



# Melville Douglas Income Fund Ltd

Prospectus / February 2023

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## 1 IMPORTANT NOTICE

This Prospectus is prepared, and a copy of it has been sent to the Commission, in accordance with the Collective Investment Funds (Certified Funds - Prospectuses) (Jersey) Order 2012 of the Island of Jersey. This document is based on the law and practice currently in force in Jersey and is subject to changes therein.

If you are in any doubt about the contents of this Prospectus you should contact your stock broker, bank manager, solicitor, accountant or other financial adviser immediately. An investment in the Fund is suitable only for investors who have taken the appropriate professional advice and who understand and are capable of assuming the risks of investing in the Fund.

The distribution of this Prospectus and the offering of Participating Shares in the Fund in certain jurisdictions may be restricted. Persons into whose possession this Prospectus comes are required 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 an offer is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

This Prospectus shall under no circumstances be distributed to or constitute an offer to any person or entity resident or domiciled in, or any citizen of any member state of the European Union or any state within the EEA to which the AIFMD applies or any restricted jurisdiction identified in a Schedule in respect of a Class.

The Participating Shares have not been registered under the Securities Act of 1933 of the United States of America and it is prohibited for the Manager or any other person to offer any Participating Shares for sale, or to sell any Participating Shares to any other person for offering or re-sale, directly or indirectly, in the United States of America or to any US Person. For the purpose of this paragraph, the United States of America includes its possessions, its territories and all areas subject to its jurisdiction and a **US Person** is a national, citizen or resident of the United States of America or a corporation or partnership organized under the laws of the United States of America.

The Fund targets both retail and institutional investors, in accordance with applicable law and the OCIF Guide issued by the Commission, a copy of which is available at:

[http://www.jerseyfsc.org/the\\_commission/codes\\_of\\_practice/index.asp](http://www.jerseyfsc.org/the_commission/codes_of_practice/index.asp).

Where the Class Fund(s) are approved for marketing in territories other than the country of domicile, unless mentioned otherwise there is no limit to the duration or size of distribution.

The Fund holds a certificate issued pursuant to the Funds Law by the Commission. The Commission is protected by the Funds Law against liability arising from the discharge of its functions under the Funds Law. The Manager and the Custodian have been registered for the conduct of fund services business in respect of the fund under the Financial Services Law by the Commission. The Commission is protected by the Financial Services Law against liability arising from the discharge of its functions under the Financial Services Law.

The Commission does not take any responsibility for the financial soundness of the Fund or for the correctness of any statements made or expressed in this Prospectus.

The Class Fund(s) are designed to hold sufficient assets in funds with equivalent liquidity terms, or better, to cater for the efficient processing of investor redemptions in line with the redemption settlement period contained within this Prospectus.

Distribution to members of the public in South Africa will be undertaken by regulated financial services providers appointed by the RSA Representative in South Africa. Please view section 3.9 for further information on the RSA Representative.

It should be remembered that the price of the Participating Shares can go down as well as up and that Shareholders may not receive, on the sale, redemption, conversion or redemption of their Participating Shares, the amount that they invested.

The Fund and the Directors have taken all reasonable care to ensure that the facts stated in this Prospectus are true and accurate in all material respects and that there are no other material facts, the omission of which would make misleading any statement in this Prospectus whether of fact or opinion. The Fund and its Directors accept responsibility accordingly.

No application has been made for the Participating Shares now being offered for subscription to be listed or otherwise dealt in on any stock exchange.

This Prospectus contains summaries of the terms of the Articles, Application Form, the Service Providers' Agreements and the other documents referred to herein. However the discussions set out in this Prospectus do not purport to be complete.

A prospective investor is strongly recommended to read and consider this Prospectus before completing an Application Form.

Definitions are available in this Prospectus in section 17 headed 'Definitions and Interpretation'.

## **2 DIRECTORY**

### **2.1 The Fund**

Melville Douglas Income Fund Limited  
Standard Bank House  
47-49 La Motte Street  
St Helier  
Jersey JE2 4SZ  
Channel Islands

### **2.2 Directors of the Fund**

Graham Baillie  
Michael Farrow  
Rob Stewart  
Oliver Sonnbichler

### **2.3 Management, custody and administration**

#### **(a) Manager and Registrar**

STANLIB Fund Managers Jersey Limited  
Standard Bank House  
47-49 La Motte Street  
St Helier  
Jersey JE2 4SZ  
Channel Islands  
Tel: 44 1534 881400  
Fax: 44 1534 881119

#### **(b) Investment Manager, Distributor and Promoter**

Melville Douglas Investment Management (Pty) Limited  
30 Baker Street  
Rosebank  
Johannesburg, 2196  
Republic of South Africa

#### **(c) Custodian**

Apex Financial Services (Corporate) Limited  
(formerly known as Link Corporate Services (Jersey) Limited and Capita Trust Company (Jersey) Limited)  
12 Castle Street  
St Helier  
Jersey JE2 3RT  
Channel Islands

(d) **Sub-Custodian**

Bank of New York Mellon SA/NV London Branch

London Branch Office:  
The Bank of New York Mellon Centre  
160 Queen Victoria Street  
London  
EC4V 4LA  
United Kingdom

Registered Office:  
46 Rue Montoyerstraat  
B-1000 Brussels  
Belgium

2.4 **Auditors and Jersey legal advisers**

(a) **Auditors**

PricewaterhouseCoopers  
One Spencer Dock  
North Wall Quay  
Dublin 1  
Ireland

(b) **Jersey Legal Advisers**

Ogier  
44 Esplanade  
St Helier  
Jersey JE4 9WG  
Channel Islands

2.5 **The RSA Representative (Only approved representative in the RSA)**

STANLIB Collective Investments (RF) (Pty) Limited  
17 Melrose Boulevard, Melrose Arch, 2196  
Johannesburg  
Republic of South Africa

### 3 INTRODUCTION

#### 3.1 The Fund

The Fund is an 'umbrella fund' and an open-ended investment fund company registered by way of continuation in Jersey under a certificate of continuance dated 31 March 2003 with limited liability under the Law as a no par value company. The Fund is authorised to issue 100 Management Shares and an unlimited number of Participating Shares. The nature of the right represented by Participating Shares in the Fund is that of a share of the appropriate class in the Fund.

#### 3.2 Classes

Participating Shares in the Fund are designated into separate classes (each a **Class**) with different investment objectives and policies and/or different investment management fees. The specific investment objectives and policies and investment restrictions applicable to any class are set out in the Schedule(s) hereto.

#### 3.3 Class Funds

The Directors will establish a separate class fund (a **Class Fund**) for each of the Classes and such class fund may have shares denominated in a Base Currency of either USD or GBP, shares with different eligibility criteria and/or minimum investments and/or subject to different investment management fees, management fees and performance fees (among other things). The assets, income, earnings, liabilities, expenses and costs attributable to each Class Fund will, in accordance with the Articles, be applied to the Class Fund established for that Class and kept separate and segregated from those attributable to the Fund and/or other Classes. Any assets, liabilities, income, earnings, costs and expenses not attributable to a particular Class Fund are allocated between all Class Funds in such manner, and on such bases, as the Manager or the Directors in their discretion shall deem fair and equitable (which bases may be varied from time to time). The Fund is a single legal entity. As a result, although the assets, income, earnings, liabilities, expenses and costs attributable to each Class Fund will be segregated and kept separate from assets, income, earnings, liabilities, expenses and costs attributable to other Class Funds, in the event of the Fund not being able to meet its liabilities attributable to any particular Class Fund out of the assets of such Class Fund, the excess liabilities may have to be met out of the assets attributable to other Class Funds. Therefore, if as a result of a creditor proceeding against certain of the assets of the Fund or otherwise, a liability or expense would be borne in a different manner from that otherwise provided for in the Articles, or in any other circumstances where the Manager or the Directors may in their discretion deem it fair and equitable, the Manager may transfer any assets to and from any of the Class Funds.

#### 3.4 The Directors

The Directors of the Fund are as follows:

- (a) **Graham Baillie** - Graham has been working in the investment services industry in South Africa for over 30 years gathering experience in banking, investment research, stock broking and portfolio management. In 2004, Graham was

appointed the Managing Director of Melville Douglas Investment Management and became a Non-Executive Director of Melville Douglas International. As Graham's leadership role expanded in the wealth division of the Standard Bank Group, Graham relinquished his Managing Director role to become the Executive Chairman of Melville Douglas in 2010. In 2013, Graham helped establish Standard Bank International Investments Limited in Jersey to house the expanding international investment footprint of the Group. In June 2020, Graham reached the mandatory retirement age of the Group but at the behest of the Shareholder, Graham will remain Chairman of the Board of Melville Douglas Investment Management (in a non-executive role) and continue to oversee the activities of the various Jersey based International Funds of Melville Douglas as a non-executive Director. In addition to the above responsibilities, Graham was recently selected to the Board of Trustees of the Standard Bank Group Retirement Fund.

- (b) **Michael Farrow** - Mr Farrow is a formally qualified trustee, corporate and fund administrator. He sits on the boards of directors of a number of listed companies and a variety of private equity based collective investment schemes, managing such diverse activities as equities, bonds, international commercial property, clean energy storage and large-scale farming. Mr Farrow was a founder director of Consortia Partnership Limited (**Consortia**), a Jersey licensed trust and fund administration company, which he jointly sold to a listed fund in 2016. He led Consortia's corporate, institutional and fund administration business, having wide knowledge of governance and best practice locally, in the United Kingdom and United States. Mr Farrow holds an MSc in Corporate Governance and is a Fellow of the Institute of Chartered Secretaries & Administrators.
- (c) **Rob Stewart** – Mr Stewart is a Senior Portfolio Manager at Standard Bank Jersey, and is responsible for co-managing the Melville Douglas Select Fund Ltd. – Global Impact Class. He joined Standard Bank in 2002, initially as an Investment Product Specialist for Standard Private Bank, before joining Melville Douglas Investment Management in 2005 as a portfolio manager and analyst. Prior to relocating to Jersey in 2019, Mr Stewart was Head of Portfolio Management in South Africa and a member of the executive management team. He is a CFA® charterholder, and a Member of the Chartered Institute for Securities & Investment.
- (d) **Oliver Sonnichler** - Oliver is the Head of the Fund Management group for Melville Douglas Investment Managers and has over 20 years of Private client and investment management experience. He joined Standard Bank in 2011, initially as the Managing Director of Melville Douglas International. Before joining Standard Bank, Oliver was based in London and was a portfolio manager at F&C Asset Management, the head of third party research and portfolio construction at Morgan Stanley and headed the funds research team at UBS. Prior to this he was with Rand Merchant Bank in both their South African and London offices. Oliver is a qualified chartered accountant and has a BCom and GDA from the University of Cape Town and an H Dip Tax from the University of Witwatersrand.

### 3.5 The Manager and Registrar



Pursuant to the terms of the Articles, the Fund has appointed the Manager to act as manager of the Fund and to provide it with management, secretarial, registrar and investment management services. The principal activities of the Manager are to act as manager, administrator and registrar of collective investment funds and other structures in Jersey. The Manager is a company incorporated in Jersey on 30 November 1984 with limited liability under the Law. The Manager has an authorised, issued and fully paid-up share capital of GBP 25,000 divided into 25,000 shares of GBP 1.00 each. The Manager is 100% owned by STANLIB Limited, which is wholly owned by Liberty Holdings Limited, which is wholly owned by Standard Bank Group Limited (**Standard Bank**), a company incorporated in the RSA with its registered office at 5 Simmonds Street, Johannesburg, the RSA and listed on The Johannesburg Stock Exchange. The directors of the Manager are as follows:

	<b>Directors</b>	<b>Title</b>
(a)	David Jardine	Executive Director
(b)	Derrick Msibi	Director
(c)	Mickey Gambale	Director
(d)	Neil Deacon	Executive Director

The directors of the Manager do not have any significant activities not connected with the Fund and the Manager save to the extent disclosed in section 10 (Conflicts of Interest) of this Prospectus.

The Manager has the primary responsibility for the management and administration of the Fund (including the function of registrar) and the making of investments on its behalf.

The Manager is the holder of a registration certificate issued under Article 9 of the Financial Services Law.

The Manager has outsourced certain of its administrative functions to BNY Mellon Fund Services (Ireland) Designated Activity Company and certain transfer agency functions (including the function of registrar) to Silica Financial Administration Solutions (Proprietary) Limited. The Manager has also delegated its investment management function to the Investment Manager.

### 3.6 **The Investment Manager, Distributor and Promoter**

The Manager has appointed the Investment Manager to act as investment manager to the Fund providing the Fund with investment management services in relation to the Fund.

The Fund has also appointed the Investment Manager to act as distributor providing distribution services to the Fund and to perform the role of promoter of the Fund as the distributor.

The Investment Manager has an authorised share capital of ZAR 10 000 divided into 1,000,000 shares of ZAR 0.01 each of which ZAR 5 700 represented by 570 000 ordinary shares of ZAR 0.01 each, is issued and fully paid up. The Investment Manager is a wholly owned subsidiary of Standard Bank Group Limited. It provides investment management services to a number of retail and institutional clients. The Investment Manager is a member of the same group of companies as the Manager and its ultimate holding company is also Standard Bank.

The Investment Manager is a company registered in South Africa with company number 1987/05041/07, and a subsidiary of Standard Bank Group Limited. The Investment Manager is licensed as a financial services provider in terms of Section 8 of the Financial Advisory and Intermediary Services Act, 2002 (Act No. 37 of 2002). Prior to its appointment as Investment Manager, the Investment Manager previously acted as the Fund's sub-investment manager.

### 3.7 **The Custodian**

Apex Financial Services (Corporate) Limited (formerly named Link Corporate Services (Jersey) Limited) (the Custodian) was appointed as the custodian of the Company pursuant to an agreement dated 15 July 2003 (as amended on 2 May 2013 (effective as of 16 January 2013) and on 20 August 2019 and as amended and/or restated from time to time) (the **Custodian Agreement**). The Custodian is responsible for the custody of all the assets of the Company. All assets of the Company will be held in segregated accounts and will be unavailable to the Custodian and its creditors in the event of insolvency. The Custodian was incorporated in Jersey on the 28 April 1956. The ultimate holding company of the Custodian is Apex Group Ltd, a company incorporated in Bermuda, whose registered office is at 20 Reid Street, 3rd Floor Williams House, Hamilton, HM11, Bermuda. The Custodian has an authorised, issued and fully paid-up share capital of 53,975 shares divided into 50,000 shares of £1 each issued at par and 3,975 shares of £1 each issued at a price of £1,000. The Custodian is licensed to carry on fund services business under the FS Law and is regulated by the Jersey Financial Services Commission. The Custodian's license entitles it to act as custodian of funds such as the Company and currently has in excess of \$9.9bn of assets under its custody.

### 3.8 **The Sub-Custodian**

The Sub-Custodian has been appointed by the Custodian as sub-custodian to the Fund and will be responsible for the safe keeping of Investments of the Fund and its Class Fund(s).

The Sub-Custodian is a public limited liability credit institution organised under the laws of Belgium, with company number 0806.743.159.

The Sub-Custodian is authorised and regulated by the Financial Conduct Authority in the United Kingdom.

### 3.9 **The RSA Representative**

The RSA Representative has been appointed as the Fund's representative in the RSA by the Manager in respect of the Fund. The RSA Representative will be responsible for

assisting the Fund with compliance with RSA regulatory requirements in respect of certain Classes to be marketed to investors in the RSA.

## 4 SUBSCRIPTION

### 4.1 Dealing Arrangements

Participating Shares of Classes can be subscribed for and redeemed on the Subscription Day for the Class (as specified in the relevant Schedule(s)) unless dealings have for any reason been suspended. The price at which Participating Shares of each Class are issued and redeemed will be calculated by reference to the Net Asset Value of the relevant Class Fund as at the Valuation Point for that Class as specified in the relevant Schedule. The Manager may change the Valuation Point and the Subscription Day for any Class at its discretion provided that Shareholders will be given at least one month's prior notice of any change of a Subscription Day. The Manager may also determine that there shall be additional Subscription Days for any Class without giving notice to the Shareholders.

The Manager shall not be obliged to account to Shareholders for interest accruing on subscription or redemption proceeds held by the Manager in an internal operating account.

### 4.2 Availability of Prices

Prices of Participating Shares will be available from the Manager upon request. In addition Participating Share prices are also available through Bloomberg and Morningstar.

### 4.3 Calculation of the Subscription Price

The subscription price (the **Subscription Price**) of a Participating Share of any Class will be either:

- (a) the price per Participating Share at which the initial issue of Participating Shares of each Class shall be made, as determined by the Manager. Participating Shares may be offered at such initial price for such period (the **Initial Offering Period**) as the Manager may determine (which period may for the avoidance of doubt be shortened or extended at the discretion of the Manager) provided that subscription monies received by the Fund or its authorised agent during the Initial Offering Period may not be used to acquire any Investments (other than by way of being placed on current or deposit account) until expiry of the Initial Offering Period. The details of the prices per Participating Share at which an initial issue of Participating Shares is being offered and the length of any Initial Offering Period shall either be set out in the Schedule in respect of the relevant Class Fund or alternatively, will be available from the Manager on request; or
- (b) subsequent to an Initial Offering Period, ascertained as follows:

$$SP = \frac{NAV + DC}{N} \times (1 + PC)$$

N

where:

- SP** equals the Subscription Price for each of such Participating Share;
- NAV** equals the Net Asset Value on a mid-market basis of the class of Participating Shares in accordance with the Articles on the relevant Subscription Day;
- PC** equals a preliminary charge for the account of the Manager calculated in accordance with the provisions of the Articles (as summarised in section 7.1(b) (Charges and Expenses - Manager - Preliminary Charge) of this Prospectus) and expressed as a percentage;
- DC** equals such provision (if any) for Duties and Charges (if any) as may be determined by the Directors (which provision may be different for different Class Funds); and
- N** equals the number of Participating Shares of that class then in issue or deemed to be in issue.

The Subscription Price of a Participating Share of any class shall be calculated at the Valuation Point for that class on any Subscription Day.

A dilution levy (see section 5.7 (Dilution Levy) of this Prospectus) may be payable in respect of the Subscription Price of a Participating Share in such amount as may be necessary to avoid any dilution of the Net Asset Value of that Class Fund.

The Subscription Price will be calculated to the nearest USD 0.01 or GBP 0.01 as appropriate.

#### 4.4 **Fixed Price Offers**

Other than as set out in section 4.3 (Calculation of the Subscription Price) of this Prospectus, although there is provision in the Articles for there to be fixed price offers of Participating Shares the Directors have determined that no such offers will be made.

#### 4.5 **Applications**

On receipt of applications, Participating Shares of any Class will be allotted on each Subscription Day for that Class at the Subscription Price (calculated as set out in section 4.3 (Calculation of Subscription Price) above. Applications must be made by completing an Application Form and submitting it to the Manager. Applications for each Class (together with subscription monies and any other information or declarations required by the Manager) must be received by the date and time on or prior to a Subscription Day specified in the relevant Schedule.

Applications may be accepted or rejected at the sole discretion of the Manager and, in particular, the Manager may require any applicant to provide further information and/or declarations. In particular, measures aimed towards the prevention of money laundering may require a detailed verification of the applicant's identity together with confirmation of the source of funds to be invested. By way of example, an individual may be required to produce a copy of a valid passport or identification card duly certified. The copy of the passport/identity card must include the picture page and pages detailing the applicant's

date and place of birth, nationality and the date and place of issue of the passport/identity card. Evidence of his/her permanent residential address, such as a utility bill or bank statement may also be required. In the case of corporate applicants, this may require production of a certified copy of the certificate of incorporation (and any change of name), memorandum and articles of association (or equivalent) and the names, occupations, dates of birth and residential and business addresses of all directors and shareholders. Further information may be required and may include a company registry search, providing confirmation that the body is not in the process of being dissolved, struck off, wound-up or terminated, a certified copy of the board resolution or other documentation evidencing the decision or authenticity to invest, the latest audited accounts and an original certified true copy of the authorized signatories list including specimen signatures and signing powers of the signatories.

The Manager reserves the right to request such information as the Manager deems necessary to verify the identity and/or address and/or status and/or source of funds and/or source of wealth of an applicant. In the event of delay or failure by the applicant to produce any information or declaration required for the verification purposes, the Manager may refuse to accept the application. If an Application Form or the subscription monies or any information or declarations required by the Manager are received after the time specified in the relevant Schedule for the receipt of applications, the Manager may defer allotment of Participating Shares until the next succeeding Subscription Day on which the conditions for allotment have been satisfied.

The minimum subscription amounts for Participating Shares of each Class are specified in the relevant Schedule. Notwithstanding any such minimum subscription amounts specified in the relevant Schedule, the Manager reserves the right in its sole discretion to accept a lower subscription amount for Participating Shares of each Class than is specified in the Schedule.

Subscription monies are to be made by electronic payment in the currency of the relevant Class as detailed in the Application Form. Third party subscription payments in are not accepted and will be rejected.

Where an applicant is acting as a nominee or a trustee for another person/entity, the identity of the beneficiary must be established and in these cases appropriate documentary evidence to support the relationship and identification of all the relevant parties should be made available when requested by the Manager.

Persons or companies introducing investors to the Manager should fill in an intermediary certificate which will be provided by the Manager. In these cases the Manager may require certified copies of evidence held by such persons for its records.

The Manager may have to produce additional evidence of identity at any time, in order to meet local regulations. In this situation the Manager may have to revert to applicants or their introducer to acquire this evidence.

The Directors may in their discretion satisfy any application for Participating Shares by procuring the transfer to the applicant of fully paid Participating Shares of the relevant Class.

#### 4.6 **Share Certificates**

Share certificates will not be issued in respect of any Class of Participating Shares. Title to Participating Shares will be evidenced by entries on the Register.

## **5 REDEMPTIONS, CONVERSIONS, SUSPENSIONS AND COMPULSORY REDEMPTION**

### **5.1 Redemptions**

Shareholders may redeem all or part of their holding of Participating Shares of any Class (subject to the minimum holding and redemption requirements referred to in the relevant Schedule) on any Subscription Day at the Redemption Price (calculated as set out in section 5.2 (Calculation of Redemption Price) below) by submitting a written redemption request to the Manager in such form as the Manager at its discretion may require. Notwithstanding any such minimum holding and redemption requirements set out in the Schedule, the Manager reserves the right in its sole discretion to accept a redemption request by a Shareholder in respect of all or any part of its holding of Participating Shares of any Class.

The Manager may require proof of purchase, identification or such other verification as the Manager shall determine before processing a transaction. If the redemption request is received after such time (as specified in the Schedule) the Manager may defer the redemption of such Participating Shares until the next succeeding Subscription Day.

A redemption request may not be withdrawn unless dealings are suspended after such request is received by the Manager. Redemptions may be satisfied by the Manager at its discretion by procuring the purchase of the Participating Shares to be redeemed at the Redemption Price.

Subject to any specific provision made in the relevant Schedule for a Class Fund, redemption proceeds will be paid within seven Business Days of the relevant Subscription Day in the currency in which the relevant Participating Shares are designated or such other currency as the Manager may at its discretion, at the request and cost of the applicant, agree, subject to there being, in the opinion of the Manager, satisfactory due diligence and know-your-client documentation. Payment will be electronically transmitted at the Shareholder's expense and made in accordance with instructions included on the Application Form or any amended instructions received and accepted by the Manager.

The Fund is not required to redeem on any single Subscription Day more than one eighth of the Participating Shares in issue or deemed to be in issue, or more than one eighth of the Participating Shares of any Class in issue or deemed to be in issue.

On any redemption the Directors shall have the power, with the sanction of a Special Resolution, or with the approval of the Custodian and the agreement of the applicant, to divide in specie the whole or any part of the assets of the Fund comprised in the Class Fund established for Participating Shares of the relevant Class and appropriate such assets in the satisfaction or part satisfaction of the redemption proceeds.

### **5.2 Calculation of Redemption Price**

The redemption price (the Redemption Price) of a Participating Share of any Class shall be calculated at the Valuation Point for the relevant Subscription Day by:



- (a) ascertaining the Net Asset Value on a mid-market basis of the Class of Participating Shares in accordance with the Articles;
- (b) deducting therefrom such provision (if any) for Duties and Charges as may be determined by the Manager (which provision may be different for different Class Funds); and
- (c) dividing the sum resulting from (a) and (b) above by the number of Participating Shares of that Class then in issue or deemed to be in issue.

A dilution levy (see section 5.7 below (Dilution Levy)) may also be deducted in respect of the Redemption Price of a Participating Share in such amount as may be necessary to avoid any dilution of the Net Asset Value of that Class Fund.

The Redemption Price will be calculated to the nearest USD 0.01 or GBP 0.01 as appropriate.

### 5.3 Conversions

Subject to the provisions of the relevant Schedule and there being more than one Class Fund, Shareholders may convert all or part of their holding of Participating Shares of any Class in a Class Fund (the **First Class**) (subject to the minimum holding and conversion requirements referred to in the relevant Schedule hereto and any other restrictions imposed by the Directors) into Participating Shares of any class in another Class (the **Second Class**) on any Subscription Day for the First Class by submitting a written conversion request to the Manager in such form as the Manager may at its discretion require by the date and time specified in the relevant Schedule. Notwithstanding any such minimum holding and conversion requirements set out in the Schedule, the Manager reserves the right in its sole discretion to accept a conversion request by a Shareholder in respect of all or any part of its holding of Participating Shares of any Class. The Manager may, at its discretion, require proof of purchase or identification before processing a transaction. If the conversion request is received after such time (as specified in the relevant Schedule), the Manager may defer the conversion of such Participating Shares until the next succeeding Subscription Day. A conversion request may not be withdrawn unless dealings are suspended after such request is received by the Manager. If the Subscription Days for the First Class and the Second Class do not fall on the same day, a valuation of the Net Asset Value of the Second Class shall be carried out on the Subscription Day for the First Class for the purposes of enabling conversions to take place. The number of Participating Shares of the Second Class to be allotted on conversion will be determined in accordance (or as nearly as may be in accordance) with the following formula:

$$N = \frac{F \times P \times C}{S}$$

where:

**N** is the number of Participating Shares of the Second Class to be allotted;

**F** is the number of Participating Shares of the First Class to be converted;

**P** is the Redemption Price per Participating Share of the First Class ruling on the relevant Subscription Day;

**C** is the current exchange rate (where applicable) determined by the Manager on the relevant Subscription Day as representing the effective rate of exchange applicable to the transfer of relevant assets between the relative Class or Class Funds, after adjusting such rate as may be necessary to reflect the effective costs of making such transfer;

**S** is the Subscription Price per Participating Share for the Second Class ruling on the relevant Subscription Day (but excluding any preliminary charge on the first conversion by such holder in any Accounting Period, except where the preliminary charge on the issue of Participating Shares of the First Class is less than that applicable on the issue of Participating Shares of the Second Class, in which case a preliminary charge equivalent to the difference will be levied),

and the number of Participating Shares of the Second Class to be created or allotted shall be so allotted or created in respect of each of the Participating Shares of the First Class being converted in the proportion (or as nearly as may be in the proportion) N to F where N and F have the meanings ascribed to them above; provided always that the Directors may, at their absolute discretion make such adjustments to the above conversion formula as they may consider appropriate to take account of any difference between the preliminary charge payable to the Manager in respect of the issue of Participating Shares of the First Class and the issue of Participating Shares of the Second Class.

If the Participating Shares of the First Class are designated in a currency other than that in which the Participating Shares of the Second Class are designated, on the relevant Subscription Day, the Manager will arrange for the sale of an amount equal to  $F \times P$  (or such other amount of the currency in which the Participating Shares of the First Class are designated as the Manager considers to be appropriate in the circumstances) for the currency in which the Participating Shares of the Second Class are designated (the **Second Currency**). The Manager shall debit the Class Fund relating to the Participating Shares of the First Class with an amount equal to  $F \times P$  and shall credit the Class Fund relating to the Participating Shares of the Second Class with the appropriate amount in the Second Currency.

Subject to the discretion of the Directors, the Manager may be paid out of the Class Fund relating to the Participating Shares of the Second Class an amount not greater than the preliminary charge to which it is entitled and which has been taken into account in calculating S.

Except as may be specified in this Prospectus, a Shareholder who exchanges Participating Shares in one Class or Class Fund for Participating Shares in another Class or Class Fund will not be given a right by law to reverse the transaction except as a new transaction.

#### 5.4 **Suspension of Dealings**

The Manager may at any time, following consultation with the relevant Custodian, declare a suspension of the valuation of the Net Asset Value of a Class of Participating Shares and of the issue, sale, purchase, redemption and conversion of Participating Shares of that Class for the whole or any part of a period during which:

- (a) a breakdown occurs in any of the means normally employed in ascertaining the value of the Investments comprised in the Class Fund established for that Class of Participating Shares; or
- (b) for any other reason, the value of a substantial part (in the opinion of the Manager) of the Investments comprised in the relevant Class Fund cannot reasonably be ascertained; or
- (c) circumstances exist as a result of which, in the opinion of the Manager, it is not reasonably practical for the Fund to realise or dispose of Investments comprised in the Class Fund established for that Class of Participating Shares or fairly to determine the Net Asset Value of the relevant Class of Participating Shares; or
- (d) the remittance of funds which will or may be involved in the realisation of, or in the payment for, Investments or the issue, sale, purchase or redemption of Participating Shares cannot, in the opinion of the Manager, be carried out without undue delay and at normal rates of exchange; or
- (e) in the opinion of the Manager, certified in writing, such a suspension is desirable in the interests of the Members.

A notice of any such suspension of dealings will be placed in an appropriate publication (such as the company website) by the Manager once dealings have been suspended and thereafter monthly during the period of suspension. The end of any such period of suspension will be similarly notified.

## **5.5 Compulsory Redemption**

If it shall come to the notice of the Fund or the Manager that any Participating Shares are owned directly or beneficially either by:

- (a) any person in breach of any law or regulation of any country or governmental authority, by virtue of which such person is not qualified to hold such Participating Shares; or
- (b) any person who shall belong to or be comprised within any class of persons stipulated by the Manager as being ineligible to own Participating Shares; or
- (c) any person so as to cause the Fund to be in breach of any law or regulation of any country or governmental authority or so as to constitute fiscal tax or other pecuniary disadvantage to the Fund,

then the Manager may give notice to such person requiring him/her to transfer such Participating Shares to a person who is qualified or entitled to own the same or to give a request in writing for the redemption of such Participating Shares.

If any person upon whom such a notice is served does not, within 30 days after receipt of such notice, transfer his/her Participating Shares to a person qualified and entitled to own the same or establish to the satisfaction of the Manager (whose judgment shall be final and binding) that he/she is qualified and entitled to own the Participating Shares, he/she shall be deemed, upon the expiration of thirty days, to have given a request in writing for the redemption of all his/her Participating Shares.

A person who becomes aware that he/she is holding or owning Participating Shares in breach of any law of any country or governmental authority by virtue of which he/she is not qualified to hold such Participating Shares or that he/she is a person who belongs to or is comprised within any class of persons stipulated from time to time by the Manager shall, forthwith, unless he/she has already received a notice as described above, either transfer all his/her Participating Shares to a person qualified or permitted to own the same or give a request in writing for the redemption of all his/her Participating Shares.

Payment of the Redemption Price in the above circumstances will be made on the Subscription Day next following the receipt or deemed receipt of the redemption request in the currency of designation of the Participating Shares to which the redemption request or deemed redemption request relates. Upon the payment of such Redemption Price as aforesaid, such person shall have no further interest in such Participating Shares or any of them or any claim against the Fund in respect thereof except the right to receive the Redemption Price (without interest) upon delivery of the original purchase confirmation or other evidence of title.

The exercise by the Manager of the above mentioned power shall not be questioned or invalidated in any case on the ground that there was insufficient evidence of ownership of Participating Shares by any person or that the true ownership of any Participating Shares was otherwise than appeared to the Manager at the relevant date, provided that the said powers shall have been exercised in good faith.

The Manager may at any time and from time to time call upon any holder of Participating Shares by notice in writing to provide the Manager with such information and evidence as it shall require to ascertain whether or not the Participating Shares are owned directly or beneficially by a person falling within any of the descriptions set out above.

If the aggregate Net Asset Value of the Fund shall at the Valuation Point for each Subscription Day falling within a period of four consecutive weeks be less than USD 10,000,000 or currency equivalent, the Manager may, by not less than three weeks' notice (expiring on a Subscription Day) to all holders of Participating Shares given within eight weeks after the expiry of the said four week period, redeem on the Subscription Day on which such notice expires, all (but not only some) of the Participating Shares then in issue at their respective Redemption Prices on such Subscription Day.

If the Net Asset Value of a Class of Participating Shares shall at the Valuation Point for each Subscription Day falling within a period of four consecutive weeks be less than such amount as may be specified for such purposes in the relevant Schedule, the Manager may, by not less than three weeks' notice (expiring on a Subscription Day) to all holders of Participating Shares of the relevant Class, given within eight weeks after the expiry of the said four week period, redeem on the Subscription Day on which such notice expires

all (but not only some) of the Participating Shares of that Class then in issue at the Redemption Price on such Subscription Day.

All Participating Shares not previously redeemed will be redeemed by the Fund on the last Subscription Day in 2099 at their respective Redemption Prices on such Subscription Day.

## **5.6 Transfers**

Participating Shares may be transferred in accordance with the following provisions of the Articles. The instrument of transfer of a Participating Share may be in any usual form or in any other form which the Manager may approve and shall be executed by or on behalf of the transferor. The Manager may, at its absolute discretion and without assigning any reason, decline to register any transfer of Participating Shares (not being fully paid Shares). The Manager may also refuse to register any transfer:

- (a) to a person falling within the description contained in section 5.5 (Compulsory Redemption) of this Prospectus; and
- (b) of a Participating Share on which the Fund has a lien.

The Manager may also refuse to register a transfer unless the instrument of transfer is:

- (a) lodged at the Office of the Fund or at such other place as the Manager may appoint (the Manager may, at its discretion, also require proof of purchase or identification before processing a transaction);
- (b) in respect of only one Class of Participating Shares; and
- (c) in favour of not more than four transferees.

The registration of transfers of Participating Shares or of transfers of any Class of Participating Shares may be suspended at such times and for such periods (not exceeding 30 days in any year) as the Manager may determine.

The Manager shall be entitled to retain any instrument of transfer which is registered but any instrument of transfer which the Manager refuses to register shall (except in the case of fraud) be returned to the person lodging it when notice of the refusal is given.

The transferor of a Participating Share shall be deemed to remain the holder of such Participating Share until the Participating Share has been registered in the name of the transferee in the Register of Shareholders.

There shall be paid to the Fund in respect of the registration of any probate, letters of administration, certificate of marriage or death, power of attorney or other document relating to or affecting the title to any Participating Shares, such fee as the Manager may from time to time require or prescribe.

## **5.7 Dilution Levy**

Where the Fund buys or sells underlying investments in response to a request for the issue or redemption of Participating Shares, it will generally incur a cost, made up of dealing costs and any spread between the bid and offer prices of the investments concerned, which is not reflected in the issue or redemption price paid by or to the Shareholder and which is referred to as **dilution**. With a view to reducing this cost (which, if it is material, disadvantages continuing Shareholders) the Fund is entitled to require payment of a **dilution levy**, to be added to the sale price or deducted from the redemption price of relevant Participating Shares as appropriate. The Fund may charge a dilution levy of up to 1% on the price of relevant Participating Share in such amount as may be necessary to avoid any dilution of the Net Asset Value of the relevant Class Fund.

The Directors expect that the dilution levy rate will be in the region of 0.5% in normal circumstances.

On the occasions when the dilution levy is not applied there may be an adverse impact on the total assets of the Fund.

## **6 VALUATION AND DIVIDENDS**

### **6.1 Valuation**

The Net Asset Value of each Class of Participating Shares shall be determined separately by the Manager by reference to the Valuation Point in respect of each Subscription Day and on such other occasions as the Manager may determine and shall be the value of all the assets, less all the liabilities of the Fund or attributed to the relevant Class Fund, calculated on the following basis. For the purposes of calculating the Net Asset Value, the following provisions will apply:

- (a) The assets of the Fund shall include:
  - (i) all cash on hand or on deposit or on call, including any interest accrued thereon;
  - (ii) all certificates of deposit, treasury bills, trade bills, bank acceptances, bills of exchange, bills, demand notes, promissory notes and accounts receivable;
  - (iii) all bonds, time notes, shares, stock, debentures, debenture stock, subscription rights, warrants, securities of whatever description and any form of interest in any of the foregoing and other Investments owned or contracted for by the Fund, other than rights and securities issued by it;
  - (iv) all stock and cash dividends and cash distributions to be received by the Fund and not yet received by it, but declared to holders of record on a date on or before the day as of which the value is being determined;
  - (v) all interest accrued on any interest-bearing securities owned by the Fund except to the extent that the same is included or reflected in the principal value of such security;
  - (vi) cash payments outstanding on any Participating Shares allotted;
  - (vii) all other Investments of the Fund; and
  - (viii) all other property and assets of the Fund of every kind and nature, including prepaid expenses as valued and defined from time to time by the Manager.
- (b) The liabilities of the Fund shall be deemed to include:
  - (i) all bills, notes and accounts payable;
  - (ii) all management and administrative expenses payable and/or accrued (the latter on a day-to-day basis);
  - (iii) the aggregate amount of all borrowings and interest, commitment fees and other charges in connection therewith;

- (iv) all known liabilities, present and future, including the amount of any unpaid dividend declared upon the Shares in the Fund, contractual obligations for the acquisition of Investments or for the payment of money and outstanding payments on any Participating Shares previously redeemed;
  - (v) an appropriate provision for taxes as determined from time to time by the Manager; and
  - (vi) all other liabilities of the Fund of whatsoever kind and nature except liabilities represented by Shares in the Fund and reserves (other than reserves authorised or approved by the Fund for Duties and Charges or contingencies). In determining the amount of such liabilities, the Manager may calculate administrative and other expenses of a regular or recurring nature on an estimated figure for yearly or other periods in advance and accrue the same in equal proportions over any such period.
- (c) The calculation of Net Asset Value shall be based upon the prices and values ruling at the Valuation Point for the relevant Class Fund as set out in the relevant Schedule.
  - (d) The value of any cash on hand or on deposit, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received shall be deemed to be the full amount thereof unless, in any case, the Manager is of the opinion that the same is unlikely to be paid or received in full, in which case the value thereof shall be arrived at after making such discount as the Manager may consider appropriate in such case to reflect the true value thereof.
  - (e) The value of any units in any unit trust or of any shares in a company, the quoted price of the units or shares of which is directly related to the underlying value of its net assets, shall be the mid price notified to the Manager by the manager thereof.
  - (f) The value of any demand notes, promissory notes and accounts receivable shall be deemed to be the face value or full amount thereof after making such discount as the Manager may consider appropriate to reflect the true current value thereof.
  - (g) Deposits shall be valued at their principal amount plus accrued interest from the date of acquisition.
  - (h) Certificates of deposit, treasury bills, bank acceptances, trade bills and similar instruments shall each be valued either:
    - (i) on the basis of a notification to the Manager by a person approved by the Manager for the purposes of this paragraph, whose business includes dealing in or effecting transactions in the relevant instrument according to the normal dealing practice therein; or
    - (ii) on the basis of a straight line yield to maturity at the date of acquisition of the particular instrument.



- (i) Where any investment (not being an investment of the type described in paragraph (e) above) owned or contracted for by the Fund is listed or dealt in on a stock exchange recognised as such under the securities laws of the jurisdiction in which it is situated, the value of such investment shall be based on the price which shall be notified to the Manager by a member of the stock exchange concerned as being the mid-market price thereof as at the official close of such stock exchange immediately prior to the Valuation Point and, where any investment (not being an investment of the type described in paragraph (e) above) owned or contracted for by the Fund is dealt in on any over-the-counter market, the value of such investment shall be based on the mid-market price which shall be notified to the Manager by a person approved by the Manager for the purposes of this paragraph whose business includes dealing in or effecting transactions in the Investment concerned as being the price thereof as at the official close of such over-the-counter market immediately prior to the Valuation Point. Where such Investment is listed or dealt in on more than one stock exchange or over-the-counter market, the Manager may in its absolute discretion select any one of such stock exchanges or over-the-counter markets for the foregoing purpose.
- (j) Where agreements are in existence for the unconditional sale or purchase of Investments by the Fund but such sale or purchase has not been completed, such Investments shall be excluded or included and the net sale or gross purchase consideration excluded or included (as the case may require) as if such sale or purchase had been duly completed provided that, if the net amount receivable is not payable until some future time, the Manager shall make such allowance (if any) as it considers appropriate to reflect the true current value thereof.
- (k) If and whenever the quoted price of an investment is a single price, the dealing commission (if any) payable shall be taken into account to arrive at the market dealing price.
- (l) Where any amount in one currency is required to be translated into another currency, the Manager may effect such translation using such rate of exchange as in its absolute discretion it thinks appropriate, except where the Articles otherwise specifically provide.
- (m) The payments due for Participating Shares in the Fund to be redeemed shall, from the close of business on the day on which they are actually redeemed until such payment is made, be deemed to be a liability of the Fund.
- (n) If in any case a particular value is not ascertainable as above, provided or if the Manager considers that some other method of valuation better reflects the fair value of the relevant investment, then, in any such case, the method of valuation shall be such as the Manager shall decide subject to the approval of the Custodian or the Auditors.
- (o) Any determination of the Net Asset Value of a class of Participating Shares for the purposes of this Article shall be expressed in the currency in which the relevant Class of Participating Shares is designated.

Investors should be aware that, to the extent that the Valuation Point for a Class Fund does not coincide with the valuation points for collective investment schemes in which such Class Fund is invested, the values attributed to such collective investment schemes for the purposes of calculating the Net Asset Value of the Class Fund may be historic and may not reflect the actual value of the Class Fund's investments in such collective investment schemes at the relevant Valuation Point.

## **6.2 Dividend policy**

The Fund does not intend to distribute income and capital gains realised by the Fund on its investments by way of dividend. Accordingly, income on Investments and increases in the capital value of the Investments of the Fund will be reflected in the value of the Participating Shares.

## **7 CHARGES AND EXPENSES**

### **7.1 Manager**

#### **(a) Management Fee**

Unless otherwise provided for at the time of establishment of a particular Class Fund, and pursuant to the Management Agreement, the Manager shall be paid a management fee as set out in the relevant Schedule for a Class Fund.

The management fee shall accrue on each Subscription Day and shall be payable to the Manager by monthly payments in arrears. The directors of the Manager are paid by the Manager.

#### **(b) Preliminary Charge**

In addition, the Manager may receive a preliminary charge on subscriptions for or conversions of Participating Shares (as also set out in the respective Schedule(s) of the Class Fund(s)). Where the Manager acts as agent for the Fund in connection with the issue, transfer or conversion of Participating Shares, the Manager may require any person to whom Participating Shares of any class are to be allotted or transferred to pay to the Manager or to the Fund on behalf of the Manager for the absolute use and benefit of the Manager a preliminary charge in respect of each Participating Share to be allotted, transferred or converted of such amount as may be agreed between the Directors and the Manager but not exceeding in respect of each Participating Share to be allotted, transferred or converted an amount equal to 3% of the Subscription Price of a Participating Share of the relevant class, provided always that no preliminary charge will be levied by the Manager on the purchase of Participating Shares by or on behalf of a collective investment fund that it manages in respect of a purchase of Participating Shares in the Fund. The Manager may on any Subscription Day differentiate between applicants as to the amount of the preliminary charge included in the Subscription Price required to be paid to the Manager, and as to the amount of preliminary charge required to be levied in relation to each class of Participating Share (subject to the maximum aforesaid). The Manager may rebate all or any part of the preliminary charge to financial intermediaries.

#### **(c) Rebates**

The Manager may obtain a rebate on any fees or charges levied by any scheme in which the Fund invests, which shall be paid into the relevant Class Fund.

### **7.2 Investment Manager (and Distributor) and any outsourced service providers of the Manager**

The fees of the Investment Manager and any outsourced administration, transfer agency or other functions not otherwise disclosed in this Prospectus will be met by the Manager out of its fees..

The Investment Manager has currently waived any entitlement to fees in respect of distribution services provided to the Fund.

### 7.3 Custodian and Sub-Custodian

#### Custodian

The Custodian shall be paid a fee at the following rates, subject to an overall minimum fee in respect of each Class Fund of USD 5,000 per annum (the **Custodian Minimum Fee**):

- (a) where the total value of the Fund's assets in respect of a Class Fund is less than USD 50 million, 0.035% per annum of the Net Asset Value of that Class Fund;
- (b) where the total value of the Fund's assets in respect of a Class Fund is USD 50 million or more but less than USD 100 million;
  - (i) 0.035% per annum on and any all amounts up to USD 50 million of the Net Asset Value of that Class Fund; and
  - (ii) 0.025% per annum on any and all amounts above USD 50 million of the Net Asset Value of that Class Fund but only up to USD 100 million.
- (c) where the total value of the Fund's assets in respect of a Class Fund is USD 100 million or more but less than US \$500 million;
  - (i) 0.035% per annum on any and all amounts up to USD 50 million of the Net Asset Value of that Class Fund;
  - (ii) 0.025% per annum on any and all amounts above USD 50 million of the Net Asset Value of that Class Fund but only up to USD 100 million; and
  - (iii) 0.010% per annum on any and all amounts above USD 100 million of the Net Asset Value of that Class Fund but only up to USD 500 million;
- (d) where the total value of the Fund's assets in respect of a Class Fund is USD 500 million or more:
  - (i) 0.035% per annum on any and all amounts up to USD 50 million of the Net Asset Value of the Class Fund;
  - (ii) 0.025% per annum on any and all amounts above USD 50 million of the Net Asset Value of that Class Fund but only up to USD 100 million;
  - (iii) 0.010% per annum on any and all amounts above USD 100 million of the Net Asset Value of that Class Fund but only up to USD 500 million; and
  - (iv) 0.005% per annum on any and all amounts above USD 500 million of the Net Asset Value of each Class Fund.

Such fees shall accrue daily and shall be payable to the Custodian by monthly payments in arrears.

The Custodian Minimum Fee shall increase in accordance with the Retail Price Index in Jersey applicable on each anniversary of the Custodian Agreement.

The Custodian shall be entitled to charge the Fund on a time-spent basis for any work undertaken by the Custodian (including extraordinary visits to service providers) deemed by the Custodian (acting reasonably) to be necessary as a result of any breaches by the Fund or the Manager of the constitutional documents, this Prospectus or other regulations of the Fund. The Custodian is entitled to receive or be reimbursed by the Fund from the assets of the Class Fund(s) for proper expenses and disbursements reasonably incurred or that may be incurred in connection with its duties.

The Custodian is also entitled to receive or be reimbursed by the Fund from the assets of the Class Fund(s) for any and all costs, fees and expenses of the Sub-Custodian which shall be at rates which have been negotiated on an arm's length basis or are otherwise on commercial terms.

The Fund and the Custodian may agree variations to the Custodian's fee or to the method of payment of remuneration payable to the Custodian subject to not less than 3 months' notice being given to holders of Shares in each of the Class Fund(s).

#### **Sub-Custodian**

The Sub-Custodian applies global transaction and safekeeping fees based on individual country fees together with non-resident alien and reporting fees respectively, with non-resident alien and reporting fees being in respect of income paid by USA incorporated companies and certain US beneficial owner accounts held with the Sub-Custodian. A copy of the Sub-Custodian Agreement is available for inspection as set out at section 14 (Inspection of Documents) in this Prospectus.

#### **7.4 RSA Representative**

The RSA Representative may charge such fees in respect of its services as may be agreed with the Manager from time to time. No fees are currently charged under the Representative Agreement. Any such fees would normally be borne by the Fund.

#### **7.5 Additional Expenses**

The following additional expenses are payable out of the assets of the Fund:

- (a) any stamp and other duties, taxes, government charges, commissions, brokerage, transfer fees, registration fees and other duties and charges payable in respect of the acquisition, holding or realisation of any Investment of the Fund and any foreign exchange transactions carried out in connection therewith;
- (b) all taxes and corporate fees payable by the Fund to any government or other authority or to any agency of such government or authority;
- (c) all fees and expenses incurred in relation to the incorporation and initial organisation of the Fund, incorporation by way of continuation, the creation, issue, sale, exchange, conversion, redemption or purchase of Participating Shares, the

production, printing and distribution of the Prospectus, Accounts or any other similar document and the advertising and promotion generally of the Participating Shares;

- (d) all audit fees of the Fund, legal expenses and regulatory costs incurred in connection with the Fund's corporate existence, corporate and financial structure and relations with its Shareholders and third parties and all other professional and other charges in respect of services rendered to the Fund at the request of the Fund;
- (e) all expenses incurred in connection with the publication of prices of Participating Shares and/or Net Asset Value related valuations; and
- (f) interest on, and charges and expenses of the Fund in arranging and arising out of, all borrowings made by the Fund.

## **7.6 Directors**

Directors of the Fund shall each receive by way of remuneration up to USD 10,000 and Non-Executive Directors of the Fund shall each receive by way of remuneration up to GBP 20,000 per annum or, in respect of all Directors of the Fund, such greater remuneration as the Fund may by Ordinary Resolution determine and, unless the resolution provides otherwise, the remuneration shall be deemed to accrue from day to day.

The Directors may be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance in Jersey at meetings of Directors or committees of Directors or general meetings or separate meetings of the holders of any class of Shares or of debentures of the Fund or otherwise in connection with the discharge of their duties.

## 8 TAXATION

Prospective investors should consult their own professional advisors in relation to the legal and tax consequences to them of acquiring, holding, redeeming, transferring, converting and selling Participating Shares under the relevant laws of the jurisdiction to which they are subject, including the tax consequences and any exchange control requirements. These consequences will vary with the law and practice of an investor's country of citizenship, residence, domicile or incorporation and with his/her personal circumstances. Taxation law and practice, and applicable levels of taxation are subject to future alteration.

The summary below is based on current law and practice in Jersey only, is subject to changes therein and does not purport to be conclusive. The information set out in this Prospectus should not be regarded as legal or tax advice. Prospective investors should also consider their obligations, if any, under FATCA and other exchange of information regimes and seek professional advice as necessary. Investors will be required to confirm their FATCA status to the fund on request.

### 8.1 The Fund

Subject to certain limited exceptions, under the Income Tax (Jersey) Law 1961 the general rate of Jersey corporate income tax is set at 0%. It is anticipated that the Fund will be subject to a zero tax rating in Jersey and, accordingly will not be liable to any Jersey tax on its income and gains. The Fund may, at its discretion, elect to be registered with the Comptroller of Revenue as an 'eligible investment scheme' and pay an annual fee to obtain certification of exemption from income tax in Jersey.

The Investments of the Fund will be made in such a way as to seek to minimise any tax deductible at source or withheld from any income or capital receipts of the Fund on its Investments. The Fund may, however, suffer withholding taxes on the dividends and interest it receives from its Investments.

The Directors intend to conduct the Fund's affairs such that, based on current law and practice of the relevant tax authorities, the Fund will not become resident for tax purposes in any other territory other than Jersey. It is assumed that the Fund does not become resident in a territory other than Jersey.

### 8.2 Indirect Taxation

Jersey introduced a Goods and Services Tax (**GST**) with effect from 6 May 2008 pursuant to the Goods and Services Tax (Jersey) Law 2007 (the **GST Law**). The rate of GST is currently 5%.

It is expected that the Fund will not suffer any irrecoverable GST, subject to annual application to the Comptroller of Revenue for inclusion on the list of "international services entities" pursuant to the GST Law and payment of the relevant application fees.

### 8.3 Non-Jersey Investors

An investor in the Fund who is not a resident of Jersey for the purposes of taxation will only be liable to Jersey tax in respect of the income of the Fund to the extent that its share thereof is derived from Jersey source income (other than Jersey bank interest, by concession). It is not expected that any such Jersey income will arise in relation to the Fund. Therefore, such investors are not subject to taxation in Jersey in respect of any income or gains arising in respect of Participating Shares held by them. They could be subject to tax in their jurisdiction of tax residence.

Shareholders should note that an exchange or conversion of Participating Shares in one part of the Fund into Participating Shares in another Class of the Fund may in certain jurisdictions be a realisation for the purposes of capital gains taxation.

#### **8.4 Jersey Investors**

The tax position of Shareholders who are resident for income tax purposes in Jersey can be complex. Such Shareholders may be liable to pay income tax at a rate of up to 22% and they are recommended to consult a professional adviser.

The attention of Jersey residents is drawn to the provisions of Article 134A of the Income Tax (Jersey) Law 1961 which may in certain circumstances render their investment chargeable to Jersey tax where they have invested in an accumulation fund such as the Fund.

On request by the Jersey Comptroller of Revenue, the Fund must deliver to the Comptroller of Revenue a list showing the names, addresses and shareholdings of Jersey residents as at the date of the request by the Comptroller. Where a Jersey resident is identified, withholding of tax may occur.

#### **8.5 All Investors (Jersey and Non-Jersey)**

No duties are payable in Jersey on the issue, conversion, redemption or transfer of Participating Shares.

Under Jersey law, upon the death of a shareholder of a Jersey fund, grant of probate or letters of administration will be required to transfer, convert, redeem or make payments in respect of the Participating Shares of the deceased person but the Fund may (at its discretion) dispense with this requirement where the value of the deceased's movable estate in Jersey does not exceed GBP 10,000. Stamp duty is payable at a rate of up to approximately 0.75% of the value of the Participating Shares on the registration of Jersey Probate or Letters of Administration.

Save as set out above no Jersey stamp duty is levied on the issue or transfer of Participating Shares.

There is no capital gains tax, estate duty or inheritance tax in Jersey.

#### **8.6 Information Reporting**



Information relating to the Shareholder's shares in the Fund, the Shareholders and beneficial owners may be required to be provided to tax authorities in certain circumstances pursuant to domestic or international reporting and transparency regimes. This may include (but is not limited to) information relating to the value of the Shareholder's shares in the Fund, amounts paid or credited with respect to such shares, details of the holders or beneficial owners of the shares in the Fund and information and documents in connection with transactions relating to the shares in the Fund. In certain circumstances, the information obtained by a tax authority may be provided to tax authorities in other countries.

Where a Shareholder fails to provide any requested information (regardless of the consequences), the Fund reserves the right to take any action and/or pursue all remedies at its disposal including, without limitation, compulsory repurchase of the Shareholder's shares in the Fund and withdrawal of the Shareholder from the Fund.

## 8.7 **OECD consultations on changes in tax law**

Prospective shareholders in the Fund should be aware that the OECD published its Action Plan on Base Erosion and Profit Shifting (otherwise known as BEPS) in 2013, the final reports were published on 5 October 2015 and jurisdictions are continuing to consider their response. Depending on how BEPS is introduced, changes to tax laws based on recommendations made by the OECD in relation to BEPS may, for example, result in: the restriction or loss of existing access by the Fund to tax relief under applicable double taxation agreements; the creation of a permanent establishment of the Fund or of investors in the Fund within a certain jurisdiction; or restrictions on permitted levels of deductibility of expenses (such as interest) for tax purposes. Such effects could lead to additional tax being suffered by the Fund, which may adversely affect the value of the investments held by investors in the Fund. There could also be additional tax reporting and disclosure obligations for investors.

In June 2016, Jersey became a BEPS Associate and a member of the BEPS inclusive framework, which allows Jersey to contribute to the overall development of the BEPS project.

## 8.8 **Economic Substance**

The Taxation (Companies – Economic Substance) (Jersey) Law 2019 (the **Substance Law**) was adopted by the States of Jersey on 6 December 2018 and came into force on 1st January 2019. The Substance Law addresses the concerns of the EU Code of Conduct Group (Business Taxation) regarding economic substance raised as part of the BEPS project. On 12 March 2019, the EU Council placed Jersey on the "White List" recognising it as being cooperative and having fulfilled its commitments given in 2017.

The Substance Law requires that a Jersey tax resident company conducting relevant activities from which it receives gross income must satisfy the economic substance tests set out in that law. One of the relevant activities within the scope of the Substance Law is fund management and, accordingly, the Manager will be required to satisfy the substance tests.

The Substance Law provides progressive sanctions for non-compliance including financial penalties, disclosure and striking off from the register.

## **9 RISK FACTORS**

All investments in the Fund and the Class Fund(s) involve the risk of loss of capital. There can be no guarantee or representation that the Fund and its Class Fund(s) will achieve their investment objective. An investment in the Fund and its Class Fund(s) is speculative and is not intended as a complete investment program.

An investment in the Fund and its Class Fund(s) are suitable only for persons who can bear the economic risk of the substantial strategies or total loss of their investment. An investment in the Fund and its Class Fund(s) involves certain considerations and significant risk factors.

While the following summary of certain of these risks should be carefully evaluated before making an investment in the Fund and its Class Fund(s), the following risk factors do not intend to describe all possible risks of such an investment.

### **9.1 General**

- (a) Because of the specialised nature of the Fund and its Class Fund(s), investment in the Fund and its Class Fund(s) may not be suitable for certain investors and, in any event, an investment in the Fund and its Class Fund(s) should constitute only a part of an investor's total investment portfolio.
- (b) There can be no assurance that the Fund and its Class Fund(s) will return a profit or that cash will be distributed from the underlying Investments to the Class Fund(s).
- (c) The value of any investment, including Participating Shares in the Fund, can go down as well as up and investors may not be repaid the full amount (or any) of their investment in the Fund and its Class Fund(s) on the redemption, conversion or transfer of their Participating Shares.
- (d) There is no assurance that the investment objectives of the Fund will actually be achieved.
- (e) If an investment in the Fund is redeemed at an early stage, the preliminary charge paid upon purchase of Participating Shares may exceed any return on the investment in which case the investor will not receive the full amount of their original investment.
- (f) Should any of the underlying Investments of the Class Fund(s) go into liquidation or perform poorly, this will have a negative impact on the Redemption Price and it is likely that investors will not receive back the full value of their original investment.
- (g) Although it will be the policy of the Class Fund to diversify its investment portfolio in accordance with the investment restrictions of a Class Fund, the Class Fund may at certain times hold relatively few Investments. The Class Fund could be

subject to significant losses if it holds a large position in a particular Investment that declines in value or is otherwise adversely affected, including default of the issuer.

- (h) In the event of a termination of the Fund or a Class Fund prior to organisational fees being fully amortized, the Fund would have to distribute to the Shareholders their pro rata interest in the assets of each Class Fund. Such an early termination would have the effect of accelerating the unamortized portion of any organisational expenses, thereby decreasing amounts otherwise available for distribution.

## **9.2 Liquidity risk**

Shareholders have the right to redeem their Participating Shares in the Fund in accordance with the procedures detailed in this Prospectus. In order to meet its obligations the Fund would be required to sell Investments held in a particular Class Fund. Consequently, in that event it may be relatively difficult for the Fund to dispose of such Investments rapidly at favourable prices, in connection with redemption requests, adverse market developments or other factors. Unforeseen events can result in abnormal periods of lower market liquidity which can hamper the efforts of the Fund to, among other things, liquidate investments. In this case, the Directors may determine that it is necessary to suspend redemptions from the Fund. There is therefore a risk that the Fund might not be able to fully repay amounts demanded by its Shareholders or has to delay the redemption in order to realise the Investments and satisfy the redemption requests.

## **9.3 Effects of substantial redemptions**

Substantial redemptions of Participating Shares by Shareholders of the Fund within a limited period of time could require the Fund to liquidate positions more rapidly than would otherwise be desirable, which could adversely affect the value of both the Participating Shares being redeemed and the remaining outstanding Participating Shares and even cause the liquidation of a Class Fund. In addition, regardless of the period of time in which redemptions occur, the resulting reduction in the Fund's assets could make it more difficult for the Fund to generate a positive rate of return or recoup losses due to a reduced equity base. The Fund is not required to redeem more than one eighth of the Participating Shares in issue or deemed to be in issue or more than one eighth of the Participating Shares of any Class Fund in issue or deemed to be in issue on any particular Subscription Day.

At the time of giving notice to redeem, holders of Participating Shares will not know the Redemption Price at which their Participating Shares will be redeemed. Between the date a redemption notice is served and the calculation of the Net Asset Value at the next Valuation Point, the Net Asset Value per Participating Share may change substantially. Between the Subscription Day and the date of actual payment, the redemption proceeds remain at risk of default by the Class Fund.

#### 9.4 **Dividend policy**

The Fund does not intend to distribute income and capital gains realised by the Fund on its investments by way of dividend. As a result, an investment in the Fund will not provide income to Shareholders.

#### 9.5 **Potential indemnification obligations**

Under certain circumstances, the Fund might be subject to significant indemnification obligations (directly or indirectly) in respect of the Manager, the Investment Manager, the Custodian, the Sub-Custodian and their respective officers, employees, agents and delegates, and any other Person who serves the Fund. This may result in contingent liabilities, which ultimately might have to be funded by the one or more of the Class Funds. The Fund will generally not carry any insurance to cover such potential obligations and none of the foregoing parties will necessarily be insured for losses for which the Fund has agreed to indemnify them. Any indemnification that is paid by the Fund would reduce its net assets and, by extension, the value of Participating Shares and the returns that are available to Shareholders.

#### 9.6 **Overall investment risk**

All investments risk the loss of capital. The nature of the Investments to be purchased by the Fund and its Class Fund(s) and the investment techniques and strategies to be employed in an effort to increase profits may increase this risk. While the Directors, the Manager and the Investment Manager (and their respective agents and delegates) will devote their best efforts to the management of the Fund and its Class Fund(s), there can be no assurance that the Fund and its Class Fund(s) will not incur losses. Many unforeseeable events, including actions by various government agencies, and domestic and international political events, domestic and international economic events, may affect the value of the Investments. Past performance of similar investments, any Class Fund, the Manager, the Investment Manager (or their respective agents and delegates) or any entity affiliated with the Fund or its service providers should not be construed as an indication of or guide to the future performance of any Class Fund.

#### 9.7 **Foreign investments**

The future performance of the Fund and its Class Fund(s) will depend considerably on the stability of the relevant jurisdictions in which the Fund and its Class Fund(s) intend to invest and the absence of political conflict. Further, future performance of the Fund and its Class Fund(s) may be impacted by changes in government policy in respective jurisdictions. With any investment in a foreign country, the Fund and its Class Fund(s) may face the risk of adverse political developments, including nationalisation, confiscation without fair compensation or war or civil unrest. In addition, the laws and regulations of certain of those jurisdictions may impose restrictions or approvals that would not exist in more developed countries and may require financing and structuring alternatives that differ significantly from those customarily used in developed countries. Foreign countries also may impose additional taxes on the Fund and its Class Fund(s) and its investors as a foreign investor. The Directors can give no assurance that a political or economic climate,

or particular legal, regulatory, tax or other risks, might not adversely affect an investment by the Fund and its Class Fund(s).

## **9.8 Legal and tax systems**

The legal and tax system of some markets are less predictable than most legal systems in countries with fully developed capital markets. Some of these markets can lack a fully developed consistent legal system and the body of commercial law and practice found in countries with more sophisticated market economies. Currently, the tax rules and regulations that prevail in certain countries are either new or under varying stages of review and revision. Local laws and regulations, in particular those concerning foreign investment and taxation, may change quickly and unpredictably without prior notice. Inconsistencies and discrepancies among the vast number of local, regional and national laws, the lack of judicial or legislative guidance on unclear or conflicting laws, and broad discretion on the part of government and judicial authorities implementing the laws produce additional legal uncertainties. Reliance on oral administrative guidance from regulators and procedural inefficiencies hinder legal remedies in many areas, including bankruptcy and the enforcement of creditors' rights. Moreover, it can be common to experience delays when obtaining governmental licenses and approvals.

The Fund and its Class Fund(s) cannot guarantee that in the future current taxes will not be increased. Nor can it guarantee that in the future additional sources of revenue or income, or other activities, will not be subject to new taxes, charges or similar fees. Any such increase in taxes, charges or fees payable by underlying Investments or the Fund itself and its Class Fund(s) may reduce the returns for its investors. In addition, capital repatriation regulations being implemented and changes to tax treaties (or their interpretation) between countries in which the Fund and its Class Fund(s) invest and countries through which the Fund and its Class Fund(s) conduct its investment program may have significant adverse effects on the Fund and its Class Fund(s)' ability to efficiently realise income or capital gains. Consequently, it is possible that the Fund and its Class Fund(s) may face unfavourable tax treatment resulting in an increase in the taxes payable by the Fund and its Class Fund(s) on its investments. Any such increase in taxes could reduce investment returns to its investors.

With respect to certain countries, there is the possibility of (i) expropriation; (ii) confiscatory taxation; (iii) the imposition of withholding or other taxes on dividends, interest, capital gains or other income; and (iv) limitations on the removal of funds or other assets of the Fund and its Class Fund(s). There is also the possibility that political or social instability or diplomatic developments could affect investments in those countries. An issuer of securities may be domiciled in a country other than the country in whose currency the instrument is denominated. The values and relative yields of investments in the securities markets of different countries, and their associated risks, are expected to change independently of each other. Changing market and economic conditions and other factors, such as changes in tax laws, securities laws, bankruptcy laws or accounting standards, may make the business of a Class Fund less profitable or unprofitable.

## **9.9 Evolving regulatory regimes**

The regulatory environment in the countries in which the Fund and its Class Fund(s) may invest vary but in many cases, the levels of regulatory control over matters involving foreign investment can be controlled or restricted to varying degrees. In some countries prior government approval is required for foreign investment. The adoption of more stringent regulatory controls in these countries is not uncommon and may affect the financial performance of the Investments.

## **9.10 Borrowings**

Borrowing is allowed up to 10% of the Net Asset Value of the Class Fund on a temporary basis to cover insufficient liquidity as a result of the redemption of Participation Shares. The Fund may also pledge or grant security over portfolio assets as collateral security for the repayment of that borrowing. In these circumstances, the continuing Shareholders will bear the risk of any subsequent decline in the value of the Fund's assets. The Fund may be adversely affected by the costs of such borrowing for the purposes of redemptions if assets cannot be liquidated in a reasonable period to repay such borrowing.

## **9.11 Foreign withholding taxes**

Dividend and interest payments (or other forms of income) on certain Investments the Fund and its Class Fund(s) may own may be subject to withholding taxes, which would ultimately reduce net proceeds from the Fund and its Class Fund(s) to investors.

## **9.12 Foreign currency and exchange-rate risks**

The Fund and its Class Fund(s) assets may be invested in assets denominated in a functional currency other than the Base Currency. Over time, there may be changes in the exchange rate as a result of the interaction of many factors; these changes may directly or indirectly affect the economic and political conditions in the countries in which the Fund and its Class Fund(s) invest. Rarely do national governments voluntarily allow their currencies to float freely in response to economic forces. Sovereign governments use a variety of techniques, such as intervention by a country's central bank or imposition of regulatory controls or taxes, to affect the exchange rates of their currencies. The Fund and its Class Fund(s) may use hedging techniques to seek to protect the Fund and its Class Fund(s) against loss through fluctuations in the value of foreign currencies, particularly the forward market in foreign exchange, currency option and currency futures. But for certain currencies, currently there may not be a reliable and cost efficient method of hedging currency risk. Consequently, currency exchange rate fluctuations, currency devaluations and exchange-control regulations may adversely affect the performance of portfolio companies and the return realised on the Fund and its Class Fund(s) Investments.

## **9.13 Investment fund regulation**

There has recently been significant discussion regarding enhanced governmental scrutiny and/or increased regulation of the investment funds industry. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on the Fund and its Class Fund(s)' activities and Investments, including the ability of the Fund and its Class

Fund(s) to implement operating improvements or otherwise execute its investment strategy or achieve its investment objectives. Depending on the nature of the restrictions and/or increased regulation implemented from time to time and the timing of implementation, it may become legally or practically difficult and/or commercially undesirable for the Fund to continue as a Jersey open ended collective investment fund, in which event the Directors may seek to take such steps as the Directors deem necessary or advisable in consequence of the implementation of restrictions and/or increased regulation.

#### 9.14 **Risks due to the Fund's structure**

(a) **Dependence on key personnel**

The Fund's investment activities depend on the experience and expertise of the principals of the Investment Manager and the Manager. If a principal leaves the Investment Manager or the Manager, this may have a material adverse effect on the Fund's operations.

(b) **Illiquidity of Participating Shares**

Redemptions may be subject to certain charges, to a lock-up or suspension period or an overall redemption limit of a percentage of the Net Asset Value of the Fund or a Class Fund at any one time.

(c) **Nature of regulatory oversight**

Although the Fund is an unclassified fund under the Funds Law in Jersey, it does not intend to register under the laws of any other jurisdiction. As a consequence, the statutes of certain jurisdictions other than Jersey (which may provide certain other regulatory safeguards to investors) do not apply.

(d) **Limited rights of Shareholders**

An investment in the Fund should be regarded as a passive investment. This is because Shareholders holding Participating Shares have no right to participate in the day-to-day operations of the Fund. Consequently, they have limited control over the management of the Fund or over the appointment and removal of its Directors and service providers.

(e) **Valuation of the Fund's investments**

Valuation of the Fund's securities and other investments may involve uncertainties and judgmental determinations. If a valuation is incorrect, the Net Asset Value per Participating Share may be adversely affected. Independent pricing information about some of the Fund's securities and other investments may not always be available. However, valuations will be made in good faith in accordance with the Articles.

If the value assigned by the Fund to an investment differs from its actual value, the Net Asset Value per Participating Shares may be either understated or



overstated to the extent of that difference. Consequently, if the actual value of some of the Fund's Investments is higher than the value assigned to them, a Shareholder holding Participating Shares who redeems all or part of their Shares while they are so undervalued may be paid less than if they were correctly valued. Conversely, if the actual value of some of the Fund's Investments is lower than the value assigned to them, the Shareholder may, in effect, be overpaid.

Furthermore, an investment in the Fund by a new Shareholder (or an additional investment by an existing Shareholder) may dilute the value of the Fund's investments for the other Shareholders if those investments are undervalued. Conversely, a new Shareholder (or an existing Shareholder who makes an additional investment) could pay too much if the Fund's investments are overvalued by the Fund. If either of these scenarios happens, the Fund does not intend to adjust the Net Asset Value per Participating Share retroactively.

Additionally, as the fees of a number of the Fund's service providers are tied to the Fund's Net Asset Value per Participating Share, any discrepancy in valuation may result in overpayment or underpayment to those service providers. None of the Directors, nor the Fund, the Manager, the Investment Manager, the Custodian or the Sub-Custodian will be liable if a price or valuation used in good faith in connection with any of the above procedures later proves to be incorrect or inaccurate.

The Net Asset Value per Participating Share is expected to fluctuate over time with the performance of Investments of the Fund. A Shareholder may not fully recover his initial investment when he chooses to redeem his Participating Shares or upon compulsory redemption if the Net Asset Value per Participating Share at the time of such redemption is less than the Subscription Price paid by such Shareholder or if there remain any unamortized costs and expenses of establishing the Fund or a Class Fund.

**(f) No separate counsel**

As at the date of this Prospectus, Ogier acts as legal counsel to the Fund. No separate counsel has been retained to act on behalf of the Shareholders or any Directors. This Prospectus is based on information furnished by the Manager, the Investment Manager and the Custodian. Ogier has not independently verified that information.

**9.15 Investment and trading risks**

**(a) Trading risks**

One or more markets in which the Fund or its underlying investments trades may move against the positions held by it, thereby causing substantial losses. Government policies, especially those of foreign central banks, have profound effects on interest and exchange rates which, in turn, affect the value of the investments made by the Fund.

(b) **International considerations**

The Fund will be subject to fiscal and taxation policies, regulatory regimes including securities regulations, market and settlement practices and sovereign and political risks of the countries in which the Fund invests.

(c) **In-kind redemptions**

On a redemption the Fund has the power, with the sanction of a Special Resolution or the approval of the Custodian and the redeeming Shareholder, to settle the Redemption Price with investments of the relevant Class Fund in lieu of or in combination with cash. The value of investments distributed may increase or decrease before the investments can be sold, and the investor will incur transaction costs in connection with the sale of those Investments. Additionally, Investments distributed to a Shareholder in connection with a redemption may not be readily marketable. In those circumstances, the investor bears the risk of loss and delay in liquidating those investments, with the result that it may ultimately receive less cash than it would otherwise have received if it had been paid in cash alone for its Participating Shares on the date of redemption.

(d) **Material facts or circumstances not revealed in the due diligence process**

Prior to making or proposing any investment, the Fund will undertake relevant legal, financial and commercial due diligence on potential investments to a level considered reasonable and appropriate by the Fund on a case by case basis. However, these efforts may not reveal all material facts or circumstances which would have a material adverse effect upon the value of the investment. In undertaking due diligence, the Fund will need to utilise its own resources and may be required to rely upon third parties to conduct certain aspects of the due diligence process. Further, the Fund may not have the ability to review all documents relating to a potential investment. Any due diligence process involves subjective analysis and there can be no assurance that due diligence will reveal all material issues related to a potential investment which might be necessary or helpful in evaluating a potential investment.

(e) **No segregation between Classes**

Assets of the Fund are divided between different classes of Participating Shares that are separately subscribed by Shareholders. Assets of each Class Fund may be invested separately in different portfolios and asset classes so that the performance in one Class Fund may not necessarily have any correlation to the performance of any of the others. Accordingly Shareholders in one Class Fund will not participate in profits of another Class Fund. Subject to the statements immediately following, losses attributed to a Class Fund will be satisfied by the Class Fund that incurred the losses. In the event, however, that the assets of a Class Fund are unable to satisfy the liabilities incurred to that Class Fund, creditors or interested parties with a right to collect on the liabilities have a right to proceed against the general assets of the Fund which shall include the assets of the other Class Fund(s). The assets of each of the Class Fund(s) are therefore not

segregated or ring-fenced, so that liabilities of one class are liabilities of the Fund as a whole.

(f) **Lack of regular cash flow**

The Manager does not anticipate regular cash flow distributions from the Investments of the Fund. The primary source of cash flow to the Fund may be upon the disposition of any of the portfolio Investments and Shareholders should not anticipate regular operating cash flow from Fund Investments.

(g) **Risks of global investing**

The Fund invests (directly and indirectly) throughout the world and in various markets throughout the world. As a result, the Fund is subject to risks relating to the following:

- (i) currency exchange matters, including fluctuations in the rate of exchange between the Base Currency of each Class Fund and various other currencies in which its investments may be denominated, and costs associated with converting investment principal and income from one currency into another;
- (ii) securities of companies in some countries may be illiquid and their prices volatile;
- (iii) certain types of investments may result in higher than normal custodial and currency conversion risk; and
- (iv) the possible imposition of withholding taxes on income received from the issuer of, or gains with respect to, those investments.

In addition, investing in some of these capital markets involves factors that may not typically be associated with investing in established securities markets. These include risks relating to the following:

- (v) differences between markets, including potential price volatility in and relative illiquidity of some securities markets;
- (vi) the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements, and less governmental supervision and regulation; and
- (vii) certain economic and political risks, including adverse political and economic developments, potential exchange control regulations or restrictions on investment and repatriation of earnings or capital, expropriation and nationalisation or other government restrictions.

(h) **Counterparty and settlement risk**

Due to the nature of some of the investments that the Fund may make, the Fund may rely on the ability of the counterparty to a transaction to perform its obligations. If that party fails to complete its obligations for any reason, the Fund may suffer losses and therefore be exposed to a credit risk on the counterparties with which it trades. The Fund will also bear the risk of settlement default by clearing houses and exchanges. A default by a counterparty or a default on settlement could have a material adverse effect on the Fund.

(i) **Trading errors**

The Fund will bear the financial consequences of all trade errors including, but not limited to, a technology error or malfunction in the computers, networks, and systems used by the Investment Manager, the Manager, the Custodian, the Sub-Custodian and their respective employees, agents, affiliates, counterparties and service providers. The Investment Manager, the Manager, the Custodian, the Sub-Custodian and their respective employees, agents, affiliates, counter-parties and service providers will take all reasonable measures to ensure that trade errors do not occur and will monitor and document all trade errors but Shareholders must be prepared to bear the cost of a trade error.

**9.16 Investment flexibility**

The Fund has broad and flexible investment authority subject to the investment restrictions set out in the Schedule(s). The amount of the Fund's portfolio which is invested in any type of investment or which is weighted in different countries or different sectors can change at any time based on the availability of attractive market opportunities. Accordingly, at any time, the Fund may have significant investments in strategies, sectors or instruments not specifically described herein and which therefore present risks which are not specifically described herein.

**9.17 Fund of funds risk factors**

(a) **Business operations of the underlying funds**

The Manager will not always have control of the business operations of the underlying funds. Consequently, there is a risk of material changes occurring to the underlying funds or their constitutional documents (including any prospectus issued by them) which the Manager cannot control. There is also a risk of fraud or other malefaction. In addition to the risks described in this Prospectus, Class Funds that will be investing wholly in an underlying fund (as further detailed in the Schedule(s)) are also subject to the risks described in any prospectus issued in relation to that underlying fund.

(b) **Valuation of underlying funds**

The valuation of underlying funds is undertaken by the managers/administrators of those funds and may contain interim valuations or estimates. The actual valuations that transpire may vary.

(c) **Foreign currency exposure**

While foreign currency exposures of the underlying investments are likely to be actively managed, the underlying funds may be exposed to adverse exchange rate fluctuations resulting from unhedged currency exposures, which may at times be substantial.

(d) **Reliance on key personnel**

The performance of the underlying funds depends on the expertise and investment decisions of the managers of the underlying funds, and their staff.

(e) **Limitations of hedging techniques**

The underlying funds may employ various hedging techniques with a view to managing the risk of investment positions. A substantial risk remains nonetheless that such techniques will not always be available and, when available, will not always be effective in limiting losses or locking in profits. As a result of their hedging strategies, the underlying funds may under-perform the market in which they invest during rising market conditions.

(f) **Derivatives**

The underlying funds may trade in derivative securities. Derivatives are financial instruments and contracts (including options and futures) whose value is linked to an underlying financial instrument. While many of the risks of holding derivatives are related to the risks of holding the underlying instrument, the structure of the derivatives may result in these risks being magnified.

(g) **High yield securities**

Where a Class Fund or underlying fund may invest in high yield bonds, such bonds are more risky than investment grade bonds. Yields and prices of high yield securities may be more volatile.

(h) **Access to credit**

A widening of credit spreads, coupled with the deterioration of the sub-prime and global debt markets and a rise in interest rates, has dramatically reduced investor demand for high yield debt and senior bank debt, which in turn has led some investment banks and other lenders to be unwilling to finance new investments or to only offer committed financing for these investments on unattractive terms. The Fund and its Class Fund(s)' ability to generate attractive investment returns may be adversely affected to the extent the Fund and its Class Fund(s) are unable to

obtain favourable financing terms for its Investments. Moreover, to the extent that such marketplace events are not temporary and continue, they may have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the European and global economies. Such marketplace events also may restrict the ability of the Fund and its Class Fund(s) to realise its Investments at favourable times or for favourable prices.

(i) **Small cap stocks/Special events**

The underlying funds may invest in the securities of small to mid cap and/or financially distressed companies, which can be more volatile than the securities of larger and more stable companies.

(j) **Company and sector considerations**

Security prices are influenced by a range of entity specific factors, including financial performance and the quality of management, as well as the general prospects of the industry sector in which a company or entity operates. Unexpected changes can have a detrimental impact on security prices which in turn affect the performance of the Funds' Investments or underlying funds' investments.

(k) **Risk of special techniques used by underlying funds and managers**

The underlying funds and investment managers may use special investment techniques that may subject the Fund to certain risks. Some, but not all, of these techniques and the risks that they entail are summarised below:

(i) **Risks of options trading**

To enhance performance by hedging the portfolio, an underlying fund investment manager may without limitation, write, purchase and sell covered and uncovered call and put options on securities and stock indexes. Both the purchasing and selling of call and put options entail risks. Although an option buyer's risk is limited to the amount of the purchase price of the option, an investment in an option may be subject to greater fluctuation than an investment in the underlying securities. In theory, an uncovered call writer's loss is potentially unlimited, but in practice the loss is limited by the term of the existence of the call. The risk for the writer of a put option is that the price of the underlying security may fall below the exercise price. Because the value of an index option depends upon movements in the level of the index rather than the price of a particular stock, realising a gain or loss from the purchase or writing of options on an index depends upon movements in the level of stock prices in the stock generally, rather than movements in the price of a particular stock. Successful use by an investment manager depends on its ability to predict correctly movements in the direction of the stock market.

(ii) Risk of investing in illiquid securities

Underlying investment managers may invest in illiquid securities in which there may be no available market for the buying or selling of the securities. In addition, there is great difficulty in estimating a fair market value price of the restricted securities, which affect the Net Asset Value of the Fund, and consequently the price at which Participating Shares of the Fund are purchased, redeemed and transferred.

(iii) Hedging

An underlying investment manager may attempt to create "hedged positions" in respect of, amongst other things, its currency and interest rate exposure consisting of investments in a number of different instruments. The valuation models and trading techniques which will be used to determine the constituents of the "hedged position" are extremely complex, and the series of transactions required to create the "hedged position" are often difficult to execute. In some instances, during the process of setting up a hedged position, the position may remain temporarily un-hedged for a significant period of time. The "hedged positions" will generally not be hedged against all known risks.

(iv) Multiple investment techniques

An underlying investment manager may invest in instruments including, but not limited to, equities, convertible bonds, options, equity-linked notes, preference shares and warrants, whether or not listed or traded on organized or over-the-counter stock markets or exchanges or sold in private placements.

(v) Commodities

The Fund does not permit investment in an instrument that compels the acceptance of physical delivery of a commodity.

## 9.18 Layering of fees

Under certain circumstances, investment in a "fund-of-funds" structure may be disadvantageous to Shareholders as compared with maintaining investments directly in the underlying investments selected by the Investment Manager. In addition to the fees charged to the Fund in respect of its Investments in underlying funds, the fees charged by the Manager add an extra layer of fees that a Shareholder would not incur if it were able to invest directly with the underlying Investment.

## 9.19 Custody related risks

- (a) The Custodian has delegated a material part of its custody function to the Sub-Custodian.

- (b) The Sub-Custodian may pool the assets of the Fund with other property of the same type belonging to the Sub-Custodian, a securities depository, their nominees or other clients of the Sub-Custodian. Entitlements of the Fund to assets of the Fund in a pool may not be identifiable by separate certificates or other physical documents and if the Sub-Custodian or Custodian defaults in its obligations, then any shortfall in any type of asset belonging to the Fund and various other clients of the Sub-Custodian may be shared pro rata among all clients for whom the Sub-Custodian holds such assets.
- (c) In certain circumstances securities may be registered in the name of a further sub-custodian or a depository or their nominee. Where securities are registered or recorded in this manner, they may not be physically segregated from the assets of such entities and in their event of insolvency, the Fund's assets may not be protected from claims made by their creditors.
- (d) Fund property held in or through any further sub-custodian or depository will be held subject to the rules of the sub-custodian or depository concerned and claims against them may consist only of a contractual claim against the sub-custodian or depository.
- (e) Custody risks may arise for which the Custodian and/or Sub-Custodian would potentially not be liable (in whole or in part) including those in relation to loss arising from securities held by a depository or other sub-custodian, lack of segregation by a sub-custodian or depository (and related insolvency risk), lack of segregation when pooling on settlement of transactions (and related insolvency risk), settlement of transactions in Investments in accordance with market practice and applicable law, reversals of transactions and delivery or payment failure by a counterparty.
- (f) The Fund has not contracted with the Sub-Custodian directly and has no privity of contract with the Sub-Custodian, only with the Custodian. The Custodian does not remain responsible for the acts and omissions of the Sub-Custodian as though they were the acts of the Custodian itself unless the Sub-Custodian is an Associate. The Sub-Custodian is not an Associate of the Custodian.
- (g) The Sub-Custodian may appoint agents including further sub-custodians and may delegate all or any of its functions and powers to such persons. The Sub-Custodian is required to exercise reasonable care in its selection, retention, monitoring and continued use of such sub-custodians but there are significant limitations on the liability of the Sub-Custodian in relation to the appointment of such agents and sub-custodians, save where losses arise out of the Sub-Custodian's fraud, negligence or wilful misconduct.

**The foregoing list of risk factors does not purport to be exhaustive or complete, nor does it purport to be an explanation of the risks involved in an investment in the Fund. Prospective investors should read the entire Prospectus, the Application Form and the Articles and consult with their own legal, tax and financial advisers before deciding to invest in the Fund. You should invest in the Fund only if you understand the nature of the investment, do not require more than limited liquidity in your investment and can bear the**



economic risk of the investment. In addition, as the Fund's investment program changes or develops over time, an investment in the Fund may be subject to risk factors not described in the Prospectus. The Prospectus may be supplemented from time to time to disclose any material changes in the information provided herein. No assurance can be given that profits will be achieved or that substantial losses will not be incurred.

## **10 CONFLICTS OF INTEREST**

The Fund is subject to a number of actual and potential conflicts of interest.

### **10.1 Management of the Fund and non-exclusivity**

The Manager, the Investment Manager, the Custodian, the Sub-Custodian, the RSA Representative (and their respective directors, associates, officers, employees, agents and delegates) and the Directors, may act for, or be involved with, other clients or collective investment vehicles including those that have similar investment objectives to those of the Fund, in which the Fund will have no interest and whose respective investment policies may or may not be substantially similar. The investment strategies employed for such other investment funds could conflict with the strategies employed in managing the Fund's investments and affect the prices and availability of the investments in which the Fund invests. Conversely, participation in specific investment opportunities may be appropriate at times for both the Fund and such other investment funds. In such case, participation in such opportunities will be allocated on an equitable basis, taking into account such factors as the relative amounts of capital available for new investments, relative exposure to short-term market trends, and the respective investment policies of the Fund and the other investment funds. Such considerations may result in allocations of certain investments on other than a *pari passu* basis.

In respect of such activities, the Manager, the Investment Manager, the Custodian, the Sub-Custodian, the RSA Representative (and their respective directors, associates, officers, employees, agents and delegates) and the Directors:

- (a) shall not be under any duty to disclose to the Fund any fact or thing which may come to their knowledge in the course of their activities for other clients;
- (b) can acquire, hold or deal with for its own account or for the account of any client or other person and in its own name or in the name of such customer or person or of a nominee any Participating Shares or securities for the time being issued by the Fund; and
- (c) shall not be liable to account to the Fund, the Members or any of them for any profits or benefits made by or derived from or in connection with any transaction permitted under this Prospectus.

### **10.2 Time and commitment**

The Manager, the Investment Manager, the Custodian, the Sub-Custodian, the RSA Representative (and their respective directors, associates, officers, employees, agents and delegates) and the Directors shall devote as much of their time to the activities of the Fund as they deem necessary and appropriate. The Manager, the Investment Manager, the Custodian, the Sub-Custodian, the RSA Representative (and their respective directors, associates, officers, employees, agents and delegates) and the Directors are not restricted from forming additional investment funds, entering into other management relationships or engaging in other business activities, even though such activities may be in competition with the Fund and/or may involve substantial time and resources.

### 10.3 Transactions with associates

The Fund may transact with or participate in transactions in which the Manager, the Investment Manager, the Custodian, the Sub-Custodian, the RSA Representative (and their respective directors, associates, officers, employees, agents and delegates) and the Directors are directly or indirectly interested. In connection with such transactions, the Fund on the one hand, the Manager, the Investment Manager, or other counterparty, may have conflicting interests. Subject to applicable law, any of the service providers (including the Manager, the Investment Manager, the Custodian, the Sub-Custodian, the RSA Representative (and their respective directors, associates, officers, employees, agents and delegates) and the Directors) may deal, as principal or agent, with the Fund, provided that such dealings are on normal commercial terms negotiated on an arm's length basis.

Any transactions between the Fund, the Manager, the Investment Manager, the Directors of the Fund or any of their connected persons as principals (each a **Proposed Related Transaction**) may only be made with the prior written consent of the Custodian (the Custodian having been notified of Proposed Related Transaction in advance) and all such transactions must be disclosed in the annual report of the Fund.

### 10.4 Interests in Investments

The Manager, the Investment Manager, the Custodian, the Sub-Custodian, the RSA Representative (and their respective directors, associates, officers, employees, agents and delegates) and the Directors may, from time to time, have an interest, direct or indirect, in Investments or related transactions, whose purchase or sale is recommended or which is purchased, sold or otherwise traded for the Fund.

### 10.5 Fees

The Fund has been established and promoted and is managed by entities within the same corporate group and the terms of their appointment and management fees could be perceived to be not the result of arms-length negotiations. However, the Fund and the Manager believes that the management fees, commissions and compensation payable to itself and the Investment Manager are consistent with normal market rates for investment funds of a similar type to the Fund.

### 10.6 Directors

The Directors may also, from time to time, provide services to, or be otherwise involved with, other investment funds established by parties other than the Fund which may have similar objectives to those of the Fund. It is therefore possible that any of them may, in the course of business, have potential conflicts of interest with the Fund. However, the Directors will at all times (in so far as practicable) have regard to their obligations to act in the best interests of the Fund and its Shareholders and ensure that all such potential conflicts of interest are resolved fairly and in the best interests of the Fund and its Shareholders.

Subject to the provisions of the Law, and provided that he has disclosed to the Directors the nature and extent of any material interests, a Director notwithstanding his office:

- (a) may be a party to, or otherwise interested in, any transaction or arrangement with the Fund or in which the Fund is otherwise interested;
- (b) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Fund or in which the Fund is otherwise interested;
- (c) shall not, subject as provided hereafter, by reason of his office, be accountable to the Fund for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit provided that if and to the extent that any Director shall receive any fees from any such office or employment held as a direct result of any Investment made by the Fund, such Director shall account to the Fund for such fees; and
- (d) may act by himself or his firm in a professional capacity for the Fund and he or his firm shall be entitled to remuneration for professional services as though he were not a director of the Fund.

The above summary is not necessarily a comprehensive list of all potential conflicts of interest.

## **11 SUMMARY OF KEY TERMS OF THE ARTICLES**

### **11.1 Accounts, Reports and Notices**

The annual accounting date for the Fund is 30 September and the interim accounting date is 31 March and the annual and interim accounts are prepared in accordance with United Kingdom accounting standards.

Copies of the latest annual and interim accounts for the Fund and each Class Fund when published may be obtained from the Manager and may be inspected at the offices of the Manager or online at [www.melvilledouglas.co.za](http://www.melvilledouglas.co.za).

A profit and loss account, balance sheet and a report (together, the **Accounts**) made up to the annual accounting dates and the interim accounting dates will be prepared in respect of each Class Fund in the Base Currency of the Class Fund.

The Accounts for each Class Fund made up to the relevant annual accounting date(s) will be prepared in accordance with the Law and audited and will be laid before the Members in general meeting.

A copy of the Accounts for each Class Fund made up to the relevant annual and interim accounting dates will be delivered in a similar manner to notices of general meetings (see section 11.3 (Notice of Meetings) in this Prospectus) within 5 months of the relevant annual/interim accounting dates and not less than 14 days prior to any general meeting of the Fund before which they are to be laid.

### **11.2 Annual General Meetings and Extraordinary General Meetings**

The Fund will, subject to the Law, in each calendar year, hold a general meeting as its annual general meeting in addition to any other meeting in that year. Annual general meetings will be held at such time and place in the Island of Jersey as may be determined by the Directors. The Directors may call an extraordinary general meeting whenever they think fit (and will do so upon the request of a Custodian in accordance with the Articles).

Extraordinary general meetings shall be convened by the Directors on receipt of a Members' requisition or, in default, may be convened by such requisitionists, and in such manner, as provided by the Law. A Members' requisition is a requisition of Members holding at the date of the deposit of the requisition not less than 1 tenth of the total voting rights of the Members who have the right to vote at the meeting requisitioned.

### **11.3 Notice of Meetings**

An annual general meeting or a general meeting called for the passing of a Special Resolution will be called by at least 14 days' notice. All other meetings will also be called by at least 14 days' notice, but a general meeting may be called by shorter notice if it is so agreed:

- (a) in the case of an annual general meeting, by all the Members entitled to attend and vote thereat; and

- (b) in the case of any other meeting, by a majority in number of the Members having a right to attend and vote at the meeting, being a majority together holding not less than 95% of the total voting rights of the Members who have that right.

The notice will specify the day, time and place of the meeting and the general nature of the business to be transacted and in the case of an annual general meeting, will specify the meeting as such. Subject to the provisions of the Articles and to any restrictions imposed on any Shares, a notice of a general meeting will be given to all the members, to all persons entitled to a Share in consequence of the death, bankruptcy or incapacity of a Member, the Directors, the Manager, the Custodians, the Auditors and such persons as the Directors from time to time determine. Pursuant to the terms of the Articles, a notice of a general meeting may be given in writing, electronically or published on a website. Notice will be provided electronically if the recipient has notified the Fund of an email address to which notice can be sent. A notice may be published on a website provided the recipient is given separate notice of:

- (a) the publication of the notice on the website;
- (b) the place on the website where the notice may be accessed;
- (c) how it may be accessed; and
- (d) the place, date and time of the general meeting.

The Manager and the Auditors shall be entitled to attend and speak at any general meeting of the Fund.

#### **11.4 Proxies**

A Member entitled to attend and vote at a general meeting is entitled to appoint one or more proxies (who need not be a shareholder) to attend and vote at a general meeting instead of him/her. Notwithstanding the appointment of a proxy, a Member may attend and vote at a meeting or adjourned meeting. If a Member votes on any resolution a vote by his proxy on the same resolution, unless in respect of different Shares, shall be invalid.

The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing, or if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney so authorised. If the Directors so resolve, the Fund may accept an electronically submitted proxy pursuant to the terms of the Articles.

Any person (whether a Member or not) may be appointed by a Member to act as a proxy. A Member may appoint more than one proxy to attend on the same occasion.

The Directors may require the production of any evidence which they consider necessary to determine the validity of any appointment of a proxy.

A Member may revoke the appointment of a proxy at any time by notice to the Fund (or such person as is specified for that purpose in the notice of meeting or in the instrument of proxy issued by the Fund) duly signed in accordance with the Articles; but such

revocation will not affect the validity of any acts carried out by the proxy before the Directors had actual notice of the revocation.

The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, shall be delivered so that it is received by the Fund (or such person as is specified for that purpose in the notice of meeting or in the instrument of proxy issued by the Fund) not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.

An instrument of proxy shall be in such form as the Directors may approve.

#### **11.5 Quorum**

Two persons entitled to vote upon the business to be transacted at a general meeting, each being a Member or its corporate representative duly authorised in accordance with the Articles or a proxy for a Member, shall be a quorum.

#### **11.6 Voting**

At any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless before or upon the declaration of the result of the show of hands a poll is demanded. Subject to the provisions of the Law, a poll may be demanded by:

- (a) the Chairman; or
- (b) at least two Members (or their proxies) having the right to vote on the resolution; or
- (c) a Member or Members (or their proxies) representing not less than one-tenth of the total voting rights of all the Members having the right to vote on the resolution; or
- (d) a Member or Members (or their proxies) holding Shares conferring a right to vote on the resolution being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right.

In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote. If a poll is duly demanded, it shall be taken in such manner and at such place as the Chairman may direct (including the use of ballot or voting papers or tickets). A poll demanded on the election of a Chairman and a poll demanded on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time and place as the Chairman directs, not being more than thirty days from the date of the meeting or adjourned meeting at which the poll was demanded. No notice need be given of a poll not taken forthwith if the day, time and place at which it is to be taken are announced at the meeting at which it is demanded. In any other case, at least 7 days' notice shall be given specifying the day, time and place at

which the poll is to be taken. Subject to any special rights or restrictions for the time being attached to any class of Shares:

- (a) on a show of hands, every Member who is present in person shall have one vote;
- (b) on a poll, every Member who is present in person or by proxy shall be entitled to one vote in respect of each Management Share and each Participating Share held by him/her,

provided that the Directors, the Manager, the Investment Manager, the Custodians or any Associate thereof, shall not be entitled to vote any Shares registered in their name (or in the name of any nominee thereof) in respect of any matter in which they may have a material interest.

In the case of joint holders of a Share, the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register in respect of the Share.

A Member in respect of whom an order has been made by any court having jurisdiction (whether in Jersey or elsewhere) in matters concerning mental disorder may vote whether on a show of hands or on a poll, by his attorney, curator, receiver or other person authorised in that behalf appointed by such court and any such attorney, curator, receiver or other person may on a poll vote by proxy provided that such evidence as the Manager may require of the authority of the person claiming to vote shall have been deposited at the Office or at such other place as is specified in accordance with the Articles for the deposit of instruments of proxy not less than 48 hours before the time for holding the meeting or adjourned meeting at which such person claims to vote.

No Member shall, unless the Directors otherwise determine, be entitled to vote at any general meeting or at any separate meeting of the holders of any class of Shares in the Fund, either personally or by proxy, or to exercise any rights as a Member unless all calls or other sums presently payable by him/her in respect of Shares in the Fund of which he/she is the holder or one of the joint holders have been paid. On a poll, votes may be given either personally or by proxy.

#### **11.7 Class Meetings**

To every separate meeting of the holders of any Class of Participating Shares, all the provisions of the Articles relating to general meetings of the Fund or to the proceedings thereat (including those referred to above) shall, mutatis mutandis, apply except that the necessary quorum shall be two or more persons holding or representing by proxy one third of the issued Shares of the class (but so that if, at any adjourned meeting of such holders, a quorum as above defined is not present, those shareholders who are present shall be a quorum). The Directors may treat all the Classes of Participating Shares as forming one class if they consider that all such Classes would be affected in the same way by the proposals under consideration and that there would be no conflict between them but in any other case shall treat them as separate Classes.

#### **11.8 Management Shares**



Under the Law, if the Fund is to issue redeemable Participating Shares, it must have in issue a class of Shares which are not redeemable. The Management Shares, which are held by the Manager, fulfil this purpose and will also enable the Manager to deal efficiently with the ultimate liquidation of the Fund.

#### 11.9 **Modification of Share rights**

The special rights attached to each Class of Participating Shares may be varied or abrogated:

- (a) with the consent in writing of a majority of the holders of the issued Shares of the Class; or
- (b) with the sanction of an Ordinary Resolution passed at a separate meeting of the holders of the Shares of the Class.

The rights attached to the Participating Shares shall be deemed to be varied by the creation or issue of any Shares (other than Participating Shares of any Class) ranking *pari passu* with or in priority to them as respects participation in the profits of the Fund or in a winding up or reduction of capital. The special rights conferred upon the holders of Participating Shares shall not be deemed to be varied by:

- (a) the creation, allotment or issue of further Shares of any class ranking *pari passu* therewith; or
- (b) the creation, allotment or issue of Management Shares; or
- (c) the creation, allotment, issue, redemption or purchase of Participating Shares of any Class; or
- (d) the conversion of Participating Shares of any Class into Participating Shares of another Class; or
- (e) the exercise by the Directors of their discretion under the Articles in relation to the determination of the Net Asset Value of the Fund and Class Fund(s) or, if the Fund shall be wound up, by the exercise by a Liquidator of his powers under the Articles.

#### 11.10 **Winding up**

The Fund may be wound up by a Special Resolution in accordance with the Law. If the Fund is wound up, the liquidator shall, subject to the Law, apply the assets of the Fund in such manner and order as he thinks fit in satisfaction of creditors' claims. The liquidator shall, in relation to the assets available for distribution among the Members, make in the books of the Fund such transfers thereof to and from the Class Fund(s) as may be necessary in order that the effective burden of such creditors' claims may be shared between the holders of Participating Shares of different Classes in such proportions as the liquidator in his absolute discretion may think equitable having regard to the provisions of the Articles relating to Class Fund(s).

The assets available for distribution among the Members shall then be applied in the following priority:

- (a) First, in payment to the holders of the Management Shares of sums up to the amount paid up thereon out of the assets of the Company not comprised within any of the Class Funds remaining. In the event that there are insufficient assets as aforesaid to enable such payment in full to the holders of the Management Shares to be made no recourse shall be had to the assets comprised in any of the Class Funds;
- (b) Secondly, in payment to the holders of each class of Participating Shares of any balance then remaining in the Class Fund relating to such class of Participating Shares, such payment being made in proportion to the number of Shares of that class held; and
- (c) Thirdly, in payment to the holders of the Management Shares of any balance then remaining and not comprised in any of the Class Funds, such payment being made in proportion to the number of Management Shares held.

On a winding up, the liquidator may, with the authority of a Special Resolution and any other sanction required by the Law, divide among the Members in specie the whole or any part of the assets of the Fund and, whether or not the assets shall consist of property of a single kind and may for such purposes set such value as he deems fair upon any one or more class or classes of property and, subject as provided above, may determine how such division shall be carried out as between the Members of different classes of Members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of Members as the liquidator shall think fit and the liquidation of the Fund may be closed and the Fund dissolved but so that no Member shall be compelled to accept any Shares in respect of which there is liability.

#### **11.11 Directors**

Subject to the Law and the Memorandum and Articles and to any directions given by Special Resolution of the Fund, the business of the Fund shall be managed by the Directors who may exercise all the powers of the Fund in any part of the world. Subject to the Articles, the Directors have power to appoint any person to be the agent of the Fund for such purposes and on such conditions as they determine, including authority for the agent to delegate all or any of its powers. The Directors have appointed, on behalf of the Fund, the Manager to provide the Fund with management, secretarial, registrar and investment management services and the Custodians to act as Custodians of the assets of the Fund.

A Director may be removed, inter alia, by Ordinary Resolution of the Fund.

#### 11.12 **The Register**

The Register is maintained by the Manager at its offices.

## 12 SERVICE PROVIDERS' AGREEMENTS

### 12.1 Service Providers' Agreements

The following contracts have been entered into in connection with the Fund (the **Service Providers' Agreements**):

- (a) an amended and restated management agreement dated 20 August 2019 (as amended by an amendment agreement dated 19 November 2021 and as amended and/or restated from time to time) between (1) the Fund and (2) the Manager, whereby the Manager agreed to provide management, secretarial, registrar and investment management services to the Fund (the **Management Agreement**);
- (b) an investment management agreement dated 12 September 2019 (as amended and/or restated from time to time) between (1) the Fund (2) the Manager and (3) the Investment Manager, whereby the Investment Manager agreed to provide investment management services to the Manager in relation to the Class -Fund(s) (the **Investment Management Agreement**);
- (c) a custodian agreement dated 15 July 2003 (as amended on 2 May 2013 (effective as of 16 January 2013) and on 20 August 2019 and as amended and/or restated from time to time) between (1) the Fund, (2) the Manager and (3) Custodian, whereby the Custodian agreed to act as Custodian of the assets of the Fund (the **Custodian Agreement**);
- (d) a global custody agreement dated 16 January 2013 (as amended on 26 June 2019 and 9 November 2021 and as amended and/or restated from time to time) between (1) the Custodian and (2) the Sub-Custodian, whereby the Sub-Custodian agreed to act as Sub-Custodian of the assets of the Fund (the **Sub-Custodian Agreement**);
- (e) a representative agreement dated 31 August 2021 (as amended and/or restated from time to time) between (1) the Fund (acting by the Manager) and (2) the RSA Representative, whereby the RSA Representative agreed to act as the Fund's representative in the RSA in respect of certain Classes to be marketed to investors in the RSA (the **Representative Agreement**);
- (f) a distribution agreement dated 12 September 2019 (as amended and/or restated from time to time) between (1) the Fund and (2) the Investment Manager, whereby the Investment Manager agreed to provide distribution services to the Fund (the **Distribution Agreement**); and
- (g) a joint controller agreement effective as of 25 May 2018 (as amended and/or restated from time to time) between (1) the Fund and (2) the Manager, which documents the arrangements between the Fund and the Manager as joint controllers of the Shared Personal Data for the purposes of ensuring compliance with the relevant data protection laws (the **Joint Controller Agreement**).

## 12.2 Summary of key terms of the Service Providers' Agreements

### Management Agreement

Pursuant to the terms of the Articles, the Fund has appointed the Manager to provide management, secretarial, registrar and investment management services to the Fund and the Class Fund(s). A summary of the activities and duties of the Manager under the Management Agreement are (without limitation) as follows:

- (a) comply with applicable law and regulatory requirements including maintenance of the necessary books, records and accounts of the Fund and, at the direction of the Directors, updating this Prospectus;
- (b) carry out necessary secretarial and administrative tasks in relation to the Fund;
- (c) negotiate and supervise any borrowings of the Fund (under the supervision and final authorisation of the Fund);
- (d) liaise with investors and the other service providers to the Fund and make documents available for inspection where required by this Prospectus;
- (e) supply the Custodians with such information as they reasonably require in relation to the management and administration of the Fund in order to provide the custody services under the Custodian Agreements;
- (f) calculate the Net Asset Value, the Subscription Price, the Redemption Price of each Class of Participating Shares, process applications for subscription, redemption, conversion or transfer and liaise with other service providers (including the Custodians) accordingly;
- (g) be responsible for the investment management of the assets of the Fund and the Class Fund(s);
- (h) act as the registrar of the Fund; and
- (i) provide and maintain all administrative services, office staff and accommodation reasonably required for the due performance of its duties.

The Manager may, with the prior written approval of the Fund (and having obtained any necessary regulatory approval) and at the expense of the Manager, delegate in whole or in part any of its duties, functions, powers and discretions under the Management Agreement to a delegate or other agent.

Subject to the Articles the Management Agreement shall be terminated:

- (a) upon the expiration of not less than 3 months' notice by either party;
- (b) immediately, upon one party giving to the other notice of immediate termination in the event of:

- (i) the property of the other party being declared *en désastre* or that other party becoming insolvent or going into liquidation (other than a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the other party) or a receiver being appointed of any of its assets or if some event having equivalent effect occurs; or
- (ii) one of such other parties committing a material breach and (if such breach shall be capable of remedy) the party in breach not making good such breach within 30 days of service upon the party in breach of notice requiring remedy; or
- (iii) in the case of the Manager, being in the opinion of the Directors guilty of fraud, wilful misconduct or negligence in the performance of its duties; or
- (iv) in the case of the Manager, upon the Fund giving to the Manager notice of immediate termination in the event of the Manager ceasing to hold required regulatory approvals under the Financial Services Law.

### **Investment Management Agreement**

The Manager has appointed (with the approval of the Fund) the Investment Manager to provide investment management services to the Manager in relation to the Class Fund(s) (and such additional Class Funds as the Manager, the Fund and the Investment Manager may determine from time to time).

The Investment Manager shall perform the following investment management duties in respect of each Class Fund:

- (a) act as investment manager to the Fund in relation to each Class Fund and manage the investment and re-investment of the cash, securities and other property comprising the assets of each Class Fund with power to:
  - (i) apply the monies of each Class Fund at its discretion in the acquisition by purchase, or otherwise, of Investments and to retain, sell, exchange, vary or transpose the same;
  - (ii) cause such sums as it may think fit to be retained in cash by the Custodians on behalf of the Fund or placed on deposit in the name of the Custodians or otherwise segregated into accounts designated for each Class Fund in accordance with the Articles and the Custodian Agreement;
  - (iii) negotiate, enter into, and perform all contracts, agreements and other undertakings as may, in the opinion of the Investment Manager, be necessary, advisable or incidental to the performance of its duties under this provision;
  - (iv) appoint (at the Investment Manager's expense), subject to the approval of the Manager and the Fund, one or more investment advisers to advise the Investment Manager as to the investment and re-investment of the cash,

securities and other property comprising the assets of any Class Fund;  
and

- (v) give the Custodians directions in relation to the exercise by a Custodian of any rights attaching to or relating to Investments of the Fund or Class Fund;
- (b) keep constantly under surveillance and review, and analyse the performance of, Investments of each Class Fund;
- (c) advise and make recommendations as to the overall investment policy and objectives of each Class Fund;
- (d) at all times promptly provide the Manager and/or the Custodians with all such information and explanations as the Manager and/or the Custodians may require with respect to the Investments of each Class Fund and render written reports of the composition of the portfolio of each Class Fund in such form and at such intervals as the Manager shall reasonably require;
- (e) when required by the Manager, prepare material for inclusion in annual, half-yearly or other reports of each Class Fund and/or the Fund;
- (f) in carrying out its duties as investment manager, observe and have regard to:
  - (i) the Fund's investment policy and objectives as described in this Prospectus for each class of Participating Shares;
  - (ii) any restrictions for the time being contained in the Articles and the Prospectus (please refer to the Schedule(s) to this Prospectus) for each class of Participating Shares with regard to borrowings and investment and notify the Manager of breaches and rectification;
  - (iii) the entitlement of the holders of Shares to require redemption of their Shares in accordance with the Articles;
  - (iv) any other matter to which a prudent investment manager to an investment portfolio should reasonably pay regard in the proper discharge of his duties;
- (g) provide and maintain all administrative services, office staff and accommodation reasonably required for the due performance of its duties; and
- (h) comply with applicable regulatory requirements and be subject to the overall policies, directions, supervision and control of the Manager.

The Investment Manager may, with the prior written approval of the Manager and the Fund (and having obtained any necessary regulatory approval) and at the expense of the Investment Manager, delegate in whole or in part any of its duties, functions, powers and discretions under the Investment Management Agreement to a delegate or other agent.

The Investment Management Agreement shall be terminated:

- (a) upon the expiration of not less than 3 months' notice by either the Manager or the Investment Manager;
- (b) immediately, upon one party giving to the others notice of immediate termination in the event of:
  - (i) the property of one of such other parties being declared en désastre or one of such other parties becoming insolvent or going into liquidation (other than a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the other party) or a receiver being appointed of any of its assets or if some event having equivalent effect occurs; or
  - (ii) one of such other parties committing a material breach and (if such breach shall be capable of remedy) the party in breach not making good such breach within 30 days of service upon the party in breach of notice requiring remedy; or
  - (iii) in the case of the Investment Manager, being in the opinion of the Manager guilty of fraud, wilful misconduct or gross negligence in the performance of its duties; or
  - (iv) the Manager's appointment under the Management Agreement terminating for any reason; or
  - (v) a party ceasing to hold required regulatory approvals under the Financial Services Law.

### **Custodian Agreement**

Pursuant to the terms of the Articles, the Fund has appointed the Custodian to act as the custodian of the assets of the Fund and the Class Fund(s) and will be responsible for the safe keeping of the assets of the Fund and its Class Fund(s). A summary of the activities and duties of the Custodian under the Custodian Agreement are (without limitation) as follows:

- (a) observe and comply with the provisions of the Articles and this Prospectus for each class of Participating Shares;
- (b) comply with applicable regulatory requirements and be subject to the directions of the Manager and the Fund;
- (c) take into its custody or under its control all Investments of the Fund received from or on account of the Fund which shall (except when settling transactions) be segregated from assets held on its own account and/or for the account of third parties and shall hold such Investments on the terms set out in this Agreement for the Fund;



- (d) in so far as uninvested monies of the Fund are available for the purpose, pay for and receive all Investments purchased for the account of the Fund;
- (e) exchange Investments held by it for the account of the Fund for other Investments in connection with conversions or otherwise and make delivery of Investments which have been sold;
- (f) on receipt of a statement of redemption certified by the Manager, pay amounts due in the relevant currency (on behalf of the Fund) to the Manager or to a separate account of the Fund held with the Custodian for distribution to those persons entitled thereto;
- (g) hold all the documents of title to Investments;
- (h) open and maintain deposit and other bank accounts and hold all uninvested monies, bills and notes received on behalf of the Fund in such accounts and shall make or authorise payments out of such accounts on behalf of and for the purposes of the Fund; and
- (i) take reasonable care to ensure that:
  - (i) the methods adopted by the Manager for the issue, cancellation, sale, conversion, redemption and purchase of Participating Shares by the Fund and/or the Manager; and
  - (ii) the methods adopted by the Manager in determining the Net Asset Value of each Class Fund(s) and Subscription Prices and Redemption Prices of Participating Shares,

are carried out in accordance with the provisions of the Articles, the Management Agreement and this Prospectus.

Except as otherwise expressly instructed by the Fund, the Custodian shall procure that all rights of voting (if any) conferred by any Investments held by the Custodian or any nominee or agent of it on behalf of the Fund shall be exercised in accordance with the proper instructions of the Manager. The Manager shall be entitled to procure the exercise of such voting rights in the manner it considers in its discretion to be in the best interests of the Fund and the Shareholders.

The Custodian may, with the prior written approval of the Manager and the Fund (and having obtained any necessary regulatory approval) and at the expense of the Custodian (unless otherwise agreed by the Manager or the Fund), delegate in whole or in part any of its duties, functions, powers and discretions under the Custodian Agreement to a delegate or other agent and instruct professional advisers.

Provided that the Custodian shall remain responsible for the acts and omissions of each Sub-Custodian which is an Associate of the Custodian as though they were the acts and omissions of the Custodian itself, the Custodian may entrust the documents of title or documents evidencing title to all or part of the Investments of the Fund for safekeeping to some other person (not being the Fund or the Manager or an Associate of either) and

may arrange for such sub-custodian (or its agents or delegates) to become the registered holder of Investments of the Fund, title to which is in registered form. The Custodian and the Sub-Custodian may deposit securities with, and hold securities in, any clearing agency or system, registration or book-entry system or securities depository.

The Custodian has appointed the Sub-Custodian as its sub-custodian. The Sub-Custodian is not an Associate of the Custodian.

The Custodian shall not be responsible for any acts or omissions of the Sub-Custodian if:

- (a) it was reasonable for the Sub-Custodian to be appointed to carry out the function in question and it was reasonable for the Custodian to believe that the Sub-Custodian was competent to undertake the function in question; and
- (b) the Custodian will maintain an appropriate level of oversight over the Sub-Custodian and make appropriate enquiries periodically, to confirm that their duties continue to be competently discharged and the Sub-Custodian remains competent to carry out the functions which it is appointed to perform.

The Custodian Agreement shall be terminated:

- (a) upon the expiration of not less than 3 months' notice by either the Fund/the Manager or the Custodian;
- (b) immediately, upon one party giving to the others notice of immediate termination in the event of:
  - (i) the property of one of such other parties being declared *en désastre* or one of such other parties becoming insolvent or going into liquidation (other than a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the other parties) or being declared bankrupt or a receiver being appointed of any of its assets or if some event having equivalent effect occurs; or
  - (ii) one of such other parties committing a material breach of this Agreement and (if such breach shall be capable of remedy) the party in breach not making good such breach within 30 days of service upon the party in breach of notice requiring the remedy of such breach; or
  - (iii) in the case of the Custodian, being in the reasonable opinion of the Directors guilty of fraud, bad faith wilful misconduct or negligence in the performance of its duties; or
- (c) immediately upon the Fund and the Manager giving to the Custodian notice of immediate termination in the event of the Custodian ceasing to hold required regulatory approvals under the Financial Services Law

So long as there are any issued and outstanding Participating Shares, the termination of the appointment of the Custodian shall not be effective unless and until a new custodian shall have been appointed by the Fund, provided that if after the expiry of three months

from the date of expiration of any notice given by the Custodian, the Fund or the Manager (as applicable), a replacement custodian has not been appointed the Custodian may by notice in writing, require the Directors to call a general meeting of the Fund at which a Special Resolution shall be proposed to wind up the Fund and/or such other resolution shall be proposed as shall be agreed between the Custodian and the Fund.

### **Sub-Custodian Agreement**

The Sub-Custodian has been appointed by the Custodian as sub-custodian to the Fund and will be responsible for the safe keeping of Investments of the Fund and its Class Fund(s). The Fund has not contracted with the Sub-Custodian directly and has no privity of contract with the Sub-Custodian, only with the Custodian.

The Sub-Custodian may appoint a further sub-custodian and may delegate all or any of its functions and powers to such sub-custodian. The Sub-Custodian is required to exercise reasonable care in its selection, retention, monitoring and continued use of such sub-custodians but there are significant limitations on the liability of the Sub-Custodian, save where losses arise out of the Sub-Custodian's fraud, negligence or wilful misconduct.

The Sub-Custodian Agreement shall be terminated:

- (a) upon the expiration of not less than 90 days' written notice by either party; or
- (b) immediately, upon one party giving to the other notice upon the event of the dissolution of that other party if such other party is a body corporate or partnership or upon the commencement of any action or proceedings seeking liquidation, winding up, insolvency, reorganisation or other similar relief in respect of the other party or its debts under any insolvency or analogous proceedings in any jurisdiction.

### **Representative Agreement**

The RSA Representative has been appointed as the Fund's representative in the RSA by the Manager in respect of the Fund. The RSA Representative will be responsible for assisting the Fund with compliance with RSA regulatory requirements.

Either the Manager or the RSA Representative shall be entitled to terminate the RSA Representative Agreement:

- (a) 14 days following the service of written notice of an unremedied material breach of contract;
- (b) if the other party is placed in liquidation (whether provisionally or finally) or being placed under judicial management, other than a scheme of arrangement; or
- (c) for any other reason on 60 days' written notice to the other party.

### **Distribution Agreement**

The Fund has also appointed the Investment Manager to provide distribution services to the Fund. The distribution services include liaising with investors in relation to applications for Participating Shares, redemption, transfer or conversion requests and providing information in relation to the Fund to Shareholders or prospective investors.

The Investment Manager may, with the prior approval of the Fund (and having obtained any necessary regulatory approval) and at the expense of the Investment Manager, delegate in whole or in part any of its duties, functions, powers and discretions under the Distribution Agreement to a delegate or other agent.

The Distribution Agreement shall be terminated:

- (a) upon the expiration of not less than 90 days' notice by either the Fund or the Investment Manager;
- (b) immediately, upon one party giving to the others notice of immediate termination in the event of:
  - (i) the property of one of such other parties being declared en désastre or one of such other parties becoming insolvent or going into liquidation (other than a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the other party) or a receiver being appointed of any of its assets or if some event having equivalent effect occurs; or
  - (ii) one of such other parties committing a material breach and (if such breach shall be capable of remedy) the party in breach not making good such breach within 30 days of service upon the party in breach of notice requiring remedy; or
  - (iii) in the case of the Investment Manager, upon the Fund giving notice of immediate termination in the event of the Investment Manager being prohibited by any applicable law from performing its functions under the Distribution Agreement or ceasing to be suitably authorised to act as a distributor.

### **Joint Controller Agreement**

The Manager and the Fund jointly determine the purposes and means of the processing of personal data relating to the Shareholders and are therefore 'joint controllers' of such data for the purposes of the Data Protection Law.

The Joint Controller Agreement has been entered into between the Fund and the Manager for the purposes of ensuring compliance with relevant data protection laws, including the Data Protection Law, applicable to the processing of any personal data relating to or provided by Shareholders to be shared between the Fund and the Manager as data controllers, collected and processed for the agreed purposes, controlled under or in connection with the subscription agreements executed by Shareholders (the **Shared Personal Data**).

The Joint Controller Agreement will automatically terminate when the Fund and the Manager are no longer under a legal obligation to act as a controller (or joint controllers) for the purposes of the Data Protection Law. Each of the Fund and the Manager will (except to the extent required by, and for such period as required by, applicable laws) promptly and to the extent technically possible delete and procure the deletion of all copies of the Shared Personal Data.

Notwithstanding the above, each of the Fund and the Manager (where under an obligation to do so under applicable laws) may retain copies of the Shared Personal Data, provided that each ensures:

- (a) the confidentiality of all such Shared Personal Data; and
- (b) such Shared Personal Data is only processed as necessary for the purpose(s) specified in the applicable laws requiring its storage.

### **13 INDEMNITIES AND LIMITATIONS ON LIABILITY**

#### **13.1 Directors**

In so far as the Law allows, every present or former officer of the Fund (including the Directors and Secretary) shall be indemnified out of the assets of the Fund against any loss or liability incurred by him/her by reason of being or having been such an officer. The Directors may, without sanction of the Fund in general meeting authorise the purchase or maintenance by the Fund for any officer or former officer of the Fund of any such insurance as is permitted by the Law in respect of any liability which would otherwise attach to such officer or former officer.

#### **13.2 Manager**

Under the terms of the Management Agreement, the Manager shall not be liable to the Fund for any liabilities, obligations, losses (including without limitation losses arising out of delay, misdelivery or error in the transmission of any letter, telephonic communication, telephone, facsimile transmission or other electronic transmission in a readable form) damages, actions, proceedings, suits, costs, expenses (including without limitation legal expenses) claims and demands (**Liabilities**) suffered by the Fund in connection with the Management Agreement unless such Liabilities arise from the fraud, wilful default, bad faith or negligence of the Manager or its agents, officers or employees (except so far as the Fund may from time to time be an agent of the Manager) in the discharge of its functions under the Management Agreement, and subject to and without prejudice to the foregoing the Fund shall indemnify and keep indemnified the Manager and its agents, officers and employees from and against any and all Liabilities which may be suffered or incurred by or asserted against the Manager and its agents, officers and employees arising out of or in connection with the performance of its or their duties thereunder except such as may be due to the fraud, wilful default, bad faith or negligence of the Manager or its agents, officers or employees.

The Manager may act or rely upon the opinion or advice or any information obtained from any broker, lawyer, valuer, surveyor, auctioneer or other expert (whether reporting to the Fund, the Manager or the Custodian) appointed in good faith and without negligence and

the Manager shall not be responsible for any loss occasioned by its acting upon such opinion, advice or information.

### **13.3 Investment Manager and Distributor**

Under the terms of the Investment Management Agreement, the Investment Manager shall not be liable to the Fund or the Manager for any Liabilities suffered by the Fund or the Manager in connection with the subject matter of the Investment Management Agreement unless such Liabilities arise from the fraud, wilful default, bad faith or negligence of the Investment Manager or its agents, officers or employees in the discharge of its functions under the Investment Management Agreement, and subject to and without prejudice to the foregoing the Fund shall indemnify and keep indemnified the Investment Manager and its agents, officers and employees from and against any and all Liabilities which may be suffered or incurred by or asserted against the Investment Manager and its agents, officers and employees arising out of or in connection with the performance of its or their duties thereunder except such as may be due to the fraud, wilful default, bad faith or negligence of the Investment Manager or its agents, officers or employees.

The Fund has not granted any indemnities in favour of the Investment Manager under the Distribution Agreement.

### **13.4 Custodian**

The Custodian shall not be liable to the Fund, the Shareholders, the Manager or the Investment Manager for any Liabilities suffered by the Fund, the Members, the Manager or Investment Manager in connection with the subject matter of the Custodian Agreement unless such Liabilities arise from the fraud, wilful default, bad faith, negligence or failure to exercise due care and diligence of the Custodian or its agents, delegates, officers, or employees in the discharge of its functions under the Custodian Agreement and subject to and without prejudice to the foregoing the Fund shall indemnify and keep indemnified the Custodian and its agents, delegates, officers and employees from and against any and all Liabilities which may be suffered or incurred by or asserted against the Custodian arising out of or in connection with the performance of its duties thereunder except such as may be due to the fraud, wilful default, bad faith, negligence or failure to exercise due care and diligence of the Custodian or its agents, delegates, officers or employees.

Neither the Manager nor the Custodian shall be under any liability or responsibility in respect of the management of any corporation or body in which an Investment is held nor in respect of any vote, action or consent given or taken by the Manager or the Investment Manager whether in person or by proxy and neither the Custodian nor the Manager nor the Investment Manager nor any nominee of the Custodian or the Manager or the Investment Manager nor the holder of any such proxy or power of attorney shall incur any liability or responsibility by reason of any error of law or mistake of fact or any matter or thing done or omitted or approval voted or given or withheld by any one or more of them.

The Custodian may act or rely upon the opinion or advice of, or any information obtained from, any broker, lawyer, valuer, surveyor, auctioneer or other expert and the Custodian

shall not be responsible for any loss occasioned by its acting upon such opinion, advice or information.

Custody risks for which the Custodian and/or Sub-Custodian would potentially not be liable (in whole or in part) include those in relation to loss arising from securities held by a depositary, lack of segregation by a sub-custodian or depositary (and related insolvency risk), lack of segregation when pooling on settlement of transactions (and related insolvency risk), settlement of transactions in Investments in accordance with market practice and applicable law, reversals of transactions and delivery or payment failure by a counterparty.

### **13.5 Sub-Custodian**

The Custodian shall indemnify and hold harmless the Sub-Custodian and Sub-Custodian affiliates from and against all losses, including but not limited to, penalties, taxes, judgments and awards, legal fees (reasonably incurred) and expenses in third party suits and in a successful defense of claims asserted by the Custodian, relating to or arising out of the performance of the Sub-Custodian of Sub-Custodian affiliates' obligations under the Sub-Custodian Agreement, except to the extent resulting from the Sub-Custodian's negligence, wilful misconduct or fraud.

There are significant limitations on the liability of the Sub-Custodian, save where losses arise out of the Sub-Custodian's fraud, negligence or wilful misconduct.

### **13.6 RSA Representative**

The Fund has not granted any indemnities in favour of the RSA Representative under the Representative Agreement.

## **14 INSPECTION OF DOCUMENTS**

Copies of the following documents may be inspected and obtained during normal business hours on any Business Day (Saturdays and public holidays excepted) at the registered office of the Manager and certain documents are also available online at [www.melvilledouglas.co.za](http://www.melvilledouglas.co.za)

- (a) the Privacy Notice;
- (b) the Articles;
- (c) the Service Providers' Agreements;
- (d) the latest published annual Accounts of the Fund and the latest published interim Accounts;
- (e) the Register; and
- (f) a copy of this Prospectus.



## 15 DATA PROTECTION LAW

Although not an EU Member State, Jersey has adopted the Data Protection (Jersey) Law 2018 to bring its data protection legislation in line with the requirements of the EU General Data Protection Regulation (Regulation (EU) 2016/679) (together, the **Data Protection Law**) and the Law Enforcement Directive, which came into force on 25 May 2018.

For the purposes of the Data Protection Law, the data controllers in respect of any personal data provided in respect of shareholders and (if applicable) their respective representatives, directors, officers, agents or beneficial owners in respect of whom personal data is provided in relation to the Fund shall be the Fund and the Fund Manager (each a **controller**, and together the **joint controllers**).

The privacy notice set out in Annex A (**Privacy Notice**) sets out the purposes for which such personal data may be used, the circumstances in which such data might be disclosed, shareholders' rights in respect of such data, as well as other matters.

**You should review the Privacy Notice carefully as it contains information about the treatment of your personal data and your rights under the Data Protection Law.**

## **16 CRIMINAL FINANCES ACT 2017**

The Fund requires its service providers to comply with the Criminal Finances Act 2017 and, in particular, requires its service providers to warrant that:

- they will not engage in any tax evasion or facilitation of tax evasion of any kind in any jurisdiction;
- they will have in place their own reasonable prevention procedures to ensure no tax evasion or facilitation of tax evasion will take place; and
- they will report any suspected tax evasion in the conduct of their services to the relevant authorities.

## 17 DEFINITIONS AND INTERPRETATION

### 17.1 Defined Terms

<b>AIFMD</b>	means directive 2011/61/EU of the European Parliament and of the Council on Alternative Investment Fund Managers and all related regulations and legislation (primary or subordinate and including that of members states of the European Union and the EEA) in respect of such directive;
<b>Application Form</b>	means the application form issued by the Manager for the purposes of enabling investors to apply for Participating Shares;
<b>Articles</b>	means the memorandum and articles of association of the Fund;
<b>Associate</b>	means (i) in relation to a company, any company which is a subsidiary or a holding body of that company or a subsidiary of any such holding body and any individual, partnership or other unincorporated association or firm which has direct or indirect control of that company and any company which is directly or indirectly controlled by any such individual, partnership or other unincorporated association or firm, and (ii) in relation to an individual, partnership or other unincorporated association, means any company directly or indirectly controlled by that individual, partnership or other unincorporated association;
<b>Auditor</b>	has the meaning given to it in section 2 ( <b>Directory</b> ) of this Prospectus or such other auditor as may be appointed in respect of the Fund from time to time;
<b>Base Currency</b>	means the base currency, or currencies as the case may be, of each Class Fund as determined by the Directors prior to the issue of any Participating Shares of the applicable class;
<b>BEPS</b>	means Base Erosion and Profit Shifting;
<b>Business Day</b>	means any day on which commercial banks are normally open for full banking business in Jersey;
<b>Class</b>	has the meaning given to it in section 3.2 ( <b>Classes</b> ) of this Prospectus;
<b>Class Fund</b>	has the meaning given to it in section 3.3 ( <b>Class Funds</b> ) of this Prospectus;
<b>Commission</b>	means the Jersey Financial Services Commission;
<b>CRS</b>	means Common Reporting Standard;

<b>Custodian</b>	has the meaning given to it in section 2 ( <b>Directory</b> ) of this Prospectus or such other custodian as may be appointed in respect of the Fund from time to time;
<b>Custodians</b>	means the Custodian and the Sub-Custodian and/or such other custodians as may be appointed in respect of the Fund from time to time;
<b>Custodian Agreement</b>	has the meaning given to it in section 12 (Service Providers' Agreements) of this Prospectus;
<b>Custodian Agreements</b>	means the Custodian Agreement and the Sub-Custodian Agreement and such other custodian agreements entered into in respect of the Fund from time to time;
<b>Custodian Minimum Fee</b>	has the meaning given to it in section 7.3 (Charges and Expenses - Custodian and Sub-Custodian) of this Prospectus;
<b>Data Protection Law</b>	has the meaning given to it in section 15 (Data Protection Law) of this Prospectus
<b>Directors</b>	means the directors of the Fund set out in section 2 (Directory) of this Prospectus or such directors as may be appointed in respect of the Fund from time to time including, as the case may be, the Directors assembled as a board or as a committee of that board;
<b>Distribution Agreement</b>	has the meaning given to it in section 12 (Service Providers' Agreements) of this Prospectus;
<b>Distributor</b>	has the meaning given to it in section 2 (Directory) of this Prospectus or such other distributor as may be appointed in respect of the Fund from time to time;
<b>Duties and Charges</b>	means any duties and charges incurred by the Fund in relation to redemptions or purchases of Participating Shares or Investments as described in the Articles;
<b>EEA</b>	means a state which is a contracting party to the agreement in respect of the European Economic Area;
<b>FATCA</b>	means the Foreign Account Tax Compliance provisions;
<b>FFI</b>	means a foreign (non-US) financial institution;
<b>Financial Services Law</b>	means the Financial Services (Jersey) Law 1998;
<b>First Class</b>	has the meaning given to it in section 5.3 (Conversions) of this Prospectus;

<b>Fund</b>	means Melville Douglas Income Fund Limited;
<b>Funds Law</b>	means the Collective Investment Funds (Jersey) Law 1988;
<b>£, GBP or Sterling</b>	the lawful currency of the United Kingdom;
<b>IGA</b>	means Intergovernmental Agreement;
<b>Investment</b>	means an investment of the Fund, including any share, stock, bond, debenture, debenture stock, loan, debt, loan stock, unit or sub-unit of a unit trust scheme, option, warrant, certificate of deposit, promissory note, bill, bearer depository receipt, note, security or negotiable instrument or other instrument of any kind whatsoever issued, payable or repayable by, or any money in any currency or currencies including any money deposited or held on current or deposit account with, any person, body (whether or not incorporated), partnership, fund, trust, government, government department or agency of any country, state or territory in the world and any participation in a mutual fund or similar scheme, and any other property or assets including all forms of real and personal property and interests therein. Where any such Investment consists of the right to receive repayment of a loan or deposit, reference to purchasing or acquiring such Investment shall be taken to include the making of the loan or deposit or the taking of an assignment or otherwise acquiring the right to receive repayment thereof and references to disposing of or realising such Investment shall be taken to include receiving repayment of the loan or deposit or the making of an assignment or otherwise disposing of the right to receive repayment thereof;
<b>Investment Management Agreement</b>	has the meaning given to it in section 12 (Service Providers' Agreements) of this Prospectus;
<b>Investment Manager</b>	has the meaning given to it in section 2 (Directory) of this Prospectus or such other investment manager as may be appointed in respect of the Fund from time to time;
<b>Law</b>	means the Companies (Jersey) Law 1991;
<b>Manager</b>	has the meaning given to it in section 2 (Directory) of this Prospectus or such other manager as may be appointed in respect of the Fund from time to time;
<b>Management Agreement</b>	has the meaning given to it in section 12 (Service Providers' Agreements) of this Prospectus;
<b>Management Share</b>	means a management share in the capital of the Fund having the rights and being subject to the restrictions specified in the Articles;

<b>Member</b>	means a person registered as a holder of a Share or Shares in the Register;
<b>Net Asset Value</b>	with reference to the assets of the Fund or any Class Fund, means Net Asset Value as determined in accordance with section 6.1 (Valuation) of this Prospectus;
<b>OECD</b>	means the Organisation for Economic Co-operation and Development;
<b>Office</b>	means the registered office of the Fund set out in section 2 (Directory) of this Prospectus;
<b>OCIF Guide</b>	means the Open-Ended Unclassified Collective Investment Funds Guide issued by the Commission, as amended from time to time;
<b>Participating Share</b>	means a redeemable preference share in the capital of the Fund, issued and designated as a participating share and having the rights and being subject to the restrictions specified in the Articles and this Prospectus;
<b>Prospectus</b>	means this prospectus in respect of the Fund;
<b>Register</b>	means the register of members of the Fund to be kept pursuant to the provisions of the Law;
<b>Registrar</b>	means the Manager or such other registrar as may be appointed from time to time;
<b>Representative Agreement</b>	has the meaning given to it in section 12 (Service Providers' Agreements) of this Prospectus;
<b>RSA</b>	means the Republic of South Africa;
<b>RSA Representative</b>	has the meaning given to it in section 2 (Directory) of this Prospectus or such other RSA representative as may be appointed in respect of the Fund from time to time;
<b>Schedule</b>	means a schedule to this Prospectus;
<b>Second Class</b>	has the meaning given to it in section 5.3 (Conversions) of this Prospectus;
<b>Second Currency</b>	has the meaning given to it in section 5.3 (Conversions) of this Prospectus;
<b>Shared Personal Data</b>	has the meaning given to it in sub-section headed 'Joint Controller Agreement' in section 12.2 (Summary of key terms of the Service Providers' Agreements) of this Prospectus;

<b>Shareholder</b>	means a registered holder of Participating Shares;
<b>Shares</b>	means Management Shares and Participating Shares;
<b>Special Resolution</b>	means a special resolution of the Fund passed in accordance with the provisions of the Law;
<b>Sub-Custodian Agreement</b>	has the meaning given to it in section 12 (Service Providers' Agreements) of this Prospectus;
<b>Subscription Day</b>	means the day or days upon which all issues, redemptions, purchases and transfers of Participating Shares shall be effected as set out in the Schedule(s) of the respective Classes;
<b>Tax Transparency Requirements</b>	means any law agreement entered into with any other country relating to the sharing of tax information between countries;
<b>\$, USD or US Dollars</b>	the lawful currency of the United States of America;
<b>US Person</b>	means a national citizen or resident of the United States of America or a corporation or partnership organised under the laws of the United States of America as per the meaning attributed to it in section 1 (Important Notice) of this Prospectus; and
<b>Valuation Point</b>	means the time determined by the Directors in respect of each Class of Participating Shares as the time by reference to which each Class Fund shall be valued as set out in the relevant Schedule for a Class Fund.

## 17.2 Interpretation

In this Prospectus:

- (a) any statute or statutory provision shall, unless the context otherwise requires, be construed as a reference to such statute or statutory provision as the same may have been or may from time to time be amended, modified, extended, consolidated, re-enacted or replaced and shall include any subordinate legislation made thereunder;
- (b) words denoting the singular include the plural and vice versa and words denoting a gender include every gender;
- (c) references to a **subsidiary** or **holding body** shall be construed in accordance with the Law;
- (d) all references to time are to be calculated by reference to time in the place where the Office is located; and
- (e) if a day on which any act, matter or thing is to be done is not a Business Day, the act, matter or thing must be done on the next Business Day.

## ANNEX A

### Privacy Notice

This privacy notice explains the manner in which the Fund and the Manager collect, process and maintain personal data about you pursuant to the Data Protection Law.

**You should review this notice carefully as it contains information about the treatment of your personal data and your rights under the Data Protection Law.**

**Interpretation:** For the purposes of this privacy notice: (i) **Data Protection Law** shall mean any law applicable from time to time relating to the processing of personal data and/or privacy, including without limitation, the General Data Protection Regulation (EU) 2016/679 and the Data Protection (Jersey) Law 2018, (ii) **controller, joint controller, processor, data subject, personal data, and processing** shall have the meanings given to them under the Data Protection Law, (iii) **we, us or our** means the Fund and the Manager in their respective capacities as joint controllers of the personal data, and (iv) **you, your or investor** means the subscriber for shares in the Fund, and includes any person owning or controlling the investor, having a beneficial interest in the investor, or for whom the investor is acting as agent or nominee.

**Sources of personal data:** The Manager and the Fund collect personal data (including identifiers such as: name, date of birth, gender, address, email address, nationality, tax identification number, financial and investment qualification, shareholder reference number, national identification number, telephone/mobile number, fax number, bank details, and power of attorney details) about investors mainly through the following sources:

- (a) subscription forms, investor questionnaires and other information provided by the investor in writing (including any anti-money laundering, identification, and verification documentation), in person, by telephone (which may be recorded), electronically or by any other means;
- (b) transactions within the Fund, including account balances, investments, distributions, payments and withdrawals;
- (c) information captured on our website, including registration information and any information captured via cookies, and
- (d) credit reference agencies and available public databases or data sources, such as news outlets, websites and international sanctions lists.

**Purposes:** The storage, processing and use of personal data will take place for the following purposes and legal bases:

*Where the processing is necessary for compliance with a legal obligation to which the Manager or the Fund is subject*

- (a) to comply with in-house procedures and statutory/regulatory requirements applicable to the Manager and/or the Fund (including (where applicable) under FATCA, CRS, AML legislation and customer due diligence verification purposes);



- (b) risk management and control purposes relating to the Manager or the Fund or any entity in the same group.

*Where the processing is necessary for the Manager or the Fund to perform a contract to which you are a party or for taking pre-contract steps at your request*

- (a) to manage or administer your investment and any related accounts on an ongoing basis;
- (b) to administer and operate the Fund, including to verify the identity of the Fund in connection with any actual or proposed investments of the Fund.

*Where the processing is necessary in order to pursue the Manager or the Fund's legitimate interests*

- (a) for statistical analysis, direct marketing and market research purposes, where such interests are not overridden by the interests of the investor;
- (b) to help detect, prevent, investigate, and prosecute fraud and/or other criminal activity, and share this data with our legal, compliance, risk and managerial staff to assess suspicious activities;
- (c) to investigate and respond to any complaints about the Manager or the Fund and to help maintain service quality and train staff to deal with complaints and disputes.

*Where you consent to the processing of personal data*

- (a) for any other specific purpose to which you have given specific consent.

As a data controller, we will only use your personal data for the purposes for which we collected it, unless we reasonably consider that we need to use it for another reason and that reason is compatible with the original purpose. If we need to use your personal data for an unrelated purpose, we will notify you and we will explain the legal basis which allows us to do so.

**Investor rights:** you have the right to:

- (a) access your personal data;
- (b) correct your personal data where it is inaccurate or incomplete;
- (c) restrict under certain circumstances the further processing of your personal data;
- (d) ask for erasure of your personal data under certain circumstances;
- (e) object to the use of your personal data (including for direct marketing purposes);
- (f) ask for personal data portability under certain circumstances.

You may at your discretion refuse to communicate personal data to the Manager and/or the Fund. As a result, the Manager may be unable to process, administer or release your investment

in the Fund until the requisite data has been provided. You may also object to certain processing of your personal data. However, there are situations where the Manager or the Fund can refuse to comply with such a request (for example, where it is subject to a legal obligation to process the data).

Where the processing is based on consent, the withdrawal of consent shall not affect the lawfulness of any prior processing based on consent received or processing for other reasons and based on other grounds where this is permitted under applicable law.

### **Automated decision-making**

We do not envisage that any decisions will be taken about you using fully automated means, however we will notify you in writing if this position changes.

**Exercise of rights:** You may exercise your rights by writing to the Manager at the following e-mail address: [sfmj@stanlib.com](mailto:sfmj@stanlib.com).

**Processors / disclosure of personal data:** Where processing is carried out on behalf of the Manager and/or the Fund, the Manager shall engage a processor that provides sufficient guarantees (i) in relation to the implementation of appropriate technical and organisational security measures, and (ii) that such processing meets the requirements of Data Protection Law, and ensures the protection of the rights of investors. The Manager will enter into a written contract with the processor which will set out the processor's specific mandatory obligations as laid down in the Data Protection Law, including to process personal data only in accordance with documented instructions from the Manager.

Any disclosure of personal data shall be in accordance with the obligations of the disclosing party under the Data Protection Law. Further:

- (a) where you have notified us of your adviser, the personal information provided may be shared with such adviser. You must notify us in writing if you no longer wish us to share your personal information with your adviser or of any change to your adviser. Your adviser should have its own arrangements with you about its use of your personal information;
- (b) we may share your personal information with companies or other entities or persons affiliated with the Manager or the Fund or processors such as an administrator, registrar, distributor and/or other fund service providers for the purposes set out in this Privacy Notice;
- (c) in the course of the processing of personal data such personal data may be transferred to processors situated or operating in countries outside of Jersey and the European Economic Area, and such countries may not have data protection laws equivalent to those in Jersey and the EEA. The Manager will implement contracts which seek to ensure that any such entity is contractually bound to provide an adequate level of protection in respect of the personal data transferred to it and that any such transfer complies with the requirements of the Data Protection Law.

**Retention of Personal Data:** The personal data shall not be held by the Manager or the Fund for longer than necessary with regard to the purposes of the data processing, subject to any limitation periods provided by law.

**Complaints:** Should you have any unresolved complaints in relation to the retention or processing of personal data, you may lodge a complaint with the Data Protection Authority in Jersey: Tel +44 (0)1534 716530 or at [www.jerseyoic.org](http://www.jerseyoic.org).

**Changes to Privacy Notice:** The Fund reserves the right to update this Privacy Notice at any time, and we will notify you from time to time about any material changes to the processing of your personal data.

## **SCHEDULE 1- US DOLLAR BOND CLASS**

**(Established on 16 February 1999, previously the MD US\$ Income Class and US Dollar Income Class)**

As at the date of this Prospectus the US Dollar Bond Class issues shares in the following participating share classes: Class A Shares, Class B Shares and Class X Shares (together, the **US Bond Classes**).

References to the Class Fund in this Schedule 1 means the US Bond Income Class. References to Participating Shares shall include each of the US Bond Income Classes as relevant.

### **1 Investment Objectives and Policy**

The objective of the Class Fund is to provide a return in excess of its benchmark in US Dollars, whilst seeking to maintain a high degree of capital preservation, by investing primarily in quality global fixed interest securities, and, where in the opinion of the Investment Manager, direct investment in fixed interest securities will not achieve sufficient diversification to achieve the Class Fund's objective, in other collective investment schemes, money market instruments and cash that will maximise total returns in US Dollars.

For the avoidance of doubt the Class Fund may also invest in collective investment schemes investing in real estate (including buildings) or interests in real estate (including options or rights in respect of real estate) and make other investments which are not prohibited by the investment restrictions set out in this Schedule.

### **2 Subscription Days, Valuation Point**

Every Business Day shall be a Subscription Day for the Class Fund. The Valuation Point for the Class Fund shall be 11.59 pm Jersey time on the previous Business Day.

### **3 Forward Pricing**

Participating Shares are issued, redeemed and converted at forward prices, that is to say at a price calculated by reference to the value of the underlying assets of the Fund at the next Valuation Point following receipt of the application, redemption or conversion request.

### **4 Currency Denomination**

The Class Fund shall be denominated and valued in US Dollars and Participating Shares shall be subscribed for and redeemed in US Dollars. Investments of the Class Fund may be in currencies other than the Class Fund Base Currency.

### **5 Subscription Price**

Participating Shares in the Class Fund will be issued at the Subscription Price, inclusive of any applicable preliminary charge (detailed below) and exclusive of any applicable dilution levy (see section 5.7 (Dilution Levy) of this Prospectus).

## **6 Preliminary Charge**

The preliminary charge to be paid per Participating Share where imposed in accordance with the Articles, shall not exceed 3% of the Subscription Price. See section 7.1(b) (Charges and Expenses - Manager - Preliminary Charge) of this Prospectus for further details.

## **7 Management Fee**

Pursuant to the terms of the Management Agreement, the Manager shall be paid a management fee in the following amounts:

<b>Share Class</b>	<b>Currency</b>	<b>Management Fee</b>
A	USD	A management fee of 0.95% per annum of the Net Asset Value of the USD Class A Shares
B	USD	A management fee of 1.05% per annum of the Net Asset Value of the USD Class B Shares
C	USD	A management fee of 0.75% per annum of the Net Asset Value of the USD Class C Shares
X	USD	A management fee of 0.15% per annum of the Net Asset Value of the USD Class X Shares

## **8 Investment Management Fees**

Pursuant to the terms of the Investment Management Agreement, from the management fee the Manager shall pay the Investment Manager an investment management fee.

## **9 Allotment, Issue, Redemption and Conversion of Participating Shares**

### **9.1 Allotment and issue of Participating Shares**

To qualify for allotment on a Subscription Day, a duly completed and signed Application Form together with the subscription monies and any other declarations and information required by the Manager must be delivered to the Manager in writing by 2.30pm Jersey time on the Business Day prior to the Subscription Day.

### **9.2 Redemption of Participating Shares**

To qualify for redemption on a Subscription Day, a duly completed and signed redemption request must be lodged with the Manager by 2.30pm Jersey time on the Business Day prior to the Subscription Day.

### **9.3 Conversion of Participating Shares**

To qualify for conversion on a Subscription Day, a duly completed and signed conversion request must be lodged with the Manager by 2.30pm Jersey time on the Business Day prior to the Subscription Day.

#### **9.4 Compulsory Redemption**

Pursuant to the compulsory redemption powers referred to in section 5.5 (Compulsory Redemption) of this Prospectus in relation to the Class Fund, if the Net Asset Value of the Class Fund shall at the Valuation Point for each Subscription Day falling within a period of four consecutive weeks be less than USD 10,000,000 or currency equivalent, the Manager may, by not less than three weeks' notice (expiring on a Subscription Day) to all holders of Participating Shares of the relevant Class, given within eight weeks after the expiry of the said four week period, redeem on the Subscription Day on which such notice expires all (but not only some) of the Participating Shares of that Class then in issue at the Redemption Price on such Subscription Day.

#### **10 Minimum amounts for Subscription, Redemption and Conversion**

The minimum subscription, redemption and conversion amounts which shall be accepted in respect of Participating Shares in the Class Fund are as follows:

<b>Share Class</b>	<b>Currency</b>	<b>Initial Subscription</b>	<b>Additional Subscription</b>	<b>Redemption</b>	<b>Conversion</b>
A	USD	15,000	1,000	750	750
B	USD	2,500	1,000	750	750
C	USD	2,500	1,000	750	750
X	USD	1,000,000	1,000	750	750

The Manager will not accept a redemption or conversion request if as a result the value of a shareholding of Participating Shares in the Class Fund would fall below the initial subscription amount detailed above. Payment with a currency other than USD may only be made by prior arrangement with the Manager.

For the avoidance of doubt, notwithstanding the above specified minimum amounts for subscription, redemption and conversion, the Manager reserves the right in its sole discretion to accept a lesser amount in respect of the Participating Shares in the Class Fund which are the subject of a subscription, redemption or conversion request.

#### **11 Eligibility**

##### **Class A**

Closed to new investors

### **Class B Shares**

The Class B Shares are only available to retail investors who have received advice to invest in the Fund from their financial advisor.

### **Class C Shares**

No restriction.

### **Class X Shares**

The Class X Shares are available to the Investment Manager and other Standard Bank group companies and/or institutional investors at the Manager's discretion.

## **12 Dividend Policy**

Dividends may be declared from time to time in accordance with the provisions of Companies (Jersey) Law, 19941 (as amended). Currently, income available for distribution attributable to the Class X Shares of the Fund may be distributed; there is no intention to distribute income on the Class A Shares or Class B Shares.

## **13 Accounting Date**

The annual accounting date for the Class Fund shall be 30 September and the interim accounting date shall be 31 March.

## **14 Investment Restrictions**

The following investment restrictions shall apply to the Class Fund:

- (a) not more than 10% of the Net Asset Value of the Class Fund shall be invested in the securities of any one issuer;
- (b) not more than 10% of the securities of any one class of any one issuer shall be held in the Class Fund;
- (c) the value of securities held in the Class Fund not listed or quoted on a recognised market shall not exceed 10% of the Net Asset Value of the Class Fund. Notwithstanding anything contained in this Prospectus, listed securities must be traded on exchanges, which have been granted full membership by the World Federation of Exchanges;
- (d) notwithstanding paragraphs (a) and (b) above, up to 30% of the Net Asset Value of the Class Fund may be invested in Government and other public securities of the same issue provided that such securities are:
  - (i) listed or quoted on a recognised market; or
  - (ii) issued or guaranteed by the Government of any jurisdiction which is assigned a foreign currency or sovereign rating by Standard & Poors, a division of The McGraw-Hill Companies, Inc. (**S&P**) or Moody's Investor

Services, Inc. (**Moody's**) or Fitch Inc. (**Fitch**), of at least Investment Grade.

For the purposes of this paragraph **Investment Grade** in relation to a foreign currency or sovereign rating means a long-term rating of at least BBB- and a short-term rating of at least A-2 by S&P or an equivalent rating by Moody's or Fitch;

- (e) notwithstanding anything contained in the Prospectus, not less than 90% of the interest-bearing instruments included in the Class Fund must have a credit rating of Investment Grade by S&P, Moody's or Fitch. For the purpose of this paragraph **Investment Grade** in relation to interest-bearing instruments means a long-term rating of at least BBB- and a short term rating of at least A-2 by S&P or an equivalent rating by Moody's or Fitch;
- (f) subject to paragraph (d) above, the Class Fund may invest all of its assets in Government and other public securities provided at least six different issues are held;
- (g) any cash or near cash comprised in the assets of the Class Fund shall not be placed or deposited with any bank or deposit-taking institution rated below Investment Grade. Up to 100% of the Net Asset Value of the Class Fund may be held on deposit. Not more than 20% of the Net Asset Value of the Class Fund, or US\$1,000,000, or the equivalent in the Base Currency of the Class Fund, whichever is the greater, shall in aggregate be held on deposit with any one person and its Associates (as defined in the Articles). This restriction does not apply to cash held with the Sub-Custodian for operating purposes for a period of less than one (1) month.

For these purposes **Investment Grade** in relation to a bank or deposit-taking financial institution means a long-term rating of at least BBB- and a short-term rating of at least A-2 by S&P or an equivalent rating by Moody's or Fitch;

- (h) the Fund may, for the account of the Class Fund, enter into the following unlisted Derivative Transactions for the purposes of hedging and efficient portfolio management: forward currency contracts, interest rate and exchange rate swap transactions;
- (i) the Fund may, for the account of the Class Fund, enter into any listed Derivative Transactions which are traded on or under the rules of exchanges which have been granted full membership by the World Federation of Exchanges, subject to the limits prescribed in (k) below;
- (j) if the Fund, on account of the Class Fund, enters into any Derivative Transaction under which additional premia or margin payments may arise, the assets of the Class Fund shall include cash or near cash/short-term money market instruments, which is sufficient to meet all such payments;
- (k) the value of all Derivative Transactions (other than those referred to in paragraph (h) above) entered into by the Fund, on account of the Class Fund, shall not



exceed 25% of the Net Asset Value of the Class Fund. Within this limit, the Fund, on account of the Class Fund, shall not invest in warrants or options, the aggregate value of which is more than 15% of the Net Asset Value of the Class Fund;

- (l) the Fund, on account of the Class Fund, may only buy call options or put options on Investments, provided that:
  - (i) the total value of all such options does not exceed 25% of the Net Asset Value of the Class Fund; and
  - (ii) cover is maintained throughout the period of the relevant contract; and
  - (iii) in the case of put options, the Investments which the Fund, on account of the Class Fund, is obliged to purchase if the option is exercised may be acquired without contravening the investment restrictions set out in this Schedule; and
  - (iv) all such options are traded on exchanges, which have been granted full membership by the World Federation of Exchanges;
- (m) the percentages referred to in paragraphs (k) and (l) above shall include the total of all cash or other Investments transferred or deposited by way of premium or initial margin and all other acquisition costs of any Derivative Transaction together with the amount liable to be paid or, as the case may be, the value of the securities which must be sold or surrendered, on the expiry or completion of the transaction, whichever is the greater;
- (n) notwithstanding anything contained in paragraphs (i) to (m), above, and (o), below, the Fund will utilise derivative instruments, including option contracts and futures contracts, only for the purposes of hedging and efficient portfolio management. Derivative products may not be used for purposes of gearing or leveraging or for the purposes of producing, enhancing or generating income. All derivatives utilised must be exchange-traded derivatives and derivative products will be traded over-the-counter only for the purposes of effecting forward currency, interest rate swap and exchange rate swap transactions;
- (o) for the purposes of paragraphs (i) to (m) above:
  - (i) cover for Derivative Transactions under which the Fund, on account of the Class Fund, is or may be liable to deliver Investments may comprise Investments, or rights or obligations to acquire Investments, of the same kind, which are sufficient to discharge the obligation under the transaction;
  - (ii) cover for Derivative Transactions under which the Fund, on account of the Class Fund, is or may be liable to acquire Investments may comprise cash or near cash/short-term money market instruments which is sufficient to discharge the obligation under the transaction, or rights or obligations to dispose of Investments in the event that the obligation to acquire such

Investments arises which would be sufficient to discharge the obligation under the transaction; and

- (iii) cover for a Derivative Transaction which is a contract for difference may comprise Investments, or rights to acquire Investments, which is reasonably considered to be sufficiently similar to that which is the basis for determining amounts payable under the transaction to enable any obligation under the transaction to be discharged;
- (p) the value of units or shares in other collective investment funds held in the Class Fund shall not in aggregate exceed 20% of the Net Asset Value of the Class Fund. In addition, the objective of such collective investment schemes may not be to invest primarily in any Investment prohibited by the investment restrictions set out in this Schedule and where such scheme's objective is to invest primarily in Investments, the holding of which is restricted by the investment restrictions set out in this Schedule, the investment restrictions in relation to such Investments applicable to such scheme shall not be materially less restrictive than the investment restrictions applicable to such Investments set out in this Schedule provided that this restriction shall not prevent investment in collective investment schemes investing in real estate (including buildings) or interests in real estate, including options or rights in respect of real estate);
- (q) the assets of the Class Fund shall not be invested in any type of real estate (including buildings) or interests in real estate (including options or rights in respect of real estate, but excluding shares in real estate companies);
- (r) the assets of the Class Fund shall not be invested directly in physical commodities;
- (s) the assets of the Class Fund shall not be invested in any collective investment fund that invests directly in physical commodities, or a collective investment fund that compels the acceptance of physical delivery of a commodity;
- (t) no short sale of Investments or purchases of Investments on margin may be made;
- (u) the assets of the Class Fund shall not be invested in any Investment which involves the assumption of any liability which is unlimited;
- (v) the assets of the Class Fund shall not be invested in any security of any class in any company or body if any director or officer of the Manager owns more than 0.5% of the total nominal amount of all the issued securities of that class, or, collectively the directors and officers of the Manager own more than 5% of those securities;
- (w) the Class Fund shall not include any security where a call is to be made for any sum unpaid on that security unless that call could be met in full out of cash or near cash/short-term money market instruments out of the Class Fund, the amount of which has not already been taken into account for the purposes of providing cover under paragraphs (h) to (m) above; and

- (x) save as set out in paragraph (n) above the assets of the Class Fund shall not be invested in any over-the-counter market products or over-the-counter derivative products.

For the purposes of this Schedule, **Derivative Transactions** means forward currency contracts, interest rate and exchange rate swap transactions, futures contracts, contracts for difference, warrants and put or call options that are purchased only.

Notwithstanding the above investment restrictions, if any of the restrictions are exceeded by reason of the change in value of any Investments of the Class Fund or a movement in exchange rates, this shall not be treated as a breach of such restrictions and neither the Fund nor the Manager shall be required to buy or sell Investments as a consequence thereof.

## **15 Borrowing**

Borrowings for the account of the Class Fund shall be restricted so as to ensure that amounts outstanding from time to time do not exceed an amount equal to 10% of the Net Asset Value of the Class Fund. This power will only be exercised to enable the Fund to fund the payment of redemption proceeds in accordance with the Articles.

## **SCHEDULE 2- STERLING BOND CLASS**

**(Established on 25 September 2003, previously the Sterling Income Class)**

As at the date of this Prospectus the Sterling Bond Class issues shares in the following participating share classes: Class A Shares, Class B Shares and Class X Shares (together, the **Sterling Bond Classes**).

References to the Class Fund in this Schedule 2 means the Sterling Bond Class. References to Participating Shares shall include each of the Sterling Bond Classes as relevant.

### **1 Investment Objectives and Policy**

The objective of the Class Fund is to provide a return in excess of its benchmark in Sterling, whilst seeking to maintain a high degree of capital preservation, by investing primarily in quality sterling fixed interest securities, and, where in the opinion of the Investment Manager, direct investment in fixed interest securities will not achieve sufficient diversification to achieve the Class Fund's objective, in other collective investment schemes, money market instruments and cash that will maximise total returns in Sterling. For the avoidance of doubt the Class Fund may also invest in collective investment schemes investing in real estate (including buildings) or interests in real estate (including options or rights in respect of real estate) and make other investments which are not prohibited by the investment restrictions set out in this Schedule.

### **2 Subscription Days, Valuation Point**

Every Business Day shall be a Subscription Day for the Class Fund. The Valuation Point for the Class Fund shall be 11.59 pm Jersey time on the previous Business Day.

### **3 Forward Pricing**

Participating Shares are issued, redeemed and converted at forward prices, that is to say at a price calculated by reference to the value of the underlying assets of the Fund at the next Valuation Point following receipt of the application, redemption or conversion request.

### **4 Currency Denomination**

The Class Fund shall be denominated and valued in Sterling and Participating Shares shall be subscribed for and redeemed in Sterling. Investments of the Class Fund may be in currencies other than the Class Fund Base Currency.

### **5 Subscription Price**

Participating Shares in the Class Fund will be issued at the Subscription Price, inclusive of any applicable preliminary charge (detailed below) and exclusive of any applicable dilution levy (see section 5.7 (Dilution Levy) of this Prospectus).

## **6 Preliminary Charge**

The preliminary charge to be paid per Participating Share where imposed in accordance with the Articles, shall not exceed 3% of the Subscription Price. See section 7.1(b) (Charges and Expenses – Manager – Preliminary Charge) of this Prospectus for further details.

## **7 Management Fee**

Pursuant to the terms of the Management Agreement, the Manager shall be paid a management fee in the following amounts:

<b>Share Class</b>	<b>Currency</b>	<b>Management Fee</b>
A	GBP	A management fee of 0.95% per annum of the Net Asset Value of the GBP Class A Shares
B	GBP	A management fee of 1.05% per annum of the Net Asset Value of the GBP Class B Shares
C	GBP	A management fee of 0.75% per annum of the Net Asset Value of the GBP Class C Shares
X	GBP	A management fee of 0.15% per annum of the Net Asset Value of the GBP Class X Shares

## **8 Investment Management Fees**

Pursuant to the terms of the Investment Management Agreement, from the management fee the Manager shall pay the Investment Manager an investment management fee.

## **9 Allotment, Issue, Redemption and Conversion of Participating Shares**

### **9.1 Allotment and issue of Participating Shares**

To qualify for allotment on a Subscription Day, a duly completed and signed Application Form together with the subscription monies and any other declarations and information required by the Manager must be delivered to the Manager in writing by 2.30pm Jersey time on the Business Day prior to the Subscription Day.

### **9.2 Redemption of Participating Shares**

To qualify for redemption on a Subscription Day, a duly completed and signed redemption request must be lodged with the Manager by 2.30pm Jersey time on the Business Day prior to the Subscription Day.

### **9.3 Conversion of Participating Shares**

To qualify for conversion on a Subscription Day, a duly completed and signed conversion request must be lodged with the Manager by 2.30pm Jersey time on the Business Day prior to the Subscription Day.

#### **9.4 Compulsory Redemption**

Pursuant to the compulsory redemption powers referred to in section 5.5 (Compulsory Redemption) of this Prospectus in relation to the Class Fund, if the Net Asset Value of the Class Fund shall at the Valuation Point for each Subscription Day falling within a period of four consecutive weeks be less than GBP 10,000,000 or currency equivalent, the Manager may, by not less than three weeks' notice (expiring on a Subscription Day) to all holders of Participating Shares of the relevant Class, given within eight weeks after the expiry of the said four week period, redeem on the Subscription Day on which such notice expires all (but not only some) of the Participating Shares of that Class then in issue at the Redemption Price on such Subscription Day.

#### **10 Minimum amounts for Subscription, Redemption and Conversion**

The minimum subscription, redemption and conversion amounts which shall be accepted in respect of Participating Shares in the Class Fund are as follows:

<b>Share Class</b>	<b>Currency</b>	<b>Initial Subscription</b>	<b>Additional Subscription</b>	<b>Redemption</b>	<b>Conversion</b>
A	GBP	10,000	750	500	500
B	GBP	1,500	750	500	500
C	GBP	1,500	750	500	500
X	GBP	1,000,000	750	500	500

The Manager will not accept a redemption or conversion request if as a result the value of a shareholding of Participating Shares in the Class Fund would fall below the initial subscription amount stated above. Payment with a currency other than GBP may only be made by prior arrangement with the Manager.

For the avoidance of doubt, notwithstanding the above specified minimum amounts for subscription, redemption and conversion, the Manager reserves the right in its sole discretion to accept a lesser amount in respect of the Participating Shares in the Class Fund which are the subject of a subscription, redemption or conversion request.

#### **11 Eligibility**

##### **Class A**

Closed to new investors

### **Class B Shares**

The Class B Shares are only available to retail investors who have received advice to invest in the Fund from their financial advisor.

### **Class C Shares**

No restriction.

### **Class X Shares**

The Class X Shares are available to the Investment Manager and other Standard Bank group companies and/or institutional investors at the Manager's discretion.

## **12 Dividend Policy**

Dividends may be declared from time to time in accordance with the provisions of Companies (Jersey) Law, 19941 (as amended). Currently income available for distribution attributable to the Class X Shares of the Fund may be distributed; there is no intention to distribute income on the Class A Shares or Class B Shares.

## **13 Accounting Date**

The annual accounting date for the Class Fund shall be 30 September and the interim accounting date shall be 31 March.

## **14 Investment Restrictions**

The following investment restrictions shall apply to the Class Fund:

- (a) not more than 10% of the Net Asset Value of the Class Fund shall be invested in the securities of any one issuer;
- (b) not more than 10% of the securities of any one class of any one issuer shall be held in the Class Fund;
- (c) the value of securities held in the Class Fund not listed or quoted on a recognised market shall not exceed 10% of the Net Asset Value of the Class Fund. Notwithstanding anything contained in this Prospectus, listed securities must be traded on exchanges, which have been granted full membership by the World Federation of Exchanges;
- (d) notwithstanding paragraphs (a) and (b) above, up to 30% of the Net Asset Value of the Class Fund may be invested in Government and other public securities of the same issue provided that such securities are:
  - (i) listed or quoted on a recognised market; or
  - (ii) issued or guaranteed by the Government of any jurisdiction which is assigned a foreign currency or sovereign rating by Standard & Poors, a division of The McGraw-Hill Companies, Inc. (**S&P**) or Moody's Investor

Services, Inc. (**Moody's**) or Fitch Inc. (**Fitch**), of at least Investment Grade.

For the purposes of this paragraph **Investment Grade** in relation to a foreign currency or sovereign rating means a long-term rating of at least BBB- and a short-term rating of at least A-2 by S&P or an equivalent rating by Moody's or Fitch;

- (e) notwithstanding anything contained in the Prospectus, not less than 90% of the interest-bearing instruments included in the Class Fund must have a credit rating of Investment Grade by S&P, Moody's or Fitch. For the purpose of this paragraph **Investment Grade** in relation to interest-bearing instruments means a long-term rating of at least BBB- and a short term rating of at least A-2 by S&P or an equivalent rating by Moody's or Fitch;
- (f) subject to paragraph (d) above, the Class Fund may invest all of its assets in Government and other public securities provided at least six different issues are held;
- (g) any cash or near cash comprised in the assets of the Class Fund shall not be placed or deposited with any bank or deposit-taking institution rated below Investment Grade. Up to 100% of the Net Asset Value of the Class Fund may be held on deposit. Not more than 20% of the Net Asset Value of the Class Fund, or US\$1,000,000, or the equivalent in the Base Currency of the Class Fund, whichever is the greater, shall in aggregate be held on deposit with any one person and its Associates (as defined in the Articles). This restriction does not apply to cash held with the Sub-Custodian for operating purposes for a period of less than one (1) month.

For these purposes **Investment Grade** in relation to a bank or deposit-taking financial institution means a long-term rating of at least BBB- and a short-term rating of at least A-2 by S&P or an equivalent rating by Moody's or Fitch;

- (h) the Fund may, for the account of the Class Fund, enter into the following unlisted Derivative Transactions for the purposes of hedging and efficient portfolio management: forward currency contracts, interest rate and exchange rate swap transactions;
- (i) the Fund may, for the account of the Class Fund, enter into any listed Derivative Transactions which are traded on or under the rules of exchanges which have been granted full membership by the World Federation of Exchanges, subject to the limits prescribed in (k) below;
- (j) if the Fund, on account of the Class Fund, enters into any Derivative Transaction under which additional premia or margin payments may arise, the assets of the Class Fund shall include cash or near cash/short-term money market instruments which is sufficient to meet all such payments;
- (k) the value of all Derivative Transactions (other than those referred to in paragraph (h) above) entered into by the Fund, on account of the Class Fund, shall not



exceed 25% of the Net Asset Value of the Class Fund. Within this limit, the Fund, on account of the Class Fund, shall not invest in warrants or options, the aggregate value of which is more than 15% of the Net Asset Value of the Class Fund;

- (l) the Fund, on account of the Class Fund, may only buy call options or put options on Investments, provided that:
  - (i) the total value of all such options does not exceed 25% of the Net Asset Value of the Class Fund; and
  - (ii) cover is maintained throughout the period of the relevant contract; and
  - (iii) in the case of put options, the Investments which the Fund, on account of the Class Fund, is obliged to purchase if the option is exercised may be acquired without contravening the investment restrictions set out in this Schedule; and
  - (iv) all such options are traded on exchanges, which have been granted full membership by the World Federation of Exchanges;
- (m) the percentages referred to in paragraphs (k) and (l) above shall include the total of all cash or other Investments transferred or deposited by way of premium or initial margin and all other acquisition costs of any Derivative Transaction together with the amount liable to be paid or, as the case may be, the value of the securities which must be sold or surrendered, on the expiry or completion of the transaction, whichever is the greater;
- (n) notwithstanding anything contained in paragraphs (i) to (m), above, and (o), below, the Fund will utilise derivative instruments, including option contracts and futures contracts, only for the purposes of hedging and efficient portfolio management. Derivative products may not be used for purposes of gearing or leveraging or for the purposes of producing, enhancing or generating income. All derivatives utilised must be exchange-traded derivatives and derivative products will be traded over-the-counter only for the purposes of effecting forward currency, interest rate swap and exchange rate swap transactions;
- (o) for the purposes of paragraphs (i) to (m) above:
  - (i) cover for Derivative Transactions under which the Fund, on account of the Class Fund, is or may be liable to deliver Investments may comprise Investments, or rights or obligations to acquire Investments, of the same kind, which are sufficient to discharge the obligation under the transaction;
  - (ii) cover for Derivative Transactions under which the Fund, on account of the Class Fund, is or may be liable to acquire Investments may comprise cash or near cash/short-term money market instruments which is sufficient to discharge the obligation under the transaction, or rights or obligations to dispose of Investments in the event that the obligation to acquire such

Investments arises which would be sufficient to discharge the obligation under the transaction; and

- (iii) cover for a Derivative Transaction which is a contract for difference may comprise Investments, or rights to acquire Investments, which is reasonably considered to be sufficiently similar to that which is the basis for determining amounts payable under the transaction to enable any obligation under the transaction to be discharged;
- (p) the value of units or shares in other collective investment funds held in the Class Fund shall not in aggregate exceed 20% of the Net Asset Value of the Class Fund. In addition, the objective of such collective investment schemes may not be to invest primarily in any Investment prohibited by the investment restrictions set out in this Schedule and where such scheme's objective is to invest primarily in Investments, the holding of which is restricted by the investment restrictions set out in this Schedule, the investment restrictions in relation to such Investments applicable to such scheme shall not be materially less restrictive than the investment restrictions applicable to such Investments set out in this Schedule provided that this restriction shall not prevent investment in collective investment schemes investing in real estate (including buildings) or interests in real estate, (including options or rights in respect of real estate);
- (q) the assets of the Class Fund shall not be invested in any type of real estate (including buildings) or interests in real estate (including options or rights in respect of real estate, but excluding shares in real estate companies);
- (r) the assets of the Class Fund shall not be invested directly in physical commodities;
- (s) the assets of the Class Fund shall not be invested in any collective investment fund that invests directly in physical commodities, or a collective investment fund that compels the acceptance of physical delivery of a commodity;
- (t) no short sale of Investments or purchases of Investments on margin may be made;
- (u) the assets of the Class Fund shall not be invested in any Investment which involves the assumption of any liability which is unlimited;
- (v) the assets of the Class Fund shall not be invested in any security of any class in any company or body if any director or officer of the Manager owns more than 0.5% of the total nominal amount of all the issued securities of that class, or, collectively the directors and officers of the Manager own more than 5% of those securities;
- (w) the Class Fund shall not include any security where a call is to be made for any sum unpaid on that security unless that call could be met in full out of cash or near cash/short-term money market instruments out of the Class Fund, the amount of which has not already been taken into account for the purposes of providing cover under paragraphs (i) to (n) above; and

- (x) save as set out in paragraph (n) above the assets of the Class Fund shall not be invested in any over-the-counter market products or over-the-counter derivative products.

For the purposes of this Schedule, **Derivative Transactions** means forward currency contracts, interest rate and exchange rate swap transactions, futures contracts, contracts for difference, warrants and put or call options that are purchased only.

Notwithstanding the above investment restrictions, if any of the restrictions are exceeded by reason of the change in value of any Investments of the Class Fund or a movement in exchange rates, this shall not be treated as a breach of such restrictions and neither the Fund nor the Manager shall be required to buy or sell Investments as a consequence thereof.

## **15 Borrowing**

Borrowings for the account of the Class Fund shall be restricted so as to ensure that amounts outstanding from time to time do not exceed an amount equal to 10% of the Net Asset Value of the Class Fund. This power will only be exercised to enable the Fund to fund the payment of redemption proceeds in accordance with the Articles.

## **SCHEDULE 3- ENHANCED INCOME (USD) CLASS**

**(Established on 29 November 2018)**

References to the Class Fund in this Schedule means the Enhanced Income (USD) Class. References to Participating Shares shall be read as such.

### **1 Investment Objectives and Policy**

The objective of the Class Funds is to provide a return in excess of Barclays Benchmark Overnight USD Cash Index, whilst maintaining a high degree of capital preservation, by investing primarily in quality fixed, floating and inflation linked interest bearing securities, and, where in the opinion of the Investment Manager, direct investment in direct securities will not achieve sufficient diversification to achieve the Class Fund's objective, the Fund may also invest in other collective investment schemes.

For the avoidance of doubt the Class Fund may also invest in collective investment schemes investing in real estate (including buildings) or interests in real estate (including options or rights in respect of real estate) and make other investments which are not prohibited by the investment restrictions set out in this Schedule.

### **2 Subscription Days, Valuation Point**

Every Business Day shall be a Subscription Day for the Class Fund. The Valuation Point for the Class Fund shall be 11.59 pm Jersey time on the previous Business Day.

### **3 Forward Pricing**

Participating Shares are issued, redeemed and converted at forward prices, that is to say at a price calculated by reference to the value of the underlying assets of the Fund at the next Valuation Point following receipt of the application, redemption or conversion request.

### **4 Currency Denomination**

The Class Fund shall be denominated and valued in US Dollars and Participating Shares shall be subscribed for and redeemed in US Dollars.

### **5 Subscription Price**

Participating Shares in the Class Fund will be issued at the Subscription Price, inclusive of any applicable preliminary charge (detailed below) and exclusive of any applicable dilution levy (see section 5.7 (Dilution Levy) of this Prospectus).

### **6 Preliminary Charge**

The preliminary charge to be paid per Participating Share where imposed in accordance with the Articles, shall not exceed 3% of the Subscription Price. See section 7.1(b) (Charges and Expenses - Manager - Preliminary Charge) of this Prospectus for further details.

## **7 Management Fee**

Pursuant to the terms of the Management Agreement, the Manager shall be paid a management fee in the following amounts:

<b>Share Class</b>	<b>Currency</b>	<b>Management Fee</b>
B	USD	A management fee of 0.95% per annum of the Net Asset Value of the USD Class B Shares
C	USD	A management fee of 0.75% per annum of the Net Asset Value of the USD Class C Shares
X	USD	A management fee of 0.15% per annum of the Net Asset Value of the USD Class X Shares

## **8 Investment Management Fees**

Pursuant to the terms of the Investment Management Agreement, from the management fee the Manager shall pay the Investment Manager an investment management fee.

## **9 Allotment, Issue, Redemption and Conversion of Participating Shares**

### **9.1 Allotment and issue of Participating Shares**

To qualify for allotment on a Subscription Day, a duly completed and signed Application Form together with the subscription monies and any other declarations and information required by the Manager must be delivered to the Manager in writing by 2.30pm Jersey time on the Business Day prior to the Subscription Day.

### **9.2 Redemption of Participating Shares**

To qualify for redemption on a Subscription Day, a duly completed and signed redemption request must be lodged with the Manager by 2.30pm Jersey time on the Business Day prior to the Subscription Day.

### **9.3 Conversion of Participating Shares**

To qualify for conversion on a Subscription Day, a duly completed and signed conversion request must be lodged with the Manager by 2.30pm Jersey time on the Business Day prior to the Subscription Day.

### **9.4 Compulsory Redemption**

Pursuant to the compulsory redemption powers referred to in section 5.5 (Compulsory Redemption) of this Prospectus in relation to the Class Fund, if the Net Asset Value of the Class Fund shall at the Valuation Point for each Subscription Day falling within a period of four consecutive weeks be less than USD 10,000,000 or currency equivalent, the Manager may, by not less than three weeks' notice (expiring on a Subscription Day) to all holders of Participating Shares of the relevant Class, given within eight weeks after the

expiry of the said four week period, redeem on the Subscription Day on which such notice expires all (but not only some) of the Participating Shares of that Class then in issue at the Redemption Price on such Subscription Day.

## **10 Minimum amounts for Subscription, Redemption and Conversion**

The minimum subscription, redemption and conversion amounts which shall be accepted in respect of Participating Shares in the Class Fund are as follows:

<b>Share Class</b>	<b>Currency</b>	<b>Initial Subscription</b>	<b>Additional Subscription</b>	<b>Redemption</b>	<b>Conversion</b>
B	USD	15,000	1,000	750	750
C	USD	2,500	1,000	750	750
X	USD	1,000,000	1,000	750	750

The Manager will not accept a redemption or conversion request if as a result the value of a shareholding of Participating Shares in the Class Fund would fall below the initial subscription amount detailed above. Payment with a currency other than USD may only be made by prior arrangement with the Manager.

For the avoidance of doubt, notwithstanding the above specified minimum amounts for subscription, redemption and conversion, the Manager reserves the right in its sole discretion to accept a lesser amount in respect of the Participating Shares in the Class Fund which are the subject of a subscription, redemption or conversion request.

## **11 Eligibility**

### **Class B Shares**

The Class B Shares are only available to retail investors who have received advice to invest in the Fund from their financial advisor.

### **Class C Shares**

No restriction.

### **Class X Shares**

The Class X Shares are available to the Investment Manager and other Standard Bank group companies and/or institutional investors at the Manager's discretion.

## **12 Dividend Policy**

Dividends may be declared from time to time in accordance with the provisions of Companies (Jersey) Law, 1991 (as amended).

### 13 Accounting Date

The annual accounting date for the Class Fund shall be 30 September and the interim accounting date shall be 31 March.

### 14 Investment Restrictions

The following investment restrictions shall apply to the Class Fund:

- (a) the average duration of the Class Fund will not exceed 3 years;
- (b) a minimum of 75% of the portfolio will be denominated in the base currency of the Class Fund;
- (c) not more than 10% of the Net Asset Value of the Class Fund shall be invested in the securities of any one issuer;
- (d) not more than 10% of the securities of any one class of any one issuer shall be held in the Class Fund;
- (e) the value of securities held in the Class Fund not listed or quoted on a recognised market shall not exceed 10% of the Net Asset Value of the Class Fund. Notwithstanding anything contained in this Prospectus, listed securities must be traded on exchanges, which have been granted full membership by the World Federation of Exchanges;
- (f) notwithstanding paragraphs (a) and (b) above, up to 30% of the Net Asset Value of the Class Fund may be invested in Government and other public securities of the same issue provided that such securities are:
  - (i) listed or quoted on a recognised market; or
  - (ii) issued or guaranteed by the Government of any jurisdiction which is assigned a foreign currency or sovereign rating by Standard & Poors, a division of The McGraw-Hill Companies, Inc. (**S&P**) or Moody's Investor Services, Inc. (**Moody's**) or Fitch Inc. (**Fitch**), of at least Investment Grade.

For the purposes of this paragraph **Investment Grade** in relation to a foreign currency or sovereign rating means a long-term rating of at least BBB- and a short-term rating of at least A-2 by S&P or an equivalent rating by Moody's or Fitch;

- (g) notwithstanding anything contained in the Prospectus, not less than 75% of the interest-bearing instruments included in the Class Fund must have a credit rating of Investment Grade by S&P, Moody's or Fitch. For the purpose of this paragraph **Investment Grade** in relation to interest-bearing instruments means a long-term rating of at least BBB- and a short term rating of at least A-2 by S&P or an equivalent rating by Moody's or Fitch;

- (h) subject to paragraph (d) above, the Class Fund may invest all of its assets in Government and other public securities provided at least six different issues are held;
- (i) any cash or near cash comprised in the assets of the Class Fund shall not be placed or deposited with any bank or deposit-taking institution rated below Investment Grade. Up to 100% of the Net Asset Value of the Class Fund may be held on deposit. Not more than 20% of the Net Asset Value of the Class Fund, or US\$1,000,000, or the equivalent in the Base Currency of the Class Fund, whichever is the greater, shall in aggregate be held on deposit with any one person and its Associates (as defined in the Articles). This restriction does not apply to cash held with the Sub-Custodian for operating purposes for a period of less than one (1) month.

For these purposes **Investment Grade** in relation to a bank or deposit-taking financial institution means a long-term rating of at least BBB- and a short-term rating of at least A-2 by S&P or an equivalent rating by Moody's or Fitch;

- (j) the Fund may, for the account of the Class Fund, enter into the following unlisted Derivative Transactions for the purposes of hedging and efficient portfolio management: forward currency contracts, interest rate and exchange rate swap transactions:
  - (i) the Fund may, for the account of the Class Fund, enter into any listed Derivative Transactions which are traded on or under the rules of exchanges which have been granted full membership by the World Federation of Exchanges, subject to the limits prescribed in (k) below;
  - (ii) if the Fund, on account of the Class Fund, enters into any Derivative Transaction under which additional premia or margin payments may arise, the assets of the Class Fund shall include cash or near cash/short-term money market instruments, which is sufficient to meet all such payments;
  - (iii) the value of all Derivative Transactions (other than those referred to in paragraph (g) above) entered into by the Fund, on account of the Class Fund, shall not exceed 25% of the Net Asset Value of the Class Fund. Within this limit, the Fund, on account of the Class Fund, shall not invest in warrants or options, the aggregate value of which is more than 15% of the Net Asset Value of the Class Fund;
- (k) the Fund, on account of the Class Fund, may only buy call options or put options on Investments, provided that:
  - (i) the total value of all such options does not exceed 25% of the Net Asset Value of the Class Fund; and
  - (ii) cover is maintained throughout the period of the relevant contract; and
  - (iii) in the case of put options, the Investments which the Fund, on account of the Class Fund, is obliged to purchase if the option is exercised may be



acquired without contravening the investment restrictions set out in this Schedule; and

- (iv) all such options are traded on exchanges, which have been granted full membership by the World Federation of Exchanges;
- (l) the percentages referred to in paragraphs (h) and (i) above shall include the total of all cash or other Investments transferred or deposited by way of premium or initial margin and all other acquisition costs of any Derivative Transaction together with the amount liable to be paid or, as the case may be, the value of the securities which must be sold or surrendered, on the expiry or completion of the transaction, whichever is the greater;
- (m) notwithstanding anything contained in paragraphs above, and (l) below, the Fund will utilise derivative instruments, including option contracts and futures contracts, only for the purposes of hedging and efficient portfolio management. Derivative products may not be used for purposes of gearing or leveraging or for the purposes of producing, enhancing or generating income. All derivatives utilised must be exchange-traded derivatives and derivative products will be traded over-the-counter only for the purposes of effecting forward currency, interest rate swap and exchange rate swap transactions;
- (n) for the purposes of paragraphs (h) and (i) above:
  - (i) cover for Derivative Transactions under which the Fund, on account of the Class Fund, is or may be liable to deliver Investments may comprise Investments, or rights or obligations to acquire Investments, of the same kind, which are sufficient to discharge the obligation under the transaction;
  - (ii) cover for Derivative Transactions under which the Fund, on account of the Class Fund, is or may be liable to acquire Investments may comprise cash or near cash/short-term money market instruments which is sufficient to discharge the obligation under the transaction, or rights or obligations to dispose of Investments in the event that the obligation to acquire such Investments arises which would be sufficient to discharge the obligation under the transaction; and
  - (iii) cover for a Derivative Transaction which is a contract for difference may comprise Investments, or rights to acquire Investments, which is reasonably considered to be sufficiently similar to that which is the basis for determining amounts payable under the transaction to enable any obligation under the transaction to be discharged;
- (o) the value of units or shares in other collective investment funds held in the Class Fund shall not in aggregate exceed 25% of the Net Asset Value of the Class Fund. In addition, the objective of such collective investment schemes may not be to invest primarily in any Investment prohibited by the investment restrictions set out in this Schedule and where such scheme's objective is to invest primarily in Investments, the holding of which is restricted by the investment restrictions set

out in this Schedule, the investment restrictions in relation to such Investments applicable to such scheme shall not be materially less restrictive than the investment restrictions applicable to such Investments set out in this Schedule provided that this restriction shall not prevent investment in collective investment schemes investing in real estate (including buildings) or interests in real estate, including options or rights in respect of real estate);

- (p) the assets of the Class Fund shall not be invested in any type of real estate (including buildings) or interests in real estate (including options or rights in respect of real estate, but excluding shares in real estate companies);
- (q) the assets of the Class Fund shall not be invested directly in physical commodities;
- (r) the assets of the Class Fund shall not be invested in any collective investment fund that invests directly in physical commodities, or a collective investment fund that compels the acceptance of physical delivery of a commodity;
- (s) no short sale of Investments or purchases of Investments on margin may be made;
- (t) the assets of the Class Fund shall not be invested in any Investment which involves the assumption of any liability which is unlimited;
- (u) the assets of the Class Fund shall not be invested in any security of any class in any company or body if any director or officer of the Manager owns more than 0.5% of the total nominal amount of all the issued securities of that class, or, collectively the directors and officers of the Manager own more than 5% of those securities;
- (v) the Class Fund shall not include any security where a call is to be made for any sum unpaid on that security unless that call could be met in full out of cash or near cash/short-term money market instruments out of the Class Fund, the amount of which has not already been taken into account for the purposes of providing cover under paragraphs (h) to (m) above; and
- (w) save as set out in paragraph (n) above the assets of the Class Fund shall not be invested in any over-the-counter market products or over-the-counter derivative products.

For the purposes of this Schedule, **Derivative Transactions** means forward currency contracts, interest rate and exchange rate swap transactions, futures contracts, contracts for difference, warrants and put or call options that are purchased only.

Notwithstanding the above investment restrictions, if any of the restrictions are exceeded by reason of the change in value of any Investments of the Class Fund or a movement in exchange rates, this shall not be treated as a breach of such restrictions and neither the Fund nor the Manager shall be required to buy or sell Investments as a consequence thereof.

## **15     Borrowing**

Borrowings for the account of the Class Fund shall not be permitted.

## **SCHEDULE 4 - ENHANCED INCOME (GBP) CLASS**

**(Established on 29 November 2018)**

References to the Class Fund in this Schedule means the Enhanced Income (GBP) Class. References to Participating Shares shall be read as such.

### **1 Investment Objectives and Policy**

The objective of the Class Funds is to provide a return in excess of Barclays Benchmark Overnight GBP Cash Index, whilst maintaining a high degree of capital preservation, by investing primarily in quality fixed, floating and inflation linked interest bearing securities, and, where in the opinion of the Investment Manager, direct investment in direct securities will not achieve sufficient diversification to achieve the Class Fund's objective, the Fund may also invest in other collective investment schemes.

For the avoidance of doubt the Class Fund may also invest in collective investment schemes investing in real estate (including buildings) or interests in real estate (including options or rights in respect of real estate) and make other investments which are not prohibited by the investment restrictions set out in this Schedule.

### **2 Subscription Days, Valuation Point**

Every Business Day shall be a Subscription Day for the Class Fund. The Valuation Point for the Class Fund shall be 11.59 pm Jersey time on the previous Business Day.

### **3 Forward Pricing**

Participating Shares are issued, redeemed and converted at forward prices, that is to say at a price calculated by reference to the value of the underlying assets of the Fund at the next Valuation Point following receipt of the application, redemption or conversion request.

### **4 Currency Denomination**

The Class Fund shall be denominated and valued in Sterling and Participating Shares shall be subscribed for and redeemed in Sterling.

### **5 Subscription Price**

Participating Shares in the Class Fund will be issued at the Subscription Price, inclusive of any applicable preliminary charge (detailed below) and exclusive of any applicable dilution levy (see section 5.7 (Dilution Levy) of this Prospectus).

### **6 Preliminary Charge**

The preliminary charge to be paid per Participating Share where imposed in accordance with the Articles, shall not exceed 3% of the Subscription Price. See section 7.1(b) (Charges and Expenses - Manager - Preliminary Charge) of this Prospectus for further details.

## **7 Management Fee**

Pursuant to the terms of the Management Agreement, the Manager shall be paid a management fee in the following amounts:

<b>Share Class</b>	<b>Currency</b>	<b>Management Fee</b>
B	GBP	A management fee of 0.95% per annum of the Net Asset Value of the GBP Class B Shares
C	GBP	A management fee of 0.75% per annum of the Net Asset Value of the GBP Class C Shares
X	GBP	A management fee of 0.15% per annum of the Net Asset Value of the GBP Class X Shares

## **8 Investment Management Fees**

Pursuant to the terms of the Investment Management Agreement, from the management fee the Manager shall pay the Investment Manager an investment management fee.

## **9 Allotment, Issue, Redemption and Conversion of Participating Shares**

### **9.1 Allotment and issue of Participating Shares**

To qualify for allotment on a Subscription Day, a duly completed and signed Application Form together with the subscription monies and any other declarations and information required by the Manager must be delivered to the Manager in writing by 2.30pm Jersey time on the Business Day prior to the Subscription Day.

### **9.2 Redemption of Participating Shares**

To qualify for redemption on a Subscription Day, a duly completed and signed redemption request must be lodged with the Manager by 2.30pm Jersey time on the Business Day prior to the Subscription Day.

### **9.3 Conversion of Participating Shares**

To qualify for conversion on a Subscription Day, a duly completed and signed conversion request must be lodged with the Manager by 2.30pm Jersey time on the Business Day prior to the Subscription Day.

### **9.4 Compulsory Redemption**

Pursuant to the compulsory redemption powers referred to in section 5.5 (Compulsory Redemption) of this Prospectus in relation to the Class Fund, if the Net Asset Value of the Class Fund shall at the Valuation Point for each Subscription Day falling within a period of four consecutive weeks be less than USD 10,000,000 or currency equivalent, the Manager may, by not less than three weeks' notice (expiring on a Subscription Day) to all holders of Participating Shares of the relevant Class, given within eight weeks after the

expiry of the said four week period, redeem on the Subscription Day on which such notice expires all (but not only some) of the Participating Shares of that Class then in issue at the Redemption Price on such Subscription Day.

## **10 Minimum amounts for Subscription, Redemption and Conversion**

The minimum subscription, redemption and conversion amounts which shall be accepted in respect of Participating Shares in the Class Fund are as follows:

<b>Share Class</b>	<b>Currency</b>	<b>Initial Subscription</b>	<b>Additional Subscription</b>	<b>Redemption</b>	<b>Conversion</b>
B	GBP	15,000	1,000	750	750
C	GBP	2,500	1,000	750	750
X	GBP	1,000,000	1,000	750	750

The Manager will not accept a redemption or conversion request if as a result the value of a shareholding of Participating Shares in the Class Fund would fall below the initial subscription amount detailed above. Payment with a currency other than USD may only be made by prior arrangement with the Manager.

For the avoidance of doubt, notwithstanding the above specified minimum amounts for subscription, redemption and conversion, the Manager reserves the right in its sole discretion to accept a lesser amount in respect of the Participating Shares in the Class Fund which are the subject of a subscription, redemption or conversion request.

## **11 Eligibility**

### **Class B Shares**

The Class B Shares are only available to retail investors who have received advice to invest in the Fund from their financial advisor.

### **Class C Shares**

No restriction.

### **Class X Shares**

The Class X Shares are available to the Investment Manager and other Standard Bank group companies and/or institutional investors at the Manager's discretion.

## **12 Dividend Policy**

Dividends may be declared from time to time in accordance with the provisions of Companies (Jersey) Law, 1991 (as amended).

## **13 Accounting Date**

The annual accounting date for the Class Fund shall be 30 September and the interim accounting date shall be 31 March.

#### 14 Investment Restrictions

The following investment restrictions shall apply to the Class Fund:

- (a) the average duration of the Class Fund will not exceed 3 years;
- (b) a minimum of 75% of the portfolio will be denominated in the base currency of the Class Fund;
- (c) not more than 10% of the Net Asset Value of the Class Fund shall be invested in the securities of any one issuer;
- (d) not more than 10% of the securities of any one class of any one issuer shall be held in the Class Fund;
- (e) the value of securities held in the Class Fund not listed or quoted on a recognised market shall not exceed 10% of the Net Asset Value of the Class Fund. Notwithstanding anything contained in this Prospectus, listed securities must be traded on exchanges, which have been granted full membership by the World Federation of Exchanges;
- (f) notwithstanding paragraphs (a) and (b) above, up to 30% of the Net Asset Value of the Class Fund may be invested in Government and other public securities of the same issue provided that such securities are:
  - (i) listed or quoted on a recognised market; or
  - (ii) issued or guaranteed by the Government of any jurisdiction which is assigned a foreign currency or sovereign rating by Standard & Poors, a division of The McGraw-Hill Companies, Inc. (**S&P**) or Moody's Investor Services, Inc. (**Moody's**) or Fitch Inc. (**Fitch**), of at least Investment Grade.

For the purposes of this paragraph **Investment Grade** in relation to a foreign currency or sovereign rating means a long-term rating of at least BBB- and a short-term rating of at least A-2 by S&P or an equivalent rating by Moody's or Fitch;

- (g) notwithstanding anything contained in the Prospectus, not less than 75% of the interest-bearing instruments included in the Class Fund must have a credit rating of Investment Grade by S&P, Moody's or Fitch. For the purpose of this paragraph **Investment Grade** in relation to interest-bearing instruments means a long-term rating of at least BBB- and a short term rating of at least A-2 by S&P or an equivalent rating by Moody's or Fitch;

- (h) subject to paragraph (d) above, the Class Fund may invest all of its assets in Government and other public securities provided at least six different issues are held;
- (i) any cash or near cash comprised in the assets of the Class Fund shall not be placed or deposited with any bank or deposit-taking institution rated below Investment Grade. Up to 100% of the Net Asset Value of the Class Fund may be held on deposit. Not more than 20% of the Net Asset Value of the Class Fund, or US\$1,000,000, or the equivalent in the Base Currency of the Class Fund, whichever is the greater, shall in aggregate be held on deposit with any one person and its Associates (as defined in the Articles). This restriction does not apply to cash held with the Sub-Custodian for operating purposes for a period of less than one (1) month.

For these purposes **Investment Grade** in relation to a bank or deposit-taking financial institution means a long-term rating of at least BBB- and a short-term rating of at least A-2 by S&P or an equivalent rating by Moody's or Fitch;

- (j) the Fund may, for the account of the Class Fund, enter into the following unlisted Derivative Transactions for the purposes of hedging and efficient portfolio management: forward currency contracts, interest rate and exchange rate swap transactions:
  - (i) the Fund may, for the account of the Class Fund, enter into any listed Derivative Transactions which are traded on or under the rules of exchanges which have been granted full membership by the World Federation of Exchanges, subject to the limits prescribed in (k) below;
  - (ii) if the Fund, on account of the Class Fund, enters into any Derivative Transaction under which additional premia or margin payments may arise, the assets of the Class Fund shall include cash or near cash/short-term money market instruments, which is sufficient to meet all such payments;
  - (iii) the value of all Derivative Transactions (other than those referred to in paragraph (g) above) entered into by the Fund, on account of the Class Fund, shall not exceed 25% of the Net Asset Value of the Class Fund. Within this limit, the Fund, on account of the Class Fund, shall not invest in warrants or options, the aggregate value of which is more than 15% of the Net Asset Value of the Class Fund;
- (k) the Fund, on account of the Class Fund, may only buy call options or put options on Investments, provided that:
  - (i) the total value of all such options does not exceed 25% of the Net Asset Value of the Class Fund; and
  - (ii) cover is maintained throughout the period of the relevant contract; and
  - (iii) in the case of put options, the Investments which the Fund, on account of the Class Fund, is obliged to purchase if the option is exercised may be



acquired without contravening the investment restrictions set out in this Schedule; and

- (iv) all such options are traded on exchanges, which have been granted full membership by the World Federation of Exchanges;
- (l) the percentages referred to in paragraphs (h) and (i) above shall include the total of all cash or other Investments transferred or deposited by way of premium or initial margin and all other acquisition costs of any Derivative Transaction together with the amount liable to be paid or, as the case may be, the value of the securities which must be sold or surrendered, on the expiry or completion of the transaction, whichever is the greater;
- (m) notwithstanding anything contained in paragraphs above, and (l) below, the Fund will utilise derivative instruments, including option contracts and futures contracts, only for the purposes of hedging and efficient portfolio management. Derivative products may not be used for purposes of gearing or leveraging or for the purposes of producing, enhancing or generating income. All derivatives utilised must be exchange-traded derivatives and derivative products will be traded over-the-counter only for the purposes of effecting forward currency, interest rate swap and exchange rate swap transactions;
- (n) for the purposes of paragraphs (h) and (i) above:
  - (i) cover for Derivative Transactions under which the Fund, on account of the Class Fund, is or may be liable to deliver Investments may comprise Investments, or rights or obligations to acquire Investments, of the same kind, which are sufficient to discharge the obligation under the transaction;
  - (ii) cover for Derivative Transactions under which the Fund, on account of the Class Fund, is or may be liable to acquire Investments may comprise cash or near cash/short-term money market instruments which is sufficient to discharge the obligation under the transaction, or rights or obligations to dispose of Investments in the event that the obligation to acquire such Investments arises which would be sufficient to discharge the obligation under the transaction; and
  - (iii) cover for a Derivative Transaction which is a contract for difference may comprise Investments, or rights to acquire Investments, which is reasonably considered to be sufficiently similar to that which is the basis for determining amounts payable under the transaction to enable any obligation under the transaction to be discharged;
- (o) the value of units or shares in other collective investment funds held in the Class Fund shall not in aggregate exceed 25% of the Net Asset Value of the Class Fund. In addition, the objective of such collective investment schemes may not be to invest primarily in any Investment prohibited by the investment restrictions set out in this Schedule and where such scheme's objective is to invest primarily in Investments, the holding of which is restricted by the investment restrictions set

out in this Schedule, the investment restrictions in relation to such Investments applicable to such scheme shall not be materially less restrictive than the investment restrictions applicable to such Investments set out in this Schedule provided that this restriction shall not prevent investment in collective investment schemes investing in real estate (including buildings) or interests in real estate, including options or rights in respect of real estate);

- (p) the assets of the Class Fund shall not be invested in any type of real estate (including buildings) or interests in real estate (including options or rights in respect of real estate, but excluding shares in real estate companies);
- (q) the assets of the Class Fund shall not be invested directly in physical commodities;
- (r) the assets of the Class Fund shall not be invested in any collective investment fund that invests directly in physical commodities, or a collective investment fund that compels the acceptance of physical delivery of a commodity;
- (s) no short sale of Investments or purchases of Investments on margin may be made;
- (t) the assets of the Class Fund shall not be invested in any Investment which involves the assumption of any liability which is unlimited;
- (u) the assets of the Class Fund shall not be invested in any security of any class in any company or body if any director or officer of the Manager owns more than 0.5% of the total nominal amount of all the issued securities of that class, or, collectively the directors and officers of the Manager own more than 5% of those securities;
- (v) the Class Fund shall not include any security where a call is to be made for any sum unpaid on that security unless that call could be met in full out of cash or near cash/short-term money market instruments out of the Class Fund, the amount of which has not already been taken into account for the purposes of providing cover under paragraphs (h) to (m) above; and
- (w) save as set out in paragraph (n) above the assets of the Class Fund shall not be invested in any over-the-counter market products or over-the-counter derivative products.

For the purposes of this Schedule, **Derivative Transactions** means forward currency contracts, interest rate and exchange rate swap transactions, futures contracts, contracts for difference, warrants and put or call options that are purchased only.

Notwithstanding the above investment restrictions, if any of the restrictions are exceeded by reason of the change in value of any Investments of the Class Fund or a movement in exchange rates, this shall not be treated as a breach of such restrictions and neither the Fund nor the Manager shall be required to buy or sell Investments as a consequence thereof.

## **15     Borrowing**

Borrowings for the account of the Class Fund shall not be permitted.

<b>18 Schedule of Similarities and Differences between</b> <b>a) Melville Douglas Income Fund Limited, Jersey &amp; South African Regulations;</b> <b>b) Melville Douglas Income Fund Limited, Jersey &amp; South African Collective Investment Scheme</b>		
<b>19 Topic/Item</b>	<b>20 Foreign Regulation Foreign Scheme</b>	<b>21 South African Regulation South African Unit Trust</b>
1. Investment restriction of instruments issued by Government	No limit	No limit.
2. Investment restriction on an individual security i.r.o. equity portfolios	Maximum 10% of NAV  The equity funds will provide investors with the opportunity to invest principally (that is, normally at least 75% in value) in equities in the markets reflected in the name of each individual fund and in companies established outside those markets but which derive a significant proportion of their earnings from those markets.	Maximum of 5% of portfolio if company market cap is less than R2 billion, else 10%
3. Investment restriction on a class of security i.r.o. equity portfolios	The total nominal amount of a Class Fund's holding of any investment may not exceed ten per cent (10%) of the total nominal amount of all issued securities on the same class in the corporation in which such investment is held or made.	Maximum of 5% of amount in issue if company market cap. is less than R2 billion, else 10%. An overall limit of 15% of the aggregate amount of securities in any one class issued by a concern within the same group as the manager across all portfolios. An overall limit of 24% of the aggregate amount of securities in any one class issued by a concern other than a concern within the same group as the manager across all portfolios.
4. Investment restrictions for specialist funds eg. money market portfolio or fund of funds or feeder funds	n/a	Subject to certain limits prescribed in regulation (Applicant must Furnish detail regarding the specific type of portfolio is applicable)
** 5. Investment restrictions on the use of derivative instruments	Derivatives shall only be used for efficient portfolio management (i.e. no gearing / leverage / margining will be allowed). No uncovered positions will be allowed;	100% effective exposure restricted for purposes of efficient portfolio management only/no gearing allowed.

<p>**</p> <p>6. Investment in listed instruments</p>	<p>May not invest more than 10% of the Net Asset Value of the class fund in securities that are not listed or quoted on a recognised exchange having obtained full membership of the World Federation of Exchanges. Such securities must be listed within 12 months of the purchase date. Notwithstanding anything contained in this prospectus, listed securities must be traded on exchanges which have been granted full membership of the World Federation of Exchanges.</p>	<p>90% of securities must be listed on Exchanges having obtained full membership of the World Federation of Exchanges. Over the counter derivative instruments that are allowed: forward currency swap, interest rate swap, exchange rate swap and index swap.</p>
<p>**</p> <p>7. Non equity securities (other than issued by the Government)</p>	<p>When a class fund invests in non-equity securities, 90% of these interest-bearing instruments included in such class fund must have a credit rating of "investment grade" by S&amp;P, Moody's or Fitch.</p>	<p>Must comply with limits as prescribed in Regulation</p>
<p>**</p> <p>8. Investment in unlisted instruments</p>	<p>Maximum of 10% of portfolio value. Such instruments must be valued daily based on a generally recognised methodology and by a person acceptable to trustee.</p>	<p>Maximum of 10% of portfolio value. Such instruments must be valued daily based on a generally recognised methodology and by a person acceptable to trustee.</p>
<p>9. Investment of own resources into the fund</p>	<p>Where a class fund is exposed to redemptions of its own units, it must take care to ensure that the level of its exposure to repurchase agreement transactions is such that it is able to meet its redemption obligations.</p> <p>No provision of the IMA shall prevent the Investment Manager or its associates from, among other things, (i) dealing in any investments on their own account.</p>	<p>Manager must invest 10% of own resources in each fund; can be limited to R1,000,000 maximum per fund. The R1m may be reduced with 10% for every R1m invested.</p>
<p>**</p> <p>10. Borrowing</p>	<p>No scrip borrowing shall be allowed</p>	<p>10 % of the Value of the underlying portfolio permitted to meet its obligations in relation to the administration of a scheme relating to settlement of buying and sale transactions and repurchase or cancellation of participatory interests.</p>

	Leveraging/Gearing (refer to 1)	no gearing / leverage / margining will be allowed	Leverage/Gearing not allowed
11.	Markets/Exchanges 11.1 Listed	A class fund will not invest more than 10% of the Net Asset Value of the class fund in securities that are not listed or quoted on a recognised exchange having obtained full membership of the World Federation of Exchanges.	90% of exchanges must have been granted full membership of the World Federation of Exchanges, the rest must follow due diligence guidelines as prescribed by Regulation
	11.2 OTC Markets**	Not allowed	Not allowed
**	12. Expenses/Charges 12.1 Costs to investors 12.2 Charges against income of the portfolio.	No initial charges shall be levied on any investment made by the class fund in the approved fund; and  Any rebate on fees or charges levied by the approved fund may be received by the Manager, provided that such rebates are paid into the class fund.  Full disclosure in Prospectus and Fund Rules to Share Classes.	Full disclosure in Deed and a notice to unit holders of change  Brokerage, MST, VAT, stamp duties, taxes, audit fee, bank charges, trustee/custodian fees, other levies or taxes service charge and share creation fees payable to the Registrar of Companies
13.	Determination of market value of investments	Fair market price	Fair market price, or as determined by stockbroker
14.	Risk factors	Standard market risks relating to equity/bond funds.	
**	15. Capped or not capped	Not capped	Not capped
**	16. Redemption (repurchase) of participatory interests	Redemption requests received daily.	Legally obliged to redeem at same day's or previous day's price as determined in Deed
17.	Independent Trustee/custodian	Custodian/Trustee is completely independent. Any change of Custodian would have to be approved by regulators and shareholders.	Trustee/custodian must be completely independent
**	18. Taxation of Portfolio	Company is subject to a 0% rate of corporate income tax in Jersey.	No taxation Interest and dividend portion taxable in the hands of the individual
**	19. Taxation of unitholders 19.1 Income - Dividends - Interest 19.2 Capital gains	The Manager intends to conduct the business of the Fund such that no goods and services tax ("GST") will be incurred by the Trust.	Interest and dividends (dividend withholding tax introduced on 1 April 2012) are taxable.  Capital gains tax introduced on 1 October 2001

**	20.	Interval at which participatory interests are priced	Daily	Daily
	21.	Distributions	The class funds are accumulating funds and do not distribute income. The net income of a class fund contributes to an increase in its net asset value.	All income distributed regularly or reinvested at option of the investor
**	22.	Switching	Allowed	Allowed – charges differ
**	23.	Pledging of securities (See 10)	Not permitted	Allowed only for purposes of borrowing (refer to borrowing in par 10 above)
**	24.	Scrip lending	A class fund may enter into securities lending transactions provided that they comply with the rules as stipulated in the prospectus.	Allowed, may not exceed 50% of market value the portfolio, plus other conditions as prescribed in Deed.
		Scrip borrowing	Not permitted	Not allowed
**	25.	Certificates, if issued and needed for redemption	Issued on request.	Issued on request
	26.	Reporting to supervisory authority	Quarterly, semi-annually and annually.	Quarterly and annually
	27.	Inspection powers by supervisory authority	Yes	Yes
**	28.	Reporting to investors	Semi-annually and annually.	Annually
**	29.	Legal structure if different from trust	The Fund is constituted in accordance with the Collective Investment Funds (Jersey) Law, 1988 as amended (the "Law"). A single class or a number of classes may comprise the funds, each with its own investment portfolio and specific investment objectives	Collective Investment Scheme, whether trust based or Open Ended Investment Company
	30.	Interest earned on funds pending investment and redemption	Interest allocated to client.	Interest paid to clients
**	31.	Any other material difference		