the net sale proceeds the capital gains base cost in respect of Shares, and will be taxable at the capital gains tax rate (currently 18%). The gain may be reduced by capital losses brought forward from previous tax years or losses in the year, and by annual exemptions. Exempt Shareholders, which include UK charities, UK approved pension funds and ISAs (and their individual investors), would not normally be expected to be liable to capital gains tax on their disposal of Shares.

In respect of Shareholders subject to corporation tax, holdings in the Fund will be treated as holdings of loan relationships. Gains will be recognised using the fair value method (which entails holdings being valued at the end of each accounting period and unrealised gains being

recognised/taxed and unrealised losses being recognised/relieved). No indexation allowance is available.

### 9.5.3 **Inheritance tax**

A gift by an individual Shareholder of his Shareholding in the Fund or the death of a Shareholder may give rise to a liability to inheritance tax, except where the Shareholder is neither domiciled in the UK, nor deemed to be domiciled there under special rules relating to long residence or previous domicile in the UK. For these purposes, a transfer of a Shareholding at less than the full market value may be treated as a gift.

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

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

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

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

- 10.1 if an extraordinary resolution to that effect is passed by Shareholders; or
- 10.2 when the period (if any) fixed for the duration of the Company or a particular Fund by the Instrument of Incorporation expires, or any event occurs on the occurrence of which the Instrument of Incorporation provides that the Company or a particular Fund is to be wound up (for example, if the share capital of the Company or (in relation to any Fund) the Net Asset Value of the Fund is below £10 million, or if a change in the laws or regulations of any country means that, in the ACD's opinion, it is desirable to terminate the Fund); or
- 10.3 on the date stated in any agreement by the FSA to a request by the ACD for the revocation of the authorisation order in respect of the Company or for the termination of the relevant Fund.

On the occurrence of any of the above:

- 10.4 COLL 6.2 (Dealing), COLL 6.3 (Valuation and Pricing) and COLL 5 (Investment and borrowing powers) will cease to apply to the Company or the relevant Fund;

- 10.5 the Company will cease to issue and cancel Shares in the Company or the relevant Fund and the ACD shall cease to sell or redeem Shares or arrange for the Company to issue or cancel them for the Company or the relevant Fund;
- 10.6 no transfer of a Share shall be registered and no other change to the Register of Shareholders shall be made without the sanction of the ACD;
- 10.7 where the Company is being wound up, the Company shall cease to carry on its business except in so far as it is beneficial for the winding up of the Company;
- 10.8 the corporate status and powers of the Company and subject to 10.4 to 10.7 above, the powers of the Depositary shall continue until the Company is dissolved.

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

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

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

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

As the Company is an umbrella company, any liabilities attributable or allocated to a particular Fund under the COLL Sourcebook shall be met first out of the property attributable or allocated to that particular Fund. If the liabilities of a particular Fund are greater than the proceeds of the realisation of the property attributable or allocated to the Fund, the deficit shall be met out of the property attributable or allocated to the solvent Funds in respect of which the proceeds of realisation exceed liabilities and will be divided between those Funds in a manner which is fair to Shareholders in those solvent Funds.

## **11. GENERAL INFORMATION**

### **11.1 Accounting Periods**

The annual accounting period of the Company ends each year on 30 September (the accounting reference date) with an interim accounting period ending on 31 March. The first annual accounting period will end 30 September 2009.

### **11.2 Income Allocations**

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

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

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

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

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

basis because of lack of information as to how it accrues, transfers between the income and capital account and other matters.

With the agreement of the Depositary individual amounts of income of £10 or less may not be paid.

The Company will operate grouping for equalisation. Each Class will operate its own equalisation account. Shares purchased during a distribution period are called Group 2 Shares. Shares purchased during any previous distribution period are called Group 1 Shares. Group 2 Shares contain in their purchase price an amount called equalisation which represents a proportion of the net income of the Fund that has accrued up to the date of purchase. The amount of equalisation is averaged across all the Shareholders of Group 2 Shares and is refunded to them as part of their first distribution and is treated as a return of capital for tax purposes. Being capital, this is not liable to income tax but must be deducted from the cost of Shares for capital gains tax purposes.

The amount of income equalisation in respect of any Share applies shall be either the actual amount of income included in the issue price of that Share, or, an amount arrived at by taking the aggregate of the amounts of income included in the price in respect of Shares of that Class issued or sold to Shareholders in the annual or interim accounting period in question and dividing that aggregate amount by the number of such Shares and applying the resultant average to each of the Shares in question.

### **11.3 Annual Reports**

The annual report of the Company will normally be published within two months of each annual accounting period although the ACD reserves the right to publish the annual report at a later date but not later than four months from the end of each annual accounting period and the half yearly report will be published within two months of each interim accounting period. The ACD has determined that the accounts contained in this report should be short reports and are available to any person free of charge on request. A report containing the full accounts is available to any person free of charge on request.

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

The following documents may be inspected free of charge during normal business hours on any business day at the offices of the ACD at 25 Moorgate, London EC2R 6AY.

11.4.1 the most recent annual and half yearly reports of the Company;

11.4.2 the Instrument of Incorporation (and any amending documents); and

11.4.3 the material contracts referred to below.

Shareholders may obtain copies of the above documents from the ACD. The ACD may make a charge at its discretion for copies of the material contract referred to below (the most recent annual and half yearly reports of the Company and the Instrument of Incorporation are available to any Shareholder free of charge). The most recent copy of the Prospectus is available to any person, free of charge, on request.

#### **11.5 Material Contracts**

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

11.5.1 the ACD Agreement dated 11 August 2008 between the Company and the ACD; and

11.5.2 the Depositary Agreement dated 11 August 2008 between the Company the Depositary and the ACD.

11.5.3 the Investment Management Agreement dated 11 August 2008 between the Investment Manager and the ACD.

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

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

All information concerning the Company and about investing in Shares of the Company is available from the ACD at 25 Moorgate, London EC2R 6AY. The ACD is not authorised to give investment advice and persons requiring such advice should consult a professional financial adviser. All applications for Shares are made solely on the basis of the current prospectus of the Company, and investors should ensure that they have the most up to date version.

#### **11.7 Telephone Recordings**

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

#### **11.8 Complaints**

Complaints concerning the operation or marketing of the Company may be referred to the Complaints Officer of the ACD at P25 Moorgate, London EC2R 6AY 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.

#### **11.9 Risk Management**

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

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

11.9.2 the methods used in relation to 11.9.1; and

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

#### 11.10 **Indemnity**

The Instrument of Incorporation contains provisions indemnifying the Directors, other officers and the Company's auditors or the Depositary against liability in certain circumstances otherwise than in respect of their negligence, default, breach of duty or breach of trust, and indemnifying the Depositary against liability in certain circumstances otherwise than in respect of its failure to exercise due care and diligence in the discharge of its functions in respect of the Company.

## APPENDIX I

### FUND DETAILS

<b>Name:</b>	S&W Matterley Undervalued Returns Fund	
<b>Type of Fund:</b>	Non-UCITS retail scheme	
<b>Investment objective:</b>	The investment objective of the Fund is to achieve long-term capital growth	
<b>Investment policy:</b>	The Fund aims to invest in the securities of UK companies which the Investment Manager considers to be undervalued either directly or indirectly via derivatives. The Fund may also invest in other transferable securities, units or shares in collective investment schemes, money market instruments, deposits, cash, near cash and derivatives and forward transactions.	
<b>Launch date:</b>	12 August 2008	
<b>First Dealing Day:</b>	12 August 2008	
<b>Final accounting date:</b>	30 September	
<b>Interim accounting dates:</b>	31 March	
<b>Income distribution dates:</b>	31 January (final) 31 May(interim)	
<b>Valuation Point:</b>	12 noon	
<b>Dealing frequency:</b>	on each Dealing Day	
<b>Classes of Shares:</b>	Retail Class	Institutional Class
<b>Type of Shares:</b>	Accumulation and Income	Accumulation and Income
<b>Currency of denomination:</b>	Pounds sterling	Pounds sterling
<b>Initial charge:</b>	5%	5%
<b>Redemption charge:</b>	Nil	Nil
<b>Annual Management Charge:</b>	1.25%	0.75%

(subject to a minimum per Fund as set out in paragraph 7.2 of this Prospectus)

<b>Minimum initial investment:</b>	£50	£100,000
<b>Minimum subsequent investment:</b>	£50	£25,000
<b>Minimum holding:</b>	0	0
<b>Minimum redemption:</b>	N/A (subject to the minimum subsequent investment being maintained)	N/A (subject to the minimum subsequent investment being maintained)
<b>ISA status:</b>	Qualifying Investment for stocks and shares component	
<b>Charges taken from income:</b>	Yes	
<b>Past performance:</b>	Past performance information is set out in Appendix V	
<b>Status of Fund for tax purposes:</b>	The Fund is an Equity Fund for the purposes of tax.	
<b>Initial price of Income shares:</b>	£0.5086	£0.51
<b>ISA eligibility</b>	It is the ACD's intention that Fund will be managed so as to be an eligible for ISA investment	
<b>Whether Shares will be issued in any other currency:</b>	No	No

## APPENDIX II

### ELIGIBLE SECURITIES MARKETS AND ELIGIBLE DERIVATIVES MARKETS

All the Funds may deal through securities 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.

Each Fund may also deal through the securities markets and derivatives markets indicated below:

<b>For approved securities</b>	
Market	<b>S&amp;W Matterley Undervalued Returns Fund</b>
American Stock Exchange	✓
ASX Ltd	✓
Channel Islands Stock Exchange (Guernsey/ Jersey)	✓
Hong Kong Stock Exchange	✓
Government of Canada Bond Market	✓
London Stock Exchange	✓

Montreal Exchange	✓
New York Stock Exchange	✓
Swiss Exchange (SWX)	✓
Toronto Stock Exchange	✓
TSX Venture Exchange	✓
Any stock exchange or regulated market which is located in a EU Member State who joined before 1st May 2004 and certain others who joined on 1 May 2004*	✓

\*Any stock exchange or regulated market which is located in a member state which was Member of the EU before 1 May 2004 and certain others who joined on 1 May 2004 - Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Portugal, Spain, Sweden, Netherlands, UK, Czech Republic, Hungary, Lithuania, Poland and Slovakia.

<b>For derivatives approved</b>	<b>S&amp;W Matterley Undervalued Returns Fund</b>
<b>Market</b>	
ASX Ltd	✓

EUREX	✓
Euronext – LIFFE	✓
EDX London (Formerly OMLX)	✓
Montreal Stock Exchange	✓
Toronto Stock Exchange	✓

## **APPENDIX III**

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

#### **1. General**

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

Normally, a Fund will be fully invested save for an amount to enable the pursuit of a Funds investment objectives, redemption of Shares, efficient management of the Fund in relation to its strategic objectives and other purposes which may be reasonably regarded as ancillary to the investment objectives of the Fund. This amount will vary depending upon prevailing circumstances and although it would normally not exceed 10% of the total value of each Fund, there may be times when the Investment Manager considers stock markets 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 fixed interest, 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.

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

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

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

#### **1.2 Cover**

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

- 1.2.2 Where a rule in the COLL Sourcebook permits an investment transaction to be entered into or an investment to be retained only if that investment transaction, or the retention, or other similar transactions, are covered:
  - 1.2.2.1 it must be assumed that in applying any of those rules, the Fund must also simultaneously satisfy any other obligation relating to cover; and
  - 1.2.2.2 no element of cover must be used more than once.

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

- 2.1 Subject to the investment objectives and policy of a Fund, the Scheme Property of a Fund must, except where otherwise provided in COLL 5 only consist of any or all of:
  - 2.1.1 transferable securities;
  - 2.1.2 money market instruments;
  - 2.1.3 units or shares in permitted collective investment schemes;
  - 2.1.4 permitted derivatives and forward transactions; and
  - 2.1.5 permitted deposits.
- 2.2 Transferable securities and money market instruments held within a Fund must (subject to paragraph 2.3 of this Appendix) be:
  - 2.2.1 admitted to or dealt on an eligible market as described below;
  - 2.2.2 be approved money market instruments not admitted or dealt in on an eligible market below which satisfy the requirement of paragraph 8 in this Appendix;
  - 2.2.3 recently issued transferable securities provided that:
    - 2.2.3.1 the terms of issue include an undertaking that application will be made to be admitted on an eligible market; and
    - 2.2.3.2 such admission is secured within a year of issue.
- 2.3 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 COLL 5.6.2G (2)(b)) or money market instruments which are liquid and have a value which can be determined accurately at any time.
- 2.4 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 a Fund are dealt in or traded on should be of an adequate quality ("eligible") at the time of acquisition of the investment and until it is sold.

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

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

3.4.3 the Depositary has taken reasonable care to determine that:

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

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

3.5 In paragraph 3.4, 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 the value of the Scheme Property of a Fund is to consist of deposits with a single body.
- 4.3 Not more than 10% in value of the Scheme Property of a Fund is to consist of transferable securities or money market instruments issued by any single body subject to COLL 5.6.23R (Schemes replicating an index).
- 4.4 The limit of 10% in 4.3 above is raised to 25% in value of the Scheme Property in respect of covered bonds.
- 4.5 In applying 4.3, certificates representing certain securities are to be treated as equivalent to the underlying security.
- 4.6 The COLL Sourcebook provides that not more than 35% in value of the Scheme Property is to consist of the units or shares of any one collective investment scheme.
- 4.7 The exposure to any one counterparty in an OTC derivative transaction must not exceed 10% in value of a Fund.
- 4.8 For the purpose of calculating the limit in 4.7, the exposure in respect of an OTC derivative may be reduced to the extent that collateral is held in respect of it if the collateral meets each of the following conditions:
  - 4.8.1 it is marked-to-market on a daily basis and exceeds the value of the amount at risk;
  - 4.8.2 it is exposed only to negligible risks (e.g. government bonds of first credit rating or cash) and is liquid;
  - 4.8.3 it is held by a third party custodian not related to the provider or is legally secured from the consequences of a failure of a related party; and
  - 4.8.4 can be fully enforced by the Fund at any time.
- 4.9 For the purposes of calculating the limits in 4.7, OTC derivative positions with the same counterparty may be netted provided that the netting procedures:
  - 4.9.1 comply with the conditions set out in Section 3 (Contractual netting (Contracts for novation and other netting agreements)) of Annex III to the Banking Consolidation Directive; and
  - 4.9.2 are based on legally binding agreements.
- 4.10 In applying this paragraph (Spread: general), all derivatives transactions are deemed to be free of counterparty risk if they are performed on an exchange where the clearing house meets each of the following conditions:

- 4.10.1 it is backed by an appropriate performance guarantee; and
- 4.10.2 it is characterised by a daily mark-to-market valuation of the derivative positions and at least daily margining.

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

- 5.1 The following section applies to government and public securities ("such securities").
- 5.2 Where no more than 35% in value of the Scheme Property of a Fund is invested in such securities issued by any one body, there is no limit on the amount which may be invested in such securities or in any one issue.
- 5.3 The Company or any Fund may invest more than 35% in value of the Scheme Property of a Fund in such securities issued by any one body provided that:
  - 5.3.1 the ACD has before any such investment is made consulted with the Depositary and as a result considers that the issuer of such securities is one which is appropriate in accordance with the investment 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 of a Fund includes such securities issued by that or another issuer, of at least six different issues;
  - 5.3.4 the disclosures in the Prospectus required by the FSA have been made.

6. **Investment in collective investment schemes**

- 6.1 Up to 10% 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 or shares in collective investment schemes.
- 6.1.4 The participants in the Second Scheme must be entitled to have their units or shares redeemed in accordance with the scheme at a price related to the net value of the property to which the units or shares relate and determined in accordance with the scheme.
- 6.1.5 Where the Second Scheme is an umbrella, the provisions in paragraphs 6.1.2 to 6.1.4 apply to each sub-fund as if it were a separate scheme.
- 6.1.6 Investment may only be made in other collective investment schemes managed by the ACD or an associate of the ACD if the rules on double charging contained in the COLL Sourcebook are complied with.
- 6.2 The Funds may, subject to the limit set out in 6.1 above, invest in collective investment schemes managed or operated by, or whose authorised corporate director is, the ACD of the Funds or one of its associates.

## **7 Investment in Nil and Partly Paid Securities**

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

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

- 8.1 The Funds may invest up to 100% in money-market instruments which are within the provisions of 2.2 above or 8.2 below and subject to the limit of 20% limit referred to in 2.3 above, which are normally dealt in or on the money market, are liquid and whose value can be accurately determined at any time.
- 8.2 The In addition to instruments admitted to or dealt in on an eligible market, the Fund may invest in an approved money-market instrument provided it fulfils the following requirements:
  - 8.2.1 the issue or the issuer is regulated for the purpose of protecting investors and savings; and
  - 8.2.2 the instrument is issued or guaranteed in accordance with COLL 5.2.10BR.
- 8.3 The issue or the issuer of a money-market instrument, other than one dealt in on an eligible market, shall be regarded as regulated for the purpose of protecting investors and savings if:
  - 8.3.1 the instrument is an approved money-market instrument;
  - 8.3.2 appropriate information is available for the instrument (including Information which allows an appropriate assessment of the credit risks related to investment in it), in accordance with COLL 5.2.10CR; and
  - 8.3.3 the instrument is freely transferable.

## **9 Derivatives: General**

- 9.1 A transaction in derivatives or a forward transaction must not be effected for a Fund unless the transaction is of a kind specified in paragraph 10 (Permitted transactions (derivatives and forwards)) below, and the transaction is covered, as required by paragraph 19 (Cover for transactions in derivatives and forward transactions).
- 9.2 Where a Fund invests in derivatives, the exposure to the underlying assets must not exceed the limits set out in the COLL Sourcebook in relation to spread (COLL 5.2.11R Spread: general, COLL 5.2.12R Spread: government and public securities) except for index based derivatives where the rules below apply.
- 9.3 Where a transferable security or approved money-market instrument embeds a derivative, this must be taken into account for the purposes of complying with this section.
- 9.4 A transferable security or an approved money-market instrument will embed a derivative if it contains a component which fulfils the following criteria:

- 9.4.1 by virtue of that component some or all of the cash flows that otherwise would be required by the transferable security or approved money-market instrument which functions as host contract can be modified according to a specified interest rate, financial instrument price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, and therefore vary in a way similar to a stand-alone derivative;
  - 9.4.2 its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and
  - 9.4.3 it has a significant impact on the risk profile and pricing of the transferable security or approved money-market instrument.
- 9.5 A transferable security or an approved money-market instrument does not embed a derivative where it contains a component which is contractually transferable independently of the transferable security or the approved money-market instrument. That component shall be deemed to be a separate instrument.
- 9.6 Where a Fund invests in an index based derivative, provided the relevant index falls within COLL 5.6.2R (Relevant Indices) the underlying constituents of the index do not have to be taken into account for the purposes of COLL 5.6.7R and COLL 5.6.8R.

**Derivatives will be used in the Funds for the purposes of investment. Where the ACD invests in derivatives and forward transactions in the pursuit of a Fund's objectives, the net asset value of that Fund may at times be volatile (in the absence of compensating investment techniques). However, it is the ACD's intention that the Fund will not have volatility over and above the general market volatility of the markets of the Fund's underlying investments owing to the use of the derivatives and/or forward transactions in the pursuit of its objectives. It is not the ACD's intention that the use of derivatives and forward transactions in the pursuit of a Fund's objective will cause its risk profile to change.**

## **10 Permitted transactions (derivatives and forwards)**

- 10.1 A transaction in a derivative must be:
- 10.1.1 in an approved derivative; or
  - 10.1.2 be one which complies with paragraph 14 (OTC transactions in derivatives).
- 10.2 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, money-market instruments, deposits, permitted derivatives under this paragraph, collective investment scheme units permitted under paragraph 6 (Investment in collective investment schemes), permitted immovables, gold, financial indices which satisfy the

criteria set out in COLL 5.2.20R, interest rates, foreign exchange rates, and currencies.

- 10.3 The exposure to the underlyings in 10.2 above must not exceed the limits in paragraph 4 and 5 above.
- 10.4 A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market.
- 10.5 A transaction in a derivative must not cause a Fund to diverge from its investment objectives as stated in the Instrument of Incorporation and the most recently published version of this Prospectus.
- 10.6 A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of transferable securities, money-market instruments, units in collective investment schemes, or derivatives, provided that a sale is not to be considered as uncovered if the conditions in paragraph 13.2 are satisfied.
- 10.7 Any forward transaction must be with an Eligible Institution or an Approved Bank.

## **11 Financial indices underlying derivatives**

- 11.1 The financial indices referred to in 10.2 are those which satisfy the following criteria:
  - 11.1.1 the index is sufficiently diversified;
  - 11.1.2 the index represents an adequate benchmark for the market to which it refers; and
  - 11.1.3 the index is published in an appropriate manner.
- 11.2 A financial index is sufficiently diversified if its components adhere to the spread requirements in this section.
- 11.3 A financial index represents an adequate benchmark for the market to which it refers if its provider uses a recognised methodology which generally does not result in the exclusion of a major issuer of the market to which it refers.
- 11.4 A financial index is published in an appropriate manner if:
  - 11.4.1 it is accessible to the public; and
  - 11.4.2 the index provider is independent from the index replicating scheme.

## **12 Transactions for the purchase of property**

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

## **13 Requirement to cover sales**

13.1 No agreement by or on behalf of the Company 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 Company by delivery of property or the assignment (or, in Scotland, assignation) of rights, and the property and rights above are owned by the Company 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 ACD or the Depositary has the right to settle the derivative in cash and cover exists within the Scheme Property of a Fund 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 13.2.1 and 13.2.2, an asset may be considered as liquid where the instrument can be converted into cash in no more than seven Business Days at a price closely corresponding to the current valuation of the financial instrument on its own market.

## **14 OTC Transactions in Derivatives**

14.1 Any transaction in an OTC derivative under paragraph 10.1.2 must be:

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

- 14.1.2 with an approved counterparty; A counterparty to a transaction in derivatives is approved only if the counterparty is an Eligible Institution or an Approved Bank; or a person whose permission (including any requirements or limitations), as published in the FSA Register or whose Home State authorisation, permits it to enter into the transaction as principal off-exchange;
- 14.1.3 on approved terms; the terms of the transaction in derivatives are approved only if, before the transaction is entered into, the Depositary is satisfied that the counterparty has agreed with the Company: to provide at least daily and at any other time at the request of the ACD a reliable and verifiable valuation in respect of that transaction corresponding to its fair value (being the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction) and which does not rely only on market quotations by the counterparty; and that it will, at the request of the Company, enter into a further transaction to close out that transaction at any time, at a fair value arrived at under the reliable market value basis or pricing model agreed under the following paragraph; and
- 14.1.4 capable of reliable valuation; a transaction in derivatives is capable of reliable valuation only if the ACD having taken reasonable care determines that, throughout the life of the derivative (if the transaction is entered into), it will be able to value the investment concerned with reasonable accuracy:
- 14.1.4.1 on the basis of an up-to-date market value which the ACD and the Depositary have agreed is reliable; or
  - 14.1.4.2 if the value referred to in 14.1.4.1 is not available, on the basis of a pricing model which the ACD and the Depositary have agreed uses an adequate recognised methodology; and
- 14.1.5 subject to verifiable valuation: a transaction in derivatives is subject to verifiable valuation only if, throughout the life of the derivative (if the transaction is entered into) verification of the valuation is carried out by:
- 14.1.5.1 an appropriate third party which is independent from the counterparty of the derivative at an adequate frequency and in such a way that the ACD is able to check it; or
  - 14.1.5.2 a department within the ACD which is independent from the department in charge of managing the Fund and which is adequately equipped for such a purpose.

## **15 Risk management**

The ACD uses a risk management process, enabling it to monitor and measure as frequently as appropriate the risk of a Fund's positions and their contribution to the overall risk profile of the Fund.

## **16 Investments in deposits**

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

## **17 Stock lending**

17.1 The entry into stock lending transactions and repo contracts for the account of the Fund is permitted for the generation of additional income for the benefit of the Fund, and hence for its investors.

17.2 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.

17.3 The stock lending permitted by this section may be exercised by the Fund when it reasonably appears to the Fund to be appropriate to do so with a view to generating additional income for the Fund with an acceptable degree of risk.

17.4 The Company or the Depositary at the request of Company 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 Depositary for the account of the Fund, are in a form which is acceptable to the Depositary 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 Depositary, adequate and sufficiently immediate.

17.5 The Depositary must ensure that the value of the collateral at all times is at least equal to the value of the securities transferred by the Depositary. This duty may be regarded as satisfied in respect of collateral the validity of which is about to expire or has expired where the Depositary takes reasonable care to determine that

sufficient collateral will again be transferred at the latest by the close of business on the day of expiry.

- 17.6 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 Fund.
- 17.7 There is no limit on the value of the Scheme Property which maybe the subject of stock lending transactions.

## **18 Schemes replicating an index**

- 18.1 A Fund may invest up to 20% in value of the Scheme Property in shares and debentures which are issued by the same body where the stated investment policy is to replicate the performance or composition of a relevant index as defined below.
- 18.2 The 20% limit can be raised for a particular Fund up to 35% in value of the Scheme Property, but only in respect of one body and where justified by exceptional market conditions.
- 18.3 In the case of a Fund replicating an index the Scheme Property of a Fund need not consist of the exact composition and weighting of the underlying in the relevant index where deviation from this is expedient for reasons of poor liquidity or excessive cost to the scheme in trading in an underlying investment.
- 18.4 The indices referred to above are those which satisfy the following criteria:
- 18.4.1 the composition is sufficiently diversified;
- 18.4.2 the index is a representative benchmark for the market to which it refers;  
and
- 18.4.3 the index is published in an appropriate manner.

## **19 Cover for transactions in derivatives and forward transactions**

- 19.1 A Fund may invest in derivatives and forward transactions as long as the exposure to which the Fund is committed by that transaction itself is suitably covered from within its Scheme Property of a Fund. Exposure will include any initial outlay in respect of that transaction.
- 19.2 Cover ensures that a Fund is not exposed to the risk of loss of property, including money, to an extent greater than the net value of the Scheme Property. Therefore, a Fund must hold Scheme Property sufficient in value or amount to match the exposure arising from a derivative obligation to which the Fund is committed. Detailed requirements for cover of a Fund are set out below.

- 19.3 A future is to be regarded as an obligation to which the Fund is committed (in that, unless closed out, the future will require something to be delivered, or accepted and paid for; a written option as an obligation to which the scheme is committed (in that it gives the right of potential exercise to another thereby creating exposure); and a bought option as a right (in that the purchaser can, but need not, exercise the right to require the writer to deliver and accept and pay for something).
- 19.4 Cover used in respect of one transaction in derivatives or forward transaction must not be used for cover in respect of another transaction in derivatives or a forward transaction.
- 19.5 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.
- 19.6 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.
- 19.7 Cash not yet received into the Scheme Property but due to be received within one month is available as cover.
- 19.8 Property the subject of a stock lending transaction is only available for cover if the ACD 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.
- 19.9 The global exposure relating to derivatives may not exceed the net value of the Scheme Property.

## **20 Cash and near cash**

- 20.1 Cash and near cash must not be retained in the Scheme Property of a Fund except to the extent that, where this may reasonably be regarded as necessary in order to enable:
- 20.1.1 the pursuit of the Fund's investment objectives; or
  - 20.1.2 the redemption of units or shares; or
  - 20.1.3 efficient management of the Fund in accordance with its investment objective; or
  - 20.1.4 other purposes which may reasonably be regarded as ancillary to the investment objective of the Fund.

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

## **21 General**

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

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

## **22 Underwriting**

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 Company.

## **23 Borrowing powers**

- 23.1 The ACD may, on the instructions of the Fund and subject to the COLL Sourcebook, borrow money from an Eligible Institution or an Approved Bank for the use of the Fund on terms that the borrowing is to be repayable out of the Scheme Property.
- 23.2 The ACD must ensure that borrowing does not, on any business day, exceed 10% of the value of the Fund.
- 23.3 These borrowing restrictions do not apply to "back to back" borrowing for currency hedging purposes (i.e. borrowing permitted in order to reduce or eliminate risk arising by reason of fluctuations in exchange rates).

## **24 Restrictions on lending of property other than money**

- 24.1 Scheme Property other than money must not be lent by way of deposit or otherwise.
- 24.2 Transactions permitted by paragraph 12 (Stock lending) are not to be regarded as lending for the purposes of paragraph 19.1.
- 24.3 Nothing in this paragraph prevents the Depositary at the request of the ACD 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 Company in accordance with COLL 5.

## **25 Restrictions on lending of money**

- 25.1 None of the money in the Scheme Property may be lent and, for the purposes of this paragraph, money is lent by the Fund if it is paid to a person ("the payee") on the basis that it should be repaid, whether or not by the payee.
- 25.2 Acquiring a debenture is not lending for the purposes of paragraph 20.1, nor is the placing of money on deposit or in a current account.

## **26 Guarantees and indemnities**

- 26.1 The Depositary, for the account of a Fund, must not provide any guarantees or indemnity in respect of the obligation of any person.
- 26.2 Scheme Property may not be used to discharge any obligation arising under a guarantee or indemnity with respect to the obligation of any person.
- 26.3 Paragraphs 21.1 and 21.2 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 IV**

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

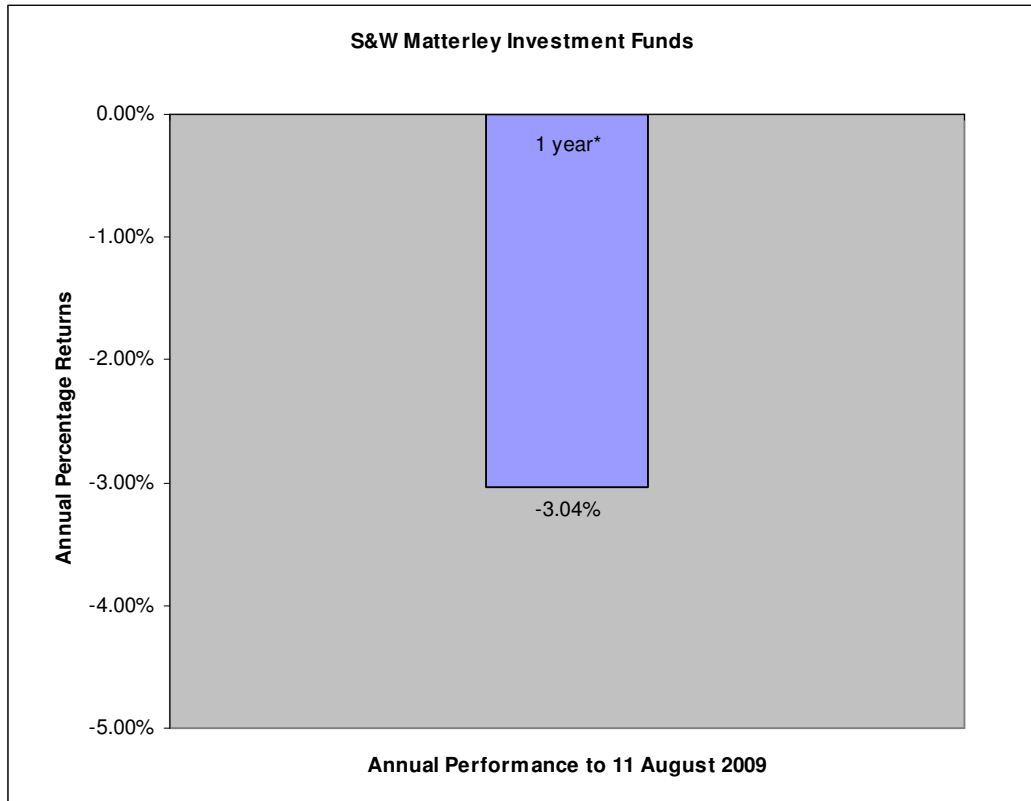
Authorised Unit Trusts	Investment Companies with Variable Capital
<p>The Plain Andrews Unit Trust  S&amp;W Barro Trust  Smith &amp; Williamson North American Trust  Smith &amp; Williamson European Growth Trust  Smith &amp; Williamson UK Equity Growth Trust  Smith &amp; Williamson Fixed Interest Trust  Smith &amp; Williamson Far Eastern Growth Trust  Smith &amp; Williamson UK Equity Income Trust  S&amp;W Langham Trust  S&amp;W Magnum Trust  S&amp;W Marathon Trust  S&amp;W Thoroughbred Trust  S&amp;W Witch General Trust  The Skye Trust  The Endeavour II Fund  Eagle Fund  Orchard Fund  Bryn Siriol Fund  The Millennium Fund  The Enterprise Trust  The Wessex Portfolio Trust  The Jetwave Trust  The Devonshire Trust  S&amp;W Church House Investment Grade Fixed Interest Fund  S&amp;W Church House UK Managed Growth Fund  S&amp;W Church House Balanced Value and Income Fund  The Esk Fund</p>	<p>S&amp;W Millbank Investment Funds  The Lowesby Fund  S&amp;W Deucalion Fund  S&amp;W Journey Fund  The Jay Fund  The Brixworth Fund  Sylvan Funds  Smith &amp; Williamson Funds  Smith &amp; Williamson Investment Funds ICVC  Sardasca Fund  Midsummer Titania Fund  The Beamish Fund  The Headway Fund  The Smithfield Fund  The Kelway Fund  The MF Fund  Brushfield Defined Funds  S&amp;W Aubrey Capital Management Investment Funds  The Munro Fund  The Frontier Fund  The Greylag Fund  The Gloucester Portfolio  The Staffordshire Portfolio  S&amp;W Saltus Multi Asset Class Fund  Forest Fund ICVC  Knotts Investments Fund  S&amp;W Tactica Multi Asset Portfolios  The Brighton Rock Fund  The Milne Fund  The Stellar Fund  Strategic Value Fund  Pityoulish Investments Fund  Taber Investments Fund  S&amp;W Matterley Investment Funds  S&amp;W Revera Fund  Wood Street Microcap Investment Fund  The Capital Link Growth Fund  AETOS Fund  The Edenbeg Fund  The Norton Fund  The Blue Ruff</p>

	The Lundy Fund The Daisybelle Fund S&W CH Special Mandates Fund
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## APPENDIX V

### PAST PERFORMANCE TABLES FOR EACH FUND AND INVESTOR PROFILE

#### 1. Historic performance:



\* First year runs from launch on 12 August 2008 until 11 August 2009.

Mid to Mid. Source: Smith & Williamson Fund Administration Ltd.

#### 2. Investor profiles

The Company's suitability for investors will depend on the investor's own requirements and their attitude to risk. Investors should be aware of and understand the risks associated with the Fund before investing; the risks associated with the Fund is detailed under 'Risk Factors'. If you have any doubt as to whether the investment is suitable for you, please consult a financial adviser.

## **APPENDIX VI**

### **DIRECTORY**

**The Company and Head Office:**

S&W Matterley Investment Funds  
25 Moorgate, London EC2R 6AY

**Authorised Corporate Director:**

Smith & Williamson Fund Administration Limited  
25 Moorgate, London EC2R 6AY

**Depositary:**

The Royal Bank of Scotland plc  
36 St Andrew Square, Edinburgh, EH2 2YB

**Investment Manager:**

Charles Stanley & Co Limited  
25 Luke Street, London, EC2A 4AR.

**Legal Advisers to the Company:**

Eversheds LLP  
One Wood Street, London EC2V 7WF

**Auditors:**

Saffery Champness  
Lion House, Red Lion Street, London, WC1R 4GB