

# BARINGS

A horizontal line with a green-to-blue gradient, positioned below the word 'BARINGS'.

## **Barings Investment Umbrella Fund** Prospectus

31 October 2024

# PROSPECTUS

## OF

### BARINGS INVESTMENT UMBRELLA FUND

**(An open-ended investment company  
incorporated with limited liability and  
registered in England and Wales  
under registered number IC709)**

This document constitutes the prospectus for Barings Investment Umbrella Fund which has been prepared in accordance with the Financial Conduct Authority's (the FCA) Collective Investment Schemes Sourcebook.

The ACD has taken all reasonable steps to ensure that the facts stated in this document 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 herein whether of fact or opinion as at the date of publication of this document. The ACD accepts responsibility accordingly.

This Prospectus has been prepared solely for, and is being made available to investors for the purposes of evaluating an investment in Shares in the Company. Investment in Shares in the Company involves risk and may not be suitable for all investors. Investors should only consider investing in the Company if they understand the risks involved including the risk of losing all capital invested. Investment into the Company should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors. An investment in one Fund is not a complete investment programme. As part of an investor's long-term investment planning they should consider diversifying their portfolio by investing in a range of investments and asset classes. Potential investors' attention is drawn to the section headed "Risk Considerations". If you are in any doubt as to whether or not investment in the Company is suitable for you or about the contents of this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

In order to comply with legislation implementing UK obligations under intergovernmental agreements relating to the automatic exchange of information to improve international tax compliance (including United States FATCA) the ACD will collect and report information about Shareholders, to include information to verify identity and tax status.

When requested to do so by the ACD or its agent, Shareholders must provide information to be passed on to HM Revenue & Customs, and to any relevant overseas tax authorities.

Before investing you must have received and read the relevant Key Investor Information Document (KIID).

#### **United States**

The Shares have not been, nor will they be, registered under the U.S. Securities Act of 1933, as amended (the "1933 Act"), or qualified under any applicable state statutes and may not be offered, sold or transferred in the United States (including its territories and possessions) or to or for the direct or indirect benefit of any U.S. Person (as defined herein), except pursuant to registration or an exemption. The Company has not been, nor will it be, registered under the U.S. Investment Company Act of 1940, as amended (the "1940 Act"), and investors will not be entitled to the benefits of such registration. Pursuant to an exemption from registration under the 1933 Act and an exception from the characterisation of the Company as an investment company under the 1940 Act, the Company may make a private placement of the Shares to a limited category of U.S. Persons. The Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission or other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of these offering materials. Any representation to the contrary is unlawful.

The Shares are subject to restrictions on transferability and resale and may not be transferred or resold in the United States or to or for the benefit of any U.S. Person except as permitted under the 1933 Act and applicable state securities laws, pursuant to registration or exemption therefrom. Investors should be aware that they will be required to bear the financial risks of this investment for an indefinite period of time. Each person subscribing for the Shares must agree that the Company may reject, accept or condition any proposed transfer, assignment or exchange of those Shares. All investors in the Company have limited redemption rights and such rights may be suspended under the circumstances described in this Prospectus.

#### **Japan**

This Prospectus is not, and under no circumstances is to be considered as, a public offering of securities in Japan. No registration pursuant to Article 4 paragraph 1 of Japan's Financial Instruments and Exchange Act ("FIEA") has been or will be made with respect to the solicitation of applications for acquisition of the Shares of the Company on the grounds that

such solicitation would constitute a “solicitation for qualified institutional investors” as set forth in Article 23-13, paragraph 1 of the FIEA. The offering is made on the condition that each investor enters into an agreement whereby the investor covenants not to transfer its Shares (i) to persons other than qualified institutional investors as defined in Article 2, paragraph 3, item 1 of the FIEA (“QIIs”), or (ii) without entering into an agreement whereby the transferee covenants not to transfer its Shares to persons other than QIIs. This Prospectus is distributed on a confidential basis and may not be reproduced in any form or transmitted to any person other than the persons to whom it is addressed. No Shares in a Company will be issued to any person other than the person to whom the Prospectus has been addressed and no persons other than such addressees may treat the same as constituting an invitation for them to invest.

Valid as at 31 October 2024

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## Directory

### **Company**

Barings Investment Umbrella Fund  
20 Old Bailey  
London  
EC4M 7BF

### **Authorised Corporate Director (ACD)**

Baring Fund Managers Limited  
20 Old Bailey  
London  
EC4M 7BF

### **Depository**

NatWest Trustee and Depository Services Limited  
250 Bishopsgate  
London  
EC2M 4AA

### **Investment Manager**

Baring Asset Management Limited  
20 Old Bailey  
London  
EC4M 7BF

### **Administrator and Registrar**

Northern Trust Global Services SE  
6 rue Lou Hemmer,  
Senningerberg  
Luxembourg L-1748

The Administrator's principal place of business in the United Kingdom:

Northern Trust Global Services SE, UK Branch  
50 Bank Street  
London  
E14 5NT

### **Auditor**

PricewaterhouseCoopers LLP  
144 Morrison Street  
Edinburgh  
EH3 8EX

## Definitions

|  |   |
|--|---|
| <b>“Account Opening Form”</b>          | Any initial application form to be completed by investors to open an account as prescribed by the Company from time to time.  |
| <b>“Accumulation Shares”</b>           | Shares in respect of which income is accumulated and added to the capital property of the Fund.   |
| <b>“ACD”</b>                           | The authorised corporate director of the Company, Baring Fund Managers Limited.   |
| <b>“ACD Agreement”</b>                 | The Agreement dated 15 January 2009 between the Company and the ACD.  |
| <b>“Administrator”, “Registrar”</b>    | Northern Trust Global Services SE.  |
| <b>“Approved Bank”</b>                 | As defined in the glossary of definitions to the FCA Handbook.  |
| <b>“Auditors”</b>                      | PricewaterhouseCoopers LLP.   |
| <b>“Baring Asset Management Group”</b> | Baring Asset Management Limited, its subsidiaries and holding companies and all subsidiaries of any holding company.  |
| <b>“Base Currency”</b>                 | The Base Currency of a Fund, as stated in Appendix A.   |
| <b>“Business Day”</b>                  | Any day on which The London Stock Exchange is open for business. As appropriate for each Fund, if the London Stock Exchange is closed as a result of a holiday or for any other reason, or there is a holiday in the jurisdiction of the principal market or markets of a Fund’s portfolio of securities which impedes the calculation of a Fund’s assets or a substantial portion thereof, the ACD may decide that any business day will not be construed as such.   |
| <b>“Class”, “Classes”</b>              | A particular division of Shares in a Fund.  |
| <b>“COLL”, “COLL Sourcebook”</b>       | The FCA’s Collective Investment Schemes Sourcebook (COLL) as amended from time to time.   |
| <b>“Company”</b>                       | Barings Investment Umbrella Fund.   |
| <b>“CSRC”</b>                          | The China Securities Regulatory Commission.   |
| <b>“Dealing Day”</b>                   | Each Business Day (or such other day as the ACD may determine).   |
| <b>“Dealing Price”</b>                 | The price at which Shares are subscribed for or redeemed being the Net Asset Value per Share in accordance with the principles set out in the section headed ‘Determination of Net Asset Value’ in this Prospectus.   |
| <b>“Depositary”</b>                    | NatWest Trustee and Depositary Services Limited.  |
| <b>“Delegation Agreement”</b>          | The agreement dated 8 December 2003 between the ACD and Baring Asset Management Limited.  |
| <b>“EPM”</b>                           | means the use of techniques and instruments which relate to transferable securities and approved money-market instruments and which fulfil the following criteria:<br><ul style="list-style-type: none"><li>(a) they are economically appropriate in that they are realised in a cost effective way; and</li><li>(b) they are entered into for one or more of the following specific aims:<ul style="list-style-type: none"><li>– reduction of risk;</li><li>– reduction of cost;</li><li>– generation of additional capital or income for the Company with a risk level which is consistent with the risk profile of the Company and the risk diversification rules laid down in the COLL Sourcebook</li></ul></li></ul> |
| <b>“EEA State”</b>                     | A member state of the European Union and any other state which is within the European Economic Area.  |

|   |  |
|---|--|
| <b>“EEA UCITS scheme”</b>                 | A collective investment scheme established in accordance with the UCITS Directive in an EEA State.   |
| <b>“Eligible Institution”</b>             | As defined in the glossary of definitions to the FCA Handbook.   |
| <b>“European Economic Area (EEA)”</b>     | The countries which are members of the European Economic Area.   |
| <b>“European Union (EU)”</b>              | The economic and political union of 28 member states that are located primarily in Europe.   |
| <b>“FCA”</b>                              | The Financial Conduct Authority.   |
| <b>“FCA Handbook”</b>                     | The FCA handbook of Rules and Guidance, as amended from time to time.  |
| <b>“Financial Instrument”</b>             | Means all financial instruments that are to be held in custody by or on behalf of the Company.   |
| <b>“FSMA”</b>                             | Financial Services and Markets Act 2000.   |
| <b>“Fund”, “Funds”</b>                    | A sub-fund of the Company. (being part of the Scheme Property of the Company which is pooled separately) to which specific assets and liabilities of the Company may be allocated and which is invested in accordance with the investment objective applicable to such sub-fund. |
| <b>“GITA”</b>                             | The German Investment Tax Act (Investmentsteuergesetz), as amended from time to time.  |
| <b>“Income Shares”</b>                    | Shares in respect of which income is distributed periodically to holders.  |
| <b>“Instrument of Incorporation”</b>      | The instrument of incorporation of the Company.  |
| <b>“Investment Manager”, or “Barings”</b> | Baring Asset Management Limited.   |
| <b>“Member State”</b>                     | A member state of the European Union.  |
| <b>“Net Asset Value”, “NAV”</b>           | The net asset value of a Fund or relevant Class, as the case may be, determined in accordance with the principles set out in the section ‘Determination of Net Asset Value’ within this prospectus.  |
| <b>“OEIC Regulations”</b>                 | The Open Ended Companies Regulations 2001 as amended or re-enacted from time to time.  |
| <b>“PRC” or “Mainland China”</b>          | The People’s Republic of China excluding Hong Kong, Macau and Taiwan for the purpose of this Prospectus.   |
| <b>“Preliminary Charge”</b>               | A fee charged on subscriptions as specified in this Prospectus or such higher amount as may be approved by an extraordinary resolution. This is also referred to as the “manager charge”, “initial charge”, “front end load”, “FEL” or “entry charge”.                           |
| <b>“Privacy Notice”</b>                   | The privacy notice to be adopted by the Company and ACD in respect of the Company, as amended from time to time, the current version of which will be available via the website <a href="http://www.baring.com">www.baring.com</a> .   |
| <b>“QFI”</b>                              | qualified foreign investor(s) approved pursuant to the relevant PRC laws and regulations, as may be promulgated and/or amended from time to time, including qualified foreign institutional investors (QFII) and RMB qualified foreign institutional investors (RQFII)           |
| <b>“QFI Regulations”</b>                  | The measures issued by the relevant authorities in the PRC with respect to the QFI.  |
| <b>“Register”</b>                         | The Register of Shareholders of the Company.   |
| <b>“Regulations”</b>                      | The FCA Handbook, the OEIC Regulations or the UCITS Directive.   |
| <b>“Renminbi” or “RMB”</b>                | The currency of the PRC.   |

|                            |   |
|----------------------------|---|
| <b>“Rules”</b>             | The rules contained in the COLL Sourcebook published by the FCA as part of the FCA Handbook made under the Financial Services and Markets Act 2000, as amended from time to time, which shall, for the avoidance of doubt, not include guidance or evidential requirements contained in the said sourcebook.  |
| <b>“Scheme Property”</b>   | The Scheme Property of the Company required under the COLL Sourcebook to be given for safe-keeping to the Depositary.   |
| <b>“Settlement Date”</b>   | Three Business Days following the relevant Dealing Day.   |
| <b>“Share”, “Shares”</b>   | Shares in the capital of the Company.   |
| <b>“Shareholder”</b>       | A person who is registered as a holder of Shares on the Register of Shareholders for the time being kept by or on behalf of the Company.  |
| <b>“Subscription Form”</b> | Any application form for subscription of Shares in an existing Fund, to be completed by investors as prescribed by the Company from time to time.   |
| <b>“UCITS Directive”</b>   | Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS), as amended and which applies to EEA UCITS schemes.   |
| <b>“UK”</b>                | The United Kingdom of Great Britain and Northern Ireland.   |
| <b>“UK UCITS Rules”</b>    | The COLL Sourcebook and the Collective Investment Schemes (Amendment etc) (EU Exit) Regulations 2019 No.325, including any amendments or updates made in relation thereto.  |
| <b>“UK UCITS scheme”</b>   | A UK UCITS as defined in the glossary of definitions to the FCA Handbook.   |
| <b>“U.S. Person”</b>       | Any citizen or resident of the United States of America, its territories and possessions including the State and District of Columbia and all areas subject to its jurisdiction (including the Commonwealth of Puerto Rico), any corporation, trust, partnership or other entity created or organised in or under the laws of the United States of America, any state thereof or any estate or trust the income of which is subject to United States federal income tax, regardless of source. The expression also includes any person falling within the definition of the term "U.S. Person" under Regulation S promulgated under the United States Securities Act of 1933. |
| <b>“Valuation Point”</b>   | 12.00 noon London time on each Dealing Day.   |



## Introduction

Barings Investment Umbrella Fund is an open-ended investment company with variable capital incorporated in England and Wales under registered number IC709. It was authorised by the FCA with effect from 14 October 2008. The Company's authorisation does not in any way indicate or suggest endorsement or approval of each Fund as an investment by the FCA. The Company is a UK UCITS scheme which complies with the FCA Rules. The Company has an unlimited duration. The FCA's product reference number ("PRN") for the Company is 487407. The Barings Global Agriculture Fund's PRN number is 637245.

The head office of the Company is at 20 Old Bailey, London, EC4M 7BF. This is also the address of the place in the United Kingdom for service on the Company of notices or other documents required or authorised to be served on it.

The ACD is also the authorised corporate director of a number of other open-ended investment companies and the manager of a number of authorised unit trusts, details of which are set out in the section headed 'The Authorised Corporate Director'.

The base currency of the Company is Sterling

The maximum share capital of the Company is £500 billion and the minimum is £1.

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

Shareholders are not liable for the debts of the Company.

### Annual and Interim Accounting Dates

The annual and interim accounting periods of each Fund are set out in Appendix A. Yearly and half-yearly consolidated accounts will be made up to such dates each year. The annual income allocation date and the interim income allocation date for each Fund are the annual and interim accounting dates, respectively, as set out in Appendix A.

### The Funds

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

The net proceeds from subscriptions will be invested in the specific pool of assets constituting the relevant Fund. The Company will maintain for each Fund a separate pool of assets, each invested for the exclusive benefit of the relevant Fund. Shareholders are not liable for the debts of the Company nor are they liable to make any further payment after they have paid the price of the Shares.

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

The Funds are segregated portfolios of assets and, accordingly, the assets of one Fund belong exclusively to that particular Fund and shall not be used or made available to discharge (directly or indirectly) the liabilities of, or claims against, any other person or body, including the Company, or any other Fund of the Company, and shall not be available for any such purpose.

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

Further details of the Funds presently available in the Company are set out in Appendix A. The eligible markets for the Company are set out in Appendix B and the investment and borrowing powers of the Company are set out in Appendix C.

### Shares in a Fund

Classes of Shares may be available as Income / Accumulation Shares and in different denominations. The following Classes of Shares are available in the Funds.

Class A Shares  
Class I Shares  
Class X Shares

Classes of Shares are differentiated by their charging structures, entry and redemption requirements and minimum subsequent and holding requirements. Class A Shares and Class I Shares are available to all investors, subject to meeting the minimum and ongoing investment requirements set out in the section headed 'Purchase of Shares'. Class X Shares are only available to investors with an investment management arrangement with the ACD or Investment Manager or otherwise at the discretion of the ACD.

The ACD may carry out a compulsory conversion of some or all of the Shares of one Class of Shares into another Class of Shares where it reasonably believes it is in the best interests of Shareholders (for example, to merge two existing share classes). The ACD, when doing so, will act in good faith, on reasonable grounds and pursuant to applicable laws and regulations. The ACD will also give Shareholders written notice as required before any compulsory conversion is carried out.

Investors may wish to seek independent advice regarding which type of Share is more appropriate for them.

### **Hedged Share Classes**

Hedged Share Classes attempt to mitigate the effect of fluctuations in the exchange rate of the currency of the relevant Hedged Share Class relative to the Base Currency of the Fund. Although hedging strategies may not necessarily be used in relation to each Class within a Fund (e.g., a Class with a Class Currency that is the same as the Base Currency), the financial instruments used to implement such strategies shall be assets/liabilities of the relevant Fund as a whole. However, the gains/losses on and the costs of the relevant financial instruments will accrue solely to the relevant Class.

The ACD will limit hedging to the extent of the Hedged Share Class' currency exposure and the ACD shall seek to ensure such hedging shall not exceed 105% of the Net Asset Value of each relevant Class and shall not be below 95% of the Net Asset Value attributable to the relevant Class. The ACD will monitor hedging in order to ensure that such hedging is close to 100% and will review such hedging with a view to ensuring that positions materially in excess of or below 100% of the Net Asset Value of the relevant Class are not carried over from month to month. Over-hedged and under-hedged positions may arise due to factors outside of the control of the ACD. Counterparty exposure in respect of foreign exchange hedging shall at all times comply with the requirements of the UK UCITS Rules. Classes denominated in a currency other than the Base Currency are generally not expected to be leveraged as a result of hedging strategies and Class hedging transactions shall not be used for speculative purposes. The currency exposure of a Fund arising from the assets held by a Fund and also any currency transactions entered into by a Fund (other than with respect to a Class) will not be allocated to separate Classes and will be allocated pro rata to all Classes of such Fund. Where currency hedging transactions are entered into in respect of a Class (regardless of whether such exposure is attributable to transactions entered into at the Class or Fund level), the currency exposure arising from such transactions will be for the benefit of that Class only and may not be combined with or offset against the currency exposure arising from transactions entered into in respect of other Class. The audited financial statements of each Fund will indicate how hedging transactions have been utilised.

There is no guarantee that a hedging transaction will be successful and even where the ACD hedges 100% of the assets attributable to the relevant Hedged Share Class this will not be a perfect hedge. Whilst hedging transactions aim to protect Hedged Share Classes from adverse fluctuations in currencies, this may not always be achieved. In addition, investors should also be aware that this strategy may substantially limit Shareholders of the relevant Class from benefiting if the designated currency falls against the Base Currency and/or the currency in which assets of the relevant Fund are designated. The ACD has procedures in place to monitor the hedging strategies of the Funds and will review the hedging position of each Hedged Share Class on each Dealing Day and on each day on which there is a Valuation Point and may adjust the hedges following such review. The ACD may in addition adjust hedges where the ACD considers that there has been a material change to dealing volume.

Hedging techniques incur transaction costs which are borne by the relevant Hedged Share Class. Gains and losses resulting from hedging transactions will be treated as a capital return or loss and accrue to the relevant Hedged Share Class although there is a risk that if the assets attributed to the relevant Hedged Share Class are not sufficient to cover any costs or losses resulting from a hedging transaction, then other Classes within the Fund may be adversely affected. This may adversely affect the Net Asset Value of the other Classes within the Fund as well as the Hedged Share Class in question.

### **Cash Policy**

The Investment Manager's investment policy may mean that, at times, it is appropriate for a Fund not to be fully invested and to hold cash and near cash instead.

### **Governing Law**

The laws of England and Wales are taken by the ACD as the basis for the establishment of relations prior to the conclusion of the contract. The contract shall be governed by, and construed in accordance with the laws of England and Wales. The English courts shall have exclusive jurisdiction to settle any disputes or claims which may arise out of, or in connection with, the contract and for this purpose, you and we agree to submit to the jurisdiction of the English courts.

**Language**

The ACD shall supply all information and communicate with you in English during the course of their relationship with you, unless otherwise required by law or regulation of the respective Member State where the Fund is registered

**Type of Investor**

The Funds are capable of being marketed to all types of investors subject to compliance with applicable legal and regulatory requirements in the relevant jurisdiction(s).

## Risk Considerations

The following section sets out the risks that, in the opinion of the ACD, could have a significant impact to the overall risk of a Fund. Investors should be aware that in a changing environment a Fund may be exposed to risks that were not envisaged at the date of the prospectus.

### General

An investment in a Fund should be regarded as long-term in nature and only suitable for investors who understand the risks involved. An investment in one Fund is not a complete investment programme. A Fund's investment portfolio may fall in value due to any of the key risk factors below and therefore your investment in the Fund may suffer losses. There is no guarantee of the repayment of principal. As part of your long-term financial planning you should consider diversifying your portfolio by investing in a range of investments and asset classes.

The value of investments and any income from them can go down as well as up and an investor may not get back the amount invested. An investor who realises (sells) Shares after a short period may, in addition, not realise the amount originally invested in view of any Preliminary Charge made on the issue of Shares.

There is no assurance that the investment objective of any of the Funds will be achieved. Past performance is not a guide to future performance.

### No Investment Guarantee

Investment in a Fund is not of the same nature of a deposit in a bank account and is not protected by any government, government agency or other guarantee scheme which may be available to protect the holder of a bank deposit account. Any investment in a Fund is subject to fluctuations in value and you may get back less than you invest.

### Risks related to the exit of the UK from the EU

On 23 June 2016, the UK held a referendum to decide on its membership in the EU. The resulting vote was to leave the EU. The UK subsequently withdrew from the EU on 31 January 2020. The negotiation of the UK's continuing relationship with the EU is likely to take a number of years.

On 24 December 2020, the UK and the EU announced their agreement on a Trade and Cooperation Agreement (the "TCA"). The UK parliament passed the legislation to approve the treaty on 30 December 2020. As of the date of this Prospectus, the EU is yet to complete the formal processes for signing the TCA. The TCA was provisionally applied from 1 January 2021 and therefore a temporary period of "no deal" following the transition period was avoided. The conclusion of the TCA provides a structure for EU-UK cooperation in the future. It does not necessarily create a permanent set of rules, but is a basis for an evolving relationship, with scope for increasing divergence or closer cooperation which may vary between different areas. The TCA mainly covers trade in goods and services, with provisions on intellectual property, energy, transparency, regulatory practices, public procurement and a level playing field. It also includes sections on aviation, digital trade, road transport, social security and visas, fisheries, and law enforcement and judicial cooperation on criminal matters. It is accompanied by a number of ancillary Joint Declarations, including on financial services, tax, state aid and subsidies, transport and data protection. One such Joint Declaration sets out the intention of the EU and the UK to agree a memorandum of understanding by March 2021 on cooperation on financial services to help preserve financial stability, market integrity and the protection of investors and consumers.

Until the terms stemming from the TCA (and Joint Declarations) are clearer, it is not possible to determine the full impact that the UK's departure from the EU and/or any related matters may have on the Fund or its investments, including, in each case, the market value or the liquidity thereof in the secondary market, or on the other parties to the transaction documents.

This introduces significant uncertainty in the business, legal and political environment and risks ("Brexit Risks") including the potential of short and long-term market volatility and currency volatility, macroeconomic risk to the UK and European economies, impetus for the break-up of the UK and related political and economic stresses, impetus for further disintegration of the EU and related political stresses (including those related to sentiment against cross-border capital movements), legal uncertainty regarding achievement of compliance with applicable financial and commercial laws and regulations in view of the expected steps to be taken pursuant to or in contemplation of Article 50 of the Treaty on European Union and negotiations undertaken under Article 218 of the Treaty on the Functioning of the European Union, and the unavailability of timely information as to expected legal, tax and other regimes.

The uncertainty surrounding the UK's relationship with the EU and its withdrawal as a member state of the EU may adversely impact the Fund and its Investments (in particular those that relate to companies or assets based in, doing business in, or having services or other significant relationships in or with, the UK).

There can be no assurance that the Brexit Risks will not alter significantly the attractiveness of an investment in the Fund including as a result of the potential for capital losses, delays, legal and regulatory risk and general uncertainty. Brexit Risks also include the potential for prejudice to financial services businesses that are conducting business in the EU and which are based in the UK, disruption to regulatory regimes related to the operations of the Fund, the ACD, the Investment Manager and other advisers and service providers to the Fund. As such, it may be necessary for the ACD, the Investment Manager, the distributor or service providers to restructure their arrangements with the Fund.

### **Cyber Security Risk**

The ACD and its service providers are susceptible to operational and information security and related risks of cyber security incidents. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber security attacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data or causing operational disruption.

Cyber-attacks also may be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e. efforts to make services unavailable to intended users). Cyber security incidents affecting the ACD, Investment Manager, Administrator or Depositary or other service providers such as financial intermediaries have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, including by interference with the Administrator's ability to calculate the NAV of the relevant Fund; impediments to trading for the relevant Fund's portfolio; the inability of Shareholders to transact business with the Fund; violations of applicable privacy, data security or other laws; regulatory fines and penalties; reputational damage; reimbursement or other compensation or remediation costs; legal fees; or additional compliance costs.

Similar adverse consequences could result from cyber security incidents affecting issuers of securities in which the Fund invests, counterparties with which the Fund engages in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions and other parties. While information risk management systems and business continuity plans have been developed which are designed to reduce the risks associated with cyber security, there are inherent limitations in any cyber security risk management systems or business continuity plans, including the possibility that certain risks have not been identified.

### **Counterparty Risk**

Counterparty risk, otherwise known as default risk, is the risk that an organisation does not pay out on a bond or other trade or transaction when it is supposed to. If a counterparty fails to honour its obligations in a timely manner and a Fund is delayed or prevented from exercising its rights with respect to the investments in its portfolio, it may experience a decline in the value of its position, lose income and/or incur costs associated with asserting its rights.

### **Custody Risk**

The Depositary has a duty to ensure that it safeguards and administers Scheme Property in compliance with the FCA Handbook governing the protection of client assets ("Client Asset Rules"). The Depositary is not under a duty to comply with the FCA Handbook on handling money received or held for the purposes of buying or selling securities and investments ("Client Money"). Moreover, with respect to handling Scheme Property in the course of delivery versus payment transactions through a commercial settlement system ("CSS"), the Scheme Property may not be protected under the Client Asset Rules. In the event that the Depositary becomes insolvent or otherwise fails, there is a risk of loss or delay in return of any Scheme Property which consists of Client Money, client assets held in a CSS or any other client assets which the Depositary or any of its delegates is not required or has failed to hold in accordance with the Client Asset Rules.

### **Inflation Risk**

A Fund's assets or income from a Fund's investments may be worth less in real terms in the future as inflation decreases the value of money. As inflation increases, the real value of a Fund's portfolio will decline unless it grows by more than the rate of inflation.

### **Credit Risk – General**

Funds may be exposed to the credit / default risk of issuers of debt securities that the Fund may invest in or credit / default risk of counterparties of other trade or transaction in which the Fund may be engaged in. When a Fund invests in a security or other instrument which is guaranteed by a bank or other type of financial institution there can be no assurance that such guarantor will not itself be subject to credit difficulties, which may lead to the downgrading of such securities or instruments, or to the loss of some or all of the sums invested in such securities or instruments, or payments due on such securities or instruments.

## **Currency Risk**

The underlying investments of a Fund may be denominated in currencies other than the Base Currency of the Fund. Also, a Class of Shares of a Fund may be designated in a currency other than the Base Currency of the Fund. The Net Asset Value of a Fund may be affected unfavourably by fluctuations in the exchange rates between these currencies and the Base Currency and by changes in exchange rate controls.

Unless the Class is specifically described as a hedged Class, no steps are taken to mitigate the effects of exchange rate fluctuations between the currency of denomination of the Shares and the Base Currency.

## **Liquidity Risk**

Liquidity risk exists when a particular security or instrument is difficult to purchase or sell. If the size of a transaction would represent a relatively large proportion of the average trading volume in that security or if the relevant market is illiquid (as is the case with many privately negotiated derivatives, structured products, etc), it may not be possible to initiate a transaction or liquidate a position at an advantageous time or price.

## **Risk Related to Hedged Share Classes**

Where the ACD attempts to mitigate the effect of currency fluctuations by hedging, investors should be aware that such hedging may not be successful in eliminating the effects of adverse changes in exchange rates. Currency hedging may not therefore provide a perfect hedge.

The financial instruments used to implement hedging strategies shall be assets and liabilities of the Fund as a whole, which means that the Net Asset Value of Share Classes which are not Hedged Share Classes may be adversely affected by the hedging strategies applied to the Hedged Share Classes.

## **Market Disruption Risk**

The Fund may be exposed to the risk of incurring large losses in the event of disrupted markets. Disruptions can include the suspension or limit on trading of a financial exchange and disruptions in one market sector may have an adverse effect on other market sectors. If this happens, the risk of loss to a Fund can be increased because many positions may become illiquid, making them difficult to sell. Finance available to a Fund may also be reduced which can make it more difficult for a Fund to trade.

## **Potential Implications of an Epidemic and/or a Pandemic**

Events such as health pandemics or outbreaks of disease may lead to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally. For example, beginning in late 2019, an outbreak of a highly contagious form of coronavirus disease, COVID-19 or 2019-nCoV spread to numerous countries, prompting precautionary government-imposed closures and restrictions of certain travel and businesses in many countries.

Epidemics and pandemics can seriously disrupt the global economy and markets. The outbreak of pandemics such as COVID-19, together with any resulting restrictions on travel or quarantines imposed, could have a negative impact on the economy and business activity in the countries in which a Fund may invest and global commercial activity and thereby adversely affect the performance of a Fund's investments. Health pandemics or outbreaks could result in a general economic decline in a given region, or globally, particularly if the outbreak persists for an extended period of time or spreads globally. This could have an adverse impact on a Fund's investments, or a Fund's ability to source new investments or to realise its investments. Pandemics and similar events could also have an acute effect on individual issuers or related groups of issuers and could adversely affect securities markets, interest rates, auctions, secondary trading, ratings, credit risk, inflation, deflation and other factors relating to a Fund's investments or the Investment Manager's operations and the operations of the Investment Manager's and the Company's service providers.

Any outbreak of disease epidemics may result in the closure of the Investment Manager's and/or an investment's offices or other businesses, including office buildings, retail stores and other commercial venues and could also result in (a) the lack of availability or price volatility of raw materials or component parts necessary to an investment's business, (b) disruption of regional or global trade markets and/or the availability of capital or economic decline. Such outbreaks of disease may have an adverse impact on a Fund's value and/or a Fund's investments.

## **Risk Related to Suspension of Trading**

A securities exchange typically has the right to suspend or limit trading in any instrument traded on that exchange. The government or the regulators may also implement policies that may affect the financial markets. A suspension could render it impossible for the Investment Manager or an underlying fund manager to liquidate positions and thereby expose the Fund to losses and may have a negative impact on the Fund.

## **Valuation Risk**

Valuation of the Fund's investments may involve uncertainties and judgmental determinations. If such valuation turns out to be incorrect, this may affect the NAV calculation of the Fund.

## **Taxation Risk**

Any change in the taxation legislation or the interpretation thereof in any jurisdiction where a Fund is registered, marketed or invested could affect the tax status of the Fund, and consequently the value of the Fund's investments in the affected jurisdiction, the Fund's ability to achieve its investment objective and/or to alter the post tax returns to Shareholders. Please note that the tax treatment of investors depends on their individual circumstances and may be subject to change in the future.

A Fund may be subject to withholding or other taxes on income and/or gains arising from its investments. Certain investments may themselves be subject to similar taxes on the underlying investments that they hold. Any investment in either developed or emerging markets, may be subject to new taxes or the rate of tax applicable to any income arising or capital gains may increase or decrease as a result of any prospective or retrospective change in applicable laws, rules or regulations or the interpretation thereof. It is possible that a Fund may or may not be able to benefit from relief under a double tax agreement between the UK and the country where an investment is resident for tax purposes.

Certain countries may have a tax regime that is less well defined, may be subject to unpredictable change and may permit retroactive taxation thus the Funds could become subject to a local tax liability that had not reasonably been anticipated. Such uncertainty could necessitate significant provisions being made by any relevant Fund in the net asset values per Share calculations for foreign taxes while it could also result in a Fund incurring the cost of a payment made in good faith to a fiscal authority where it was eventually found that a payment need not have been made.

Conversely, where through fundamental uncertainty as to the tax liability, or the lack of a developed mechanism for practical and timely payment of taxes, a Fund pays taxes relating to previous years, any related costs will likewise be chargeable to the Fund. Such late paid taxes will normally be debited to a Fund at the point the decision to accrue the liability in the Fund's accounts is made.

As a result of the situations referred to above, any provisions made by the Funds in respect of the potential taxation of and returns from investments held at any time may prove to be excessive or inadequate to meet any eventual tax liabilities. Consequently, investors in a Fund may be advantaged or disadvantaged when they subscribe or redeem their Shares in the Fund.

Shareholders and prospective investors' attention is drawn to the taxation risks associated with investing in the relevant Fund. Please refer to the section headed "Taxation".

## **Risks Arising from Fund Termination**

In the event of the early termination of a Fund, the ACD would have to distribute to the Shareholders their pro rata interest in the assets of the Fund. It is possible that at the time of such sale or distribution, certain investments held by the Fund may be worth less than the initial cost of such investments, resulting in a substantial loss to the Shareholders. Moreover, any organisational expenses with regard to the Fund that had not yet become fully amortised would be debited against the Fund's capital at that time. The circumstances under which the Fund may be terminated are set out under the heading "Winding Up of the Company or Termination of the Funds" of this Prospectus".

## **Cross Liability Risk**

Under the OEIC Regulations, the Fund is a segregated portfolio of assets and those assets can only be used to meet the liabilities of, or claims against, the Fund. While the provisions of the OEIC Regulations provide for segregated liability between sub-funds of an umbrella open-ended investment company such as the Company, the concept of segregated liability is relatively new. Accordingly, where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known whether a foreign court would give effect to the segregated liability provisions contained in the OEIC Regulations. Therefore, it is not possible to be certain that the assets of a sub-fund will always be completely insulated from the liabilities of another sub-fund of an umbrella open-ended investment company in every circumstance. Currently, however, the Company only has one sub-fund and, accordingly, this particular risk will only apply where the Company has more than one sub-fund.

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

## **Marketing Outside the UK or the EU**

The Company is domiciled in the United Kingdom and Shareholders should note that all the regulatory protections provided by their local regulatory authorities may not apply. In addition, the Funds will be registered in non-UK or EU jurisdictions. As a result of such registrations, Shareholders should be made aware that the Funds may be subject to further restrictive regulatory regimes as detailed within Appendix D – Country Specific Investment Restrictions. In such circumstances the Funds will abide by these more restrictive requirements, which may prevent the Funds from making the fullest possible use of the investment limits.

## **Approach to environmental, social and governance (“ESG”) integration**

The Investment Manager integrates ESG information into the investment process across all asset classes. Through bottom-up, fundamental analysis, the Investment Manager seeks to gain a comprehensive understanding of the factors that influence the sustainability of investments. The Investment Manager considers ESG information alongside other crucial variables that may impact an investment’s risks and returns over time. In particular, the Investment Manager considers ESG criteria in relation to specific industry and sector trends and characteristics to identify the risks of an investment. Once invested, the Investment Manager continues to monitor each investment to ensure their thesis, including that on ESG matters, remains intact and that an investment’s risk and return profile remains attractive relative to other opportunities available in the market. Sustainability risks that the Investment Manager may consider are environmental, social or governance events or conditions that, if they occur, could cause an actual or a potential material negative impact on the value of the investment, examples of which include physical environmental risks, transition risk (e.g. investee company assets losing their financial value because of tightening of environmental legislation) or liability risk (e.g. risk of liability due to a breach of human/employee rights considering the jurisdiction of the investee company).

The way in which the Fund analyses and uses ESG information may vary. The use of ESG information may affect a Fund’s investment performance and, as such, may perform differently compared to similar collective investment schemes. In addition to the Investment Manager’s in-house evaluation of ESG risks, it also has access to third-party resources that provide ESG information. In evaluating an investment, the Investment Manager is dependent upon information and data, which may be incomplete, inaccurate or unavailable. Neither the Investment Manager, the Depositary nor the Manager make any representation or warranty, express or implied, with respect to the fairness, correctness, accuracy, reasonableness or completeness of such ESG information or the way in which it is implemented. Investor and societal sentiment towards ESG concepts and topics may also change over time, which may affect the demand for ESG-based investments and may also affect their performance.

## **ESG Guidelines Risk**

Where indicated by the relevant investment objectives and policies, a Fund may seek to invest in issuers deemed consistent with applicable environmental, social and governance (“ESG”) guidelines. As a result, the universe of investments available to such Funds may be more limited than other funds that do not apply such guidelines. Such a Fund may be precluded from purchasing, or required to sell, certain investments that would otherwise meet its objective and strategy and that might otherwise be advantageous to hold. The application of the ESG guidelines could result in performance that is better or worse than the performance of a similar fund.

It is expected that a Fund’s ESG guidelines will generally be based upon guidelines developed and amended from time to time by the Investment Manager, which may incorporate industry information. The Investment Managers reserve the right in their discretion to determine the scope and content of, and to modify and interpret, a Fund’s ESG guidelines. Investing on the basis of ESG criteria is qualitative and subjective by nature, and there can be no assurance that the ESG guidelines will reflect the beliefs or values of any particular Shareholder. A Fund’s ESG guidelines may effectively accommodate the requirements of certain Shareholders but not others and may be more or less restrictive than a particular Shareholder might otherwise prefer.

## **RISKS RELATED TO INVESTMENT IN EQUITIES**

A Fund’s investment in equity securities is subject to general market risks, whose value may fluctuate due to various factors, such as changes in investment sentiment, political and economic conditions and issuer-specific factors. When the equity markets are extremely volatile a Fund’s Net Asset Value may fluctuate substantially.

### **Risks of Investment in Equity Related Securities**

A Fund may invest in equity-related securities such as structured notes, participation notes or equity-linked notes. These are usually issued by a broker, an investment bank or a company and are therefore subject to the risk of insolvency or default of the issuer. If there is no active market in these instruments, this may lead to liquidity risk. Further, investment in equity-linked securities may lead to dilution of performance of a Fund when compared to the other funds which invest



directly in similar underlying assets due to fees embedded in the notes. The aforesaid circumstances may adversely affect the net asset value per Share of a Fund.

### **Risk Related to Convertible Instruments**

Convertible bonds are a hybrid between debt and equity, permitting holders to convert into shares in the company issuing the bond at a specified future date. As such, convertibles will be exposed to equity movement and greater volatility than straight bond investments. Investments in convertible bonds are subject to the same interest rate risk, credit risk, liquidity risk and prepayment risk associated with comparable straight bond investments.

### **Risks Related to Investment in Small-Capitalisation / Mid-Capitalisation Companies**

The stock of small-capitalisation and mid-capitalisation companies may have lower liquidity and their prices are more volatile to adverse economic developments than those of larger capitalisation companies in general. Risks include economic risks, such as lack of product depth, limited geographical diversification and increased sensitivity to the business cycle. They also include organisational risk, such as concentration of management and shareholders and key-person dependence. Where smaller companies are listed on 'junior' sections of the stock exchange, they may be subject to a lighter regulatory environment. Furthermore, the shares in smaller companies can be more difficult to buy and sell, resulting in less flexibility, and sometimes higher costs, in implementing investment decisions.

### **RISK RELATED TO INVESTMENT IN OTHER FUNDS**

Where a Fund invests in underlying funds it will not have an active role in the day-to-day management of those funds and the Fund will be subject to the risks associated with the underlying funds. The Fund does not have control of the investments of the underlying funds and there is no assurance that the investment objective and strategy of the underlying funds will be successfully achieved which may have a negative impact to the Net Asset Value of the Fund. There may be additional costs when investing into these underlying funds. There is also no guarantee that the underlying funds will have sufficient liquidity to meet the fund's redemption requests as and when made.

### **Risk Related to Duplication of Costs**

It should be noted that a Fund incurs costs of its own management and fees paid to the Administrator, the Depositary, the Investment Manager and other service providers. In addition, the Fund incurs similar costs in its capacity as an investor in underlying funds which in turn pay similar fees to their underlying fund manager and other service providers.

### **RISK RELATED TO INVESTMENT IN DERIVATIVES**

Investments of a Fund may be composed of securities with varying degrees of volatility and may comprise, from time to time, financial derivative instruments. Since financial derivative instruments may be geared instruments, their use may result in greater fluctuations of the net asset value of the Fund concerned. Risks associated with financial derivative instruments include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of a financial derivative instrument can result in a loss significantly greater than the amount invested in the financial derivative instrument by the Fund. Exposure to financial derivative instruments may lead to a high risk of significant loss by the Fund.

A Fund may use financial derivative instruments for efficient portfolio management or to attempt to hedge or reduce the overall risk of its investments or, if disclosed in relation to any Fund, financial derivative instruments may be used as part of the principal investment policies and strategies. Such strategies might be unsuccessful and incur losses for the Fund, due to market conditions. A Fund's ability to use these strategies may be limited by market conditions, regulatory limits and tax considerations. Investments in financial derivative instruments are subject to normal market fluctuations and other risks inherent in investment in securities. In addition, the use of financial derivative instruments involves special risks, including:

1. dependence on the Investment Manager's ability to accurately predict movements in the price of the underlying security;
2. imperfect correlation between the movements in securities or currency on which a financial derivative instruments contract is based and movements in the securities or currencies in the relevant Fund;
3. the absence of a liquid market for any particular instrument at any particular time which may inhibit the ability of a Fund to liquidate a financial derivative instrument at an advantageous price;
4. due to the degree of leverage inherent in derivatives contracts, a relatively small price movement in a contract may result in an immediate and substantial loss to a Fund; and
5. possible impediments to effective efficient portfolio management or the ability to meet redemption repurchase requests or other short term obligations because a percentage of a Fund's assets may be segregated to cover its obligations.

### **Risks Related to Hedging Techniques**

The Fund may utilise a variety of financial instruments, such as options, interest rate swaps, futures and forward contracts, etc. to seek to hedge against declines in the values of the Fund's positions as a result of changes in currency exchange rates, equity markets, market interest rates and other events. Hedging against a decline in the value of Fund's positions will not eliminate fluctuations in the values of the Fund's positions or prevent losses if the values of such positions decline, but it does establish other positions designed to gain from those same developments, thus reducing the decline in the Fund's value. However, such hedging transactions also limit the opportunity for gain if the value of the Fund's positions should increase. It may not be possible for the Fund to hedge against a change or event at a price sufficient to protect its assets from the decline in value of the Fund's positions anticipated as a result of such change. In addition, it may not be possible to hedge against certain changes or events at all or the Investment Manager may choose not to.

### **Risk Related to Efficient Portfolio Management**

The ACD may utilise the Scheme Property of the Funds to enter into transactions for the purposes of Efficient Portfolio Management ("EPM"). Permitted EPM transactions include transactions in derivatives to hedge against price or currency fluctuations, and these may be dealt or traded on an eligible derivatives market or may be Over the Counter (OTC) derivative instruments. EPM techniques may also involve the ACD entering into stock lending transactions or repurchase and reverse repurchase agreements in relation to a Fund. The ACD must ensure in entering into EPM transactions, the transaction is economically appropriate to the reduction of the relevant risks (whether in the price of investments, interest rates or exchange rates) or to the reduction of the relevant costs and/or to the generation of additional capital or income with an acceptably low level of risk. The ACD must also take steps to try and ensure that the counterparty exposure in such transactions is fully "covered" by cash and/or other acceptable and sufficiently liquid property sufficient to meet any obligation to pay or deliver that could arise.

EPM transactions will give rise to risks for the Funds. There is no guarantee that the use of EPM transactions will achieve their objective. In particular, see the risk disclosures titled "Risk Related to Hedging Techniques", "Risk Related to Futures Contracts", "Risk Related to Forward Foreign Exchange Transactions" and "Risk Related to Over the Counter (OTC) Transactions".

### **Leverage Risk**

When a Fund purchases a security or an option, the risk to the Fund is limited to the loss of its investment. In the case of a transaction involving futures, forwards, swaps, or options, the Fund's liability may be potentially unlimited until the position is closed. Where assets are bought or sold using borrowed money this increases the risk that in the case of losses that these are compounded and as a result have a material negative impact on the value of a Fund. Investors should also note that certain derivatives such as forward foreign exchange and complex swaps may be entered into on an OTC basis with one or more eligible counterparties. Trading in such derivatives results in credit risk exposure to such eligible counterparties (i.e. the risk that the eligible counterparty to a derivative trade will fail to discharge its obligations under the terms of the trade in respect of a Fund). Where the ACD or an Investment Manager, on behalf of a Fund, enters into OTC derivatives it may seek to mitigate much of its credit risk to an eligible counterparty by receiving collateral from that eligible counterparty. To the extent that any OTC derivatives are not fully collateralised, a default by the eligible counterparty may result in a reduction in the value of the Fund and thereby a reduction in the value of an investment in the Fund.

### **Risk Related to Futures Contracts**

A futures contract is a standardised contract between two parties to exchange a specified asset of standardized quantity and quality for a price agreed today (the futures price or the strike price) with delivery occurring at a specified future date, the delivery date. The contracts are normally traded on a futures exchange. The amount of loss (as well as profit) is unlimited.

For example, where the underlying specified asset is a commodity, the futures contract may be illiquid because certain commodity exchanges limit fluctuations in certain future contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits". Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to affect trades at or within the limit.

A Fund may also be exposed to a credit risk in relation to the counterparties with whom they transact or place margin or collateral in respect of transactions and may bear the risk of counterparty default. A Fund may be invested in certain futures contracts which may involve the assumption of obligations as well as rights and assets. Assets deposited as margin with brokers may not be held in segregated accounts by the brokers and may therefore become available to the creditors of such brokers in the event of their insolvency or bankruptcy.

## **Risk Related to Forward Foreign Exchange Transactions**

Forward contracts, unlike futures contracts, are not traded on exchanges and are not standardised; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis, and therefore have an increased counterparty risk. If a counterparty defaults, the Fund may not get the expected payment or delivery of assets. This may result in the loss of an unrealised profit.

## **Risk Related to Swap Agreements**

Swap agreements can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swap agreements may increase or decrease the Fund's exposure to strategies, long term or short term interest rates, foreign currency values, corporate borrowing rates or other factors. Swap agreements can take many different forms and are known by a variety of names.

Depending on how they are used, swap agreements may increase or decrease the overall volatility of the Fund. The most significant factor in the performance of swap agreements is the change in the specific interest rate, currency or other factors that determine the amounts of payments due to and from the counterparties. If a swap agreement calls for payments by the Fund, the Fund must be prepared to make such payments when due. In addition, if a counterparty's creditworthiness declines, the value of swap agreements with such counterparty can be expected to decline, potentially resulting in losses to the Fund.

## **Risk Related to Over the Counter (OTC) Transactions**

An OTC transaction takes place when a financial instrument is traded directly between two parties rather than through a stock exchange. Where the Fund acquires securities through an OTC transaction, there is no guarantee that the Fund will be able to realise the fair value of such securities due to their tendency to have limited liquidity.

In general, there is less regulation and supervision of OTC transactions than for transactions entered into on stock exchanges. In addition, many of the protections afforded to participants on some stock exchanges, might not be available in connection with OTC transactions. A Fund may also have credit exposure to counterparties by virtue of positions in swap agreements, repurchase transactions, forward exchange rate and other financial or derivative contracts held by the Fund. OTC transactions are executed in accordance with an agreed terms and conditions drawn up between the Fund and the counterparty. If the counterparty experiences credit issues and therefore defaults on its obligation and a Fund is delayed or prevented from exercising its rights with respect to the investments in its portfolio, it may experience a decline in the value of its position, lose income and/or incur costs associated with asserting its rights. Counterparty exposure will be in accordance with the Fund's investment restrictions. Regardless of the measures a Fund may implement to reduce counterparty risk, there can be no assurance that a counterparty will not default or that the Fund will not sustain losses on the transactions as a result.

### *Risk Related to Options*

Transactions in options may also carry a high degree of risk. For purchased options the risk to the option holder is limited to the purchase cost of establishing the position. Out of the Money (OTM) positions will see the value of the options position decrease, especially as the position nears expiry.

### *Taxation Risk*

Where a Fund invests in derivatives, the issues described in the general taxation risks section may also apply to any change in the taxation legislation or interpretation thereof of the governing law of the derivative contract, the derivative counterparty, the market(s) comprising the underlying exposure(s) of the derivative or the markets where a Fund is registered or marketed.

### *Legal Risks*

OTC derivatives are generally entered into pursuant to contracts based on the standards set by the International Swaps and Derivatives Association for derivatives master agreements which are negotiated by the parties. The use of such contracts may expose the Fund to legal risks such as the contract may not accurately reflect the intention of the parties or the contract may not be enforceable against the counterparty in its jurisdiction of incorporation.

### *Operational Risk linked to Management of Collateral*

The use of OTC derivatives and the management of collateral received are subject to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Where cash collateral is re-invested,

in accordance with the conditions imposed by the FCA, a Fund will be exposed to the risk of a failure or default of the issuer of the relevant security in which the cash collateral has been invested.

The management of operational risk is established through policies set by the risk committee of the Investment Manager. These policies set standards for the high level assessment of risk and, monitoring and reporting of risk within the business and analysis of reported operational risk events.

## **OTHER RISKS**

### **Risk Related to Investment in Specific Countries, Regions or Sectors**

The Fund's investments are concentrated in specific industry sectors, instruments, countries or regions. The value of the Fund may be more volatile than that of a fund having a more diverse portfolio of investments.

The value of the Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory events affecting a market in a country or region.

### **Risk Related to Investment in Agricultural and Soft Commodities**

Natural events such as fire, drought, unseasonal rain, disease, flood, pests as well as human error and interruptions of water supply may have adverse impact on the agricultural and soft commodities markets. The agricultural and soft commodities markets may also fluctuate significantly with prices rising or falling sharply due to, for example, changing market supply and demand relationships.

### **Risk Related to Investment in Commodities / Natural Resources**

The value of commodities (which includes but is not limited to gold and natural resources) and the companies involved can be significantly affected (both negatively and positively) by world events, trade controls, worldwide competition, political and economic conditions, international energy conservation, the success of exploration projects, tax and other government regulations.

### **Risk Related to Investment in Europe- European Sovereign Debt Crisis**

A Fund may invest substantially in Europe. Any adverse events such as the downgrading of the credit rating of a European country, the default or bankruptcy of one or more sovereigns within the Eurozone, the departure of some, or all, relevant Member States from the Eurozone, or any combination of the above or other economic or political events may have a negative impact on the value of the Fund. In light of ongoing concerns on the sovereign debt risk of certain countries within the Eurozone, the Fund's investments in the region may be subject to higher volatility, liquidity, currency and default risks associated with investments in Europe.

If certain countries cease to use Euro as their local currency, the transition by a Member State away from the Euro or the dissolution of the Euro may require the redenomination of some, or all, Euro-denominated sovereign debt, corporate debt and securities (including equity securities). This may have an adverse impact on the liquidity of the Fund's Euro-denominated assets and on the performance of a Fund which holds such assets. A Eurozone break-up or exit from the Euro might also lead to additional performance, legal and operational risks to a Fund and may cause uncertainty as to the operation of certain terms of agreements that are governed by the law of an exiting Member State.

While the governments of many European countries, the European Commission, the European Central Bank, the International Monetary Fund and other authorities are taking measures (such as undertaking economic reforms and imposing austerity measures on citizens) to address conditions, there are concerns that these measures may not have the desired effect and the future stability and growth of Europe remains uncertain. If a crisis occurs, economic recovery may take some time and future growth will be affected. The performance and value of a Fund may potentially be adversely affected by any or all of the above factors, or there may be unintended consequences in addition to the above arising from the potential European crisis that may adversely affect the performance and value of a Fund. It is also possible that a large number of investors could decide to redeem their investments in a Fund at the same time. Investors also need to bear in mind that the events in Europe may spread to other parts of the world, affecting the global financial system and other local economies, and ultimately adversely affecting the performance and value of a Fund.

### **Risk Related to Investment in Emerging Markets (and/or Frontier Markets)**

The Fund invests in emerging markets which may involve increased risks and special considerations not typically associated with investment in more developed markets, such as liquidity risks, currency risks/control, political and economic uncertainties, legal and taxation risks, settlement risks, custody risk and the likelihood of a high degree of

volatility. Currency conversion and repatriation of investment income, capital and proceeds of sale by a Fund may be limited or require governmental consents. A Fund could be adversely affected by delays in, or refusal to grant, any such approval for the repatriation of funds or by any official intervention affecting the process of settlement of transactions. Stock exchanges and other such clearing infrastructure may lack liquidity and robust procedures and may be susceptible to interference.

#### Political, Social and Economic Instability

Some countries have a higher than usual risk of nationalisation, expropriation or confiscatory taxation, any of which might have an adverse effect on a Fund's investments in those countries. Developing countries can be subject to a higher than usual risk of political change, government regulation, social instability or diplomatic developments (including war) which could adversely affect the economies of such countries and thus a Fund's investments in those countries. Furthermore, it may be difficult for the Fund to obtain effective enforcement of its rights in certain developing countries.

#### Market Liquidity and Foreign Investment Infrastructure

Trading volume on the stock exchange of most developing countries can be substantially less than in the leading stock markets of the developed world, so that the purchase and sale of holdings may take longer. Volatility of prices can be greater than in the developed world. This may result in considerable volatility in the value of the Fund and, if sales of a significant amount of securities have to be effected at short notice in order to meet redemption requests, such sales may have to be effected at unfavourable prices which could have an adverse effect on the value of the Fund and therefore the dealing price.

In certain developing countries, portfolio investment by foreign investors (such as these Funds) may require consent or be subject to restrictions. These restrictions and any further restrictions introduced in the future could limit the availability to these Funds of attractive investment opportunities.

#### Corporate Disclosure, Accounting and Regulatory Standards

Companies in developing countries are generally not subject to accounting, auditing and financial reporting standards, practices and disclosure requirements comparable to those applicable to companies in the developed world. In addition, there is generally less government supervision and regulation of stock exchanges, brokers and listed companies in most developing countries than in countries with more advanced securities markets. As a result, there may be less information available publicly to investors in developing country securities; such information as is available may be less reliable.

#### Availability and Reliability of Official Data

Less statistical data is available in relation to the securities markets of developing countries relative to the securities markets in, for example, the United Kingdom; such data as is available may be less reliable.

#### Legal Risk

Many laws in developing countries are new and largely untested. As a result the Fund may be subject to a number of risks, including but not limited to inadequate investor protection, contradictory legislation, incomplete, unclear and changing laws, lack of established avenues for legal redress and a lack of enforcement of existing regulations. Furthermore, it may be difficult to obtain and enforce a judgement in certain countries in which assets of the Fund are invested.

#### Taxation

Taxation of dividends and capital gains received by foreign investors varies among developing countries and, in some cases, is comparatively high. In addition, developing countries typically have less well defined tax laws and procedures and such laws may permit retroactive taxation so that these Funds could in the future become subject to a local tax liability that had not reasonably been anticipated in the conduct of investment activities or the valuation of the assets of these Funds. Such uncertainty could necessitate significant provisions being made in the Net Asset Values per Share calculations for foreign taxes.

#### Settlement and Custody Risk

As these Funds invest in markets where the trading, settlement and custodial systems are not fully developed, there is an increased risk of the assets of the Fund which are traded in such markets being lost through fraud, negligence, oversight or catastrophe such as a fire. High market volatility and potential settlement difficulties in the markets may also result in significant fluctuations in the prices of the securities traded on such markets and thereby may adversely affect the value of the Fund. In other circumstances such as the insolvency of a sub-custodian or registrar, or retroactive application of

legislation, the Fund may not be able to establish title to investments made and may suffer loss as a result. In such circumstances, the Fund may find it impossible to enforce its right against third parties. As the Fund may invest in markets where the trading, settlement and custodial systems are not fully developed, the assets of the Fund which are traded in such markets and which have been entrusted to sub-custodians in such markets may be exposed to risk in circumstances in which the Depository will have no liability.

Risks include but are not limited to:

- absence of true delivery versus payment settlement, which could increase the credit risk with the counterparty. Delivery versus payment is a settlement system that stipulates that cash payment must be made prior to or simultaneously with the delivery of the security;
- a physical market (as opposed to electronic book keeping of records) and, as a consequence, the circulation of forged securities;
- poor information in regards to corporate actions;
- registration process that impacts the availability of the securities;
- lack of appropriate legal/fiscal infrastructure advices;
- lack of compensation/risk fund with a central depository

### **Risk Related to Investment in China**

The Fund may make investments that are tied economically to issuers from the PRC. Investing in the Chinese securities markets is subject to both emerging market risks as well as country specific risks. Political changes, restrictions on currency exchange, exchange monitoring, taxes, limitations on foreign capital investments and capital repatriation can also affect investment performance.

Investment in Chinese securities may involve certain custodial risks. For example, the evidence of title of exchange traded securities in the PRC consists only of electronic book-entries in the depository and/or registry associated with the relevant exchange. These arrangements of the depositories and registries may not be fully tested with regard to their efficiency, accuracy and security.

Investment in the PRC remains sensitive to any major change in economic, social and political policy in the PRC. The capital growth and thus the performance of these investments may be adversely affected due to such sensitivity. The PRC government's control of future movements in exchange rates and currency conversion may have an adverse impact on the operations and financial results of the companies in which the Fund invests. In addition, Chinese accounting standards may differ from international accounting standards. RMB is currently not a freely convertible currency and is subject to exchange control policies and restrictions. The value of the assets of the Fund as measured in the Base Currency of such Fund may be affected unfavourably by fluctuations in currency rates and exchange control regulations. There can be no assurance that the RMB will not be subject to devaluation or revaluation or that shortages in the availability of foreign currency will not develop. Non-RMB based investors are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors' base currencies will not depreciate. Any depreciation of RMB could adversely affect the value of investor's investment in the Fund. Although offshore RMB ("CNH") and onshore RMB ("CNY") are the same currency, they trade at different rates. Any divergence between CNH and CNY may adversely impact investors. Under exceptional circumstances, payment of redemptions and/or dividend payment in RMB may be delayed due to the exchange controls and restrictions applicable to RMB.

Under the prevailing PRC tax policy, there are certain tax incentives available to PRC companies with foreign investments. However, there is a possibility that the tax laws, regulations and practice in the PRC may be subject to change and that such changes may have retrospective effect. There is no assurance that tax incentives currently offered to foreign companies will not be abolished in the future. In addition, by investing in Chinese securities including China A shares, China B shares, and Chinese domestic bonds (including indirectly through investment in other collective investment schemes or participation notes), the Fund may be subject to withholding and other taxes imposed in the PRC which cannot be eliminated by any applicable double taxation treaty and/or any applicable tax exemptions. There are risks and uncertainties associated with the current PRC tax laws, regulations and practice in respect of capital gains and/or interest/dividends realised from investments of a Fund made via the Shanghai Hong Kong Stock Connect Scheme or the Shenzhen Hong Kong Stock Connect Scheme (together the "Connect Schemes"), the QFI regime, the CIBM Initiative and/or Bond Connect, or any other initiative which provides a Fund with access to the PRC financial markets and/or exposure to PRC issuers. There may not be specific written guidance by the PRC tax authorities on certain tax that may be payable in respect of trading in China Interbank Bond Market by eligible foreign institutional investors. Hence there may be uncertainty as to a Fund's tax liabilities in respect of any investments in PRC securities. Any increased tax liabilities may adversely affect a Fund's Net Asset Value. Such uncertainty could necessitate tax provisions being made in the Net Asset Value per Unit calculations for foreign taxes while it could also result in a Fund incurring the cost of a payment made in good faith to a fiscal authority where it was eventually found that a payment need not have been made. With the potential uncertainty concerning the tax treatment of investments in Chinese securities, the possibility of tax rules being changed and the possibility of taxes or tax liabilities being applied retroactively, any provisions for taxation made by the relevant Funds at any time may prove to be excessive or inadequate to meet any eventual tax liabilities. Consequently, investors may be advantaged or disadvantaged depending on the position of the Chinese tax authorities in the future and the level of tax provisions (if any) proving to be either excessive or inadequate either when they subscribed or redeemed their Units in the relevant Funds. In the event that tax provisions are made, any shortfall between the provision and the actual tax

liabilities, which will be debited from a Fund's assets, will adversely affect such Fund's Net Asset Value. The actual tax liabilities may be lower than the tax provision made. Depending on the timing of their subscriptions and/or redemptions, investors may be disadvantaged as a result of any shortfall of tax provision and will not have the right to claim any part of the overprovision (as the case may be).

Currently, foreign investors may only invest in China A shares and the PRC domestic securities market(s); (1) through the QFI regime; (2) through the Connect Schemes; (3) as a strategic investor under applicable PRC regulations; and/or (4) through the Foreign Access Regime (as defined below). Foreign investors may invest in China B shares directly. It is possible that there will be other means approved by the relevant regulators to permit direct investment in China A shares in the future. Where consistent with and within a Fund's investment objective and strategy, it is anticipated that a Fund may obtain direct exposure to China A shares via the applicable means set out above, subject to obtaining appropriate licences and/or registration where necessary. It may also be possible to obtain indirect exposure to China A shares and/or, China B shares through investment in other eligible collective investment schemes or participation notes. A Fund may invest in China A shares and/or, China B shares provided that such investment is in accordance with the requirements of the FCA Rules and the relevant regulatory authorities in the People's Republic of China. Unless otherwise specified in the particulars relating to each Fund in Appendix A, it is not intended that it will invest, whether directly or indirectly, more than 10% of its Net Asset Value in China A and China B shares. Should this intention be changed, at least one month's prior notice will be given to investors of the relevant Fund and the Prospectus will be updated accordingly.

### Connect Schemes and Related Risks

The Connect Schemes are securities trading and clearing linked programmes developed by the Stock Exchange of Hong Kong ("SEHK"), Hong Kong Exchanges and Clearing Limited ("HKEx"), Shanghai Stock Exchange ("SSE")/ Shenzhen Stock Exchange ("SZSE") (as the case may be) and China Securities Depository and Clearing Corporation Limited ("ChinaClear") with the aim to achieve mutual stock market access between Mainland China and Hong Kong.

Under the Northbound Shanghai Trading Link, investors, through their Hong Kong brokers and a securities trading service company established by the SEHK, may be able to trade China A shares listed in the SSE ("SSE Securities"), subject to the rules of the Shanghai Hong Kong Stock Connect Scheme. SSE Securities, as of the date of this Prospectus, include shares listed on the SSE that are (a) constituent stocks of SSE 180 Index; (b) constituent stocks of SSE 380 Index; (c) China A shares listed on the SSE that are not constituent stocks of the SSE 180 Index or SSE 380 Index but which have corresponding China H shares accepted for listing and trading on SEHK, provided that: (i) they are not traded on the SSE in currencies other than RMB (ii) they are not under risk alert.

Similarly, under the Northbound Shenzhen Trading Link, through their Hong Kong brokers and a securities trading service company established by SEHK, Hong Kong and overseas investors may be able to trade China A shares listed in the SZSE ("SZSE Securities"), subject to the rules of the Shenzhen Hong Kong Stock Connect Scheme. SZSE Securities, as of the date of the Prospectus, include (a) all the constituent stocks of the SZSE Component Index and SZSE Small/Mid Cap Innovation Index which has a market capitalisation of not less than RMB 6 billion, and (b) China A shares listed on the SZSE which have corresponding China H shares accepted for listing and trading on SEHK, provided that: (i) they are not traded on the SZSE in currencies other than RMB (ii) they are not under risk alert or under delisting arrangement. At the initial stage of the Shenzhen Hong Kong Stock Connect, investors eligible to trade shares that are listed on the ChiNext Board under Northbound trading will be limited to institutional professional investors as defined in the relevant Hong Kong rules and regulations, including each Fund.

SEHK may include or exclude securities as SSE Securities/ SZSE Securities and may change the eligibility of shares for trading on the Northbound Shanghai Trading Link/ Northbound Shenzhen Trading Link (as the case may be). When a stock is recalled from the scope of eligible stocks for trading via the Connect Schemes, the stock can only be sold but restricted from being bought. This may affect the investment portfolio or strategies of the Fund, for example, when the Fund wishes to purchase a stock which is recalled from the scope of eligible stocks.

It is contemplated that SEHK and SSE/SZSE would reserve the right to suspend Northbound and/or Southbound trading if necessary to ensure an orderly and fair market and that risks are managed prudently. Consent from the relevant regulator(s) would be sought before a suspension is triggered. Where a suspension in the Northbound trading is affected, the ability of certain Fund to access the China A share market through Connect Schemes will be adversely affected.

Differences in trading days between the PRC stock markets and days on which the Connect Schemes operate may also result in the Fund being subject to risk of price fluctuation and may negatively impact the Net Asset Value of the Fund. Investors should also note that the relevant rules and regulations on Connect Schemes are subject to change which may have potential retrospective effect; additional rules and regulations relating to the Connect Schemes may also be promulgated in the future. The Connect Schemes are subject to quota limitations. Where a suspension in the trading through the programme is effected, the Fund's ability to invest in China A shares or access the PRC market through the programme will be adversely affected. In such event, the Fund's ability to achieve its investment objective could be negatively affected.

The SSE Securities and SZSE Securities in respect of the Fund are held by the Depository in accounts in the Central Clearing and Settlement System ("CCASS") maintained by the Hong Kong Securities Clearing Company Limited

("HKSCC") as central securities depository in Hong Kong. HKSCC in turn holds the SSE Securities and SZSE Securities, as the nominee holder, through an omnibus securities account in its name registered with ChinaClear for each of the Connect Schemes. While the relevant CSRC regulations and ChinaClear rules generally provide for the concept of a "nominee holder", that Hong Kong and overseas investors (such as the Funds) would be recognised as having beneficial ownership in the SSE Securities and SZSE Securities. The precise nature and rights of the Fund as the beneficial owner of the SSE Securities and SZSE Securities through HKSCC as nominee is not well defined under PRC law. There is lack of a clear definition of, and distinction between, "legal ownership" and "beneficial ownership" under PRC law and there have been few cases involving a nominee account structure in the PRC courts. Therefore, the exact nature and methods of enforcement of the rights and interests of the Fund under PRC law is uncertain. Further, how an investor, such as the Fund, as the beneficial owner of SSE Securities and SZSE Securities under the stock connect structure, exercises and enforces its right in the PRC courts are yet to be tested. Because of this uncertainty, in the unlikely event that HKSCC becomes subject to winding up proceedings in Hong Kong it may not be possible to say with certainty if the SSE Securities and SZSE Securities will be regarded as held for the beneficial ownership of the Fund or as part of the general assets of HKSCC available for general distribution to its creditors.

Funds which invest in stocks listed on Small and Medium Enterprise Board of the SZSE ("SME Board") and/or ChiNext Board may be subject to higher fluctuation in stock prices and liquidity and have higher risks and turnover ratios than companies listed on the Main Board of the SZSE ("Main Board"). Stocks listed on SME Board and/or ChiNext Board may be overvalued and may not be sustainable. Stock price may be more susceptible to manipulation due to fewer circulating shares. The rules and regulations regarding companies listed on ChiNext Board are less stringent in terms of profitability and share capital than those in the Main Board and SME Board. It may be more common and faster for companies listed on the SME Board and/or ChiNext Board to delist. This may have an adverse impact on the Fund if the companies that it invests in are delisted. Investments in the SME Board and/or ChiNext Board may result in significant losses for the Fund and its investors.

Investments through the Connect Schemes are also subject to additional risks such as registration/default risk, regulatory risk and risks relating to other China specific investment requirements/rules/regulations (e.g. short swing profit rule and foreign holding restrictions), currency risks, possibility of more limited participation in corporate actions and shareholders' meeting, operational risk relating to the systems of market participants, risks relating to the requirement of front-end monitoring. As a result, the Fund's ability to access the China A share market (and hence to pursue its investment strategy) may be adversely affected and/or the Fund's Net Asset Value may be negatively impacted. It should also be noted that the Fund's investments through Northbound trading under Connect Scheme will not benefit from any local investor compensation schemes.

There are various rules and regulations relating to the operation of the Connect Schemes, including the trading arrangements, clearing, settlement and custody arrangements, investor and participant eligibility etc. Further information may be obtained via the following: [https://www.hkex.com.hk/Mutual-Market/Stock-Connect?sc\\_lang=en](https://www.hkex.com.hk/Mutual-Market/Stock-Connect?sc_lang=en).

#### QFI Regime and Related Risks

The QFI regime, which allows qualifying foreign investors to invest directly in certain securities in Mainland China, is governed by rules and regulations promulgated by the relevant authorities in Mainland China, including the CSRC, the State Administration of Foreign Exchange ("SAFE") and the People's Bank of China ("PBOC") and/or other relevant authorities. Investments through the QFI regime are required to be made through holders of QFI licence.

In the event that the Fund invests via the QFI regime, investors should note that the Fund's ability to make such investments or to fully implement or pursue its investment objective and strategy are subject to the applicable laws, rules and regulations (including the then prevailing exchange controls and other prevailing requirements of the PRC including rules on investment restrictions and repatriation and remittance of principal and profits) in the PRC, which are subject to change and any such changes may have potential retrospective effect. Any changes to the relevant rules may have a material adverse impact on Unitholders' investment in a Trust.

In addition, there can be no assurance that the QFI Regulations will not be abolished. The Fund, which invests in the PRC markets through the QFI regime, may be adversely affected as a result of such changes.

Where the Fund invests in China A shares or other securities in the PRC through the QFI regime, such securities will be held by local custodian(s) ("QFI Custodian") appointed by the QFI in accordance with QFI Regulations. According to the current QFI Regulations, a QFI is allowed to appoint multiple local custodians. The QFI Custodian may open one or more securities account(s) in the name of the QFI licence holder for the account of the Fund in accordance with PRC laws and the Fund may be subject to custodial risk. If the QFI Custodian defaults, the Fund may suffer substantial losses. Cash deposited in the cash account of the relevant Trusts with the QFI Custodian will not be segregated but will be a debt owing from the QFI Custodian to the relevant Trusts as a depositor. Such cash will be co-mingled with cash belonging to other clients of the QFI Custodian. In the event of bankruptcy or liquidation of the QFI Custodian, the relevant Trusts will not have any proprietary rights to the cash deposited in such cash account, and the relevant Trusts will become an unsecured creditor, ranking *pari passu* with all other unsecured creditors, of the QFI Custodian. The relevant Trust may face difficulty



and/or encounter delays in recovering such debt, or may not be able to recover it in full or at all, in which case the relevant Trust will suffer losses.

A Fund investing via the QFI regime may also incur losses due to a default, act or omission of the QFI Custodian or PRC brokers in the execution or settlement of any transaction or in the transfer of any funds or securities. In such event, the Fund investing via the QFI regime may be adversely affected in the execution or settlement of any transaction or in the transfer of any funds or securities.

Repatriations by QFIs are currently not subject to any lock-up periods, prior approval or other repatriation restrictions, although the repatriation process may be subject to certain requirements set out in the relevant regulations (e.g. review on authenticity, submission of certain documents in respect of the repatriation etc.). Completion of the repatriation process may be subject to delay. There is no assurance that QFI Regulations will not change or that repatriation restrictions will not be imposed in the future. Any restrictions on repatriation may impact on the relevant Trust's ability to meet redemption requests. In extreme circumstances, the relevant Trusts may incur significant loss due to limited investment capabilities, or may not be able fully to implement or pursue its investment objectives or strategies, due to QFI investment restrictions, illiquidity of the PRC's securities market, and delay or disruption in execution of trades or in settlement of trades.

Further, the QFI licence of a QFI licence holder may be revoked or terminated or otherwise invalidated at any time by reason of a change in applicable law, regulations, policy, practice or other circumstances, an act or omission of the QFI licence holder or for any other reasons. A Trust may suffer losses if the approval of the QFI is being revoked/terminated or otherwise invalidated as a Trust may be prohibited from trading of relevant securities, or if any of the key operators or parties (including QFI Custodian/brokers) is bankrupt/in default and/or is disqualified from performing its obligations (including execution or settlement of any transaction or transfer of monies or securities).

There are rules and restrictions under QFI Regulations, including rules on remittance of principal, investment restrictions and repatriation of funds which will apply to the QFI licence holder as a whole and not simply apply to the investment made for the account of the Fund. As parties other than the Fund may also invest through the QFI licence holder, investors should be aware that violations of the QFI Regulations on investments arising out of activities of such other parties could result in the revocation of or other regulatory action in respect of the QFI licence holder as a whole. Hence, the ability of the Fund to make investments may be adversely affected by other funds or clients investing through the same QFI licence holder.

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## **Fees and Expenses**

### **ACD's Preliminary Charge**

The ACD is permitted to make a Preliminary Charge upon the purchase of Shares from the ACD and at present intends to make such a charge only on the purchase of Class A Shares. The Preliminary Charge in respect of each Fund as a percentage of the value of the Dealing Price is specified in the particulars relating to each Fund in Appendix A. The ACD may increase the Preliminary Charge on compliance with requirements to give 60 day's prior notice in writing to those holders of Shares who ought reasonably have been known to the ACD to have made an arrangement for the purchase of Shares at regular intervals and to alter the Prospectus as set out in the FCA Rules to reflect the new rate of the Preliminary Charge and the date of its commencement. The ACD may waive or discount the Preliminary Charge at its discretion.

### **Annual Management Fee**

The ACD is entitled under the ACD Agreement to receive from the Company (with effect from the Dealing Day on which Shares of any Class are first allotted) a management fee payable monthly in arrears and calculated and accrued based on the value of the Scheme Property of the relevant Fund on each day that the value of the net assets of that Fund is calculated. The management fee is payable in sterling. The current annual rate of management fee in respect of each Fund as a percentage of the value of Scheme Property is specified in the particulars relating to each Fund in Appendix A.

If there is any change made to this approach, the ACD will notify Shareholders of the change in accordance with the FCA Rules.

The ACD may increase the rate of management fee per Class of Share on compliance with the requirements to give 60 days' prior notice in writing and to alter this Prospectus as set out in the FCA Rules.

In relation to investment by a Fund in a collective investment scheme managed (i) directly or by delegation by the ACD or (ii) by another company with which the ACD is linked by common management and control or by a direct or indirect holding of more than 10% of the capital or voting rights of such company (collectively referred to as "Related Funds"), the following conditions will apply:

1. no subscription, conversion or redemption fees on account of the Fund's investment in the Related Fund may be charged;
2. no management fee may be charged at the level of the Related Fund; and
3. where a commission (including a related commission) is received by the ACD by virtue of their investment in the Related Fund, the commission must be repaid into the property of the relevant Fund.

### Redemption Charge

The ACD may in the future issue new Classes of Shares carrying a redemption charge upon a redemption or cancellation of Shares. If introduced, a redemption charge would not apply to Shares issued before the date of such introduction.

The ACD does not, at present, intend to levy any redemption charge. Before the ACD does so, it will give holders 60 days' prior notice in writing and revise the Prospectus as required by the FCA Rules.

### Administration Fee

The Administrator's fees and expenses (plus VAT thereon where applicable) will be paid by the ACD out of its remuneration under the ACD Agreement.

### Depositary Fee

In consideration for the services performed by the Depositary, the Depositary shall be entitled to receive from the Company (with effect from the Dealing Day on which Shares of any Class are first allotted) a fee which is calculated daily and payable monthly. The rate of the periodic fee is agreed between the ACD and the Depositary and is calculated on a sliding scale for the Fund on the following basis:

| Value Of The Property Of The Fund | Below £200 Million | Between £200-£400 Million | Between £400-£1,200 Million | Over £1,200 Million |
|-----------------------------------|--------------------|---------------------------|-----------------------------|---------------------|
| Periodic Fee per annum            | 0.0175%            | 0.0150%                   | 0.0100%                     | 0.0050%             |

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

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

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

| Item                | Range   |
|---------------------|---|
| Transaction Charges | £0 To £200 (Subject To A Maximum Of £600 Per Transaction)   |
| Custody Charges     | 0.0035% To 1.08% (Subject To A Maximum Of 1.25% Per Annum Of The Value Of The Relevant Property Of The Relevant Fund) |

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

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

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

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

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

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

#### **Other Payments out of the Scheme Property of the Company**

So far as the Regulations allow, certain other expenses, including the following, can be paid out of the property of the Company or Fund, as the case may be:

1. broker's commission, fiscal charges (including stamp duty and/or stamp duty reserve tax) and other disbursements which are necessary to be incurred in effecting transactions for the Funds and normally shown in contract notes, confirmation notes and difference accounts as appropriate;
2. any costs incurred in the incorporation and authorisation of the Company, any initial offer of Shares and the fees for professional services provided to the Company in connection with such offer, will be borne by the Company;
3. fees and expenses in respect of establishing and maintaining the Register, including any sub-registers kept for the purpose of the administration of ISAs;
4. any costs incurred in or about the listing of Shares in the Company on any stock exchange, and the creation, conversion and cancellation of Shares;
5. expenses incurred in acquiring and disposing of investments;
6. any costs incurred in producing and dispatching any payments made by the Company, or the yearly and half-yearly reports of the Company;
7. any fees, expenses or disbursements of any legal, tax or other professional adviser of the Company;
8. any costs incurred in taking out and maintaining an insurance policy in relation to the Company;
9. any costs incurred in respect of meetings of Shareholders (and any meetings of Classes of Shares) convened for any purpose including those convened on a requisition by Shareholders (not including the ACD or an associate of the ACD);
10. interest on borrowings and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings;
11. taxation and duties payable in respect of the Scheme Property or the issue or redemption of Shares;
12. the audit fees of the Auditors (including VAT) and any expenses of the Auditors;
13. the fees of the FCA under FSMA and the corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which Shares in the Company are or may be marketed;
14. any expense incurred in relation to company secretarial duties including the cost of maintenance of minute books and other documentation required to be maintained by the Company;
15. the costs of providing scheme facilities and fees incurred in connection with the registration, or other required procedures, to permit lawful marketing of any of the Funds in a country outside the UK where the Company is being marketed;
16. any payments otherwise due by virtue of a change to the Regulations;
17. any value added or similar tax relating to any charge or expense set out herein;
18. any costs incurred which are associated with independent risk monitoring or daily "value at risk" or "VaR" calculations;
19. any costs incurred in preparing, translating, producing (including printing), distributing and modifying the Instrument of Incorporation, the Prospectus, any Key Investor Information Document (apart from the costs of distributing the Key Investor Information Documents) or reports, accounts, statements, contract notes and other like documentation or any other relevant document required under the Regulations;
20. any liabilities arising on the unitisation, amalgamation or reconstruction of any of the Funds;
21. certain liabilities on amalgamation or reconstruction arising after the transfer of property to the Company in consideration for the issue of Shares as set out in the FCA Rules;
22. costs in respect of communications with actual and potential investors;
23. any amount payable by the Company under any indemnity provisions contained in any agreement with any functionary of the Company;
24. taxation and duties payable in respect of the Scheme Property or the issue or redemption of Shares and any SDRT charged in accordance with Schedule 19 of the Finance Act 1999;
25. the fees and expenses payable to the ACD, the Investment Manager and the Administrator;
26. any costs incurred in producing and despatching income or other payments to the Shareholders;
27. all fees and expenses (including FCA fees, legal fees and any other administrative costs);
28. any costs incurred by the Company in publishing and despatching the details of the valuation and price of the Shares;
29. any fees and expenses associated with administration of the Funds, pricing of the Shares and valuation of the assets of the Funds. This may include (as appropriate) the costs incurred in obtaining estimated prices or verifying prices with external suppliers;

30. fees of any paying, representative or other agents of the Company or the ACD; and
31. payments otherwise due by virtue of the FCA Rules.

### **Stamp Duty Reserve Tax Charges**

It was confirmed in the budget 2014 that the 'Schedule 19 SDRT' charge which could have arisen when shares in an open-ended investment company which is not prohibited from investing in non-exempt assets were surrendered (i.e. redeemed, switched) or disposed of by a Shareholder would be abolished with effect from 1 April 2014. It should also be noted that, subject to certain exemptions, where a transfer of Shares is made by an investor, other than by the ACD transferring Shares on the Register, SDRT continues to be chargeable at the rate of 0.5% of the consideration.

### **Stock Lending Fees and Charges**

The Depositary may engage in stock lending activities on behalf of the Company and may appoint a stock lending agent to act on its behalf. The Depositary is entitled to a payment for costs incurred in connection with the stock lending activity, including any fee due to the stock lending agent. If applied, the fee is calculated as a percentage of the gross income from stock lending and will be no more than 25% of the income generated by the stock lending arrangements. Shareholders will be given at least 60 days' notice of the introduction of such a fee for stock lending.

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## **Valuation of the Company**

The ACD deals on a forward price basis; that is to say, at the price for each Class of Share in each Fund ruling at the next Valuation Point following receipt of a request to issue or redeem Shares.

Shares will be "single priced", with the same price for buying or selling on any particular day. This will be based on a mid-market valuation of the underlying investments without addition or deduction of a provision for dealing costs. Assets which are not investments are to be valued at a fair value. A preliminary charge payable to the ACD may increase the price for the investor buying Shares, and exit charges (likewise payable to the ACD) may reduce the amount an investor receives on selling their Shares.

### **Determination of Net Asset Value**

Valuations of the Scheme Property of the Company and each Fund will be set out below.

The Scheme Property of the Company and each Fund is valued every Business Day at 12.00 noon (London time) (the Valuation Point), on the basis described below, unless the ACD determines in respect of a Fund that any Business Day shall not be a Business Day. Such a determination would only be made in respect of a particular day if that day were a holiday on a stock exchange which was a principal market for a substantial portion of a Fund's assets and which accordingly impedes the calculation of assets of that Fund.

The ACD may carry out additional valuations of the Scheme Property of the Company and each Fund if it considers it desirable. The ACD shall inform the Depositary of any decision to carry out such additional valuations. Valuations may be carried out for effecting a scheme of amalgamation or reconstruction which do not create a Valuation Point for the purposes of dealing.

The ACD will, forthwith upon completing each valuation, notify the Depositary of the price of a Share of each Class of each Fund.

The following is a summary of the bases of valuation to be applied in valuing the Scheme Property of the Company and each Fund:

1. Any units or shares in a collective investment scheme shall be valued, where there is a single price quoted for buying and selling units or shares, at the most recent such price available; or if separate buying or selling prices are quoted, at the average of the two prices providing the buying price has been reduced by any preliminary charge included therein and the selling price has been increased by any exit or redemption charge attributable thereto; or, if no price or no recent price exists, at a price which, in the opinion of the ACD, is fair and reasonable.
2. Any other transferable security shall be valued where there is a single price quoted for buying and selling the security at that price; or, if separate buying and selling prices are quoted, the average of these two prices; or, if in the opinion of the ACD the price obtained is unreliable or no recent traded price is available or if no price exists, at a value which, in the opinion of the ACD, reflects a fair and reasonable price for that investment.
3. Cash and amounts held in current and deposit accounts and in other term-related deposits shall be valued at their nominal values.

4. Property which is a contingent liability transaction shall be treated as follows:
  - (a) if a written option (and the premium for writing the option has become part of the Scheme Property), it shall be included at its fair market value. If the property is an off-exchange derivative, the method of valuation shall be agreed between the ACD and the Depositary;
  - (b) if an off-exchange future, it shall be included at the net value of closing out in accordance with a valuation method agreed between the ACD and the Depositary;
  - (c) if any other form of contingent liability transaction, it shall be included at the net value of margin on closing out. If the property is an off-exchange derivative (but not falling within paragraph (b) above), it shall be included at a valuation method agreed between the ACD and the Depositary.
5. Property other than that described in (1) to (4) above shall be given a value which, in the opinion of the ACD, represents a fair and reasonable mid-market price.
6. In calculating the value of the assets of the Company or Fund, there shall be added to the Company's or Fund's assets any other credits or amounts due to be paid into its Scheme Property, any actual or estimated amount for accrued claims for tax of whatever nature which may be recoverable by the Company or Fund, and a sum representing any interest or any income accrued, due or deemed to have accrued but not received.
7. From the total value of the assets of each Fund shall be deducted the estimated amounts of all taxation and other liabilities of the Company attributable to the relevant Fund, treating periodic items as accruing from day to day.

Notwithstanding the foregoing, the ACD may, in the event it is impractical or manifestly incorrect to carry out a valuation of an investment in accordance with the above rules, use other generally recognised valuation principles in order to reach a proper valuation of the total assets of the Company.

In the absence of bad faith, negligence or manifest error, every decision taken by the ACD or its delegate in calculating the net asset value shall be final and binding on the Company, and its present, past and future Shareholders.

The price of a Share of any Class in a Fund shall be calculated by taking the proportion of the value of Scheme Property attributable to all Shares of that Class (by reference to the most recent valuation of that Scheme Property) and dividing it by the number of Shares of the relevant Class in issue immediately before that valuation. The price will be expressed in Class currency and will be accurate to four significant figures.

The Base Currency of each of the Funds is set out in Appendix A.

#### **Publication of Prices**

The ACD will publish the most recent price of each Share Class in each Fund on the Barings website at [www.baring.com](http://www.baring.com). Shares in the Fund are not listed or dealt on any investment exchange. Prices can also be obtained by telephone on +44 (0) 333 300 0372. Prices are published in the currencies shown in Appendix A.

As the ACD deals on a forward pricing basis the published price will not necessarily be the same as the one at which investors deal. A forward price is the price calculated at the next Valuation Point after the purchase or redemption is deemed to be accepted by the ACD.

#### **Fair Value Pricing**

Fair value pricing ("FVP") may be defined as the application of the ACD's best estimate of the amount a Fund might receive on a sale, or expect to pay on a purchase, of one or more securities or even an entire portfolio of securities, at the time of the Fund's Valuation Point, with the intention of producing a fairer dealing price, thereby protecting ongoing, incoming and outgoing investors.

At the discretion of the ACD, where market conditions may be such that the last applicable real time quoted price or the Valuation Point does not capture the best reflection of the buying and selling price of a stock, FVP may be applied following prior consultation with the Depositary. Due to the time differences between the closing of the relevant securities exchanges and the time of the Fund's Valuation Point, a Fund may fair value its investments more frequently than it does other securities and on some Funds this may occur on a daily basis. The ACD has determined that movements in relevant indices or other appropriate market indicators, after the close of the securities exchanges, may demonstrate that market quotations are unreliable and may trigger fair value pricing for certain securities. Therefore the fair values assigned to a Fund's investments may not be the quoted or published prices of the investments on their primary markets or exchanges. By fair valuing a security which is suspended from trading, for example, because of financial irregularities, or whose price may have been affected by significant events or by news after the last market pricing of the security, the Funds attempt to establish a price that they might reasonably expect to receive upon the current sale of that security. It may also be necessary to use FVP in the event of a market remaining closed unexpectedly due to a force majeure event.

Suspended securities may provide an exception to this general policy. When individual securities are suspended for trading, for example, because of financial irregularities, the Investment Manager will suggest what it believes to be a reasonable price for that security. This is normally, but not always, achieved by applying a percentage discount to the last traded price prior to suspension, and which will be justified to the ACD and to the Depositary.

### **Suspension of Dealing in Shares**

The ACD may, with the prior agreement of the Depositary, and shall if the Depositary so requires, without prior notice to Shareholders, temporarily suspend the issue, cancellation, sale and redemption of Shares where, due to exceptional circumstances, it is in the interests of all holders in the relevant Fund or Funds to do so. Shareholders will be notified of such suspension in dealings as soon as is practicable after suspension commences and will be kept informed about the suspension. Suspension will continue only for so long as it is justified having regard to the interests of the Shareholders.

Exceptional circumstances in which the ACD may consider that it is in the interests of Shareholders to suspend dealing in Shares include:

- a) any period when any stock exchange on which any of the Fund's investments for the time being are quoted is closed, otherwise than for ordinary holidays, or during which dealings are restricted or suspended;
- b) the existence of any state of affairs as a result of which disposals of an investment by a Fund cannot, in the opinion of the ACD, be affected normally without seriously prejudicing the interests of Shareholders;
- c) any breakdown of the means of communication normally employed in determining the value of any of the Fund's investments or for any reason of value of the investments owned by a Fund cannot be promptly and accurately ascertained;
- d) any period when the realisation of investments or the transfer of funds involved in such realisation cannot, in the opinion of the ACD, be affected at normal prices or rates of exchange respectively; and/or
- e) any period during which the ACD is unable to repatriate funds required for making payments due on realisation of Shares.

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

The ACD shall notify Shareholders as soon as is practicable after the commencement of the suspension, including giving details of the exceptional circumstances which led to the suspension in a clear, fair and not misleading way and details of how Shareholders may find out further information about the suspension. In the event of suspension, the ACD shall publish sufficient details on its website or by other general means to keep Shareholders appropriately informed about the suspension including, if known, its possible duration.

The ACD and the Depositary will formally review the suspension at least every 28 days and will inform the FCA of such review and any change to the information supplied to Shareholders.

Suspension will cease as soon as practicable after the exceptional circumstances leading to the suspension have ceased. On a resumption of dealings following suspension, it is anticipated that Share pricing and dealing will take place at the Dealing Days and times stated in this Prospectus.

During any suspension, a holder may withdraw his redemption notice provided that such withdrawal is in writing and is received before the end of the suspension. Any notice not withdrawn will be dealt with on the Dealing Day next following the end of the suspension.

### **Dilution Adjustment**

All Funds operate on a single, as opposed to bid and offer, pricing basis. The Funds may suffer a reduction or dilution in value as a result of the costs incurred in dealing in its underlying investments and of any spread between the buying and selling prices of such investments.

In order to mitigate this, the ACD has the ability to apply a dilution adjustment ("dilution adjustment") as defined in the Rules, on the subscription and redemption of Shares. A dilution adjustment is an adjustment to the price of a Share to reduce the effect of dilution where in the ACD's opinion it is sufficiently material for the interests of Shareholders to require it.

The ACD shall comply with the Rules in their application of any such dilution adjustment.

The ACD may make a dilution adjustment in the following circumstances:

1. where the aggregate net investor inflows or outflows exceed a pre-determined threshold (as determined from time to time by the ACD); and / or
2. where in any case the ACD is of the opinion that the interests of Shareholders require the imposition of a dilution adjustment.

In the above circumstances dilution adjustments may be made by moving, or 'swinging', the price of a Fund upwards or downwards to reflect the costs attributable to the Fund's net inflows or net outflows.

In determining the size of the dilution adjustments, factors the ACD may take into account include any provision for market spreads (bid/offer spread of underlying securities, duties (for example transaction taxes) and charges (for example settlement costs or dealing commission) and other dealing costs related to the buying and selling of investments).

The ACD would normally seek to adjust, or swing, the price in this way when the effect of a net inflow or outflow is regarded as material for a Fund, which could be daily.

On the occasions when the dilution adjustment is not applied, the impact of market spreads, duties and charges and other dealing costs may have an immaterial impact on the Fund's performance on such date.

**As dilution is directly related to inflows and outflows of monies from a Fund it is not possible to accurately predict whether dilution will occur at any future point in time.** Consequently it is also not possible to accurately predict how frequently the ACD will need to apply a dilution adjustment.

If a dilution adjustment is required then, based on historical data and future projections, the estimated amount of the adjustment is likely to be up to 1% of the price of a Share. A pricing committee is responsible for reviewing the pricing calculation methodology. In addition, this committee reviews and signs off all dilution adjustments made by a Fund on a quarterly basis. We have set out below how often a dilution adjustment was imposed over the last year from the date of this Prospectus.

The ACD may alter its current policy on dilution by giving Shareholders notice and amending the Prospectus at least 60 days before the change to the dilution policy is to take effect.

| Fund                            | Number of times that Dilution Adjustment has been applied in the last 12 months* |
|---------------------------------|--|
| Barings Global Agriculture Fund | 0  |

\* Data as of 31 January 2021

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## Distribution Policy

### General

The distribution dates (referred to as interim and annual allocation dates) in respect of each Fund are shown in Appendix A of this document.

The income available for each Fund is calculated by taking the aggregate of income received or receivable by the Fund in respect of the period, deducting charges and expenses paid or payable by such Fund out of income in respect of the period, adding the ACD's best estimate of any relief from tax on such charges and expenses, and making other adjustments permitted by the FCA Rules that the ACD considers appropriate in relation to both income and expenses (including taxation), after consulting the Auditor when required to do so.

Except where an average income payment to holders in a Fund would be less than £5, all available income must be allocated at the end of each annual accounting period but an interim allocation may involve less than the whole amount considered available for allocation.

The ACD may make an additional allocation of income during an accounting period in accordance with the COLL Sourcebook and subject to the Instrument of Incorporation of the Fund.

Any distribution unclaimed after a period of six years from the date of declaration of such distribution shall be forfeited and shall revert to the relevant Fund.

All notices or documents required to be served on Shareholders shall be served by post to the address of such Shareholder as evidenced on the Register. All documents and remittances are sent at the risk of the Shareholder.

### **Income Shares**

Holders of Income Shares will be entitled to annual and, where prescribed, interim income distributions in respect of each annual accounting period. In the case of each interim distribution, holders of Shares will be entitled to that portion of the income of the Fund for the interim accounting period attributable to the holders of Shares. In the case of each annual distribution, holders of Shares will be entitled to the portion of the income of the Fund for the whole annual accounting period attributable to holders of Shares less the amount of any interim distribution. Income available for allocation in respect of the relevant accounting period will be distributed among holders and the ACD rateably in accordance with the number of Shares held or deemed to be held at the end of the relevant accounting period.

In relation to the Income Shares, income is automatically reinvested to acquire further Shares of the same Class in the relevant Fund unless a Shareholder requests in writing, giving 30 days' notice prior to a distribution date, to receive all the income allocated to their Income Shares in cash, and in each case provides relevant bank account details. Where income is reinvested the price of such Shares is based on the creation price on the applicable date.

The ACD will automatically reinvest any distribution entitlements in further Shares of the same Class in the relevant Fund where the Share anti-money laundering documentation is incomplete or has not been completed to the satisfaction of the ACD or the Administrator.

Shareholders who have their income re-invested will receive a tax voucher in respect of each deemed income distribution and will be liable to United Kingdom taxation in the same manner, and to the same extent, as if they had received their distribution in cash. New investors who wish to re-invest their income entitlement should tick the appropriate box on the Account Opening Form.

Payment will be made on or before the annual / interim income allocation date by electronic transfer.

### **Accumulation Shares**

In the case of the Accumulation Shares, the income available for allocation in respect of the relevant accounting period will be transferred from the income property of the relevant Fund to the capital property of the Fund on or before the last day of the annual accounting period of the Fund. No distributions are made to Shareholders nor are additional Shares issued in lieu of distributions. The amount of income earned by a Fund since the end of the last annual accounting period (or the end of the last interim accounting period if more recent for the Fund) is reflected in the price of Shares.

The price of Shares therefore remains unchanged at the ex-accumulation date. Shareholders will nonetheless be liable to United Kingdom taxation in the same manner, and to the same extent, as if the income accumulated for their benefit had instead been distributed to them. An appropriate tax voucher will be issued to each Shareholder of Accumulation Shares in respect of the amount of income accumulated for his benefit in any accounting period.

### **Equalisation**

On the first distribution following the issue of a Share in any of the Funds, the Share may receive as part of that distribution a capital sum representing that part of the purchase price of the Share which represents the value of accrued income at the time of sale. The amount so paid, known as "income equalisation" will be an amount arrived at by taking the aggregate of the amounts of income included in the creation price in respect of Shares issued or reissued in a particular accounting period (the "grouping period") and dividing that aggregate by the number of those Shares and applying the resultant average to the Shares in question. Such grouping of income equalisation is permitted by the Instrument of Incorporation.

The Instrument of Incorporation permit the grouping of Shares in the same Class and the same Fund for equalisation; grouping will be operated in respect of each accounting period (including interim accounting periods) for which income is allocated. Shares purchased during each such period will carry an entitlement to equalisation which is the amount arrived at on an average basis of the accrued net income per Share included in the price of the Shares purchased during the period.



## Purchase of Shares

### Minimum Initial Investment

The minimum initial investment in respect of each Fund is contained in Appendix A. It is at the ACD's discretion to accept investments below the prescribed minimum investment levels.

### Applications

Persons interested in buying Shares should inform themselves as to:

1. The legal requirements within their own countries relating to the purchase of Shares;
2. Any foreign exchange restrictions which may be encountered; and
3. the income, estate and any other tax consequences of becoming a Shareholder

Applications to buy Shares should be made to the ACD between 9.00 a.m. and 5.00 p.m. on any Dealing Day either through a professional adviser or in writing, subject to the policy on pricing as set out in the section headed 'Determination of Net Asset Value'.

Investors subscribing for Shares for the first time must complete the Account Opening Form in writing and submitted to the ACD at the address set out under "Application in Writing" below. The signed Account Opening Form together with supporting documentation in relation to anti-money laundering requirements must be received before any subscription orders will be accepted. It is the Shareholder's responsibility to advise the ACD in writing of any changes that they wish to make to their account, such as changing address, contact details or bank account details. Instructions should be sent by letter or fax to the ACD via the contact details included in the Account Opening Form or the Subscription Form. These forms may be obtained from the ACD on request.

Purchase orders received and accepted by the ACD by 12:00 noon (London time) on a Dealing Day will be dealt with at the price calculated on that day. Orders received and accepted after 12:00 noon (London time) will be dealt with at the price calculated on the next Dealing Day. Payment may be made by electronic transfer directly to the bank account of the ACD, or in such other manner as the ACD shall inform the applicant.

Applications to purchase Shares will not be accepted unless the investor confirms that they have been provided with the latest key investor information document in respect of the Class of Shares to which the application relates. Initial or subsequent purchases of Shares shall be made in the following ways:

#### a) Application in Writing

Investors should complete and sign a Subscription Form and send it to Baring Fund Managers Limited, Sunderland, SR43 4AY. Instructions by fax will be accepted. Instructions via email are not accepted.

On acceptance of an application, Shares will be issued at the relevant price, and a contract note ("Contract Note") confirming the subscription price and the number of Shares subscribed will be dispatched. No other acknowledgement of the application for Shares will be given. Investors will have no rights to cancel any application.

#### b) Application by Telephone

The ACD does not offer a facility to purchase Shares by telephone to direct investors. Telephone dealing requests are only accepted from regulated financial institutions, including investment advisers, Independent Financial Advisers (IFAs) and stockbrokers to the ACD's dealing department telephone + 44 (0) 333 300 0372. On acceptance of telephone instructions Shares will be issued at the relevant price and a Contract Note will be dispatched. On receipt of the Contract Note the name ticket giving full registration details should be returned to the ACD.

It should be noted that telephone calls may be recorded by the ACD and its agents, its delegates, their duly appointed agents and any of their respective related, associated or affiliated companies for record keeping, security and/or training purposes. Identifiable recordings will be provided on request for a period of at least six years from the date of such recording, or, where requested by a competent regulatory authority, for a period of seven years. If you ask us to send you a recording of a particular call, we may ask for further information to help us identify the exact call to which your request relates.

#### c) Electronic Messaging Service

Investors can, with the agreement of the ACD, subscribe via electronic messaging services such as EMX or swift.

A purchase of Shares in writing and/or by telephone is a legally binding contract. Fractions of a Share may be issued. The ACD reserves the right to limit deals without prior receipt of cleared funds or to reject deals where number or value of Shares sought to be issued would be less than the minimum subscription applicable to the Class of Shares concerned.

Without prejudice to all other rights of the ACD and the Depositary in respect of a default by a purchaser in payment of any monies under their application, any such default will entitle the Depositary to cancel any rights of the purchaser in the Shares.

Share certificates will not be issued. Ownership of Shares will be evidenced by an entry on the Register. Statements in respect of periodic distributions on Shares will show the number of Shares held or accumulated by the Shareholder. Fractions of a Share may be issued, are rounded up to the nearest one-thousandth of a whole Share, and shall have proportionate right. Individual statements of a Share (or, when Shares are jointly held, the first named holder's) will also be issued at any time on request by the registered holder.

The ACD reserves the right subject to the Rules to reject any application for Shares in whole or in part. In the event of such rejection, the application money or any balance thereof will be returned to the applicant.

A purchaser of Shares who returns the application form accompanying the Prospectus will not generally have any right to cancel the contract under the FCA Cancellation Rules.

A purchaser of Shares who has received advice has rights to cancel the contract under Chapter 15 of the FCA's Conduct of Business Sourcebook.

Any money which is received by the ACD prior to investment in a Fund or following a redemption of Shares will be held in accordance with the FCA's client money rules in a client money account. The bank will hold the cash on the ACD's behalf in an account separate from any money the bank holds for the ACD. If the bank becomes insolvent the ACD will have a claim on behalf of its clients against the bank.

No interest is payable by the ACD on monies credited to a client money bank account.

### **In Specie Application**

The ACD may, by special arrangement and at its discretion, agree to arrange for the issue of Shares in exchange for assets other than cash but will only do so where the Depositary has taken reasonable care to determine that the acquisition of those assets in exchange for the Shares by the Company concerned is not likely to result in any material prejudice to the interests of Shareholders.

### **Settlement**

Settlement of purchase orders is due by the Settlement Date. Payment may be made directly to the bank account, or in such other manner as the ACD shall inform the applicant.

If subscription monies are not received by the ACD by the Settlement Date, the Shares may be cancelled.

If timely settlement is not made by the investor, in accordance with the above, the Company reserves the right, in the event of non-receipt of cleared funds by the due date and cancellation of a subscription, to charge the applicant for certain losses accruing. The investor shall be liable for any certain costs (for example, brokerage and administration costs, interest or losses (including as a result of market movements) and any transaction costs incurred as a result of subsequent trades that are made due to the missing funds) incurred or suffered by the ACD and/or the Company in relation to any late or non-payment of the settlement amount. The Manager and the Company reserve the right to limit deals without prior receipt of cleared funds.

### **Market Timing**

Repeatedly purchasing and selling Shares in a Fund in response to short-term market fluctuations - known as 'market timing' - can disrupt the Investment Manager's investment strategy and increase the Funds' expenses to the prejudice of all Shareholders. The Funds are not intended for market timing or excessive trading. To deter these activities, the ACD may refuse to accept an application for Shares from persons that they reasonably believe are engaged in market timing or are otherwise excessive or potentially disruptive to the Fund.

The ACD also reserves the right to redeem Shares which they reasonably believe have been purchased by Shareholders engaged in market timing.

## **Anti-Money Laundering**

The ACD is bound by law to abide by the anti-money laundering legislation to verify the identity of investors. This verification usually happens when an investment is made or Shares are transferred. It may also be required at other times whilst the investment is held. Verification will also be required for any third party making payments. If you are investing through an intermediary, part of their duty will be to provide us with verification of your identity. Verification of identity may be achieved through the use of a credit reference agency which may retain a record of the information. However this is only to verify your identity and will not affect your credit record. In some circumstances the ACD may require independent evidence of your identity and permanent address. If the ACD does not receive acceptable verification evidence it reserves the right to delay or reject your application or withhold payment of the proceeds of redemption and income on Shares until verification has satisfactorily been completed.

## **Data Protection Notice**

The ACD's Privacy Notice details the collection, use and sharing of Shareholders' personal information in connection with their investment in the Company. The Privacy Notice can be found on the ACD's website at [www.barings.com](http://www.barings.com).

This notice may be updated from time to time and Shareholders should confirm that they hold the latest version. Shareholders who access the Company through an intermediary such as a wealth manager, platform service or ISA plan manager should also contact that organisation for information about its treatment of their personal information.

Any Shareholder who provides the ACD and its agents with personal information about another individual (such as a joint investor) must also show the Privacy Notice to those individuals.

## **Qualified Shareholders**

Shares may not be acquired or held by any person in circumstances which constitute a breach of law or government regulation, or which would result in the Company incurring any tax liability or other adverse consequence (an "affected person"). In this connection the ACD may reject at its discretion any subscription for, sale or transfer of or exchange notice in respect of Shares. If it comes to the ACD's notice that Shares have been acquired or are held by an affected person, the ACD may give notice to the affected person requiring him to transfer his Shares to a person who is not an affected person. If the affected person has not transferred his Shares within thirty days, the ACD may compulsorily redeem his Shares. A person who becomes aware that he is an affected person should either transfer his Shares to a person who is not an affected person, or request the redemption of his Shares, immediately.

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## **Redemption of Shares**

Shareholders can sell (redeem) Shares in the Fund by selling them back to the ACD. Redeeming Shares by selling them back to the ACD amounts to a transfer of the Shares to the ACD in exchange for the cash proceeds of the sale.

Instructions to sell Shares can be made between 9.00 a.m. and 5.00 p.m. on any Dealing Day. Sale requests received and accepted by the ACD by 12:00 noon (London time) on a Dealing Day will be dealt with at the price calculated on that day. Any sale requests received and accepted after 12:00 noon (London time) will be dealt with at the price calculated on the next Dealing Day.

No valid instruction to sell Shares will be accepted where, following the sale by the Shareholder, the balance of Shares held would fall below the minimum holding amounts as stated in Appendix A.

An instruction to sell Shares is irrevocable.

The ACD will accept requests to sell/redeem Shares as follows:

Redemption requests will not be acknowledged but the amount due to the Shareholder on redemption will be shown on a contract note which will be sent out to the selling Shareholder (or the first-named on the Register, in the case of joint Shareholders) within one Business Day following the Valuation Point by reference to which the redemption price is determined. Fractions of a Share may be redeemed and are rounded down to the nearest one-thousandth of a whole Share. Redemption of Shares in writing is a legally binding contract. The Shares may be compulsorily redeemed or cancelled in accordance with the Instrument of Incorporation if the holding of any Shares by a Shareholder is, or is reasonably considered by the ACD to be, an infringement of any law or governmental regulations. The ACD will accept requests to sell/redeem Shares as follows;

The ACD may accept instructions given by telephone or by electronic messaging (as described below) to effect a transfer or renunciation of title to Shares on the basis of an authority communicated by electronic means where there is:

1. a prior agreement between the ACD and the person making the communication as to:
  - (i) the electronic media by which such communications may be delivered; and
  - (ii) how such communications will be identified as conveying the necessary authority; and
2. an assurance from any person who may give such authority on behalf of the Shareholder that they will have obtained the required appointment in writing from the Shareholder.

**a) Notice in Writing**

Requests to redeem Shares are to be made to the ACD in writing and sent to Baring Fund Managers Limited, Sunderland, SR43 4AY. Shareholders should complete and sign a letter of instruction to redeem Shares and return it to the ACD including bank details for where they would like the payment to be made. Once the instruction has been received and accepted a contract note confirming the transaction will be sent to the Shareholder (or the first-named on the Register, in the case of joint Shareholders) and a copy to the Shareholder's intermediary (where applicable). Proceeds from the sale will be paid by electronic transfer; within three Business Days following receipt of a duly completed and signed instruction and any other required identity verification.

Instructions by fax will be accepted.

Instructions to sell via email are not accepted.

**b) Notice by Telephone**

Telephone requests from individual Shareholders will not be accepted. Telephone dealing requests are only accepted from regulated financial institutions, including investment managers, financial advisers and stockbrokers to the ACD's dealing department telephone +44 (0) 333 300 372.

On acceptance of telephone instructions, Shares will be redeemed at the relevant price and a contract note confirming the transaction will be sent to the Shareholder (or the first-named on the Register, in the case of joint Shareholders) and a copy to the Shareholder's intermediary (where applicable). Proceeds from the sale of Shares will be paid to the Shareholder not later than the close of business on the third Business Day, pending receipt of the required identity verification.

**c) Notice via Electronic Messaging Service**

Regulated financial institutions, including investment managers, financial advisers and Stockbrokers can, with the agreement of the ACD, sell Shares to the ACD via electronic messaging services such as EMX or SWIFT. Instructions to redeem Shares via such electronic methods constitute renunciation of Shares.

Once an order has been received and acknowledged, Shares will be redeemed at the relevant price and a contract note confirming the transaction will be sent to the Shareholder (or the first-named on the Register, in the case of joint Shareholders) and a copy to the Shareholder's intermediary (where applicable). Proceeds from the sale of the Shares will be paid to the Shareholder not later than the close of business on the third Business Day after the Dealing Day and after any other required identity verification is complete.

Arrangements can be made for Shareholders wishing to realise their Shares to receive payment in currencies other than the relevant Base Currency.

Where proceeds are to be remitted abroad, the cost of making such overseas remittance will be deducted from the proceeds payable. Please contact the ACD in advance to ascertain the cost.

**Minimum Holding Levels**

If at any time a Shareholder's holding in a Class of Shares is below the specified minimum holding levels, the ACD reserves the right to sell the Shares and send the proceeds to the Shareholder, or at its absolute discretion convert the Shares to another Class of the Shares in the Fund (which will have a lower minimum holding level but may be subject to higher ongoing fees).

Where the value of a Shareholder's Shares has fallen below the minimum holding level due to a decline in the Net Asset Value of the Fund or an unfavourable change in currency rates, this shall not be considered to be a breach of the minimum holding requirement.

### **Deferral Policy**

The ACD is entitled, with the approval of the Depositary, to limit the net number of Shares which may be redeemed at a particular Valuation Point (whether by sale to the ACD or by cancellation by the Depositary) to 10% of the Net Asset Value of the Fund. In this event, the limitation will apply pro rata to each Shareholder wishing to redeem Shares at that Valuation Point. Where the ACD elects to invoke the deferral policy, the excess of Shares above 10% of the Net Asset Value for which redemption requests have been received will be carried forward for redemption to the next Valuation Point. Where redemption requests received on the next Valuation Point again exceed 10% of the Net Asset Value, the deferral policy will again operate, any deferral applying both to new redemption requests and also to deferrals brought forward. The ACD will also ensure that all redemptions relating to an earlier Valuation Point are completed before those relating to a later Valuation Point are considered. Whenever redemption requests are carried forward, the ACD will inform all affected Shareholders.

Where a redeeming Shareholder is to receive settlement by in specie transfer of stock (see paragraph below), the Shares being settled in this way will not be included in the calculation of the percentage of the Shares for which redemption requests have been received for the purpose of determining whether the deferral policy may be invoked. The ACD may therefore alert a redeemer of Shares representing 5% or more of the Net Asset Value of any Class of Shares in issue to the possibility of receiving the redemption by an in specie transfer of stock, and also to the possible deferral of a proportion of the redemption if cash settlement is required. An in specie transfer of stock in settlement may reduce the total net redemption for the Valuation Point to less than 10% of the Net Asset Value of the Fund, and cause the ACD to revoke deferral.

### **In Specie Redemptions**

The normal course of action would be to settle any redemption or cancellation of Shares in cash, however, the ACD may, where it considers the redemption to be substantial in relation to the total size of the Fund concerned (for example, where a Shareholder wishes to redeem 5% or more of the net asset value of any class of Share in issue on a single business day) or in some way advantageous or detrimental to the Fund or otherwise at its discretion, subject to the prior approval of the relevant redeeming Shareholders, arrange that in place of payment of the price of the Shares in cash, the ACD cancels the Shares and transfers Scheme Property or, if required by the Shareholder, the net proceeds of sale of relevant Scheme Property, to the Shareholder.

Before the redemption proceeds of the Shares become payable, the ACD must give written notice to the Shareholder that the relevant property or the proceeds of sale of the relevant property will be transferred to that Shareholder so that the Shareholder can elect to receive the relevant property rather than the net proceeds of redemption if desired. If no response is received by the ACD within the time frame indicated on the notice the stock will be redeemed and the proceeds net of any costs will be paid to the Shareholder.

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

Payment of redemption proceeds in specie may only be made in accordance with the COLL Sourcebook, the Instrument of Incorporation and where the Depositary is satisfied that the in specie redemption is not likely to result in any material prejudice to the interests of any Shareholder.

### **Liquidity Risk Management**

The ACD has established a liquidity risk management policy which enables it to identify, monitor and manage the liquidity risks of the Company and to ensure the liquidity profile of the investments of each Fund will facilitate compliance with the Fund's underlying obligations. The ACD's liquidity policy takes into account the investment strategy, the liquidity profile, redemption policy and other underlying obligations of the Funds. The liquidity management systems and procedures include appropriate escalation measures to address anticipated or actual liquidity shortages or other distressed situations of the Company.

In summary, the liquidity risk management policy monitors the profile of investments held by the Company and each Fund and ensures that such investments are appropriate to the redemption policy as stated in the section headed 'Redemption of Shares', and will facilitate compliance with each Fund's underlying obligations. Further, the liquidity management policy

includes details on periodic stress testing carried out by the Investment Manager to manage the liquidity risk of each Fund in exceptional and extraordinary circumstances.

The ACD seeks to ensure that the investment strategy, the liquidity profile and the redemption policy of each Fund are consistent. The investment strategy, liquidity profile and redemption policy of the Company will be considered to be aligned when investors have the ability to redeem their investments in a manner consistent with the fair treatment of all investors and in accordance with the ACD's redemption policy and its obligations. In assessing the alignment of the investment strategy, liquidity profile and redemption policy, the ACD shall have regard to the impact that redemptions may have on the underlying prices or spreads of the individual assets of each Fund.

Details of the redemption rights of Shareholders, including redemption rights of Shareholders in normal and exceptional circumstances and existing redemption arrangements are set out above in this section.

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## Transfer of Shares

Shareholders can transfer Shares to another person. A request to transfer title to Shares must be made in writing and sent to Baring Fund Managers Limited, Sunderland, SR43 4AY. Transfer request made over the telephone or via electronic messaging services such as EMX or SWIFT will not be accepted.

The transferee must complete and sign a Stock Transfer Form, which can be obtained from your intermediary or by contacting the ACD. Completed stock transfer forms must be returned to the ACD in order for the transfer to be registered by the ACD.

An instruction to transfer Shares is irrevocable.

The ACD will require verification of the identity of all transferors and transferees before such a transfer of Shares can be made. Please refer to the section headed 'Anti-Money Laundering' for more details.

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## Switching of Shares

Shareholders in a Fund may on any Dealing Day instruct the ACD to switch all or some of their Shares of one Class, or Fund (the "Original Shares") for Shares of another Class, or Fund (the "New Shares"), subject to any application restrictions on the redemption and issue of Shares contemplated in the Regulations and any minimum requirement of the Company. The ACD may impose restrictions on switches, but any restriction related to switches of Shares in different Funds must be on reasonable grounds relating to the circumstances of the Shareholder concerned. If switching to a different Fund / Trust Shareholders should ensure they have read and understood the relevant KIID document.

If the switch would result in the Shareholder's holding in a Class of Shares having a value which is less than the minimum investment level in the Fund concerned the ACD may, if it thinks fit, switch the whole of the applicant's holding in the Class or refuse to effect any switch of the Shares.

A Shareholder wishing to switch Shares should submit a completed application form and in general, follow the procedures relating to a redemption of Shares will apply equally to a switch of Shares and the switch will be dealt with at the next Valuation Point after receipt of such instructions or at such other Valuation Point as the ACD, at the request of the Shareholder, may agree. The process for switches is detailed below.

Upon receipt by the Company of an instruction to switch (the "Instruction"), the ACD shall arrange for the Company to cancel (or, at its discretion, the ACD shall itself redeem) the Original Shares and issue (or, at its discretion, the ACD shall itself sell to the Shareholder) the Original Shares and issue (or, at its discretion, the ACD shall sell to the Shareholder) such number of New Shares as is arrived at according to the following formula:

$$N = \frac{(O \times CP) \times CF}{SP}$$

Where:

- N* is the number of New Shares to be issued or sold (rounded to the nearest one-thousandth of a Share);
- O* is the number of Original Shares specified (or deemed to be specified) in the Instruction which the holder has requested to exchange;

- CP* is the price at which a single Original Share may be cancelled or redeemed as at the Valuation Point applicable to the cancellation or redemption as the case may be; and
- CF* is the currency conversion factor as representing the effective rate of exchange on the relevant Dealing Day between the currencies of the Original Shares and the New Shares (where the Shares' currencies are different)
- SP* is the price at which a single New Share may be issued or sold as at the Valuation Point applicable to the cancellation or redemption as the case may be

The Instrument of Incorporation allows the ACD to adjust the number of New Shares to reflect the effect of the dilution adjustment (if applicable) and any Stamp Duty Reserve Tax provision (if appropriate) on other charges permitted upon the issue or sale of New Shares or the cancellation or redemption of Original Shares. There is no switching fee on the exchange of Shares of one Fund for Shares in another Fund or on a switch between Classes of the same Fund. The Company may recover from the Shareholder the amount of any tax charge incurred by the Company or for which the Company may be held liable as result of an exchange, and may do so by adjusting the number of New Shares to be issued.

The switch of the Original Shares as specified in an instruction shall take place at the next Valuation Point after receipt of such instruction or at such other Valuation Point as the ACD at the request of the Shareholder giving the relevant instruction may agree.

A switch of Shares in one Fund for Shares in another Fund will be treated as a redemption of Shares and a simultaneous purchase of Shares in the other Fund and will, for converting Shareholders subject to United Kingdom taxation, be a realisation for the purpose of capital gains taxation.

Instructions will be irrevocable and in no circumstances will a Shareholder who switches Shares in one Fund for Shares in another Fund be given the right to withdraw from or cancel the transaction. Shares cannot be converted during a period when dealings in Shares of the relevant Fund or Funds are suspended by the Company pursuant to the Regulations and the right of a Shareholder to convert during a period of suspension is similarly suspended.

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## **Winding Up of the Company or Termination of the Funds**

### **Winding Up of the Company**

The Company is to be wound up:

- (i) if an extraordinary resolution is passed to that effect; or
- (ii) on the date of effect stated in any agreement by the FCA to a request by the ACD for the revocation of the authorisation order in respect of the Company, albeit that such agreement is subject to there being no material change in any relevant factor prior to the date of the revocation or
- (iii) on the effective date of a duly approved scheme of arrangement which is to result in the Company ceasing to hold any Scheme Property.

The Company may also be wound up under Part V of the Insolvency Act 1986.

### **Termination of a Fund**

A Fund may be terminated:

- (i) if an extraordinary resolution of the Shareholders of such Fund is passed to that effect; or
- (ii) on the date of effect stated in any agreement by the FCA to a request by the ACD for the termination of such Fund; or
- (iii) on the effective date of a duly approved scheme of arrangement which is to result in the Fund ceasing to hold any Scheme Property; or
- (iv) by the ACD in its absolute discretion if one year from the date of the first issue of Shares relating to that Fund or at any date thereafter, the net asset value of the Fund is less than a threshold as stated in the Instrument of Incorporation.

A Fund may also be wound up under Part V of the Insolvency Act 1986.

### **Winding-up procedure**

On a winding-up (otherwise than in accordance with an approved scheme of amalgamation or reconstruction) the ACD is required as soon as practicable after the time the Company falls to be wound-up, to realise the property of the Company and pay the liabilities of the Company out of the proceeds.

Liabilities of the Company attributable or allocated to a particular Fund shall only be met out of the property attributable or allocated to such Fund.

After making adequate provision for the expenses of the winding-up and the discharge of any outstanding liabilities, the ACD may arrange for the Depositary to make interim distributions and then a final distribution of the proceeds of the realisation of the property attributable or allocated to each Fund to the holders in each Fund proportionately to the right to participate in the property attached to their respective Shares.

If the Company is to be wound-up in accordance with an approved scheme of amalgamation or reconstruction, the ACD is required to wind-up the Company in accordance with the resolution of holders approving such scheme.

Where the Company and one or more holders (other than the ACD) agree, the requirement to realise the property of the Company shall not apply to that part of the property which is proportionate to the right of that or those holder(s), and the ACD may distribute that part in the form of property, after making such adjustments or retaining such provision as appears to the ACD appropriate for ensuring that that or those holder(s) bear a proportionate Share of the liabilities and expenses.

If any sum of money is unclaimed or stands to the account of the Company at the date of its dissolution the ACD shall arrange for the Depositary to pay or lodge such sum within one month after that date in accordance with the OEIC Regulations.

#### **Procedure for termination of a Fund**

On the termination of a Fund (otherwise than in accordance with an approved scheme of amalgamation or reconstruction) the ACD is required as soon as practicable after the time the Fund falls to be terminated to realise the property of the Fund and pay the liabilities of the Fund out of the proceeds.

After making adequate provision for the expenses of the termination and the discharge of any outstanding liabilities, the ACD may arrange for the Depositary to make interim distributions and then a final distribution of the proceeds of the realisation of the property of the Fund to the holders of the Fund proportionately to the right to participate in the property attached to their respective Shares.

If the Fund is to be terminated in accordance with an approved scheme of amalgamation or reconstruction, the ACD is required to terminate the Fund in accordance with the resolution of holders approving such scheme.

Where the Company and one or more holders (other than the ACD) agree, the requirement to realise the property of the Fund shall not apply to that part of the property which is proportionate to the right of that or those holders, and the ACD may distribute that part in the form of property, after making such adjustments or retaining such provision as appears to the ACD appropriate for ensuring that those holders bear a proportionate Share of the liabilities and expenses.

If any sum of money is unclaimed or stands to the account of the property of the Fund, the ACD shall instruct the Depositary to retain such sum in an account separate from any other part of the property of the Company in accordance with the FCA Rules. On the dissolution of the Company the Depositary shall cease to hold those amounts as part of that account and they shall be paid or lodged by the Depositary in accordance with the OEIC Regulations.

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## **The Authorised Corporate Director (ACD)**

The ACD is Baring Fund Managers Limited which was incorporated with limited liability on 29 October 1968 in England and Wales under the Companies Act 1948. Baring Fund Managers Limited is authorised and regulated by the FCA and is entered on the FCA register with the Firm Reference Number: 119187. Baring Fund Managers Limited is a subsidiary of Baring Asset Management Limited, which is incorporated in England and Wales. The ACD's ultimate holding company is Massachusetts Mutual Life Insurance Company which is established in the United States of America.

It has an issued share capital of £1,650,000 comprising 1,650,000 ordinary shares of £1 each fully paid.

The ACD is authorised and regulated in the United Kingdom by the FCA whose address is 12 Endeavour Square, London E20 1JN.

The ACD is responsible for the overall corporate management and investment decisions of the Company. The ACD has been appointed under an ACD Agreement dated 15 January 2009 between the Company and the ACD. Pursuant to such ACD Agreement the ACD shall manage and administer the Company in accordance with the FCA Rules, the Instrument of Incorporation and the Prospectus. The ACD Agreement contains detailed provisions relating to the responsibilities of



the ACD and excludes it from any liability to the Company or any Shareholder for any act or omission except in the case of fraud, negligence, wilful default, breach of duty or breach of trust in relation to the Company on its part.

In the event that the fees of an investment adviser are paid directly by the Company rather than the ACD, the fees payable by the Company to the ACD will accordingly be reduced by the amount of such fees.

The ACD Agreement may be terminated by either party (without compensation) on not less than two years' written notice, or earlier upon certain breaches or the insolvency of a party. Under the ACD Agreement, the ACD is free to render similar services to others and both the ACD and the Company are subject to a duty not to disclose confidential information. The powers, duties, rights and obligations of the ACD and the Company under the ACD Agreement shall, to the extent of any conflict, be overridden by the FCA Rules.

## **Directors**

J. Armstrong  
R. Kent  
M. Horne  
R. Williams  
K. Troup  
A. Behen

The Company has no other directors.

The above individuals also hold other directorships within the Barings' group of companies, in which capacity they may engage in investment business.

## **Registered Office**

20 Old Bailey  
London  
EC4M 7BF

The ACD is aware of its duty to act in the best interests of investors, the integrity of the market and to ensure fair treatment of investors. In this regard the ACD has various policies and procedures in place in respect of due diligence and market malpractices.

## **Remuneration Policy**

The ACD has put in place a remuneration policy (the "Remuneration Policy") that is in accordance with the requirements of SYSC 19 E of the FCA Handbook (UK UCITS Remuneration Code).

The Remuneration Policy is designed to ensure that the ACD's remuneration practices are:

- consistent with and promote sound and effective risk management;
- do not encourage risk taking and are consistent with the risk profiles, or the Instrument of Incorporation or Prospectus of the UK UCITS schemes it manages;
- do not impair the ACD's compliance with its duty to act in the best interests of those funds; and
- include fixed and variable components of remuneration including salaries and discretionary pension benefits.

The ACD considers the Remuneration Policy to be appropriate to the size, internal organisation and the nature, scope and complexity of the ACD's activities.

In respect of any portfolio management delegates, the ACD requires that the entities to which such activities have been delegated are subject to regulatory requirements on remuneration that are equally as effective to the remuneration rules applicable to the ACD as set out in the FCA Handbook.

The Remuneration Policy will apply to the fixed and variable (if any) remuneration received by the staff covered by the Remuneration Policy. Details of the remuneration policy including, but not limited to, a description of how remuneration and benefits are calculated and the identity of the persons responsible for awarding the remuneration and benefits are available at [www.barings.com/remuneration-policies](http://www.barings.com/remuneration-policies) and a paper copy will be made available to investors upon request.

## **Other Regulated Collective Investment Schemes**

The names of the collective investment schemes, common investment funds and investment companies with variable capital in relation to which the ACD acts, in each case in the capacity of Manager or ACD, are as follows:

Investment Companies with Variable Capital

- Barings Multi Asset Investment Funds
  
- Unit Trusts
- Barings Eastern Trust
- Barings European Growth Trust
- Barings Europe Select Trust
- Barings German Growth Trust
- Barings Japan Growth Trust
- Barings Korea Trust
- Barings Strategic Bond Fund

Charity Authorised Investment Funds

- Barings Targeted Return Fund

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## The Investment Manager

The Investment Manager is Baring Asset Management Limited, authorised and regulated by the FCA. The Investment Manager was appointed by the ACD under a Delegation Agreement dated 8 December 2003 between the ACD and the Investment Manager to exercise the ACD's duties, obligations and functions in making decisions as to the investment of assets for the time being constituting the property of the Company in accordance with its investment objectives and policy. In the exercise of the ACD's investment functions the Investment Manager will be allowed complete discretion, subject only to compliance with the FCA Rules and supervision by the ACD. The Investment Manager may also direct the exercise of rights (including voting rights) attaching to the ownership of Scheme Property. The Investment Manager is not a broker fund adviser in relation to the Company. Baring Fund Managers Limited (the ACD) is a subsidiary of Baring Asset Management Limited.

The Investment Manager is paid a fee by the ACD out of which it will bear all its own expenses related to its provision of services to the Company. In addition any third party research received in connection with investment advisory services that the Investment Manager provides to the Fund will be paid for by the Investment Manager out of this periodic fee (which it receives for its discretionary investment management and investment advisory services from the ACD under the Delegation Agreement). The Delegation Agreement may be terminated by the Investment Manager or the ACD giving notice in writing to the other. The Delegation Agreement contains provisions for the ACD to indemnify the Investment Manager against liabilities and actions not resulting from fraud, wilful default, bad faith or negligence on the part of the Investment Manager.

The Baring Asset Management Group manages investments on behalf of clients, which include the pension funds of major international and national corporations, central and local government bodies, charitable foundations, investment and unit trusts and private individuals.

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## The Administrator and Registrar

The Administrator is Northern Trust Global Services SE. The ACD is responsible for the administration of the Company and has appointed the Administrator to exercise its duties, obligations and functions in connection with the general operation and administration of the Company. The Administrator's registered office is at 6 rue Lou Hemmer, Senningerberg, Grand-Duché de Luxembourg L-1748 and its principal place of business in the United Kingdom is at 50 Bank Street, London E14 5NT.

The Administrator's principal business is the provision of investment administration services to external clients. The Administrator is a subsidiary of Northern Trust Holdings Limited, which is wholly owned by the Northern Trust Company, which is established in the United States of America. The main terms of the contract between the ACD and the Administrator provide for the Administrator to exercise the ACD's administration powers including as follows:

1. To effect the issue and cancellation of Shares on behalf of the Company;
2. To prepare accounts on behalf of the Company; and

3. To maintain the Company's Register and Plan Register of Shareholders.

Subject to certain conditions, the Administrator shall be entitled to delegate to any person the performance of any duty hereunder.

Fees paid by the ACD to the Administrator will be met out of the ACDs annual management charge for the Funds. The Administrator will bear all its own expenses related to its provision of services to the Company out of this fee.

### **The Registrar**

The ACD has appointed Northern Trust Global Services SE as the Registrar of the Company. The Company's Register may be inspected at the Registrar's principal place of business in the United Kingdom at the following address:

Northern Trust Global Services SE, UK Branch  
50 Bank Street  
London  
E14 5NT  
Telephone: +44 (0) 333 300 0372

The Register is conclusive evidence as to the persons respectively entitled to the Shares entered in the Register. No notice of any trust, express, implied or constructive which may be entered on the Register in respect of any Share shall be binding on the ACD and the Depositary of the Company.

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## **The Depositary**

NatWest Trustee and Depositary Services Limited is the Depositary of the Company.

The Depositary is incorporated in England and Wales as a private limited company. Its registered and head office is at 250 Bishopsgate, London EC2M 4AA. The ultimate holding company of the Depositary is NatWest Group plc, which is incorporated in Scotland. The principal business activity of the Depositary is the provision of trustee and depositary services.

### **Duties of the Depositary**

The Depositary is responsible for the safekeeping of Scheme Property, monitoring the cash flows of the Fund, and must ensure that certain processes carried out by the ACD are performed in accordance with the applicable rules and scheme documents.

The key duties of the Depositary consist of:

- (i) cash monitoring and verifying the Funds' cash flows;
- (ii) safekeeping of the Funds' Scheme Property;
- (iii) ensuring that the sale, issue, re-purchase, redemption, cancellation and valuation of Shares in the Funds are carried out in accordance with the Instrument of Incorporation, the Prospectus, and applicable law, rules and regulations;
- (iv) ensuring that in transactions involving Scheme Property any consideration is remitted to the Funds within the usual time limits;
- (v) ensuring that the Funds' income is applied in accordance with the Instrument of Incorporation, the Prospectus, applicable law, rules and regulations; and
- (vi) carrying out instructions from the ACD unless they conflict with the Instrument of Incorporation, the Prospectus, or applicable law, rules and regulations.

### **Conflicts of interest**

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

It is possible that the Depositary and/or its delegates and sub-delegates may in the course of its or their business be involved in other financial and professional activities which may on occasion have potential conflicts of interest with the UK UCITS scheme or a particular Fund and/or other funds managed by the ACD or other funds for which the Depositary acts as the depositary, trustee or custodian. The Depositary will, however, have regard in such event to its obligations under the Depositary Agreement and the FCA Rules and, in particular, will use reasonable endeavours to ensure that the

performance of its duties will not be impaired by any such involvement it may have and that any conflicts which may arise will be resolved fairly and in the best interests of Shareholders collectively so far as practicable, having regard to its obligations to other clients.

Nevertheless, as the Depositary operates independently from the Company, Shareholders, the ACD and its associated suppliers and the custodian, the Depositary does not anticipate any conflicts of interest with any of the aforementioned parties.

### **Delegation of Safekeeping Functions**

The Depositary is permitted to delegate (and authorise its delegate to sub-delegate) the safekeeping of Scheme Property.

The Depositary has delegated safekeeping of the Scheme Property to Northern Trust Global Services SE (“the Custodian”). In turn, the Custodian has delegated the custody of assets in certain markets in which the Company may invest to various sub-delegates (“sub-custodians”). A list of sub-custodians is given in Appendix E. Investors should note that the list of sub-custodians is updated only at each Prospectus review. An updated list of sub-custodians is maintained by the ACD at [www.barings.com](http://www.barings.com).

### **Updated Information**

Up-to-date information regarding the Depositary, its duties, its conflicts of interest and the delegation of its safekeeping functions will be made available to Shareholders on request.

### **Terms of Appointment**

The Depositary was appointed under a Depositary Agreement between the ACD, the Company and the Depositary (the “Depositary Agreement”).

Under the Depositary Agreement, the Depositary is free to render similar services to others and the Depositary, the ACD and the Company are subject to a duty not to disclose confidential information.

The powers, duties, rights and obligations of the Depositary, the Company and the ACD under the Depositary Agreement shall, to the extent of any conflict, be overridden by the FCA Rules.

Under the Depositary Agreement the Depositary will be liable to the Company for any loss of Financial Instruments held in Custody or for any liabilities incurred by the Company as a result of the Depositary’s negligent or intentional failure to fulfil its obligations.

However, the Depositary Agreement excludes the Depositary from any liability except in the case of fraud, wilful default, negligence or failure to exercise due care and diligence in the performance or non-performance of its obligations.

It also provides that the Company will indemnify the Depositary for any loss suffered in the performance or non-performance of its obligations except in the case of fraud, wilful default, negligence or failure to exercise due care and diligence on its part.

The Depositary Agreement may be terminated on 90 days’ notice by the Company or the Depositary or earlier on certain breaches or the insolvency of a party. However, termination of the Depositary Agreement will not take effect, nor may the Depositary retire voluntarily, until the appointment of a new Depositary.

Details of the fees payable to the Depositary are given in the section headed ‘Fees and Expenses’.

### **Conflicts of Interest**

The directors of the ACD, the Investment Manager, the Administrator and the Depositary and their respective affiliates, officers, directors and unitholders, employees and agents (collectively “the Parties”) are or may be involved in other financial, investment and professional activities which may on occasion cause a conflict of interest with the management of the Funds and/or their respective roles with respect to the Funds.

The activities noted in the following paragraph may include managing or advising other funds, purchases and sales of securities, banking and investment management services, brokerage services, valuation of unlisted securities (in circumstances in which fees payable to the entity valuing such securities may increase as the value of assets increases) and serving as directors, officers, advisers or agents of other funds or companies, including funds or companies in which the Funds may invest. In particular, the Investment Manager may advise or manage other funds and other collective investment schemes in which the Funds may invest or which have similar or overlapping investment objectives to or with the Funds.

Each of the Parties will use its reasonable endeavours to ensure that the performance of their respective duties will not be impaired by any such involvement they may have and that any conflicts which may arise will be resolved fairly. The Parties are further subject to a duty under their relevant agreements not to disclose confidential information.

The ACD and the Investment Manager have a written policy in relation to the identification, prevention, management and monitoring of conflicts which is available at [www.barings.com](http://www.barings.com). The policy is subject to on-going updates as new possible conflicts arise and is subject to a formal review by the ACD on at least an annual basis. Details of the ACD's conflicts of interest policy are available on its website at [www.barings.com](http://www.barings.com).

The ACD acknowledges that there may be some situations where the organisational or administrative arrangements in place for the management of conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of a Fund or its Shareholders will be prevented. Should any such situations arise the ACD will, as a last resort if the conflict cannot be avoided, disclose these to Shareholders.

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## Meetings of and Reports to Shareholders

The Company does not hold Annual General Meetings. Other meetings, whether general or otherwise, may be called.

Rules for the calling and conduct of meetings of Shareholders are contained in Chapter 4 of the FCA Rules and in the Instrument of Incorporation. The ACD may convene a general meeting of the Company at any time on not less than twenty-one days' notice. Holders representing not less than one-tenth in value of all Shares in the Company then in issue may requisition a general meeting. The quorum at a meeting of Shareholders shall be two Shareholders, present in person or by proxy or, in the case of a corporation, by a duly authorised representative. The quorum for an adjourned meeting is one Shareholder, present in person or by proxy.

In certain circumstances, the FCA Rules require that a resolution is passed as an extraordinary resolution (which is a resolution passed by a majority of not less than three-quarters of the votes validly cast (whether on a show of hands or on a poll) for and against the resolution). In other cases, a resolution may be passed by a simple majority of the votes validly cast for and against the resolution. Where a resolution is to be passed by simple majority, in the case of an equality of, or an absence of votes cast, the Chairman is entitled to a casting vote. Where a resolution (including an extraordinary resolution) is required to conduct business at a meeting of Shareholders, and every Shareholder is prohibited from voting under COLL 4.4.8R (4) (which states that no director of an ICVC can be counted in the quorum of, and no such director or an associate may vote at, any meeting of the authorised fund), it shall not be necessary to convene such a meeting and a resolution may, with the prior written agreement of the Depositary to the process, instead be passed with the written consent of Shareholders representing 50% or more, or for an extraordinary resolution 75% or more, of the Shares in the Fund in issue.

A resolution put to the vote of a general meeting shall be determined on a show of hands unless a poll is demanded by the chairman, at least two Shareholders or the Depositary. On a show of hands, every Shareholder who, being an individual, is present in person or, being a corporation, is present by its representative, has one vote. On a poll, every Shareholder has the voting rights which attached to his Shares seven days before the notice of the relevant meeting was deemed to be given. The voting rights of any Share are such proportion of the voting rights attached to all of the Shares in issue as the price of the Share in question bears to the aggregate price of all Shares in issue at the relevant date. In effect, voting rights are related to the value of Shares held. A Shareholder entitled to more than one vote need not, if he votes, use all his votes or cast all his votes in the same way.

Votes at general meetings shall be conducted by a poll.

A Shareholder entitled to attend and vote at a meeting of the Company is entitled to appoint another person to attend and vote in his place (whether a Shareholder or not). A Shareholder shall be entitled to appoint more than one proxy to attend on the same occasion but a proxy shall be entitled to vote only on a poll. An instrument appointing a proxy must be received by the Company no later than 48 hours before the meeting in order that the appointment be effective.

A corporation being a Shareholder may authorise such person as it thinks fit to act as its representative at any meeting of holders and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as the corporation could exercise if it were an individual Shareholder.

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

The ACD and its associates may hold Shares in the Company and shall be entitled to receive notice of and attend any meeting. The ACD shall not be entitled to be counted in the quorum (but its associates may be so counted) and, except as provided below, the ACD's Shares are not regarded as being in issue in relation to the meeting. Neither the ACD nor its associates are entitled to vote at a meeting. None of these limitations apply if the ACD or the associate holds Shares on behalf of or jointly with a person who, if himself the registered holder, would be entitled to vote and from whom the ACD or its associate (as the case may be) has received voting instructions.

The record date for a meeting is the date seven days before the notice of the relevant meeting is deemed to have been given, but persons known not to be holders at the time of the meeting are excluded. Certain material changes to the Prospectus and Instrument of Incorporation require the prior approval of Shareholders.

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

## Report and Financial Statements

The Company will prepare reports and accounts in relation to each annual and half-yearly accounting period. Annual reports will be published within four months after the end of each annual accounting period and half-yearly accounts within two months after the end of each half-yearly accounting period. Accounts for each Fund shall show all Classes of Share in that Fund.

Copies of the reports will be hosted on the website at [www.barings.com](http://www.barings.com) and will be available for inspection by the general public at the offices of the ACD.

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## Taxation

The information below is a general guide based on UK law and HM Revenue & Customs (HMRC) practice which are subject to change as are the levels of taxation. It outlines, the UK tax position of the Company (including distributions from the Funds) and of Shareholders who are UK residents and who hold Shares as investments.

**Prospective investors who are in any doubt about their tax position, or may be subject to tax in a jurisdiction other than the UK or Ireland, are recommended to take professional advice before investing in Shares in the Fund.**

### Taxation of the Fund

Each Fund is for tax purposes treated as a separate open-ended investment company and they do not suffer any liability to UK taxation in respect of any capital gains accruing to them on the disposal of their investments. They are, however, liable to UK corporation tax at the rate specified below on the excess of their taxable income for any accounting period over their deductible expenses of management and interest costs for that period. Any distributions paid by a Fund to its Shareholders will not be deductible in computing the Fund's taxable income, except in the case of an "interest distribution", as explained below.

The taxable income of a Fund does not include any dividends or other distributions received by the Fund from UK resident companies or from most overseas companies, which are exempt from corporation tax. The tax treatment of any distributions received by a Fund from any UK open-ended investment company or authorised unit trust in which it has acquired units will follow the same principles as apply to distributions paid by any of the Fund to a Shareholder that is itself a UK open-ended investment company or authorised unit trust, as explained below. Any other income derived by a Fund from UK or foreign sources, such as interest paid on bonds or cash deposits, will be included in the Fund's taxable income. In computing the Fund's liability to corporation tax on any such income, credit will generally be available for any non-recoverable foreign withholding taxes that the income has borne.

The rate of corporation tax payable by each of the Funds for each of their accounting periods will be equivalent to the basic rate of income tax in the financial year or years in which that period falls, which is currently 20% for 2023/2024.

### Taxation of Distributions General

Each of the Fund's will be treated, for tax purposes, as distributing to its Shareholders (in one of the ways specified below) the whole of the income shown in its accounts for each of its distribution periods as being available for distribution to

Shareholders or for investment. Each Fund will have an interim income allocation date, and as a result each of the Fund's interim accounting periods will normally constitute a separate "distribution period".

The making of a distribution, for tax purposes, includes both paying an amount in respect of a holding of income Shares to the Shareholder concerned (or reinvesting that amount in further Shares on behalf of a Shareholder who has elected for such reinvestment) and also investing an amount within a Fund in respect of a holding of accumulation Shares on behalf of the Shareholder concerned. Any reference in this section to the "payment" of a "distribution" should be construed accordingly.

The distribution accounts of each of the Funds for each distribution period may show the relevant Fund's income as being available for distribution in either the form of a dividend or interest distribution. The type of distribution selected will depend of the source and composition of the income of the Fund concerned for the distribution period in question (as explained further below) but it is envisaged that any distributions will only be made in the form of dividend distributions (as explained further below):

### **Dividend Distributions**

Any dividend distribution paid (or accumulated) by any of the Funds for any distribution period will be treated as if it were a dividend paid to the Shareholder in that Fund.

For individual Shareholders resident in the UK, the first £1,000 of dividends and dividend distributions received in each tax year will be free of income tax (the dividend allowance). Where dividends and dividend distributions from all sources exceed the dividend allowance, the excess will be liable to income tax at dividend tax rates which depend upon the Shareholder's marginal rate of tax. Dividend tax rates are 8.75% for basic rate taxpayers, 33.75% for higher rate taxpayers and 39.35% for additional rate taxpayers. Dividends received within the allowance will still count towards total taxable income and so may affect the rate of tax paid on dividends received in excess of the allowance.

Corporate Shareholders who receive dividend distributions may have to divide them into two (the division will be indicated on the tax voucher). Any part representing dividends received from a United Kingdom or non-United Kingdom company will be treated as dividend income and no further tax will generally be due on it. The remainder will be received as an annual payment after deduction of income tax at the basic rate, and corporate Shareholders may be liable to tax on the grossed up amount. The 20% income tax credit may be set against their corporation tax liability or part of it refunded, as appropriate. The proportion of the tax credit which can be repaid or offset will be provided on the tax voucher. In as far as the Fund's liability to UK tax has been reduced by relief for foreign tax then that element of any income tax credit received may not be reclaimed but is treated as foreign tax suffered on the annual payment element of the distribution.

### **Interest Distributions**

A fund that derives all or most of its income from interest bearing and economically similar investments will, in general, be entitled to pay out its income as interest distributions (taxable as yearly interest). It is not however expected that any Funds of the Company will pay interest distributions and so no detail on taxation of interest distributions is given here.

### **Taxation of Capital Gains Arising in Respect of Shares**

Shareholders in a Fund who are resident in the UK for taxation purposes may, unless holding Shares in the relevant Fund as securities to be realised in the course of trade when different rules apply, be liable to capital gains tax or corporation tax in respect of any gains arising from the redemption, sale or other disposal of Shares in the Fund. In the case of individuals to the extent that their chargeable gains for the tax year in question exceeds their annual allowance for tax-free gains (which, for the tax year 2023/2024, is £6,000), chargeable gains will be aggregated with that individual's taxable income and to the extent that aggregate falls above the threshold for basic rate taxpayers will be taxed at 20% taking the chargeable gains as being the highest part of the aggregate. If any part of the aggregate falls below the threshold the capital gains rate will be 10%. For investors subject to corporation tax the mainstream rate of corporation tax for 2023/2024 is 25%.

It should be noted that conversions between classes in the same Fund will not result in a realisation for UK tax purposes other than when a hedged class is involved, when such conversion might constitute a realisation for the purposes of UK tax depending on circumstances.

### **Equalisation**

In the case of the first distribution of income received in respect of a Share purchased during an accounting period, the amount representing the income equalisation is a return of capital and is not taxable in the hands of the Shareholder

concerned. That amount should, however, except in the case of equalisation in respect of accumulation Shares, be deducted from the cost of the Share in computing any capital gain realised on a subsequent disposal of the Share.

## Reporting Requirements

In order to comply with the UK legislation implementing the its obligations under various intergovernmental agreements relating to the automatic exchange of information (including the US provisions commonly known as FATCA and the OECD's Common Reporting Standards), the Company (or its agent) will collect and report information about Shareholders for this purpose, including information to verify their identity and tax status. Therefore when requested to do so by the Company or its agent, Shareholders must provide them with information which may be passed on to HM Revenue & Customs, while further information in respect of income earned and gains realised by Shareholders will also be passed to HM Revenue & Customs, and they in turn to any relevant overseas tax authorities.

## German Investment Tax Act

As of 1 January 2018 the new German Investment Tax Act (GITA) is in effect. The new tax regime distinguishes between "investment funds" as defined in section 1 paragraph 2 of the GITA and "special-investment funds" as defined in section 26 of the GITA. All Funds of the Company should be treated as "investment funds" pursuant to the GITA and should not be subject to the "special-investment fund" tax regime.

Investors of any funds may benefit from a partial tax exemption on all income received from the funds (i.e. distributions, capital gains from a disposal / redemption of Fund shares and the annual "Vorabpauschale") depending on the categorisation of the relevant Fund as either an "equity fund" or a "mixed fund" under the GITA. The categorisation of a fund as "equity fund" or "mixed fund" pursuant to the GITA depends on whether the fund meets certain requirements defined by the GITA. As a rule, an "equity fund" must pursuant to its investment conditions be permanently invested in equity participations to more than 50% of its gross assets and a "mixed fund" must pursuant to its investment conditions be permanently invested in equity participations to at least 25% of its gross assets. Alternatively, the equity participation quota can be calculated by reference to the net asset value. When calculating the equity participation quota, any loans raised by the fund are deducted from the equity participations in proportion to the amount of equity participations in the total gross assets of the Fund. In addition the fund may take into account the actual equity participation quotas published by its target investment funds on each valuation day. For this purpose, only equity participation quotas of target funds that have at least one valuation per week will be taken into consideration.

The classification of a Trust as an "equity fund" or "mixed fund" pursuant to the GITA is set out in the particulars relating to each Trust in Appendix A.

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## General

**Any person relying on the information contained in this Prospectus, which was current at the date shown, should check with the ACD that this document is the most current version and that no revisions have been made nor corrections published to the information contained in the Prospectus since the date shown.**

### Inspection of Documents

Copies of the Instrument of Incorporation (including details of all amendments thereto) and, as available, the Key Investor Information Documents, the Prospectus and the most recent annual and interim reports of the Company may be inspected, and may be obtained from the registered office of the ACD during normal business hours on Business Days.

The Company's Register is kept and may be inspected at the Registrar's principal place of business in the United Kingdom at the following address on any Business Day between 9.00 a.m. and 5.00 p.m.:

Northern Trust Global Services SE, UK Branch  
50 Bank Street  
London  
E14 5NT.

Shareholders may obtain on request from the ACD information relating to the quantitative limits applying in the risk management of the Funds, the risk management methods which are used in relation to the Funds and any recent development of the risk and yields of the main categories of investment.



## Shareholders' Rights

Shareholders are entitled to participate in the Company on the basis set out in this Prospectus (as amended from time to time). The sections headed 'Meetings of and Reports to Shareholders', 'Report and Financial Statements', 'Complaints', and 'Inspection of Documents' of this Prospectus set out important rights about Shareholders' participation in the Company.

Shareholders may have no direct rights against the service providers set out in this Prospectus.

Shareholders may be able to take action if the contents of this document are inaccurate or incomplete.

Shareholders have statutory and other legal rights which include the right to complain and may include the right to cancel an order or seek compensation.

Shareholders who are concerned about their rights in respect of the Company should seek legal advice.

## Treating Investors Fairly

The fair treatment of investors is embedded throughout the ACD's policies and procedures to ensure compliance with the principles of Treating Customers Fairly ("TCF"). These principles include, but are not limited to:

1. acting in the best interests of the Funds and of the investors;
2. executing the investment decisions taken for the account of the Funds in accordance with the objectives, the investment policy and the risk profile of the Funds;
3. ensuring that the interests of any group of investors are not placed above the interests of any other group of investors;
4. ensuring that fair, correct and transparent pricing models and valuation systems are used for the Funds managed;
5. preventing undue costs being charged to the Funds and investors;
6. taking all reasonable steps to avoid conflicts of interests and, when they cannot be avoided, identifying, managing, monitoring and, where applicable, disclosing those conflicts of interest to prevent them from adversely affecting the interests of investors; and,
7. recognising and dealing with complaints fairly.

## Dealing by the ACD, the Depositary and the Investment Manager

The FCA Rules contain provisions on conflict of interest governing any transaction concerning the Company which is carried out by or with any "affected person", that is to say:

1. the Company
2. an associate of the Company;
3. the ACD, an associate of the ACD
4. the Depositary, an associate of the Depositary
5. any investment manager and any associate of any investment manager.

These provisions, among other things, enable an affected person to sell or deal in the sale of property to the Company or the Depositary for the account of the Company; vest property in the Company or the Depositary against the issue of Shares in the Company; purchase property from the Company (or the Depositary acting for the account of the Company); enter into a stock lending transaction or other efficient portfolio management transactions in relation to the Company; or provide services for the Company. Any such transactions with or for the Company are subject to best execution on exchange, independent valuation or arm's length and conflicts of interest requirements as set out in the FCA Rules. An affected person carrying out such transaction is not liable to account to the Depositary, the ACD, any other affected person, or to the holders of Shares or any of them for any benefits or profits thereby made or derived. Where transactions with an affected person involve a conflict of interest between the ACD or its associate and the Company, the ACD will have regard to its obligation to act in the best interests of the Company. The ACD will ensure that the Company and its Shareholders are treated fairly and that such transactions are effected on terms which are not less favourable to the Company and its Shareholders than if the potential conflict had not existed.

Investment of the property of the Company may be made on arm's length terms through a member of an investment exchange (acting as principal) who is an affected person in relation to the ACD. Neither the ACD nor any such affected person will be liable to account for any profit out of such dealings.

The ACD and the Investment Manager have a written policy in relation to the identification, prevention, management and monitoring of conflicts which is available at [www.barings.com](http://www.barings.com). The policy is subject to on-going updates as new possible conflicts arise and is subject to a formal review by the ACD on at least an annual basis. Details of the ACD's conflicts of interest policy are available on its website at [www.barings.com](http://www.barings.com).

The ACD acknowledges that there may be some situations where the organisational or administrative arrangements in place for the management of conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of a Fund or its Shareholders will be prevented. Should any such situations arise the ACD will, as a last resort, if the conflict cannot be avoided, disclose these to Shareholders.

### **Rights Attaching to Shares**

All Shares are in registered form. Share certificates will not be issued, title to Shares being evidenced by entries on the Register and confirmed to investors in half-yearly statements of account. Fractions of a Share may be issued and shall have proportionate rights. Shares are freely transferable subject to the minimum holding requirements, unless any provision of law of Shareholders (whether of the United Kingdom or elsewhere) would be contravened.

The Instrument of Incorporation permits the issue of bearer Shares but the Company does not intend to issue any such bearer Shares at present.

Shares of each Class in the Company have no par value and, within each Class in each Fund, subject to their denomination, are entitled to participate equally in the profits arising in respect of, and in the proceeds of the liquidation of, the Company or termination of the relevant Fund. Shares in the Company do not carry preferential or pre-emptive rights to acquire further Shares. Where a Fund has different Classes, each Class may attract different charges and so monies may be deducted from Classes in unequal proportions. In these circumstances the proportionate interests of the Classes within a Fund will be adjusted accordingly.

Each Fund may issue income and accumulation Shares. An income Share entitles the holder at each allocation date to payment of the net income allocated to the Share. An accumulation Share entitles the holder to have such income accumulated.

The net proceeds from subscriptions will be invested in the specific pool of assets constituting the relevant Fund. The Company will maintain for each Fund a separate pool of assets, each invested for the exclusive benefit of the relevant Fund. Shareholders are not liable for the debts of the Company nor are they liable to make any further payment after they have paid the price of the Shares.

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

The Fund is a segregated portfolio of assets and, accordingly, the assets of the Fund belong exclusively to it and shall not be used or made available to discharge (directly or indirectly) the liabilities of, or claims against, any other person or body, including the Company, or any other Fund of the Company, and shall not be available for any such purpose. Shares in the Company are not listed on any investment exchange.

### **Genuine Diversity of Ownership**

Shares in the Fund are and will continue to be widely available. The intended categories of investors are retail investors (who should seek independent financial advice before investing in a Fund) and institutional investors. Different Share Classes of a Fund are issued to different types of investors.

Shares in the Fund are and will continue to be marketed and made available sufficiently widely to reach the intended categories of investors for each Share Class, and in a manner appropriate to attract those categories of investors.

### **Professional Liability Risks**

The ACD covers potential professional liability risks arising from its activities as the Funds' ACD through a combination of professional liability insurance covering liability risks arising from professional negligence and additional own funds.

### **Client Assets**

Any cash (except unclaimed distributions which may be returned to the relevant Fund) due to Shareholders which are unclaimed for a period of six years may cease to be client money and may be paid to a registered charity of the ACD's choice. The ACD will take reasonable steps to contact Shareholders regarding unclaimed cash in accordance with the requirements set out in the FCA Rules before it makes any such payment to charity. Payment of any unclaimed balance to charity will not prevent Shareholders from claiming the money or assets in the future.

If in the future, the ACD transfers its business to another authorised fund manager or third party, it may transfer any client money it holds at that time to that other authorised fund manager or third party without obtaining Shareholders specific consent at that time, provided that the ACD complies with its duties under the client money rules which are set out in the FCA Rules at the time of the transfer.

All notices or documents required to be served on Shareholders shall be served by post to the address of such Shareholder as evidenced on the Register. All documents and remittances are sent at the risk of the Shareholder.

### **Financial Services Compensation Scheme (FSCS)**

We are covered by the FSCS if we cannot meet our obligations, investors in our funds may be entitled to compensation under the scheme. For this type of investment, the scheme currently covers 100% of the first £85,000. For further information please refer to [www.fscs.org.uk](http://www.fscs.org.uk) or phone +44 (0) 800 678 1100.

Further information regarding any compensation scheme or any other investor-compensation scheme of which the ACD or the Company is a member (including, if relevant, membership through a branch) or any alternative arrangement provided, is available on request.

### **Complaints**

***If your complaint relates to advice you have received from your financial adviser please contact them. If your complaint relates to any other aspect, please contact the complaints officer:***

***Complaints Officer  
Barings Asset Management Limited  
Sunderland  
SR43 4AY***

***Telephone: +44 (0) 333 300 0372  
Email: [BaringsNTUKTA@ntrs.com](mailto:BaringsNTUKTA@ntrs.com)***

Any complaint will be handled in accordance with our complaint handling procedures. Making a complaint will not prejudice your rights to commence legal proceedings. If we are unable to resolve your complaint satisfactorily, you may refer your complaint to the Financial Ombudsman Service by writing to them at the address below:

Financial Ombudsman Service  
Exchange Tower  
London  
E14 9SR

Telephone: +44 (0) 800 023 4567  
Email: [complaint.info@financial-ombudsman.org.uk](mailto:complaint.info@financial-ombudsman.org.uk)  
Website: [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk)

Investors may obtain on request information relating to the quantitative limits applying in the risk management of the Funds and the risk management methods which are used in relation to the Funds.

### **Historic Performance**

The historic performance record for the Fund appears in Appendix F of this Prospectus. Past performance should not be seen as indicative of future returns.

### **Documents Available for Inspection**

Copies of the following documents are available for inspection, free of charge, at the office of the ACD at 20 Old Bailey, London, EC4M 7BF during its normal business hours:

- (a) the latest Prospectus of the Fund;
- (b) the latest annual/interim reports of the Fund;
- (c) the Instrument of Incorporation of the Fund;
- (d) the ACD Agreement;
- (e) the Depositary Agreement between the NatWest Trustee and Depositary Services Limited and the Fund and Baring Fund Managers Limited;
- (f) the Delegation Agreement (and Amendments to Delegation Agreement) between the ACD and the Investment Manager; and
- (g) the document containing the key information of the risk management policy adopted.

### **Proxy Voting Policy**

The ACD will vote client proxies in accordance with the procedures of the ACD and the Investment Manager and for the benefit of the relevant Fund. The Investment Manager has established a proxy voting policy which is overseen by a proxy voting working group. The policy is designed to ensure that votes are exercised to the exclusive benefit of the Fund concerned. The ACD uses the services of an independent third party service provider to provide proxy analysis, information on events requiring voting, vote recommendations, and to execute the voting decisions of the ACD's investment teams. Proxies on all proposals are voted, except in those instances when the Investment Manager, with guidance from the proxy voting working group if desired, determines that the economic benefit to the Fund concerned of voting those proxies is outweighed by the cost.

The ACD's proxy voting policy is available on request from the ACD.

### **Best Execution Policy**

The ACD must act in the best interests of each Fund when executing decisions to deal on behalf of the relevant Fund. The ACD relies on the Execution Policy of the Investment Manager. Best Execution is the term used to describe the objective of taking all sufficient steps to obtain the best possible result for each transaction carried out by the Investment Manager on the property of the Fund. In order to obtain the best possible result the Investment Manager takes into account a number of factors including price, both the explicit and implicit costs of trading, size and speed of execution and any other specific considerations relevant to that transaction.

The ACD and Investment Manager's order execution policy sets out the (i) systems and controls that have been put in place and (ii) the factors which the ACD expects to consider when effecting transactions and placing orders in relation to the Funds. This policy has been developed in accordance with the ACD's obligations under the Regulations to obtain the best possible results for each Fund. The ACD's execution policy is available on request from the ACD. Full details of the order execution policy are available on our website at [www.barings.com](http://www.barings.com). If you have any questions regarding the policy please contact the ACD or your professional adviser.

### **Inducements**

In the course of providing portfolio management services, the Investment Manager is prohibited from accepting and retaining any fees, commission or monetary benefits, or accepting any non-monetary benefits (other than acceptable minor non-monetary benefits and research which is permitted), where these are paid or provided by any third party or a person acting on their behalf. The Investment Manager considers that:

- (a) information or documentation relating to a financial instrument or investment service, that is generic in nature or personalised to reflect the circumstances of an individual client;
- (b) written material from a third party that is commissioned and paid for by a corporate issuer or potential issuer to promote a new issuance by the issuer, or where the third party firm is contractually engaged and paid by the issuer to produce such material on an ongoing basis, provided that the relationship is clearly disclosed in the material and that the material is made available at the same time to any firms wishing to receive it, or to the general public;
- (c) participation in conferences, seminars and other training events on the benefits and features of a specific financial instrument or an investment service;
- (d) hospitality of a reasonable de minimis value, including food and drink during a business meeting or a conference, seminar or other training event specified in this clause;
- (e) research relating to an issue of shares, debentures, warrants or certificates representing certain securities by an issuer, which is:
  - produced prior to the issue being completed, by a person that is providing underwriting or placing services to the issuer on that issue; and
  - made available to prospective investors in the issue; and

- (f) research that is received during a trial period so that the Investment Manager may evaluate the research provider's research service in accordance with FCA rules

are regarded as acceptable minor non-monetary benefits as they are capable of enhancing the quality of the service provided by the Investment Manager to the Shareholders; of a scale and nature that it could not be judged to impair the Investment Manager's compliance with its duty to act honestly, fairly and professionally in the best interests of the Shareholders; and reasonable, proportionate and of a scale that is unlikely to influence the Investment Manager's behaviour in any way that is detrimental to the interests of the Shareholders.

If the Investment Manager receives any such fees, commissions or monetary benefits, it will transfer these for the benefit of the relevant Fund and will inform the relevant Fund within the standard reporting.

### **Collateral Management**

The ACD has a collateral management policy which defines "eligible" types of collateral which the Funds may receive to mitigate counterparty exposure (including any applicable haircuts) arising from the use of derivatives and EPM techniques. A haircut is a reduction to the market value of collateral received in order to allow for a cushion in case the market value of that collateral falls. Collateral received by the Company will generally be of high quality and liquid e.g. cash and government securities. The policy sets out the permitted types of collateral which will include cash, government securities, certificates of deposit; bonds or commercial paper issued by relevant institutions. All collateral received to reduce counterparty risk will comply with the following criteria:

- it will be highly liquid and traded on a regulated market;
- it must be valued at least daily;
- it must be of high quality;
- it will not be highly correlated with the performance of the counterparty;
- it will be sufficiently diversified in terms of country, markets and issuers;
- it will be held by the Depositary or a third party custodian subject to prudential supervision who is unrelated to the provider of the collateral; and
- it will be capable of being fully enforced by the Company at any time without reference or approval from the counterparty.

The collateral management policy will set appropriate levels of collateral required to cover counterparty risk in respect of derivatives and other EPM transactions. The ACD, through the Investment Manager, will also employ a clear haircut policy (i.e. a policy in which a pre-determined percentage will be subtracted from the market value of an asset that is being used as collateral) for each Class of assets received as collateral taking account of the characteristics of the assets received as collateral such as the credit standing or the price volatility and the outcome of any liquidity stress testing policy.

Where cash collateral, is received, if it is reinvested, it will be diversified in accordance with the requirements of the COLL Sourcebook. Where cash collateral is reinvested in one or more permitted types of investment, there is a risk that the investment will earn less than the interest that is due to the counterparty in respect of that cash and that it will return less than the amount of cash that was invested. Non-cash collateral will not be sold, reinvested or pledged.

## Appendix A – Details of the Funds

### Barings Global Agriculture Fund

#### Investment Objectives and Policy

The Fund aims to provide a total return, including both capital growth and dividend income (after fees have been deducted), in excess of MSCI All Country World Index (ACWI) Net Total Return Index over a rolling five year period by investing in equity and equity related securities in the agricultural sector.

The Fund will seek to achieve its investment objective by investing at least 70% of its Net Asset Value directly and indirectly in equities and equity-related securities in any issuer, including those in developed and emerging markets, where the majority of earnings of issuers or holding issuers are derived from activities related to any commodities which are grown or raised, commonly known as agricultural or soft commodities.

These issuers are likely to encompass, without being limited to: fertiliser, agricultural machinery, animal feed, seed and crop protection manufacturers, agricultural producers including farms, plantations and aquaculture, crop processors, grain and edible oil handlers and distributors, timber, pulp and paper, food ingredient companies, food manufacturers and food retailers.

The Fund will invest at least 50% of the Fund's Net Asset Value in equities of issuers that exhibit positive or improving ESG characteristics. Furthermore, the Fund may also invest up to 50% of its Net Asset Value in equities and equity related securities of issuers that exhibit less positive ESG characteristics. Such issuers are selected through the use of proprietary research supported with the use of third party data. This analysis is also an important driver behind the Investment Manager's policy of active issuer engagement in which the Investment Manager seeks to influence (or identify the need to influence) ESG practices and to improve disclosure. Further detail of the Investment Manager's, Public Equity: ESG Integration & Active Engagement Policy for equity funds including the Fund is available on the Manager's website at [www.barings.com](http://www.barings.com).

For the remainder of its total assets, the Fund may invest directly and indirectly in equities and equity related securities of issuers outside of the agricultural sector as well as in fixed income and cash.

In order to implement the investment policy, the Fund may gain indirect exposure through American depositary receipts, global depositary receipts and other equity related securities including participation notes, structured notes, equity-linked notes and debt securities convertible into equities. The Fund may also obtain indirect exposure through investments in collective investment schemes (including collective investment schemes managed by the ACD or an associate of the ACD) and other transferable securities. It may also use derivatives including futures, options, swaps, warrants and forward contracts for efficient portfolio management and for investment purposes.

#### *Investment Strategy*

The Investment Manager considers that equity markets are inefficient and looks to exploit this inefficiency through fundamental analysis. Equity investment teams at the Investment Manager share a common investment approach, best described as Growth at a Reasonable Price (GARP).

The Investment Manager considers that long term earnings growth is the driver of stock market performance and that structured fundamental research and a disciplined investment process combining growth, upside/valuation and quality disciplines can identify attractively priced, growth issuers. The Investment Manager also considers that the best way of finding unrecognised growth is to identify quality issuers with visibility of earnings over a longer time period of three to five years especially as market consensus data tends to be only available for shorter term periods. The Investment Manager values issuers utilising proprietary valuation models that incorporate environmental, social and governance ("ESG") analysis and macro considerations.

The Investment Manager's strategy favours issuers with well-established business franchises, strong management and improving balance sheets. We regard these issuers as higher quality as they provide transparency and allow our investment professionals to forecast earnings with greater confidence. This is further strengthened through the incorporation of a dynamic and forward-looking approach to ESG analysis, with the aim to identify sustainable business practices. This empowers the Investment Manager to better assess both the potential risks facing the issuer and the opportunities presented to it, particularly those not apparent or included in traditional fundamental analysis. This should facilitate the construction of funds which exhibit lower volatility over time while propagating better ESG practices. The Investment Manager believes that ESG integration, a focus on forward-looking dynamics and active engagement is key to unlocking long-term returns in equity investments.

“Bottom up” investment analysis is therefore central to the Investment Manager’s investment thesis. However, macro concerns are integral to the Investment Manager’s issuer analysis and country and other macro factors are incorporated in the Investment Manager’s analysis through the use of an appropriate Cost of Equity, which also incorporates ESG considerations, to arrive at price targets for the equities of issuers held by the Fund or which the Investment Manager is considering purchasing.

The Fund adheres to the investment restrictions required to qualify as an "equity fund" pursuant to section 2 paragraph 6 GITA and continuously invests more than 50% of its net asset value in equity participations within the meaning of section 2 paragraph 8 GITA.

### **Benchmark**

The target benchmark is the MSCI All Country World Index (ACWI) Net Total Return Index. The benchmark has been selected as it tracks the performance large and mid-cap representation across developed and emerging market countries. The benchmark constituents are not required to exhibit positive/improving ESG characteristics.

The Fund is actively managed and targets outperformance of the benchmark over a five year period. There is however no guarantee that this objective will be achieved over any time period. The Fund is not constrained by the benchmark and can make investments in securities that are not included in the benchmark. Differences in the performance of the Fund compared to the benchmark may also arise as a result of application of the UK UCITS Rules prescribing portfolio concentration and liquidity limits, which are not applied to the benchmark. The ACD considers the benchmark is appropriate based on the investment policy of the Fund.

### **Global Exposure – Commitment Approach**

The Fund will employ a risk-management process which enables it to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of the portfolio; it will employ a process for accurate and independent assessment of the value of OTC derivative instruments. The Fund uses the commitment approach to measure the risks associated with its investment policy.

The “commitment method” takes into account netting and hedging arrangements and is defined as the ratio between the Fund’s net derivative exposure and the NAV. The standard commitment approach calculation converts the financial derivative position into the market value of an equivalent position in the underlying asset of that derivative. The Fund shall ensure that its global exposure to financial derivative instruments computed on a commitment basis does not exceed 100% of its total net assets. The Fund shall, at all times, comply with the limits on levels of market risk measured through the use of the commitment approach as set out above.

### **General**

The ACD may utilise the property of the Fund to enter into derivative and forward transactions for the purposes of achieving the Fund’s investment objective. However, derivatives will not be used extensively for investment purposes.

Cash and near cash will be held as necessary to enable the pursuit of the Fund’s investment objectives, redemption of Shares, the efficient management of the Fund in accordance with its investment objectives, or for a purpose which may be regarded as ancillary to the investment objectives of the Fund. The investment policies of the Fund may mean that at times, where it is considered appropriate, the property of each Fund will not be fully invested and that prudent levels of liquidity will be maintained.

The investment powers and limits of the Funds are those set out in Appendix C and in certain cases are more restrictive than the investment powers available under FCA Rules. The current eligible securities and derivative markets are set out in Appendix B.

Any significant change in the investment objective or policies of the Fund may normally be made only with the approval of the FCA and the approval of the Shareholders of the Company or, as the case may be, the Fund by extraordinary resolution passed at a duly convened meeting.

The ACD may from time to time, with the approval of the FCA, decide to create further Funds.

### **Available Share Classes**

| <b>Share Class</b>                       | <b>A</b>    | <b>I</b> | <b>X<sup>3</sup></b> |
|--|-------------|----------|----------------------|
| <b>Preliminary Charge</b>                | Up to 5.00% | Nil      | Nil                  |
| <b>Annual Management Fee<sup>1</sup></b> | 1.50%       | 0.75%    | Nil                  |

|   |                    |   |  |                              |
|---|--------------------|---|--|------------------------------|
| <b>Base Currency</b>                                    |                    | GBP   | GBP  | GBP                          |
| <b>Dealing Frequency</b>                                |                    | Daily on each Business Day                                      |  |                              |
| <b>Accounting Dates</b>                                 |                    | Annual: 31 August, Interim: last day of February                |  |                              |
| <b>Distribution Shares (Inc) Dividend Payment Dates</b> |                    | Paid semi-annually no later than 1 November and 1 May each year |  |                              |
| <b>Hedged Classes Available</b>                         |                    | Class A USD Hedged Acc<br>Class A AUD Hedged Acc                |  |                              |
| <b>Unhedged Classes Available</b>                       |                    | Class A GBP Acc<br>Class A EUR Acc<br>Class A USD Acc           | Class I GBP Acc<br>Class I EUR Acc <sup>2</sup><br>Class I USD Acc | Class X GBP Acc              |
| <b>Minimum Holding and Subscription Level</b>           | <b>GBP Classes</b> | GBP 1,000<br>or currency equivalent                             | GBP 10,000,000<br>or currency equivalent                           | At the discretion of the ACD |
|   | <b>EUR Classes</b> |   |  |                              |
|   | <b>USD Classes</b> |   |  |                              |
|   | <b>AUD Classes</b> |   |  |                              |
| <b>Subsequent Minimum Investment</b>                    | <b>GBP Classes</b> | GBP 500<br>or currency equivalent                               | GBP 500<br>or currency equivalent                                  | -                            |
|   | <b>EUR Classes</b> |   |  |                              |
|   | <b>USD Classes</b> |   |  |                              |
|   | <b>AUD Classes</b> |   |  |                              |

<sup>1</sup> The current annual management fee is charged against the income of the Fund

<sup>2</sup> This Share Class is not launched at the date of this prospectus

<sup>3</sup> Class X Shares are only available for subscription by investors who have in place an agreement with the ACD or Investment Manager in relation to the collection of an investment management fee or a similar agreement



## Appendix B – Eligible Securities and Derivatives Markets

With the exception of permitted investments in unlisted securities, the Funds will only invest in securities traded on a stock exchange or market which meets with the regulatory criteria (regulated, operated regularly, be recognised and open to the public) and which are listed below.

For the purpose of the Funds, a market shall be:

In relation to any investment which constitutes a transferable security:

- (i) Any country, stock exchange or market which is:

Located in the UK or any member state of the EEA; or

Located in any of the following countries:

- Australia
- Canada
- Japan
- Hong Kong
- New Zealand
- Switzerland
- United States of America; or

- (ii) Any stock exchange or market included in the following list

Argentina - Bolsa de Comercio de Buenos Aires  
Argentina - Mercado Abierto Electronico S.A.  
Bahrain - Bahrain Bourse  
Bangladesh - Dhaka Stock Exchange Ltd  
Bangladesh - Chittagong Stock Exchange  
Brasil Bolsa Balcoa (B3)  
Chile - La Bolsa Electronica De Chile  
Chile - Bolsa de Comercio de Santiago  
China - Shanghai Stock Exchange;  
China - Shenzhen Stock Exchange  
China - China Interbank Bond Market  
Colombia - Bolsa de Valores de Colombia  
Egypt - The Egyptian Exchange  
Ghana - Ghana Stock Exchange  
Iceland - NASDAQ ICELAND hf  
India - Bombay Stock Exchange;  
India - National Stock Exchange (NSE)  
Indonesia - The Indonesia Stock Exchange (IDX)  
Israel - Tel Aviv Stock Exchange  
Jordan - Amman Stock Exchange  
Kenya - Nairobi Securities Exchange  
The Republic of Korea - The Korea Exchange (KRX)  
Malaysia - Bursa Malaysia Berhad  
Mauritius - The Stock Exchange of Mauritius  
Mexico - Bolsa Mexicana de Valores  
Morocco - Casablanca Stock Exchange  
Nigeria - The Nigerian Stock Exchange  
Oman - Muscat Securities Market  
Pakistan - Pakistan Stock Exchange  
Peru - Bolsa de Valores de Lima  
Philippines - The Philippine Stock Exchange  
Russia - Moscow Exchange  
Serbia - Belgrade Stock Exchange  
South Africa - JSE Limited  
Singapore - Singapore Exchange Limited  
Sri Lanka - Colombo Stock Exchange  
Taiwan - Taiwan Stock Exchange (TWSE)  
Thailand - Stock Exchange of Thailand (SET)  
Turkey - Borsa Istanbul  
United Arab Emirates - Abu Dhabi Market; Dubai Financial Markets  
Uruguay - Bolsa De Valores De Montevideo

Vietnam - Ho Chi Minh Stock Exchange;  
Vietnam - Hanoi Stock Exchange  
Zambia - Lusaka Stock Exchange

(iii) Any exchange traded derivative market in the following list

NYSE American  
ASX Limited (Australian Securities Exchange)  
Athens Stock Exchange  
Mercado Mexicano de Derivado  
Borsa Italiana  
TSX Venture Exchange  
Chicago Board of Trade  
Chicago Board Options Exchange  
Chicago Mercantile Exchange  
Eurex  
Euronext Amsterdam  
Euronext Brussels  
Euronext LIFFE  
Euronext Derivatives Lisbon  
Euronext Paris  
Hong Kong Futures Exchange  
ICE Futures  
Korea Exchange (KRX)  
ICE Futures Europe  
Luxembourg Stock Exchange  
Madrid Stock Exchange  
Meff Renta Variable Madrid  
Mercado Mexicano de Derivados  
Montreal Stock Exchange  
NASDAQ  
NASDAQ Copenhagen A/S  
NASDAQ Helsinki Ltd  
NASDAQ Stockholm AB  
New York Futures Exchange  
New York Mercantile Exchange  
New York Stock Exchange  
New York Stock Exchange LIFFE  
New Zealand Futures and Options Exchange  
NZX Limited  
Osaka Securities Exchange  
NASDAQ PHLX  
Singapore Exchange  
Shanghai Futures Exchange  
JSE Limited Stock Exchange of Hong Kong  
Tokyo Stock Exchange  
Tokyo Financial Exchange Inc.  
Toronto Futures Exchange  
Toronto Stock Exchange  
Warsaw Stock Exchange  
Wiener Börse

## Appendix C – Investment Management and Borrowing Powers of the Company

### 1. General

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

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

#### 1.1 Prudent spread of risk

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

#### 1.2 Cover

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

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

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

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

### 2. UK UCITS schemes - general

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

2.1.1 transferable securities;

2.1.2 approved money-market instruments;

2.1.3 permitted units in collective investments schemes;

2.1.4 permitted derivatives and forward transactions; and

2.1.5 permitted deposits.

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

### 3. Transferable Securities

3.1 A transferable security is an investment falling within article 76 (Shares etc), article 77 (Instruments creating or acknowledging indebtedness), article 77A (alternative debenture), article 78 (Government and public securities), article 79 (Instruments giving entitlement to investments) and article 80 (Certificates representing certain securities) of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (the "Regulated Activities Order").

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

- 3.3 In applying paragraph 3.2 of this Appendix to an investment which is issued by a body corporate, and which is an investment falling within articles 76 (Shares, etc) or 77 (Instruments creating or acknowledging indebtedness) or article 77A (alternative debenture) of the Regulated Activities Order, the need for any consent on the part of the body corporate or any members or debenture holders of it may be ignored.
- 3.4 An investment is not a transferable security unless the liability of the holder of it to contribute to the debts of the issuer is limited to any amount for the time being unpaid by the holder of it in respect of the investment.
- 3.5 A Fund may invest in a transferable security only to the extent that the transferable security fulfils the following criteria:
- 3.5.1 the potential loss which a Fund may incur with respect to holding the transferable security is limited to the amount paid for it;
  - 3.5.2 its liquidity does not compromise the ability of the ACD to comply with its obligation to redeem Shares at the request of any qualifying Shareholder under the FCA Rules;
  - 3.5.3 reliable valuation is available for it as follows:
    - 3.5.3.1 in the case of a transferable security admitted to or dealt in on an eligible market, where there are accurate, reliable and regular prices which are either market prices or prices made available by valuation systems independent from issuers;
    - 3.5.3.2 in the case of a transferable security not admitted to or dealt in on an eligible market, where there is a valuation on a periodic basis which is derived from information from the issuer of the transferable security or from competent investment research;
  - 3.5.4 appropriate information is available for it as follows:
    - 3.5.4.1 in the case of a transferable security admitted to or dealt in on an eligible market, where there is regular, accurate and comprehensive information available to the market on the transferable security or, where relevant, on the portfolio of the transferable security;
    - 3.5.4.2 in the case of a transferable security not admitted to or dealt in on an eligible market, where there is regular and accurate information available to the ACD on the transferable security or, where relevant, on the portfolio of the transferable security;
  - 3.5.5 it is negotiable; and
  - 3.5.6 its risks are adequately captured by the risk management process of the ACD.
- 3.6 Unless there is information available to the ACD that would lead to a different determination, a transferable security which is admitted to or dealt in on an eligible market shall be presumed:
- 3.6.1 not to compromise the ability of the ACD to comply with its obligation to redeem Shares at the request of any qualifying Shareholder; and
  - 3.6.2 to be negotiable.
- 3.7 No more than 5% of the Scheme Property of a Fund may be invested in warrants.
4. **Closed end funds constituting transferable securities**
- 4.1 A unit or a share in a closed end fund shall be taken to be a transferable security for the purposes of investment by a Fund, provided it fulfils the criteria for transferable securities set out in paragraph 3.5 and either:
- 4.1.1 where the closed end fund is constituted as an investment company or a unit trust:

- 4.1.1.1 it is subject to corporate governance mechanisms applied to companies; and
- 4.1.1.2 where another person carries out asset management activity on its behalf, that person is subject to national regulation for the purpose of investor protection; or
- 4.1.2 Where the closed end fund is constituted under the law of contract:
  - 4.1.2.1 it is subject to corporate governance mechanisms equivalent to those applied to companies; and
  - 4.1.2.2 it is managed by a person who is subject to national regulation for the purpose of investor protection.

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

- 5.1 A Fund may invest in any other investment which shall be taken to be a transferable security for the purposes of investment by a Fund provided the investment:
  - 5.1.1 fulfils the criteria for transferable securities set out in 3.5 above; and
  - 5.1.2 is backed by or linked to the performance of other assets, which may differ from those in which a Fund can invest.
- 5.2 Where an investment in 5.1 contains an embedded derivative component, the requirements of this section with respect to derivatives and forwards will apply to that component.

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

- 6.1 An approved money-market instrument is a money-market instrument which is normally dealt in on the money-market, is liquid and has a value which can be accurately determined at any time.
- 6.2 A money-market instrument shall be regarded as normally dealt in on the money-market if it:
  - 6.2.1 has a maturity at issuance of up to and including 397 days;
  - 6.2.2 has a residual maturity of up to and including 397 days;
  - 6.2.3 undergoes regular yield adjustments in line with money-market conditions at least every 397 days; or
  - 6.2.4 has a risk profile, including credit and interest rate risks, corresponding to that of an instrument which has a maturity as set out in 6.2.1 or 6.2.2 or is subject to yield adjustments as set out in 6.2.3.
- 6.3 A money-market instrument shall be regarded as liquid if it can be sold at limited cost in an adequately short time frame, taking into account the obligation of the ACD to redeem Shares at the request of any qualifying Shareholder.
- 6.4 A money-market instrument shall be regarded as having a value which can be accurately determined at any time if accurate and reliable valuations systems, which fulfil the following criteria, are available:
  - 6.4.1 enabling the ACD to calculate a net asset value in accordance with the value at which the instrument held in the Scheme Property of a Fund could be exchanged between knowledgeable willing parties in an arm's length transaction; and
  - 6.4.2 based either on market data or on valuation models including systems based on amortised costs.
- 6.5 A money-market instrument that is normally dealt in on the money-market and is admitted to or dealt in on an eligible market shall be presumed to be liquid and have a value which can be accurately determined at any time unless there is information available to the ACD that would lead to a different determination.

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

7.1 Transferable securities and approved money-market instruments held within a Fund must be:

7.1.1 admitted to or dealt in on an eligible market as described in 8.3.1; or

7.1.2 dealt in on an eligible market as described in 8.3.2; or

7.1.3 admitted to or dealt in on an eligible market as described in 8.4; or

7.1.4 for an approved money-market instrument not admitted to or dealt in on an eligible market, within 9.1; or

7.1.5 recently issued transferable securities provided that:

7.1.5.1 the terms of issue include an undertaking that application will be made to be admitted to an eligible market; and

7.1.5.2 such admission is secured within a year of issue.

7.2 However, a Fund may invest no more than 10% of its Scheme Property in transferable securities and approved money-market instruments other than those referred to in 7.1.

**8. Eligible markets regime: purpose and requirements**

8.1 To protect Shareholders the markets on which investments of the Funds are dealt in or traded on should be of an adequate quality ("eligible") at the time of acquisition of the investment and until it is sold.

8.2 Where a market ceases to be eligible, investments on that market cease to be approved securities. The 10% restriction in 7.2 above on investing in non approved securities applies and exceeding this limit because a market ceases to be eligible will generally be regarded as an inadvertent breach.

8.3 A market is eligible for the purposes of the rules if it is:

8.3.1 a regulated market as defined in the FCA Rules; or

8.3.2 a market in the UK or an EEA State which is regulated, operates regularly and is open to the public.

8.4 A market not falling within paragraph 8.3 of this Appendix is eligible for the purposes of COLL 5 if:

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

8.4.2 the market is included in a list in the prospectus; and

8.4.3 the Depositary has taken reasonable care to determine that:

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

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

8.5 In paragraph 8.4.1, a market must not be considered appropriate unless it is regulated, operates regularly, is recognised as a market or exchange or as a self-regulating organisation by an overseas regulator, is open to the public, is adequately liquid and has adequate arrangements for unimpeded transmission of income and capital to or for the order of Shareholders.

8.6 The Eligible Markets for the Funds are set out in Appendix B.

**9. Money-market instruments with a regulated issuer**

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

- 9.1.1 the issue or the issuer is regulated for the purpose of protecting Shareholders and savings; and
- 9.1.2 the instrument is issued or guaranteed in accordance with paragraph 10 (Issuers and guarantors of money-market instruments) below.

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

- 9.2.1 the instrument is an approved money-market instrument;
- 9.2.2 appropriate information is available for the instrument (including information which allows an appropriate assessment of the credit risks related to investment in it), in accordance with paragraph 11 (Appropriate information for money-market instruments) below; and
- 9.2.3 the instrument is freely transferable.

**10. Issuers and guarantors of money-market instruments**

10.1 Up to 100% in value of the Scheme Property of a Fund can consist of money-market instruments, which are normally dealt in on the money-market, are liquid and whose value can be accurately determined at any time provided that it is:

- 10.1.1 issued or guaranteed by any one of the following:
  - 10.1.1.1 a central authority of the UK or an EEA State or, if the EEA State is a federal state, one of the members making up the federation;
  - 10.1.1.2 a regional or local authority of the UK or an EEA State;
  - 10.1.1.3 the Bank of England, the European Central Bank or a central bank of an EEA State;
  - 10.1.1.4 the European Union or the European Investment Bank;
  - 10.1.1.5 a non-EEA State or, in the case of a federal state, one of the members making up the federation;
  - 10.1.1.6 a public international body to which the UK or one or more EEA States belong; or
- 10.1.2 issued by a body, any securities of which are dealt in on an eligible market; or
- 10.1.3 issued or guaranteed by an establishment which is:
  - 10.1.3.1 subject to prudential supervision in accordance with criteria defined by UK or European Union law; or
  - 10.1.3.2 subject to and complies with prudential rules considered by the FCA to be at least as stringent as those laid down by UK or European Union law.

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

10.3 An establishment shall be considered to satisfy the requirement in 10.1.3 if it is subject to and complies with prudential rules, and fulfils one or more of the following criteria:

- 10.3.1 it is located in the UK or the European Economic Area;

- 10.3.2 it is located in an OECD country belonging to the Group of Ten;
- 10.3.3 it has at least investment grade rating;
- 10.3.4 on the basis of an in-depth analysis of the issuer, it can be demonstrated that the prudential rules applicable to that issuer are at least as stringent as those laid down by UK or European Union law.

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

11.1 In the case of an approved money-market instrument within 10.1.2 or issued by a body of the type referred to in COLL 5.2.10EG, or which is issued by an authority within 10.1.1.2 or a public international body within 10.1.1.6 but is not guaranteed by a central authority within 10.1.1.1, the following information must be available:

- 11.1.1 information on both the issue or the issuance programme, and the legal and financial situation of the issuer prior to the issue of the instrument, verified by appropriately qualified third parties not subject to instructions from the issuer;
- 11.1.2 updates of that information on a regular basis and whenever a significant event occurs; and
- 11.1.3 available and reliable statistics on the issue or the issuance programme.

11.2 In the case of an approved money-market instrument issued or guaranteed by an establishment within 10.1.3, the following information must be available:

- 11.2.1 information on the issue or the issuance programme or on the legal and financial situation of the issuer prior to the issue of the instrument;
- 11.2.2 updates of that information on a regular basis and whenever a significant event occurs; and
- 11.2.3 available and reliable statistics on the issue or the issuance programme, or other data enabling an appropriate assessment of the credit risks related to investment in those instruments.

11.3 In the case of an approved money-market instrument:

- 11.3.1 Within 10.1.1.1, 10.1.1.4 or 10.1.1.5; or
- 11.3.2 which is issued by an authority within 10.1.1.2 or a public international body within 10.1.1.6 and is guaranteed by a central authority within 10.1.1.1;

information must be available on the issue or the issuance programme, or on the legal and financial situation of the issuer prior to the issue of the instrument.

## 12. **Spread: general**

12.1 This rule on spread does not apply in respect of a transferable security or an approved money market instrument to which paragraph 14 "Spread: government and public securities" applies.

12.2 For the purposes of this requirement companies included in the same group for the purposes of consolidated accounts as defined in accordance with 399 of the Companies Act 2006, Directive 2013/34/EU or in the same group in accordance with international accounting standards are regarded as a single body.

12.3 Not more than 20% in the value of the Scheme Property of a Fund is to consist of deposits with a single body. The Fund may only invest in deposits with an Approved Bank and which are repayable on demand, or have the right to be withdrawn, and maturing in no more than 12 months.

12.4 Not more than 5% in value of the Scheme Property of a Fund is to consist of transferable securities or approved money-market instruments issued by any single body, except that the limit of 5% is raised to 10% in respect of up to 40% in value of the Scheme Property (covered bonds need not be taken into account for the purposes of applying the limit of 40%). For these purposes certificates representing certain securities are treated as equivalent to the underlying security.



- 12.5 The limit of 5% is raised to 25% in value of the Scheme Property in respect of covered bonds provided that when a Fund invests more than 5% in covered bonds issued by a single body, the total value of covered bonds held must not exceed 80% in value of the Scheme Property. None of the Funds may currently invest in covered bonds.
- 12.6 The exposure to any one counterparty in an OTC derivative transaction must not exceed 5% in value of the Scheme Property of a Fund. This limit is raised to 10% where the counterparty is an Approved Bank.
- 12.7 Not more than 20% in value of the Scheme Property of a Fund is to consist of transferable securities and approved money-market instruments issued by the same group.
- 12.8 Not more than 10% in value of the Scheme Property of a Fund is to consist of the units of any one collective investment scheme.
- 12.9 COLL provides that in applying the limits in 12.3, 12.4 and 12.6 and subject to 12.5 in relation to a single body, not more than 20% in value of the Scheme Property of a Fund is to consist of any combination of two or more of the following:
- 12.9.1 transferable securities (including covered bonds) or approved money-market instruments issued by; or
  - 12.9.2 deposits made with; or
  - 12.9.3 exposures from OTC derivatives or EPM transactions made with;
- that body.
13. **Counterparty risk and issuer concentration**
- 13.1 The ACD must ensure that counterparty risk arising from an OTC derivative is subject to the limits set out in 12.6 and 12.9 above.
- 13.2 When calculating the exposure of a Fund to a counterparty in accordance with the limits in 12.6 the ACD must use the positive mark-to-market value of the OTC derivative contract with that counterparty.
- 13.3 The ACD may net the OTC derivative positions of a Fund with the same counterparty, provided they are able legally to enforce netting agreements with the counterparty on behalf of the Fund.
- 13.4 The netting agreements in 13.3 above are permissible only with respect to OTC derivatives with the same counterparty and not in relation to any other exposures the Fund may have with that same counterparty.
- 13.5 The ACD may reduce the exposure of Scheme Property to a counterparty of an OTC derivative through the receipt of collateral. Collateral received must be sufficiently liquid so that it can be sold quickly at a price that is close to its pre-sale valuation and must in all other respects comply with the requirements of the COLL Sourcebook.
- 13.6 The ACD must take collateral into account in calculating exposure to counterparty risk in accordance with the limits in 12.6 when it passes collateral to an OTC counterparty on behalf of a Fund.
- 13.7 Collateral passed in accordance with 13.6 may be taken into account on a net basis only if the ACD is able legally to enforce netting arrangements with this counterparty on behalf of that Fund.
- 13.8 In relation to the exposure arising from OTC derivatives as referred to in 12.6 the ACD must include any exposure to OTC derivative counterparty risk in the calculation.
- 13.9 The ACD must calculate the issuer concentration limits referred to in 12.6 on the basis of the underlying exposure created through the use of OTC derivatives pursuant to the commitment approach.

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

14.1 The following section applies in respect of a transferable security or an approved money market instrument ("such securities") that is issued by:

- a) The UK or an EEA State;
- b) A local authority of the UK or an EEA State;
- c) A non-EEA State; or
- d) a public or international body to which the UK or one or more EEA States belong

14.2 Where no more than 35% in value of the Scheme Property of a Fund is invested in such securities issued or guaranteed by a single state, local authority or public international body, there is no limit on the amount which may be invested in such securities or in any one issue.

14.3 The Company or a Fund may invest more than 35% in value of the Scheme Property in such securities issued or guaranteed by a single state, local authority or public international body provided that:

14.3.1 the ACD has before any such investment is made consulted with the Depositary and as a result considers that the issuer of such securities is one which is appropriate in accordance with the investment objectives of the relevant Fund;

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

14.3.3 the Scheme Property includes such securities issued by that or another issuer, of at least six different issues;

14.3.4 the disclosures required by the FCA have been made.

14.4 Notwithstanding the foregoing up to 100% of the Scheme Property of a Fund may be invested in government and public securities issued by or on behalf of or guaranteed by a single named issuer which may be one of the following: the government of the United Kingdom and Northern Ireland, the governments of Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovenia, Slovakia, Bulgaria, Romania, Turkey, Australia, Canada, Japan, New Zealand, Switzerland and the United States of America or Public securities issued by the Council of Europe, European Bank of Reconstruction and Development, Europe Coal and Steel, European Community, European Investment Bank, Eurofima, International Finance Corporation and Nordic Investment Bank.

14.5 Notwithstanding 12.1 and subject to 14.2 and 14.3 above, in applying the 20% limit in paragraph 12.9 with respect to a single body, government and public securities issued by that body shall be taken into account.

**15. Investment in collective investment schemes**

15.1 Up to 10% of the value of the Scheme Property of a Fund may be invested in units or shares in other collective investment schemes ("Second Scheme") provided the Second Scheme satisfies all of the following conditions and provided that no more than 10% in value of the Scheme Property of a Fund is invested in Second Schemes within 15.1.1.2- 15.1.1.4 below.

15.1.1 The Second Scheme must:

15.1.1.1 satisfy the conditions necessary for it to enjoy the rights conferred by the UK UCITS Rules or, in the case of an EEA UCITS scheme, the UCITS Directive; or

15.1.1.2 be a recognised scheme that is authorised by the supervisory authorities of Guernsey, Jersey or the Isle of Man (provided the requirements of COLL 5.2.13AR are met); or

- 15.1.1.3 be authorised as a non-UCITS retail scheme (provided the requirements of COLL 5.2.13AR are met);
- 15.1.1.4 be authorised in an EEA State provided the requirements of COLL 5.2.13AR are met; or
- 15.1.1.5 be authorised by the competent authority of an OECD member country (other than the UK or an EEA State) which has:
  - (a) signed the IOSCO Multilateral Memorandum of Understanding; and
  - (b) approved the Second Scheme's management company, rules and depositary/custody arrangements;
 (provided the requirements of COLL 5.2.13AR are met).

15.1.2 The Second Scheme has terms which prohibit more than 10% in value of the Scheme Property consisting of units in collective investment schemes. Where the Second Scheme is an umbrella, the provisions in this paragraph 15.1.2, paragraph 15.1.3 and paragraph 12 (Spread: General) apply to each sub fund as if it were a separate scheme.

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

15.2 The Funds may, subject to the limit set out in 15.1 above, invest in collective investment schemes managed or operated by, or whose authorised corporate director is, the ACD of a Fund or one of its associates.

15.3 The Scheme Property attributable to a Fund may include shares in another Fund of the Company (the "Second Fund") subject to the requirements of paragraph 15.4 below.

15.4 A Fund may invest in or dispose of shares of a Second Fund provided that:

15.4.1 the Second Fund does not hold shares in any other Fund of the Company;

15.4.2 the requirements set out at paragraph 37.2 are complied with; and

15.4.3 not more than 20% in value of the Scheme Property of the investing or disposing Fund is to consist of shares in the Second Fund.

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

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

## 17. **Derivatives: general**

**Transactions in derivatives, warrants and forward contracts may be used by the Funds for the purposes of hedging and meeting the investment objectives of the Fund. In pursuing the Funds objectives the ACD may make use of a variety of derivative instruments in accordance with the FCA Rules.**

**The net asset value of a Fund may have high volatility due to these instruments and techniques being included in its Scheme Property and due to the management techniques used.**

**The possible effect on the risk profile of a Fund from the use of these instruments and techniques will generally be to reduce volatility when hedging and could increase volatility when taking additional market or securities exposure, although in the latter case the intention is that volatility should not be markedly different from a Fund directly holding the underlying investments.**

17.1 A transaction in derivatives or a forward transaction must not be effected for a Fund unless the transaction is of

a kind specified in 19 (Permitted transactions (derivatives and forwards)) below, and the transaction is covered, as required by paragraph 31 (Cover for investment in derivatives).

- 17.2 Where a Fund invests in derivatives, the exposure to the underlying assets must not exceed the limits set out in the COLL Sourcebook in relation to COLL 5.2.11R (Spread: general) and COLL 5.2.12R (Spread: government and public securities) except for index based derivatives where the rules below apply.
- 17.3 Where a transferable security or approved money-market instrument embeds a derivative, this must be taken into account for the purposes of complying with this section.
- 17.4 A transferable security or an approved money-market instrument will embed a derivative if it contains a component which fulfils the following criteria:
- 17.4.1 by virtue of that component some or all of the cash flows that otherwise would be required by the transferable security or approved money-market instrument which functions as host contract can be modified according to a specified interest rate, financial instrument price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, and therefore vary in a way similar to a stand-alone derivative;
  - 17.4.2 its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and
  - 17.4.3 it has a significant impact on the risk profile and pricing of the transferable security or approved money-market instrument.
- 17.5 A transferable security or an approved money-market instrument does not embed a derivative where it contains a component which is contractually transferable independently of the transferable security or the approved money-market instrument. That component shall be deemed to be a separate instrument.
- 17.6 Where a Fund invests in an index based derivative, provided the relevant index falls within paragraph 20 (Financial Indices underlying derivatives), the underlying constituents of the index do not have to be taken into account for the purposes of COLL 5.2.11R and COLL 5.2.12R.

## 18. **Efficient Portfolio Management**

- 18.1 The Company may utilise the Scheme Property to enter into transactions for the purposes of Efficient Portfolio Management ("EPM"). Permitted EPM transactions (excluding stock lending arrangements) are transactions in derivatives e.g. to hedge against price or currency fluctuations, dealt with or traded on an eligible derivatives market; off-exchange options or contracts for differences resembling options; or synthetic futures in certain circumstances. The ACD must take reasonable care to ensure that the transaction is economically appropriate to the reduction of the relevant risks (whether in the price of investments, interest rates or exchange rates) or to the reduction of the relevant costs and/or to the generation of additional capital or income with an acceptably low level of risk. The exposure must be fully "covered" by cash and/or other property sufficient to meet any obligation to pay or deliver that could arise.
- 18.2 Permitted transactions are those that the Company reasonably regards as economically appropriate to EPM, that is:
- 18.2.1 Transactions undertaken to reduce risk or cost in terms of fluctuations in prices, interest rates or exchange rates where the ACD reasonably believes that the transaction will diminish a risk or cost of a kind or level which it is sensible to reduce; or
  - 18.2.2 Transactions for the generation of additional capital growth or income for a Fund by taking advantage of gains which the ACD reasonably believes are certain to be made (or certain, barring events which are not reasonably foreseeable) as a result of:
    - 18.2.2.1 pricing imperfections in the market as regards the property which a Fund holds or may hold; or
    - 18.2.2.2 receiving a premium for the writing of a covered call option or a cash covered put option on property of a Fund which the Company is willing to buy or sell at the exercise price, or

18.2.2.3 stock lending arrangements.

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

18.3 The eligible derivatives markets for the Funds are set out in Appendix B.

18.4 All revenues arising from EPM transactions (including stock lending and repurchase and reverse repurchase arrangements, if any) will be returned to the Fund, net of direct and operational costs.

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

19.1 A transaction in a derivative must be in an approved derivative; or be one which complies with paragraph 23 (OTC transactions in derivatives).

19.2 A transaction in a derivative must have the underlying consisting of any one or more of the following to which a Fund is dedicated:

19.2.1 transferable securities;

19.2.2 approved money-market instruments permitted under paragraphs 7.1.1 to 7.1.4;

19.2.3 deposits permitted under this Appendix;

19.2.4 derivatives under this paragraph;

19.2.5 collective investment scheme units permitted under paragraph 15 (Investment in collective investment schemes);

19.2.6 financial indices which satisfy the criteria set out in paragraph 20 (Financial indices underlying derivatives);

19.2.7 interest rates;

19.2.8 foreign exchange rates; and

19.2.9 currencies.

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

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

19.5 A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more, transferable securities, approved money-market instruments, units in collective investment schemes, or derivatives, provided that a sale is not to be considered as uncovered if the conditions in paragraph 22 are satisfied.

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

19.7 A derivative includes an investment which fulfils the following criteria:

19.7.1 it allows transfer of the credit risk of the underlying independently from the other risks associated with that underlying;

19.7.2 it does not result in the delivery or the transfer of assets other than those referred to in COLL 5.2.6AR, including cash;

19.7.3 in the case of an OTC derivative, it complies with the requirements in paragraph 23; and

19.7.4 its risks are adequately captured by the risk management process of the ACD and by its internal control mechanisms in the case of risk asymmetry of information between the ACD and the

counterparty to the derivative resulting from the potential access of the counterparty to non-public information on persons whose assets are used as the underlying by that derivative.

19.8 A Fund may not undertake transactions in derivatives on commodities.

## 20. **Financial Indices underlying derivatives**

20.1 The financial indices referred to in 19.2 are those which satisfy the following criteria:

20.1.1 the index is sufficiently diversified;

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

20.1.3 the index is published in an appropriate manner; and.

20.1.4 complies in all other respects with the requirements of the COLL Sourcebook.

20.2 A financial index is sufficiently diversified if:

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

20.2.2 where it is composed of assets in which a Fund is permitted to invest, its composition is at least diversified in accordance with the requirements with respect to spread and concentration set out in this section; and

20.2.3 where it is composed of assets in which a Fund cannot invest, it is diversified in a way which is equivalent to the diversification achieved by the requirements with respect to spread and concentration set out in this section.

20.3 A financial index represents an adequate benchmark for the market to which it refers if:

20.3.1 it measures the performance of a representative group of underlyings in a relevant and appropriate way;

20.3.2 it is revised or rebalanced periodically to ensure that it continues to reflect the markets to which it refers, following criteria which are publicly available; and

20.3.3 the underlyings are sufficiently liquid, allowing users to replicate it if necessary.

20.4 A financial index is published in an appropriate manner if:

20.4.1 its publication process relies on sound procedures to collect prices, and calculate and subsequently publish the index value, including pricing procedures for components where a market price is not available; and

20.4.2 material information on matters such as index calculation, rebalancing methodologies, index changes or any operational difficulties in providing timely or accurate information is provided on a wide and timely basis.

20.5 Where the composition of underlyings of a transaction in a derivative does not satisfy the requirements for a financial index, the underlyings for that transaction shall where they satisfy the requirements with respect to other underlyings pursuant to 19.2, be regarded as a combination of those underlyings.

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

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

22. **Requirement to cover sales**

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

23. **OTC transactions in derivatives**

23.1 Any transaction in an OTC derivative under paragraph 19.1 must be:

- 23.1.1 in a future or an option or a contract for differences;
- 23.1.2 with an approved counterparty; a counterparty to a transaction in derivatives is approved only if the counterparty is an Eligible Institution or an Approved Bank; or a person whose permission (including any requirements or limitations), as published in the FCA Register or whose Home State authorisation, permits it to enter into the transaction as principal off-exchange;
- 23.1.3 on approved terms; the terms of the transaction in derivatives are approved only if the ACD: carried out at least daily, a reliable and verifiable valuation in respect of that transaction corresponding to its fair value and which does not rely only on market quotations by the counterparty; and can enter into one or more transactions to sell, liquidate or close out that transaction at any time, at its fair value;
- 23.1.4 capable of reliable valuation; a transaction in derivatives is capable of reliable valuation only if the ACD having taken reasonable care determines that, throughout the life of the derivative (if the transaction is entered into), it will be able to value the investment concerned with reasonable accuracy:
  - 23.1.4.1 on the basis of an up-to-date market value which the ACD and the Depositary have agreed is reliable; or
  - 23.1.4.2 if the value referred to in paragraph 23.1.4.1 is not available, on the basis of a pricing model which the ACD and the Depositary have agreed uses an adequate recognised methodology; and
- 23.1.5 subject to verifiable valuation: a transaction in derivatives is subject to verifiable valuation only if, throughout the life of the derivative (if the transaction is entered into) verification of the valuation is carried out by:
  - 23.1.5.1 an appropriate third party which is independent from the counterparty of the derivative at an adequate frequency and in such a way that the ACD is able to check it; or
  - 23.1.5.2 a department within the ACD which is independent from the department in charge of managing a Fund and which is adequately equipped for such a purpose.
- 23.1.6 For the purposes of paragraph 23.1.3, "fair value" is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

24. **Valuation of OTC derivatives**

24.1 For the purposes of 23.1.3, the ACD must:

- 24.1.1 establish, implement and maintain arrangements and procedures which ensure appropriate, transparent and fair valuation of the exposures of a Fund to OTC derivatives; and
- 24.1.2 ensure that the fair value of OTC derivatives is subject to adequate, accurate and independent assessment.

24.2 Where the arrangements and procedures referred to in paragraph 24.1 above involve the performance of certain

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

24.3 The arrangements and procedures referred to in this rule must be:

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

24.3.2 adequately documented.

## 25. **Risk management**

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

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

25.2.1 a true and fair view of the types of derivatives and forward transactions to be used within a Fund together with their underlying risks and any relevant quantitative limits; and

25.2.2 the methods for estimating risks in derivative and forward transactions.

## 26. **Investment in deposits**

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

## 27. **Significant influence**

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

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

27.1.2 the acquisition gives the Company that power.

27.2 For the purposes of paragraph 27.1, the Company is to be taken to have power significantly to influence the conduct of business of a body corporate if it can, because of the transferable securities held by it, exercise or control the exercise of 20% or more of the voting rights in that body corporate (disregarding for this purpose any temporary suspension of voting rights in respect of the transferable securities of that body corporate).

## 28. **Concentration**

The Company:

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

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

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

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

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

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



28.5 need not comply with the limits in paragraphs 28.2, 28.3 and 28.4 of this Appendix if, at the time of the acquisition, the net amount in issue of the relevant investment cannot be calculated.

29. **Derivative exposure**

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

29.2 Cover ensures that a Fund is not exposed to the risk of loss of property, including money, to an extent greater than the net value of the Scheme Property. Therefore, a Fund must hold Scheme Property sufficient in value or amount to match the exposure arising from a derivative obligation to which that Fund is committed. Paragraph 31 (Cover for investment in derivatives) below sets out detailed requirements for cover of that Fund.

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

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

30. **Schemes replicating an index**

30.1 Notwithstanding paragraph 12 (Spread: general), a Fund may invest up to 20% in value of the Scheme Property in shares and debentures which are issued by the same body where the stated investment policy is to replicate the composition of a relevant index as defined below.

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

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

30.4 In the case of a Fund replicating an index the Scheme Property need not consist of the exact composition and weighting of the underlying in the relevant index in cases where a Fund's investment objective is to achieve a result consistent with the replication of an index rather than an exact replication.

30.5 The indices referred to above are those which satisfy the following criteria:

30.5.1 the composition is sufficiently diversified;

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

30.5.3 the index is published in an appropriate manner; and

the index complies with the requirements of the COLL Sourcebook.

30.6 The composition of an index is sufficiently diversified if its components adhere to the spread and concentration requirements in this section.

30.7 An index represents an adequate benchmark if its provider uses a recognised methodology which generally does not result in the exclusion of a major issuer of the market to which it refers.

30.8 An index is published in an appropriate manner if:

30.8.1 it is accessible to the public;

30.8.2 the index provider is independent from the index-replicating UK or EEA UCITS scheme; this does not preclude index providers and the UK or EEA UCITS scheme from forming part of the same group, provided that effective arrangements for the management of conflicts of interest are in place.

### 31. **Cover for investment in derivatives**

31.1 A Fund may invest in derivatives and forward transactions as part of its investment policy provided:

31.1.1 its global exposure relating to derivatives and forward transactions held in the Fund does not exceed the net value of the Scheme Property; and

31.1.2 its global exposure to the underlying assets does not exceed in aggregate the investment limits laid down in paragraph 12 above.

### 32. **Daily calculation of global exposure**

32.1 The ACD must calculate the global exposure of a Fund on at least a daily basis.

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

### 33. **Calculation of global exposure**

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

33.1.1 the incremental exposure and leverage generated through the use of derivatives and forward transactions (including embedded derivatives as referred to in 17 (Derivatives: general), which may not exceed 100% of the net value of the Scheme Property of a Fund, by way of the commitment approach; or

33.1.2 the market risk of the Scheme Property of a Fund, by way of the value at risk approach.

33.2 The ACD must ensure that the method selected above is appropriate, taking into account:

33.2.1 the investment strategy pursued by the Fund;

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

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

33.3 Where a Fund employs techniques and instruments including repo contracts or stock lending transactions in accordance with 44 (Stock lending) in order to generate additional leverage or exposure to market risk, the ACD must take those transactions into consideration when calculating global exposure.

33.4 For the purposes of 33.1, value at risk means a measure of the maximum expected loss at a given confidence level over the specific time period.

### 34. **Commitment approach**

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

34.1.1 ensure that it applies this approach to all derivative and forward transactions (including embedded derivatives as referred to in 17 (Derivatives: general)), whether used as part of the Fund's general investment policy, for the purposes of risk reduction or for the purposes of efficient portfolio management in accordance with paragraph 44 (Stock lending); and

34.1.2 convert each derivative or forward transaction into the market value of an equivalent position in the underlying asset of that derivative or forward (standard commitment approach).

34.2 The ACD may apply other calculation methods which are equivalent to the standard commitment approach.

- 34.3 For the commitment approach, the ACD may take account of netting and hedging arrangements when calculating global exposure of a Fund, where these arrangements do not disregard obvious and material risks and result in a clear reduction in risk exposure.
- 34.4 Where the use of derivatives or forward transactions does not generate incremental exposure for the Fund, the underlying exposure need not be included in the commitment calculation.
- 34.5 Where the commitment approach is used, temporary borrowing arrangements entered into on behalf of the Fund in accordance with paragraph 39 (General power to borrowing) need not form part of the global exposure calculation.
35. **Borrowing**
- 35.1 Cash obtained from borrowing, and borrowing which the ACD reasonably regards an Eligible Institution or an Approved Bank to be committed to provide, is not available for cover under paragraph 31 (Cover for investment in derivatives) except where 35.2 below applies.
- 35.2 Where, for the purposes of this paragraph a Fund borrows an amount of currency from an Eligible Institution or an Approved Bank; and keeps an amount in another currency, at least equal to such borrowing for the time being in 35.1 on deposit with the lender (or his agent or nominee), then this paragraph 35.2 applies as if the borrowed currency, and not the deposited currency, were part of the Scheme Property.
36. **Cash and near cash**
- 36.1 Cash and near cash must not be retained in the Scheme Property of the Funds except to the extent that, where this may reasonably be regarded as necessary in order to enable:
- 36.1.1 the pursuit of a Fund's investment objective; or
  - 36.1.2 redemption of Shares; or
  - 36.1.3 efficient management of a Fund in accordance with its investment objectives; or
  - 36.1.4 other purposes which may reasonably be regarded as ancillary to the investment objectives of a Fund.
- 36.2 During the period of the initial offer the Scheme Property of the Funds may consist of cash and near cash without limitation.
37. **General**
- 37.1 It is envisaged that a Fund will normally be fully invested but there may be times that it is appropriate not to be fully invested when the ACD reasonably regards this as necessary in pursuit of the investment objective and policy, redemption of Shares, efficient management of a Fund or any one purpose which may reasonably be regarded as ancillary to the investment objectives of a Fund. This amount will vary depending upon prevailing circumstances and although it would normally not exceed 10% of the total value of the relevant Fund, there may be times when the Investment Manager considers stock markets to be overpriced or that a period of instability exists which presents unusual risks. In such cases or during such periods, a higher level of liquidity may be maintained and, if considered prudent, the amount of fixed interest, cash or near cash instruments held would be increased. Unless market conditions were deemed unusually risky, the increased amount and period would not be expected to exceed 30% and six months respectively.
- 37.2 Where a Fund invests in or disposes of units or shares in another collective investment scheme which is managed or operated by the ACD or an associate of the ACD, the ACD must pay to a Fund by the close of business on the third Business Day the amount of any preliminary charge in respect of a purchase, and in the case of a sale, any charge made for the disposal.
- 37.3 A potential breach of any of these limits does not prevent the exercise of rights conferred by investments held by a Fund but, in the event of a consequent breach, the ACD must then take such steps as are necessary to restore compliance with the investment limits as soon as practicable having regard to the interests of Shareholders.

- 37.4 The COLL Sourcebook permits the ACD to use certain techniques when investing in derivatives in order to manage a Fund's exposure to particular counterparties and in relation to the use of collateral to reduce overall exposure with respect to over-the-counter ("OTC") derivatives; for example a Fund may take collateral from counterparties with whom they have an OTC derivative position and use that collateral to net off against the exposure they have to the counterparty under that OTC derivative position, for the purposes of complying with counterparty spread limits. The COLL Sourcebook also permits a Fund to use derivatives to effectively short sell (agree to deliver the relevant asset without holding it in a Fund) under certain conditions.
38. **Underwriting**
- 38.1 Underwriting and sub underwriting contracts and placings may also, subject to certain conditions set out in the COLL Sourcebook, be entered into for the account of a Fund.
39. **General power to borrow**
- 39.1 The Company or the ACD may, on the instructions of the Company and subject to the COLL Sourcebook, borrow money from an Eligible Institution or an Approved Bank for the use of a Fund on terms that the borrowing is to be repayable out of the Scheme Property.
- 39.2 Borrowing must be on a temporary basis, must not be persistent, and in any event must not exceed three months without the prior consent of the Depositary, which may be given only on such conditions as appear appropriate to the Depositary to ensure that the borrowing does not cease to be on a temporary basis.
- 39.3 The ACD must ensure that borrowing does not, on any Business Day, exceed 10% of the value of a Fund.
- 39.4 These borrowing restrictions do not apply to "back to back" borrowing for currency hedging purposes (i.e. borrowing permitted in order to reduce or eliminate risk arising by reason of fluctuations in exchange rates).
- 39.5 Borrowings may be made from the Depositary or an associate of it at a normal commercial interest rate.
40. **Restrictions on lending of money**
- 40.1 None of the money in the Scheme Property of a Fund may be lent and, for the purposes of this paragraph, money is lent by a Fund if it is paid to a person ("the payee") on the basis that it should be repaid, whether or not by the payee.
- 40.2 Acquiring a debenture is not lending for the purposes of paragraph 40.1, nor is the placing of money on deposit or in a current account.
- 40.3 Nothing in paragraph 40.1 prevents the Company from providing an officer of the Company with funds to meet expenditure to be incurred by him for the purposes of the Company (or for the purposes of enabling him properly to perform his duties as an officer of the Company) or from doing anything to enable an officer to avoid incurring such expenditure.
41. **Restrictions on lending of property other than money**
- 41.1 Scheme Property of the Funds other than money must not be lent by way of deposit or otherwise.
- 41.2 Transactions permitted by paragraph 44 (Stock lending) are not to be regarded as lending for the purposes of paragraph 41.1.
- 41.3 The Scheme Property of the Funds must not be mortgaged.
- 41.4 Where transactions in derivatives and forward transactions are used for the account of the Fund in accordance with any of the provisions of this Appendix, nothing in this paragraph prevents a Fund or the Depositary at the request of the Fund, from lending, depositing, pledging or charging its Scheme Property for margin requirements or transferring its Scheme Property under the terms of an agreement in relation to margin requirements, provided that the ACD reasonably considers that both the agreement and the margin arrangements made under it (including in relation to the level of margin provide appropriate protection to Shareholders).
42. **General power to accept or underwrite placings**

- 42.1 Any power in COLL 5 to invest in transferable securities may be used for the purpose of entering into transactions to which this section applies, subject to compliance with any restriction in the Instrument of Incorporation. This section applies, to any agreement or understanding: which is an underwriting or sub-underwriting agreement, or which contemplates that securities will or may be issued or subscribed for or acquired for the account of a Fund.
- 42.2 This ability does not apply to an option, or a purchase of a transferable security which confers a right to subscribe for or acquire a transferable security, or to convert one transferable security into another.
- 42.3 The exposure of a Fund to agreements and understandings as set out above, on any Business Day be covered and be such that, if all possible obligations arising under them had immediately to be met in full, there would be no breach of any limit in the COLL Sourcebook.
43. **Guarantees and indemnities**
- 43.1 The Company or the Depositary for the account of the Company must not provide any guarantee or indemnity in respect of the obligation of any person.
- 43.2 None of the Scheme Property may be used to discharge any obligation arising under a guarantee or indemnity with respect to the obligation of any person.
- 43.3 Paragraphs 43.1 and 43.2 do not apply to in respect of the Company:
- 43.3.1 any indemnity or guarantee given for margin requirements where the derivatives or forward transactions are being used in accordance with COLL 5; and
- 43.3.2 an indemnity falling within the provisions of regulation 62(3) (Exemptions from liability to be void) of the OEIC Regulations;
- 43.3.3 an indemnity (other than any provision in it which is void under regulation 62 of the OEIC Regulations) given to the Depositary against any liability incurred by it as a consequence of the safekeeping of any of the Scheme Property by it or by anyone retained by it to assist it to perform its function of the safekeeping of the Scheme Property; and
- 43.3.4 an indemnity given to a person winding up a scheme if the indemnity is given for the purposes of arrangements by which the whole or part of the property of that scheme becomes the first property of the Company and the holders of units in that scheme become the first Shareholders in the Company.
44. **Stock lending**
- 44.1 The Funds (or the Depositary at the ACDs' request), may enter into stock lending transactions (involving a disposal of securities in the Fund and reacquisition of equivalent securities) or repo contracts when it reasonably appears to the ACD to be appropriate to do so with a view to generating additional income for the Fund with an acceptable degree of risk.
- 44.2 The specific method of stock lending permitted in this section is in fact not a transaction which is a loan in the normal sense. Rather it is an arrangement of the kind described in section 263B of the Taxation of Chargeable Gains Act 1992, under which the lender transfers securities to the borrower otherwise than by way of sale and the borrower is to transfer those securities, or securities of the same type and amount, back to the lender at a later date. In accordance with good market practice, a separate transaction by way of transfer of assets is also involved for the purpose of providing collateral to the "lender" to cover him against the risk that the future transfer back of the securities may not be satisfactorily completed.
- 44.3 The stock lending permitted by this section may be exercised by a Fund when it reasonably appears to a Fund to be appropriate to do so with a view to generating additional income with an acceptable degree of risk.
- 44.4 The Company or the Depositary at the request of the Company may enter into a stock lending arrangement of the kind described in section 263B of the Taxation of Chargeable Gains Act 1992 (without extension by section 263C), but only if all the terms of the agreement under which securities are to be reacquired by the Depositary for the account of a Fund, are in a form which is acceptable to the Depositary and are in accordance with good market practice, the counterparty meets the criteria set out in COLL 5.4.4, and collateral is obtained to secure

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

- 44.5 The Depositary must ensure that the value of the collateral at all times is at least equal to the value of the securities transferred by the Depositary. This duty may be regarded as satisfied in respect of collateral the validity of which is about to expire or has expired where the Depositary takes reasonable care to determine that sufficient collateral will again be transferred at the latest by the close of business on the day of expiry.
- 44.6 Any agreement for transfer at a future date of securities or of collateral (or of the equivalent of either) may be regarded, for the purposes of valuation under the COLL Sourcebook, as an unconditional agreement for the sale or transfer of property, whether or not the property is part of the property of a Fund.
- 44.7 There is no limit on the value of the Scheme Property of a Fund which may be the subject of stock lending transactions or repo contracts.
- 44.8 The ACD will seek to appoint counterparties who have a minimum credit rating of at least A2 by Standard & Poor's Rating Agency and P2 by Moody's Rating Agency or be of a similar credit status.
- 44.9 As security for any stock lending activities, the ACD will obtain collateral comprising cash, government and/or other public securities, the value of which will at all times be at least 100% of the market value of the securities lent.
- 44.10 The terms of any stock lending or repurchase agreement should ensure that the Company is able to recall at any time any security that has been lent out or to terminate the agreement.
- 44.11 The maximum amount available for stock lending activities and repurchase transactions is 100% of the Fund's net asset value.
- 44.12 The Fund does not currently engage in any stock lending transactions or repurchase / reverse repurchase transactions.
- 44.13 Please see Section 6.5 above for further details of arrangements in place for stock lending.

#### 45. **Transactions with Connected Persons**

- 45.1 Cash forming part of the property of the scheme may be placed as deposits with the Depositary, ACD and the Investment Manager or with any connected persons of these companies (being an institution licensed to accept deposits) so long as that institution pays interest thereon at no lower rate than is, in accordance with normal banking practice, the commercial rate for deposits of the size of the deposit in question negotiated at arm's length.
- 45.2 Money can be borrowed from the Depositary, ACD and the Investment Manager or any of their connected persons (being a bank) so long as that bank charges interest at no higher rate, and any fee for arranging or terminating the loan is of no greater amount than is in accordance with normal banking practice, the commercial rate for a loan of the size and nature of the loan in question negotiated at arm's length.
- 45.3 Any transactions between the Fund and the ACD, the Investment Manager, or any of their connected persons as principal may only be made with the prior written consent of the Depositary.
- 45.4 All transactions carried out by or on behalf of the scheme must be at arm's length and executed on the best available terms. Transactions with persons connected to the ACD or Investment Manager may not account for more than 50% of the Fund's transactions in value in any one financial year of the scheme.

## Appendix D – Country Specific Investment Restrictions

1. Certain jurisdictions in which the Funds are registered apply additional requirements in respect of the Fund's investment policies. Country specific registration information in relation to the Funds is hosted on the Manager's website at [www.barings.com/fund-registration-matrix](http://www.barings.com/fund-registration-matrix). To the extent that a Fund is registered in any of these indicated jurisdictions, which can be confirmed on the above website, the following additional requirements and investment restrictions shall apply:

### 1.1 Investment restrictions applicable to Funds registered in Hong Kong:

- 1.1.1 Where a Fund is authorised for public offer in Hong Kong, the Hong Kong Securities and Futures Commission ("HKSF") requires each of the Funds to be classified on the basis of its expected maximum net derivative exposure ("NDE"). The HKSF requires the NDE to be calculated in accordance with the HKSF's "Code on Unit Trusts and Mutual Funds" and the requirements and guidance issued by the HKSF, which may be updated from time to time. This requires the Company to convert all financial derivatives instruments acquired for investment purposes that would generate incremental leverage at the portfolio level of the Fund into their equivalent positions in the underlying assets. Applying these requirements, currently the NDE of a Fund authorised for public offer in Hong Kong is expected to be up to 50% of the Fund's Net Asset Value but this level may be exceeded as permitted by the relevant Hong Kong regulatory requirements.
- 1.1.2 For the avoidance of doubt, complying with the HKSF's requirements to classify a Fund on the basis of its NDE does not amend the investment objectives or policies or otherwise impact the management of a Fund or its use of financial derivatives instruments, as the requirements are solely to measure a Fund's expected use of financial derivatives instruments, as described above, using the HKSF's methodology.

### 1.2 Investment restrictions applicable to Funds registered in Korea:

- 1.2.1 A Fund may invest no more than 40% of its Net Asset Value in Korean won-denominated securities.

### 1.3 Investment restrictions applicable to Funds registered in Taiwan:

- 1.3.1 Unless exempted by the Financial Supervisory Commission (the "FSC"), the risk exposure of the non-offset position in derivatives held by a Fund for increasing investment efficiency, may not at any time exceed 40% of a Fund's Net Asset Value; the total value of non-offset short derivative positions held for hedging purposes must not exceed the total market value of the corresponding securities held by a Fund.
- 1.3.2 The direct investments that a Fund is permitted to make in Mainland China are restricted to securities listed on the Mainland China exchanges or on the Mainland China Interbank Bond Market, and a Fund's holdings in such securities may not, at any time, exceed 20% (or such other percentage stipulated by the FSC from time to time) of the Fund's Net Asset Value.
- 1.3.3 The securities market of Taiwan may not constitute more than 50% of a Fund's Net Asset Value or such other percentage as the FSC may decide.

#### Restrictions related to Funds with an equity focused strategy which are registered in Taiwan:

- 1.3.4 The total investment in stocks must be more than 70% of the Fund's Net Asset Value.
- 1.3.5 Where the name of an equity Fund specifies investment in specific objects, areas, or markets, the investment by the Fund in these objects, areas, or markets must be more than 60% of the Fund's Net Asset Value.

## Appendix E – Custodian / Sub Custodians

The Custodian for the Fund is Northern Trust. A list of the Sub-Custodians is as follows:

| <b>Market</b>  | <b>Sub-Custodian</b>  |
|--|---|
| Australia  | HSBC Bank Australia Limited   |
| Austria  | UniCredit Bank Austria A.G  |
| Bahrain  | HSBC Bank Middle East Limited   |
| Bangladesh   | Standard Chartered Bank   |
| Belgium  | Deutsche Bank AG  |
| Bermuda  | HSBC Bank Bermuda Limited   |
| Bosnia and Herzegovina<br>(Federation of Bosnia-Herzegovina) | Raiffeisen Bank International AG                                      |
| Bosnia and Herzegovina<br>(Republic of Srpska)               | Raiffeisen Bank International AG                                      |
| Botswana   | Standard Chartered Bank Botswana Limited                              |
| Brazil   | Citibank N.A., Brazilian Branch                                       |
| Bulgaria   | Citibank Europe plc, Bulgaria Branch                                  |
| Canada   | The Northern Trust Company, Canada                                    |
| Chile  | Banco de Chile  |
| China A Share  | HSBC Bank (China) Company Limited                                     |
| China B Share  | HSBC Bank (China) Company Limited                                     |
| Colombia   | Cititrust Colombia S.A. Sociedad Fiduciaria                           |
| Costa Rica   | Banco Nacional de Costa Rica  |
| Croatia  | UniCredit Bank Austria A.G.   |
| Cyprus   | Citibank Europe plc   |
| Czech Republic   | UniCredit Bank Czech Republic and Slovakia, a.s.                      |
| Denmark  | Nordea Bank Abp   |
| Egypt  | Citibank N.A., Cairo Branch   |
| Estonia  | Swedbank AS   |
| Euroclear  | Euroclear Bank S.A./N.V.  |
| Finland  | Nordea Bank Abp   |
| France   | The Northern Trust Company  |
| Germany  | Deutsche Bank AG  |
| Ghana  | Standard Chartered Bank Ghana Limited                                 |
| Greece   | Citibank Europe plc   |
| Hong Kong  | The Hong Kong and Shanghai Banking Corporation Limited                |
| Hong Kong – HK Stock Connect                                 | The Hong Kong and Shanghai Banking Corporation Limited                |
| Hungary  | UniCredit Bank Hungary Zrt  |
| India  | Citibank, N.A.  |
| Indonesia  | Standard Chartered Bank   |
| Ireland  | Euroclear UK and Ireland Limited(Northern Trust self-custody)*        |
| Israel   | Bank Leumi Le-Israel B.M.   |
| Italy  | Deutsche Bank SpA   |
| Japan  | The Hongkong and Shanghai Banking Corporation Limited                 |
| Jordan   | Standard Chartered Bank   |
| Kazakhstan   | Citibank Kazakhstan JSC   |
| Kenya  | Standard Chartered Bank Kenya Limited                                 |
| Kuwait   | HSBC Bank Middle East Limited   |
| Latvia   | Swedbank AS   |
| Lebanon  | HSBC Bank Middle East Limited   |
| Lithuania  | AB SEB Bankas   |
| Luxembourg   | Euroclear Bank S.A./N.V.  |
| Malaysia   | HSBC Bank Malaysia Berhad   |
| Mauritius  | The Hongkong and Shanghai Banking Corporation Limited                 |
| Mexico   | Banco Nacional de Mexico S.A. integrante del Grupo Financiero Banamex |



|                         |   |
|-------------------------|---|
| Morocco                 | Societe Generale Marocaine de Banques   |
| Namibia                 | Standard Bank Namibia Ltd   |
| Netherlands             | Deutsche Bank AG  |
| New Zealand             | The Hongkong and Shanghai Banking Corporation Limited                                       |
| Nigeria                 | Stanbic IBTC Bank Plc   |
| Norway                  | Nordea Bank Abp   |
| Oman                    | HSBC Bank Oman S.A.O.G.   |
| Pakistan                | Citibank N.A., Karachi Branch   |
| Palestinian Territories | HSBC Bank Middle East Limited   |
| Panama                  | Citibank N.A., Panama Branch  |
| Peru                    | Citibank del Peru S.A.  |
| Philippines             | The Hongkong and Shanghai Banking Corporation Limited                                       |
| Poland                  | Bank Polska Kasa Opieki SA  |
| Portugal                | BNP Paribas Securities Services   |
| Qatar                   | HSBC Bank Middle East Limited   |
| Romania                 | Citibank Europe plc   |
| Russia                  | AO Citibank   |
| Saudi Arabia            | HSBC Saudi Arabia   |
| Serbia                  | UniCredit Bank Austria A.G.   |
| Singapore               | DBS Bank Ltd  |
| Slovakia                | Citibank Europe plc   |
| Slovenia                | UniCredit Banka Slovenija d.d.  |
| South Africa            | The Standard Bank of South Africa Limited   |
| South Korea             | The Hongkong and Shanghai Banking Corporation Limited                                       |
| Spain                   | Deutsche Bank SAE   |
| Sri Lanka               | Standard Chartered Bank   |
| Swaziland               | Standard Bank Swaziland Limited   |
| Sweden                  | Svenska Handelsbanken AB (publ)   |
| Switzerland             | Credit Suisse (Switzerland) Ltd   |
| Taiwan                  | Bank of Taiwan  |
| Tanzania                | Standard Chartered Bank (Mauritius) Limited   |
| Thailand                | Citibank N.A., Bangkok Branch   |
| Tunisia                 | Union Internationale De Banques   |
| Turkey                  | Deutsche Bank AS  |
| UAE - ADX               | HSBC Bank Middle East Limited (DIFC) Branch   |
| UAE - DFM               | HSBC Bank Middle East Limited (DIFC) Branch   |
| UAE - NASDAQ Dubai      | HSBC Bank Middle East Limited (DIFC) Branch   |
| Uganda                  | Standard Chartered Bank Uganda Limited  |
| Ukraine                 | PJSC Citibank   |
| United Kingdom          | Euroclear UK and Ireland Limited (Northern Trust self-custody)                              |
| United States           | The Northern Trust Company  |
| Uruguay                 | Banco Itau Uruguay S.A.   |
| Venezuela               | Citibank, N.A.  |
| Vietnam                 | HSBC Bank (Vietnam) Ltd   |
| West Africa (UEMOA)     | Standard Chartered Bank (Mauritius) Limited<br>(Hub arrangement used to access this market) |
| Zambia                  | Standard Chartered Bank Zambia plc  |
| Zimbabwe                | Standard Chartered Bank (Mauritius) Limited<br>(Hub arrangement used to access this market) |

\*The Royal Bank of Canada serves as Northern Trust's Sub-Custodian for securities not eligible for settlement in Canada's local central securities depository.

## Appendix F – Historic Performance

The following details the past performance of the Fund and its benchmark. The past performance is shown in two formats.

- 1) Discrete annual performance over the last 5 years (or since the Fund's inception), taking account of all charges but not the effect of any entry or exit charges that may be applicable, shown as a percentage, on a NAV per Share basis with net income reinvested.
- 2) Cumulative returns invested over 5 years (or since the Fund's inception), taking account of all charges but not the effect of any entry or exit charges that may be applicable, shown as a percentage, on a NAV per Share basis with net income reinvested.

Warning: The information shown is not a guide to how the Funds will perform in future. You may get back less money than you invest.

### Barings Global Agriculture Fund – Class A GBP Acc (Launched 15 January 2009)

#### Discrete Annual Performance

| %  | 01/07/23-30/06/24 | 01/07/22-30/06/23 | 01/07/21-30/06/22 | 01/07/20-30/06/21 | 01/07/19-30/06/20 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Barings Global Agriculture Fund</b>   | -10.63            | -3.03             | 13.26             | 40.74             | -11.39            |
| <b>MSCI All Country World Index (ACWI) Net Total Return Index <sup>1</sup></b> | 20.06             | 11.31             | -4.17             | 24.56             | 5.18              |

#### Cumulative Returns over 5 years to 30 June 2024

| %  | 1 year | 2 year | 3 year | 4 year | 5 year |
|--|--------|--------|--------|--------|--------|
| <b>Barings Global Agriculture Fund</b>   | -10.63 | -6.91  | -0.62  | 8.41   | 4.13   |
| <b>MSCI All Country World Index (ACWI) Net Total Return Index <sup>1</sup></b> | 20.06  | 15.61  | 8.60   | 12.39  | 10.91  |

Fund launched 15 January 2009

<sup>1</sup> Effective from 31 October 2024, the fund's benchmark was changed from the DAXglobal® Agribusiness (Total Net Return) Index. Previously, on 31 August 2020, the fund's benchmark was changed from DAXglobal® Agribusiness (Total Gross Return) Index to the DAXglobal® Agribusiness (Total Net Return) Index

**Past performance is no indication of current or future performance. The performance data does not take account of the commissions and costs incurred on the issue and redemption of Shares.**

Investment involves risk. The value of any investments and any income generated may go down as well as up and is not guaranteed.

Source: Barings, as at 31 August 2024.

For more up to date performance please refer to [www.barings.com](http://www.barings.com).

**Address:**

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20 Old Bailey  
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[www.barings.com](http://www.barings.com)

**Important information:**

This document is approved and issued by Baring Asset Management Limited.

**Disclosure:**

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**BARINGS**