



# Castlefield

Prospectus

05 July 2010

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**PROSPECTUS  
OF  
PREMIER CASTLEFIELD FUNDS  
an Investment Company  
with Variable Capital**

This document constitutes the Prospectus for Premier Castlefield Funds (the “Company”) which has been prepared in accordance with the terms of the rules contained in the Collective Investment Schemes Sourcebook (the “FSA Regulations”) published by the Financial Services Authority (“FSA”) as part of their Handbook of rules made under the Financial Services and Markets Act 2000 (the “Act”).

The Prospectus is dated and is valid as at 05 July 2010 and replaces any previous prospectuses issued by the Company.

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

If you are in any doubt about the contents of this Prospectus you should consult your professional adviser.

The Prospectus is based on information, law and practice at the date hereof. The Company is not bound by any out of date prospectus when they have issued a new prospectus and potential investors should check that they have the most recently published version.

Premier Portfolio Managers Limited, the ACD of the Company, is the person responsible for the information contained in this Prospectus. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained herein does not contain any untrue or misleading statement or omit any matters required by the FSA Regulations to be included in it.

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

A “US Person”, for the purposes of the above paragraph, is a person who is in either of the following two categories:

- (a) a person included in the definition of “US Person” under Rule 902 of Regulation S under the 1933 Act, or
- (b) a person excluded from the definition of a “Non-United States Person” as used in the US Commodity Futures Trading Commission (“CFTC”) Rule 4.7.

For the avoidance of doubt, a person is excluded from this definition of US Person only if he or it does not satisfy any of the definitions of “US Person” only if he or it does not satisfy any of the definitions of “US Person” in Rule 902 and qualifies as a “Non-United States Person” under CFTC Rule 4.7.

“US Person” under Rule 902 generally includes the following:

- (a) any natural person resident in the United States;

- (b) any partnership or corporation organisation or incorporated under the laws of the United States;
- (c) any estate which any executor or administrator is a US Person;
- (d) any trust of which any trustee is a US Person;
- (e) any agency or branch of a non-US entity located in the United States;
- (f) any non-discretionary account or similar account (other than a estate or trust) held by a dealer or other fiduciary for the benefit or account of a US Person;
- (g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated or (if an individual) resident in the United States; and
- (h) any partnership or corporation if:
  - i. organised or incorporated under the laws of any non-US jurisdiction; and
  - ii. formed by a US Person principally for the purpose of investing in securities not registered under the 1933 Act, unless it is organised on incorporated, and owned, by accredited investors (as defined in Rule 501(a) of Regulation D under the 1933 Act) who are not natural persons, estates or trusts.

## DEFINITIONS

“accumulation share(s)”	shares which may be Net Paying shares or Gross Paying shares (of whatever class), denominated in base currency and which have an initial subscription level of £500 or such other amount determined by the ACD and stated in this Prospectus, in the Company as may be in issue from time to time in respect of which income allocated thereto is credited periodically to capital pursuant to the FSA Rules;
“ACD”	Premier Portfolio Managers Limited the authorised corporate director of the Company;
“Act”	Financial Services and Markets Act 2000;
“Approved Derivative”	an approved derivative is one which is traded or dealt on an eligible derivatives market and any transaction in such a derivative must be effected on or under the rules of the market;
“Charity Accumulation Share(s)”	accumulation shares which are Net Paying shares and are denominated in base currency and which are open to investment by charitable institutions;
“Charity Income Share(s)”	income shares which are Net Paying shares and are denominated in base currency and which are open to investment by charitable institutions;
“Company”	Premier Castlefield Funds, a UK authorised investment company with variable capital;
“Dealing Day”	Monday to Friday excluding UK public and bank holidays or any day on which the London Stock Exchange plc is not open for the normal full duration of its trading hours;
“Depositary”	The Royal Bank of Scotland plc, 36 St Andrew Square, Edinburgh EH2 2YB, or whoever is from time to time appointed as the depositary of the Company;
“FSA”	the Financial Services Authority;
“FSA Regulations”	the rules contained in the New Collective Investment Schemes Sourcebook of the FSA Rules as amended, excluding, for the avoidance of doubt, any guidance or evidential provisions;
“FSA Rules”	the FSA handbook of rules as amended made under the Act excluding, for the avoidance of any doubt, any guidance or evidential provisions;
“General Accumulation Share(s)”	accumulation shares which are Net Paying shares and are denominated in base currency;
“General Income Share(s)”	income shares which are Net Paying shares and are denominated in base currency;

“Gross Paying shares”	shares (of whatever class) in the Company as may be in issue from time to time and in respect of which income allocated thereto is credited periodically to capital (in the case of accumulation shares) or distributed periodically to the holders thereof (in the case of income shares) in either case in accordance with relevant tax law without any tax being deducted or accounted for by the Company (“Gross Paying”);
“income share(s)”	shares (of whatever class and which may be Net Paying shares or Gross Paying shares), denominated in base currency and which have an initial subscription level of £500 or such other amount decided by the ACD and stated in this Prospectus, in the Company as may be in issue from time to time in respect of which income allocated thereto is distributed periodically to the holders thereof pursuant to the FSA Rules;
"Institutional Accumulation Shares"	accumulation shares which are Net Paying shares and are denominated in base currency;
"Institutional Income Shares"	income shares which are Net Paying shares and denominated in base currency;
“Instrument of Incorporation”	the Instrument of Incorporation of the Company;
“Investment Adviser”	Castlefield Investment Partners LLP or whoever is appointed as investment manager from time to time;
“Net Asset Value” or “NAV”	the value of the Scheme Property of the Company (or of any Sub-fund as the context requires) less the liabilities of the Company (or of the Sub-fund concerned) as calculated in accordance with the Company’s Instrument of Incorporation;
“Net Paying shares”	shares (of whatever class) in the Company as may be in issue from time to time and in respect of which income allocated thereto is credited periodically to capital (in the case of accumulation shares) or distributed periodically to the holders thereof (in the case of income shares) in either case in accordance with relevant tax law with any tax being deducted or accounted for by the Company (“Net Paying”);
“OEIC Regulations”	the Open-Ended Investment Companies Regulations 2001 as amended or such other regulations as from time to time shall be in force;
“Regulated Activities Order”	The Financial Services and Markets Act 2000 (Regulated Activities) Order 2001;
“Scheme Property”	the property of the Company to be given to the Depositary for safe-keeping, as required by the FSA Regulations, including income on that property;
“Share Class(es)”	a particular class or classes of shares as described;
“Sub-fund(s)”	a sub-fund of the Company (being part of the Scheme Property of the Company which is pooled separately) and to which specific

assets and liabilities of the Company may be allocated and which is invested in accordance with the investment objective applicable to that sub-fund;

“Valuation Point”

the point, whether on a periodic basis or for a particular valuation, at which the ACD carries out a valuation of the scheme property or a sub-fund (as the case may be) for the purpose of determining the price at which shares of a class may be issued, cancelled, sold, redeemed or exchanged.

## 1 **The Company**

- 1.1 Premier Castlefield Funds is an investment company with variable capital whose effective date of authorisation by the FSA was 14 May 2003.
- 1.2 The Registered Office and Head Office of the Company is at Eastgate Court, High Street, Guildford, Surrey GU1 3DE and 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.
- 1.3 The base currency of the Company is Pounds Sterling. Investors should note that if the United Kingdom participates in the third stage of European Monetary Union and Sterling ceases to exist, the ACD may convert the base currency of the Company from Sterling to Euros. The ACD in consultation with the Depositary shall determine the best means to effect this conversion.
- 1.4 The maximum share capital of the Company is currently £100,000,000,000 and the minimum is £100. Shares in the Company have no par value and therefore the share capital of the Company at all times equals the Company’s current Net Asset Value.
- 1.5 Shareholders in the Company are not liable for the debts of the Company.
- 1.6 The Company has been established as a “UCITS scheme” and an “umbrella company” (under the OEIC Regulations) and therefore different Sub-funds may be formed by the ACD, subject to approval from the FSA. On the establishment of a new Sub-fund or Share Class an updated prospectus will be prepared setting out the relevant information concerning the new Sub-fund. Each Sub-fund of the Company would belong to the type of “UCITS scheme” if it were itself an investment company with variable capital in respect of which an authorisation order made by the FSA was in force. The Company qualifies as an “Undertaking for Collective Investment in Transferable Securities” (“UCITS”) within the meaning of an EEC Directive on that subject of 1985 (85/611/EEC) (as subsequently amended) by Directive 2001/108/EEC of 21 January 2002.

## 2 **Company Structure**

- 2.1 As explained above the Company is a “UCITS scheme” and an “umbrella company” for the purposes of the OEIC Regulations. The assets of each Sub-fund within the Company are treated as separate from those of every other Sub-fund and will be invested in accordance with that Sub-fund’s own investment objective and policy. The Company does not intend to own any immovable property or tangible movable property.
- 2.2 Details of the Sub-funds, including their investment objectives and policies are set out in Appendix 1.

- 2.3 Each Sub-fund of the Company would belong to the type of “UCITS scheme” as defined under the FSA Regulations.
- 2.4 Subject to section 2.5 below, each Sub-fund has a specific portfolio of assets and investments, and its own liabilities, and investors should view each Sub-fund as a separate investment entity.
- 2.5 As referred to in section 26.4.1 below, Investors should be aware that the Sub-funds of the Company are not ring-fenced and the Company’s creditors may therefore look to all the Company’s assets for payment regardless of the Sub-fund in respect of which the debt has arisen. Assets may be re-allocated to and from other Sub-funds within the Company if it is necessary to do so to satisfy any creditor taking action against the Company. In the event that any assets are so re-allocated, the ACD will advise shareholders of the Company in the next report to shareholders.
- 2.6 Each Sub-fund will be charged with the liabilities, expenses, costs and charges of the Company attributable to that Sub-fund.
- 2.7 Any assets, liabilities, expenses, costs or charges not attributable to a particular Sub-fund may be allocated by the ACD within the Company in a manner which is fair to shareholders as a whole but they will normally be allocated to all Sub-funds pro rata to the value of the net assets of the relevant Sub-funds.

### 3 **Shares**

- 3.1.1 The Share Classes presently available for each Sub-fund within the Company are set out in the details of each Sub-fund in Appendix 1. Further Share Classes for the Company may be made available in due course, as the ACD may decide.
- 3.1.2 The minimum initial investment for each Sub-Fund is set out in Appendix 1. These limits may be waived at the discretion of the ACD.
- 3.1.3 Shares issued by the Company will be either income or accumulation shares (as more specifically detailed in Appendix 1). Income shares are entitled to receive distributions of income periodically. Accumulation shares have their distributions reinvested into the value of their shares.
- 3.1.4 When available, shareholders are entitled (subject to certain restrictions) to switch all or part of their shares in one Sub-fund for shares in a different Sub-fund in the Company. Details of this switching facility and the restrictions are set out in sections 14 and 15.3.

### 4 **Management and Administration**

#### 4.1 **Authorised Corporate Director**

- 4.1.1 The authorised corporate director of the Company is Premier Portfolio Managers Limited which is a private company limited by shares whose ultimate holding company Premier Asset Management Limited. Both the ACD and Premier Asset Management Limited are incorporated in England and Wales. The ACD was incorporated under the Companies Act 1948 to 1967 on 1 December 1975.

4.1.2 Registered office and head office:

**Registered office/Head office:** Eastgate Court  
High Street  
Guildford  
Surrey  
GU1 3DE

Share Capital: £125,000 issued and fully paid up.

4.1.3 The ACD is responsible for managing and administering the Company's affairs in compliance with the FSA Regulations. **All correspondence should be addressed to the ACD at the address in 4.1.2.**

4.1.4 As at the date of this Prospectus, the ACD is also the ACD of the following ICVCs and is Manager of the Premier UK Money Market Fund, a unit trust scheme.

Premier Funds	Premier Multi-Asset Funds	Premier Alliance Trust Investment Funds
Premier Fulcrum Funds	The Brunel Funds	The Clarion Fund
The Compass Funds	The Fund	The Elan Fund
The Halcyon Fund	The Hurlingham Fund	The Liberation Fund
The Navigatio Fund	The Nevis Fund	The Pennine Fund
The Sentinel Fund	The Berkshire Fund	Premier Income Fund ICVC
Premier Growth Fund ICVC	The Piccadilly UK Commercial Property Investment Fund	

## 4.2 **Terms of appointment**

4.2.1 The ACD was re-appointed by an agreement dated 1 June 2007 between the Company and Premier Portfolio Managers Limited (the "ACD Agreement"). The ACD Agreement provides that after an initial period of two years the appointment may be terminated upon 12 months' written notice by either the ACD or the Company. In certain circumstances the ACD Agreement may be terminated forthwith by notice in writing by the ACD to the Company or the Depositary, or by the Depositary or the Company to the ACD. Termination cannot take effect until the FSA has approved the appointment of another authorised corporate director in place of the retiring ACD.

4.2.2 The ACD is entitled to its pro rata fees and expenses to the date of termination and any additional expenses necessarily incurred in settling or realising any outstanding obligations including those referred to in Section 28. No compensation for loss of office is provided for in the ACD Agreement. To the extent allowed by the FSA Regulations the ACD Agreement provides indemnities to the ACD other than for matters arising by reason of its negligence, default, breach of duty or breach of trust in the performance of its duties and obligations.

4.2.3 The ACD is under no obligation to account to the Depositary or the shareholders for any profit it makes on the issue or re-issue of shares or cancellation of shares which it has redeemed. The fees to which the ACD is entitled are set out in sections 27 and 28.

4.3 The directors of the ACD are; Mark Friend; Neil Macpherson; Michael O'Shea; Simon Weldon; and Michael Hammond. None of them has any significant business activities not connected with the business of the ACD. They are also directors of the ACD's sister company Premier Fund Managers Limited.

## 5 **The Depositary**

The Royal Bank of Scotland plc is the depositary of the Company. The Depositary is a private limited company incorporated in Scotland. Subject to the FSA Rules and the OEIC Regulations, the Depositary is responsible for the safekeeping of the property of the Company entrusted to it and has a duty to take reasonable care to ensure that the Company is managed in accordance with the provisions of the FSA Rules relating to the pricing of, and dealing in, shares of the Company and the income of the Company. The appointment of the Depositary has been made under an agreement dated 1 January 2006 between the Company, the ACD and the Depositary (the "Depositary Agreement").

### 5.1.1 **Registered & Head office**

Registered office: 36 St Andrew Square, Edinburgh EH2 2YB  
Head office: Gogarburn, PO Box 1000, Edinburgh EH12 1HQ.

### 5.2 **Principal business activity**

The principal business of the Depositary is the provision of banking.

### 5.3 **Terms of appointment**

5.3.1 Subject to the FSA Rules, the Depositary has full power under the Depositary Agreement to delegate (and authorise its delegate to sub-delegate) all or any part of its duties as depositary.

5.3.2 The Depositary Agreement may be terminated on three months' written notice by the Depositary or the Company, provided that the Depositary may not retire voluntarily except upon the appointment of a new depositary.

5.3.3 To the extent allowed by the OEIC Regulations and the FSA Regulations, the Depositary Agreement contains indemnities by the Company in favour of the Depositary against (other than in certain circumstances) any liability incurred by the Depositary as a consequence of its safe keeping of any of the Scheme Property of the Company or incurred by it as a consequence of the safe keeping of any of the Scheme Property by anyone retained by it to assist it in performing its function of the safekeeping of the Scheme Property and also (in certain circumstances) exempts the Depositary from liability.

5.3.4 The fees to which the Depositary is entitled are set out in Section 29.

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## **The Investment Adviser**

The Investment Adviser to the Company is Castlefield Investment Partners LLP. The Registered Office of the Investment Adviser is at St George's House, 215-219 Chester Road, Manchester M15 4JE.

The Investment Adviser is an authorised person for the purposes of the Financial Services and Markets Act 2000 and is authorised and regulated to carry on investment business in the United Kingdom by the FSA. The Investment Adviser's activities additionally include the provision of investment management and advice to charities, pension schemes and private investors.

Under an agreement between the ACD and the Investment Adviser dated 1 September 2005, the Investment Adviser advises the ACD in relation to the acquisition and disposal of investments for the Company. The Investment Adviser has the authority of the ACD to make decisions on its behalf in relation to such acquisitions and disposals and currency transactions. The agreement may be terminated by either party on written notice upon the happening of certain specified events, or by the ACD immediately where this is in the interests of the Shareholders. The current rate of the investment advisory fee for the company is set out in Appendix 1. It is payable to the ACD who is responsible for paying any investment advisors of the Company. The fee is accrued on the prior business day's Net Asset Value of the Fund (or, where more than one share class is available, on a class by class basis) calculated on a mid market basis. This charge is accrued daily and payable on, or as soon as is practicable after, the last business day in that calendar month.

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## **The Auditor**

The Auditor of the Company is Grant Thornton UK LLP, registered auditor whose address is 30 Finsbury Square, London EC2P 2YU.

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## **Register of shareholders/Administrator/Marketing**

8.1

The register of shareholders for the Company is maintained by the Administrator, Northern Trust Global Services Limited, on behalf of the ACD at its office at 50 Bank Street, Canary Wharf, London E14 5NT and it may be inspected there between 9.00 am and 5.30 pm on each Dealing Day by any shareholder or any shareholder's duly authorised agent. The Administrator has appointed Northern Trust International Fund Administration Services (UK) Limited of 50 Bank Street, Canary Wharf, London E14 5NT to provide administration services to the ACD.

8.2

The drawing up of marketing literature is carried out by the ACD. The ACD relies predominantly on the Investment Adviser to distribute literature regarding, and to market generally, the Sub-funds.

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## **Conflicts of interest**

The ACD, the Depositary and the Investment Adviser are or may be involved in other financial, investment and professional activities which may, on occasion, cause conflicts of interest with the management of the Company or the Sub-funds. In addition, the Company may enter into transactions at arm's length with companies in the same group as the ACD.

The Depositary may, from time to time, act as depositary of other companies or funds.

Each of the parties will, to the extent of their ability and in compliance with the FSA Regulations, ensure that the performance of their respective duties will not be impaired by any such involvement.

## 10 **Buying, selling and switching shares**

The dealing office of the ACD is open on each Dealing Day from 9.00 am to 5.30 pm to receive requests for the buying, selling and switching of shares in the Company, which will be effected at prices determined at the next Valuation Point following receipt of such request.

## 11 **Buying Shares**

### 11.1 **Procedure**

11.1.1 All orders will be dealt at a forward price, this being the price calculated by reference to the next Valuation Point after the order is received by the Administrator. Shares can be bought by sending a completed application form to the Administrator at its office at 50 Bank Street, Canary Wharf, London E14 5NT. Alternatively the buying of shares may be effected by telephone on 0845 605 6363. Calls may be recorded for the protection of shareholders. Telephone conversations of all dealers are taped for mutual protection. Application forms are available from the Administrator.

11.1.2 The ACD has the right to reject, without providing an explanation, on reasonable grounds relating to the circumstances of the applicant, any application for shares in whole or part, and in this event the ACD will return any money sent, or the balance of such monies, at the risk of the applicant. In addition the ACD may reject any application previously accepted in circumstances where the applicant has paid by cheque and that cheque subsequently fails to be cleared. The ACD reserves the right to add other forms of dealing at its discretion.

11.1.3 Any subscription monies remaining after a whole number of shares has been issued will not be returned to the applicant. Instead, smaller denomination shares will be issued in such circumstances.

### 11.2 **Documents the buyer will receive**

11.2.1 A contract note or letter of acknowledgement, as appropriate, giving details of the shares purchased and the price used, will be issued by the end of the business day following the Valuation Point by reference to which the purchase price is determined, together with, where appropriate, a notice of the applicant's right to cancel.

11.2.2 All sales will be made on a cash basis and payment for shares must be made on receipt by the purchaser of the contract note or letter of acknowledgement.

11.2.3 Share certificates will not be issued in respect of shares. Ownership of shares will be evidenced by an entry on the Company's Register of Shareholders. There are no bearer shares. Statements in respect of periodic distributions of income in each Sub-fund will show the number of shares held by the recipient in the Sub-fund in respect of which the distribution is made. Individual statements of a shareholder's (or, when shares are jointly held, the first named holder's) shares will also be issued at any time on request by the registered holder.

### 11.3 **Minimum purchases and holdings**

11.3.1 The minimum initial and subsequent subscription levels, and minimum holdings, for each Sub-fund are set out in Appendix 1. The ACD may at its discretion accept subscriptions lower than the minimum amount.

11.3.2 If a holding is below the minimum holding the ACD has a discretion to require redemption of the entire holding.

## 12 **Selling shares**

### 12.1 **Procedure**

12.1.1 Every shareholder has the right to require that the Company buy back his/her shares on any Dealing Day unless the value of shares which a shareholder wishes to sell will mean that the shareholder will hold shares with a value less than the required minimum holding for the Sub-fund concerned.

12.1.2 Requests to sell shares may be made to the ACD by telephone on 0845 605 6363 or in writing to the Administrator at 50 Bank Street, Canary Wharf, London E14 5NT.

### 12.2 **Documents the seller will receive:**

12.2.1 A contract note giving details of the number and price of shares sold will be sent to the selling shareholder (the first named, in the case of joint shareholders) and/or their duly authorised agents together (if sufficient written instructions have not already been given) with a form of renunciation, for completion and execution by the shareholder (and, in the case of a joint holding, by all the joint holders) not later than the end of the business day following the Valuation Point by reference to which the redemption price is determined. Cheques in satisfaction of the redemption monies will be issued within four business days of the later of:

12.2.1.1 receipt by the ACD of the form of renunciation (or other sufficient written instructions) duly signed by all the relevant shareholders and completed as to the appropriate number of shares, together with any other appropriate evidence of title; and

12.2.1.2 the Valuation Point following receipt by the ACD of the request to sell;

except for redemption cheques for shares which have just been purchased, which will be issued no less than ten days from when the share purchase was settled.

### 12.3 **Minimum sales and holdings**

Part of a shareholder's holding may be sold but the ACD reserves the right to refuse a sale request if the value of the shares of any Sub-fund of the Company to be sold is less than any minimum sale amount set out in Appendix 1. If the sale would result in a shareholder holding less than the minimum holding for a Sub-fund, as detailed in Appendix 1 then the shareholder may be required to sell his entire holding.

### 12.4 **In specie redemption**

If a shareholder requests the sale or cancellation of shares, the ACD may at its sole discretion, if it considers the deal substantial in relation to the total size of the Sub-fund

concerned, arrange for the Company to cancel the shares and transfer Scheme Property to the shareholder instead of paying the price of the shares in cash, or, if required by the shareholder, pay the net proceeds of sale of the relevant Scheme Property to the shareholder. A deal involving shares representing 5% or more in value of a Sub-fund will normally be considered substantial, although the ACD may in its discretion agree an in specie redemption with a shareholder whose selling shares represent less than 5% in value of the Sub-fund concerned.

Before the proceeds of cancellation of the shares become payable, the ACD will give written notice to the shareholder that relevant Scheme Property (or the proceeds of sale of that relevant Scheme Property) will be transferred to that shareholder.

The ACD will select the property to be transferred (or sold) in consultation with the Depositary. They must ensure that the selection is made with a view to achieving no greater advantage or disadvantage to the redeeming shareholder than to continuing shareholders. Any such redemption as set out above, may be subject to a retention by the Company from that property (or proceeds) for the value (or amount) of any Stamp Duty Reserve Tax to be paid on the cancellation of Shares and any relevant transaction costs.

#### 12.5 **Direct issue or cancellation of units by an ICVC through the ACD**

Not applicable. Shares are issued or cancelled by the ACD making a record of the issue or cancellation and of the number of shares of each class concerned.

#### 13 **Buying shares on behalf of a trust**

A trust cannot be registered as a shareholder and therefore any shares bought on behalf of a trust are registered in the names of the individual trustees (up to a maximum of 4). Any appointment of new trustees or resignation of existing trustees should be notified to the ACD in writing as soon as possible after the change. It will be necessary to complete a stock transfer form in order to reflect the changes on the Register. Failure to do this may result in a delay in releasing the proceeds of any sale of shares.

#### 14 **Switching**

14.1 If applicable, a holder of shares in a Sub-fund may at any time switch all or some of their shares (“Old Shares”) for shares of another Sub-fund (“New Shares”) in the Company. The number of New Shares issued will be determined by reference to the respective prices of New Shares and Old Shares at the next Valuation Point applicable at the time the Old Shares are repurchased and the New Shares are issued.

14.2 In addition, a holder of shares of a particular Share Class in a sub-fund (“Old Class Shares”) may at any time switch all or some of their shares for shares of another class in the same Sub-fund (“New Class Shares”). The number of New Class Shares issued will be determined by reference to the respective prices of New Class Shares and Old Class Shares at the next Valuation Point after the instruction to switch is received.

14.3 Switching may be effected either by telephone on 0845 605 6363 or in writing to the Administrator at 50 Bank Street, Canary Wharf, London E14 5NT and the shareholder may be required to complete written instructions to switch (which, in the case of joint shareholders must be signed by all the joint holders). A switching shareholder must be eligible to hold the shares into which the switch is to be made.

- 14.4 The ACD may at its discretion charge a fee on the switching of shares between Sub-funds and between Share Classes. These fees are set out in section 15.3.
- 14.5 If the switch would result in the shareholder holding a number of Old Shares or New Shares of a value which is less than the minimum holding in the Sub-fund concerned, the ACD may, at its discretion, convert the whole of the applicant's holding of Old Shares to New Shares or refuse to effect any switch of the Old Shares. No switch will be made during any period when the right of shareholders to require the sale of their shares is suspended. The general provisions on selling shares shall apply equally to a switch.
- 14.6 The ACD may adjust the number of New Shares or New Class Shares to be issued to reflect the imposition of any switching fee together with any other charges or levies in respect of the issue or purchase of the New Shares or New Class Shares or sale or cancellation of the Old Shares or Old Class Shares as may be permitted pursuant to the FSA Regulations.
- 14.7 Please note that, under current tax law, a switch of shares in one Sub-fund for shares in any other Sub-fund in the Company, or a sub-fund of a different company, is treated as a sale and purchase and will, for persons subject to United Kingdom taxation, be a realisation for the purposes of capital gains taxation although a switch of shares between different Share Classes in the same Sub-fund will not be deemed to be a realisation for the purposes of capital gains taxation.
- 14.8 A switch of shares between Share Classes may be subject to income equalisation as referred to in Section 35.
- 14.9 A shareholder who switches shares in one Sub-fund for shares in any other Sub-fund will not be given a right by law to withdraw from or cancel the transaction.

## 15 **Dealing charges**

### 15.1 **Preliminary charge**

The ACD may impose a charge on the buying of shares by investors. The preliminary charge is payable to the ACD. Full details of the current preliminary charge for each Share Class in each Sub-fund are set out in Appendix 1. An increase in the maximum preliminary charge can only be made in accordance with the FSA Regulations.

### 15.2 **Selling charge**

15.2.1 The ACD may make a charge on the sale of certain Share Classes in the Company but currently the ACD does not make such a charge and does not intend to introduce such a charge.

15.2.2 The ACD may not increase a selling charge or introduce a selling charge on additional classes of Shares Class unless, not less than 60 days before the introduction, it has given notice in writing to the then current shareholders of that introduction and has revised and made available the Prospectus to reflect the introduction and the date of its commencement. No such newly introduced selling charge will apply to shares already in existence at the time it is introduced.

15.2.3 The selling charge is on a sliding scale depending on the length of time for which shares have been held. The longer they have been held, the lower the charge. Where a shareholder has held different parcels of shares in a particular Sub-fund of a Company for

different lengths of time, and then sells some of them, those which have been held the longest will be deemed to be the ones sold. This will minimise any selling charge.

15.2.4 In the event of a change to the rate or method of calculation of the selling charge, details of the previous rate or method of calculation will be available from the ACD.

### 15.3 **Switching Fee**

On the switching of shares of a Sub-fund for shares of another Sub-fund within the Company, or between Share Classes in the same Sub-fund, the Instrument of Incorporation authorises the Company to impose a switching fee. The fee will not exceed an amount equal to the then prevailing preliminary charge for the Sub-Fund or Share Class, as appropriate, into which shares are being switched. The Fee for switching between Sub-Funds and Share Classes is currently nil. The switching fee may be waived at the ACD's discretion. The switching fee, if charged, is payable to the ACD.

## 16 **Other dealing information**

### 16.1 **Dilution Levy and Large Deals**

16.1.1 The basis on which the Company's investments are valued for the purpose of calculating the issue and redemption price of shares as stipulated in the FSA Rules and the Instrument of Incorporation is summarised in section 22. The actual cash flows from purchasing or selling the Company's investments may be higher or lower than the mid-market value used in calculating the Share price - for example, due to dealing charges, or through dealing at prices other than the mid-market price. Under certain circumstances (for example, large volumes of deals) this may have an adverse effect on the Shareholders' interest in the Company. In order to prevent this effect, called 'dilution', the ACD has the power to charge a 'dilution levy' on the sale and/or redemption of Shares. A dilution levy is a separate charge of such amount or rate as is determined by the ACD. As at 31 December 2009, the average dilution levy across all Funds where the manager is ACD was 0.59%; this amount is not fixed and may change in future. If the ACD decides in the future to charge a dilution levy on all deals (and not just on large deals), it will be calculated by reference to the costs of dealing in the underlying investments of the Sub-fund, including any dealing spreads, commission and transfer taxes. If charged, the dilution levy will be paid into the relevant Sub-fund and will become part of the relevant Sub-fund. For illustrative purposes, during 2009, a dilution levy has been charged on 0.28% of all deals.

16.1.2 The need to charge a dilution levy will depend on the volume of sales or redemptions. The ACD may charge a discretionary dilution levy on the redemption of shares if, in its opinion, the existing shareholders (for sales) or remaining shareholders (for redemptions) might otherwise be adversely affected. In particular, the dilution levy may be charged in the following circumstances:

16.1.3 where a Sub-fund is in continual decline;

16.1.4 on a Sub-fund experiencing large levels of net sales relative to its size;

16.1.5 on "large deals". For these purposes, a large deal is defined as 1% of the size of the Sub-fund;

16.1.6 in any other case where the ACD is of the opinion that the interests of remaining shareholders require the imposition of a dilution levy.

The ACD may alter its dilution policy either by shareholder consent pursuant to the passing of a resolution to that effect at a properly convened meeting of shareholders and by amending this Prospectus or by giving shareholders notice and amending the Prospectus 60 days before the change to the dilution policy is to take effect.

The ACD will charge no dilution levy on the purchase of shares for any new fund or sub-fund within the first twelve months of its launch. In addition, the ACD will charge no dilution levy on purchase of Shares in any funds where the value of Shares purchased is less than £500,000.'

On the occasions that the dilution levy is not applied there may be an adverse impact on the total assets of the Sub-fund which may otherwise constrain the future growth of the Sub-fund in question. It should be noted that as dilution is directly related to the inflows and outflows of monies from the scheme it is not possible to predict accurately the amount of such a charge in advance on a particular transaction. Please refer to Appendix 1 which shows the size of typical adjustments by Sub-Fund and an indication of the projected frequency of application of such adjustments.

## 17 **Money laundering**

The EC Money Laundering Directive and Second Money Laundering Directive was implemented in the UK by the Proceeds of Crime Act 2002 and by the Money Laundering Regulations 2003. As a result, firms conducting investment business are required to maintain procedures to combat money laundering. In order to implement these procedures, in certain circumstances shareholders or potential shareholders may be asked to provide some proof of identity. This may be either when shares are purchased or when shares are encashed. In the latter case, where the ACD is required to seek proof of identity, proceeds cannot be paid until the ACD has received appropriate verification. This applies to shares acquired on or after 1 April 1994.

The ACD is legally obliged to verify your identity for anti-money laundering purposes. This may involve the ACD obtaining information about you from a credit reference agency, however, the ACD will use any information they obtain in this way only for verification of your identity, and not for any other purpose. The ACD reserves the right to reverse the transaction or to refuse to sell shares if it is not satisfied as to the identity of the applicant.

## 18 **Restrictions and compulsory transfer and sale**

18.1 The ACD may from time to time impose such restrictions as it may think necessary for the purpose of ensuring that no shares in the Company are acquired or continue to be held by any person in breach of the law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory. In this connection, the ACD may, inter alia, reject in its discretion any application for the purchase, sale, transfer or switching of shares.

18.2 The ACD has the ability to cancel the buying of shares without notice in the event of default by an applicant or his agent. The ACD will in those circumstances hold the applicant liable or, if applicable, jointly and severally liable with his agent for any loss sustained by the ACD.

## 19 **Suspension of dealings in the Company**

19.1 The ACD may, with the agreement of the Depositary, or must if the Depositary so requires, for a period of up to 28 days suspend the issue, cancellation, sale and redemption of shares in any or all of the Sub-funds of the Company, if the ACD or the Depositary is of the opinion that due to exceptional circumstances there is good and sufficient reason to do so having regard to the interests of shareholders or potential shareholders.

19.2 Re-calculation of the share price for the purpose of sales and purchases will commence on the next relevant Valuation Point following the ending of the suspension at 12pm.

## 20 **Governing law**

All deals in shares are governed by English law.

## 21 **Valuation of the Company**

21.1 The price of a share in the Company is calculated by reference to the Net Asset Value of the Sub-fund to which it relates. The Net Asset Value per share of a Sub-fund is currently calculated at 12pm on each Dealing Day.

21.2 Subject to the FSA Regulations the ACD may at any time carry out an additional valuation if the ACD considers it desirable to do so.

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

22.1 The value of the Scheme Property of the Company or of a Sub-fund (as the case may be) shall be the value of its assets less the value of its liabilities determined in accordance with the following provisions.

22.2 All the Scheme Property (including receivables) of the Company (or the Sub-fund) is to be included, subject to the following provisions.

22.3 Scheme Property which is not cash (or other assets dealt with in section 22.4) or a contingent liability transaction shall be valued as follows:

22.3.1 units or shares in a collective investment scheme:

22.3.1.1 if a single price for buying and selling units or shares is quoted, at the most recent such price; or

22.3.1.2 if separate buying or selling prices are quoted, at the average of the two prices provided the buying price has been reduced by any preliminary charge included therein and the selling price has been increased by any exit or Selling Charge attributable thereto; or

22.3.1.3 if no price or no recent price exists, at a price which in the opinion of the ACD is fair, reasonable and reliable;

22.3.2 any other transferable security:

22.3.2.1 if a single price for buying and selling the security is quoted, at that price; or

- 22.3.2.2 if separate buying and selling prices are quoted, the average of those two prices; or
- 22.3.2.3 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;
- 22.3.3 property other than that described in sections 22.3.1 and 22.3.2 above:
  - 22.3.3.1 at a value which, in the opinion of the ACD, represents a fair and reasonable mid-market price.
- 22.4 Cash and amounts held in current and deposit accounts and in other time-related deposits shall be valued at their nominal values.
- 22.5 Property which is a contingent liability transaction shall be treated as follows:
  - 22.5.1 if it is a written option (and the premium for writing the option has become part of the Scheme Property), the amount of the net valuation of premium receivable shall be deducted.
  - 22.5.2 if it is an off-exchange future, it will be included at the net value of closing out in accordance with a valuation method agreed between the ACD and the Depositary;
  - 22.5.3 if the property is an off-exchange derivative, it will be included at a valuation method agreed between the ACD and Depositary;
  - 22.5.4 if it is any other form of contingent liability transaction, it will be included at the net value of margin on closing out (whether as a positive or negative value).
- 22.6 In determining the value of the Scheme Property, all instructions given to issue or cancel shares shall be assumed to have been carried out (and any cash paid or received) whether or not this is the case.
- 22.7 Subject to sections 22.8 and 22.9 below, agreements for the unconditional sale or purchase of property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and, in the opinion of the ACD, their omission will not materially affect the final net asset amount.
- 22.8 Futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under section 22.7.
- 22.9 All agreements are to be included under section 22.7 which are, or ought reasonably to have been, known to the person valuing the property.
- 22.10 An estimated amount for anticipated tax liabilities at that point in time including (as applicable and without limitation) capital gains tax, income tax, corporation tax, stamp duty, stamp duty reserve tax and value added tax will be deducted.
- 22.11 An estimated amount for any liabilities payable out of the Scheme Property and any tax thereon treating periodic items as accruing from day to day will be deducted.

- 22.12 The principal amount of any outstanding borrowings whenever repayable and any accrued but unpaid interest on borrowings will be deducted.
- 22.13 An estimated amount for accrued claims for tax of whatever nature which may be recoverable will be added.
- 22.14 Any other credits or amounts due to be paid into the Scheme Property will be added.
- 22.15 A sum representing any interest or any income accrued due or deemed to have accrued but not received will be added.
- 22.16 Currency or values in currencies other than the base currency shall be converted at the relevant valuation point at a rate of exchange that is not likely to result in any material prejudice to the interests of shareholder or potential shareholders.

### 23 **Price per Share in each Sub-fund and each Share Class**

The price per share at which you buy or sell your shares is the Net Asset Value per share and is to be quoted in pence to no less than four significant figures. In addition, you may pay an preliminary charge when buying shares, which is quoted to two decimal places. There may also, for both buying and selling, be a dilution levy and Stamp Duty Reserve Tax, as described in Sections 16 and 33 respectively.

### 24 **Pricing basis**

The Company deals on a forward pricing basis. A forward price is the price calculated at the next Valuation Point after the purchase or sale is agreed.

### 25 **Publication of prices**

The most recent price of shares will appear daily in the Financial Times. However, where such prices do not appear or are inaccurately represented, neither the Company nor the ACD shall be responsible except to the extent that such non-publication or inaccurate publication is due to any action taken by the ACD or the Company (as the case may be) leading to such non-publication or inaccurate publication or due to the ACD or the Company (as the case may be) having failed to take any action required to be taken to prevent such non-publication or inaccurate publication.

### 26 **Risk factors**

- 26.1 Potential investors should consider the following risk factors before investing in the Company.

#### **Risk Warnings**

- 26.1.1 An investment in one or more of the Sub-funds of the Company will involve exposure to those risks normally associated with investment in stocks and shares. As such, the price of shares and the income from them can go down as well as up and an investor may not get back the amount he has invested. There is no assurance that investment objectives of any Sub-fund will actually be achieved.
- 26.1.2 In addition, the values, in Pounds Sterling terms, of investments that are not denominated in pounds sterling may rise and fall purely on account of exchange rate fluctuations, which will have a related effect on the price of shares.

26.2 The Sub-funds of the Company may have significant investments in smaller companies, in which there may be no established market for the shares, or in relation to which the market may be highly illiquid. Because of this potential illiquidity in the investments of certain Sub-funds, such Sub-funds may not be appropriate for all investors, including those who are not in a position to take a long-term view of their investment.

26.2.1 Shares in all the Sub-funds should generally be regarded as long-term investments.

26.2.2 Charges in respect of certain Sub-funds may be taken against capital rather than income. This may constrain capital growth of the Sub-fund in question.

### 26.3 **Mandatory Redemption and Cancellation**

A mandatory redemption may be required where a sale results in a holding falling below the required minimum holding. Cancellation may be required in the event of non payment by the investor or in the case of an inability to provide money laundering documentation supporting an application.

### 26.4 **Liabilities of the Company**

26.4.1 As mentioned in Section 2.5, although each Sub-fund so far as possible will be treated as bearing the liabilities, expenses, costs and charges attributable to it, if its assets are not sufficient the ACD may re-allocate assets, liabilities, expenses, costs and charges between the other Sub-funds of the Company in a manner which is fair to the shareholders of the Company generally. The ACD would normally expect any such re-allocation to be effected on a pro rata basis having regard to the Net Asset Values of the relevant Sub-funds. If there is any such re-allocation the ACD will advise shareholders of it in the succeeding annual or interim report to shareholders.

26.4.2 Shareholders are not, however, liable for the debts of the Company. A shareholder is not liable to make any further payment to the Company after paying the purchase price of shares.

### 26.5 **Risk Management**

26.5.1 Upon request to the ACD a shareholder can receive information relating to:

26.5.1.1 the quantitative limits applying in the risk management of a Sub-fund of the Company;

26.5.1.2 the methods used in relation to 26.5.1.1; and

26.5.1.3 any recent developments of the risk and yields of the main categories of investment in the Sub-fund.

### 26.6 **Typical Investors**

26.6.1 The Premier Castlefield UK Equity Fund is suitable for investment by charities (in the Charity Class), retail and institutional investors (in the General Class and the Institutional Class).

26.6.2 The Premier Castlefield Global Equity Fund is suitable for investment by charities (in the Charity Class), retail and institutional investors (in the General Class and the Institutional Class).

- 26.6.3 The Premier Castlefield Monthly Equity Income Fund is suitable for investment by charities (in the Charity Class), retail and institutional investors (in the General Class and Institutional Class).
- 26.6.4 The Premier Castlefield UK Alpha Fund is suitable for investment by retail and institutional investors (in the General Class and Institutional Class).
- 26.6.5 The Premier Castlefield UK Smaller Companies Fund is suitable for investment by retail and institutional investors (in the General Class and Institutional Class).

## 27 **Fees and expenses**

### 27.1 **General**

27.1.1 The Company may pay out of the scheme property charges and expenses incurred by the Company, which will include the following expenses:

- 27.1.1.1 the costs of establishing the Company and converting certain unit trusts into it;
- 27.1.1.2 the costs of authorising new Sub-funds of the Company after its initial establishment;
- 27.1.1.3 the fees and expenses payable to the ACD, the Investment Adviser and to the Depositary;
- 27.1.1.4 broker's commission, fiscal charges (including Stamp Duty and/or Stamp Duty Reserve Tax) and other disbursements which are necessarily incurred in effecting transactions for the Sub-funds and normally shown in contract notes, confirmation notes and difference accounts as appropriate;
- 27.1.1.5 fees and expenses in respect of establishing and maintaining the register of shareholders and any sub-register of shareholders are included as part of the fees set out in para 27.1.1.18 below.
- 27.1.1.6 any costs incurred in or about the listing of shares in the Company on any Stock Exchange, and the issue, conversion and cancellation of shares;
- 27.1.1.7 any costs incurred by the Company in publishing the price of the shares in a national or other newspaper;
- 27.1.1.8 any costs incurred in producing and dispatching any payments made by the Company, or the yearly and interim reports of the Company;
- 27.1.1.9 any fees, expenses or disbursements of any legal or other professional adviser of the Company;
- 27.1.1.10 any costs incurred in taking out and maintaining any insurance policy in relation to the Company;

- 27.1.1.11 any costs incurred in respect of meetings of shareholders convened for any purpose including those convened on a requisition by shareholders not including the ACD or an associate of the ACD;
  - 27.1.1.12 liabilities on amalgamation or reconstruction including certain liabilities arising after transfer of property to the Sub-funds in consideration for the issue of shares as more fully detailed in the FSA Regulations;
  - 27.1.1.13 interest on borrowings and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings;
  - 27.1.1.14 taxation and duties payable in respect of the property of the Sub-funds or the issue or redemption of shares;
  - 27.1.1.15 the audit fees of the Auditor (including VAT) and any expenses of the Auditor;
  - 27.1.1.16 the fees of the FSA under Chapter 18 of the FSA Regulations, together with any 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;
  - 27.1.1.17 the Depository's expenses, as detailed in section 29 below;
  - 27.1.1.18 the Administrators fees and expenses (plus VAT thereon). These will include but are not limited to:
    - (a) fund accounting, daily pricing of and dealing in the shares of the Company, a charge of £30,000 per annum per Sub-fund will apply;
    - (b) dealing administration; dealing charge of £15 charge for each transaction in the Sub-funds shares, subject to a minimum monthly charge of £100 for up to 10 transactions, £150 for up to 20 transactions, and £350 otherwise;
    - (c) keeping the register and sub-plan register: £12 per annum per shareholder, or, in the case of the sub-plan register, per account holder, subject to a minimum monthly charge of £100 for up to 10 registered shareholders, £150 for up to 20 registered shareholders, and £350 otherwise.
  - 27.1.1.19 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;
  - 27.1.1.20 any payments otherwise due by virtue of the FSA Regulations; and
  - 27.1.1.21 any value added or similar tax relating to any charge or expense set out herein. In respect of dealing with the tax affairs of the Company, a charge of £500 per Sub-fund will be made;
- 27.1.2 Value Added Tax is payable on these charges where appropriate.
- 27.1.3 Expenses are allocated between capital and income in accordance with the FSA Regulations and the IMA Statement of Recommended Practice for Financial Statements

of Authorised Funds issued by the Investment Management Association in November 2003 and as detailed in Clause 28.4 and Appendix 1. In summary they are generally taken from income except for the Premier Castlefield UK Equity Fund where they are taken half from income and half from the capital generated by that fund, and the Premier Castlefield Monthly Equity Income Fund where expenses are taken wholly from capital generated by that fund. By way of clarification, custody transaction charges in respect of the Sub-funds are taken from capital. This may constrain capital growth.

## 28 **Charges payable to the ACD**

28.1 In payment for carrying out its duties and responsibilities the ACD is entitled to deduct from the Company (split equally between each Sub-fund) an annual management charge deducted from the Net Asset Value of the Company.

28.2 The annual management charge is accrued on the prior business day's Net Asset Value of the Fund (or, where more than one share class is available, on a class by class basis) calculated on a mid market basis. This charge is accrued daily and payable on, or as soon as is practicable after, the last business day in that calendar month. The current rate of the annual management charge is set out in Appendix 1.

28.3 The ACD is also entitled to reimbursement of all reasonable, properly vouched, out of pocket expenses incurred in the performance of its duties, including stamp duty and Stamp Duty Reserve Tax on transactions in shares.

28.4 At present the ACD's annual management charge is generally taken from income except for the Premier Castlefield UK Equity Fund where it is taken half from income and half from the capital generated by that fund, and the Premier Castlefield Monthly Equity Income Fund where it is taken from capital. This treatment of the ACD's annual management charge may constrain the capital growth of these Funds. However, where the amount of income received by a Sub-fund or Share Class is insufficient to meet the annual management charge plus all other expenses attributable or apportioned to the Sub-fund or Share Class, then some or all of such charge and expenses may be charged against the capital of the relevant Sub-fund or Share Class. This will only be done with the approval of the Depositary and if done would constrain capital growth. In addition, where indicated in Appendix 1, the ACD's annual management charge may be taken from the capital of the relevant Sub-fund or Share Class. This will have the effect of increasing the distributable income of the Sub-fund or Share Class, but will constrain the capital growth of that Sub-fund or Share Class.

28.5 The ACD may not increase the current rate or amount of its remuneration payable out of the Scheme Property of the Company or the preliminary charge within the relevant maximum or increase the annual management charge unless, not less than 60 days before the introduction or increase, the ACD gives notice in writing of the introduction or increase and the date of its commencement to all relevant shareholders and has revised and made available the Prospectus to reflect the introduction or new rate and the date of its commencement.

28.6 In order to introduce a new category of remuneration for its services, the ACD would require the approval of an ordinary resolution of shareholders at an Extraordinary General Meeting.

## 29 **Depositary's Fee**

29.1 The Depositary is entitled to receive a fee out of the scheme property (plus value added tax thereon) for its services as depositary. The remuneration is a fixed annual percentage fee based on the value of the Sub-funds. The ACD and the Depositary may determine these rates from time to time. The fees are: 3 basis points for the first £50m, 2 basis points on the next £100m, 1 basis points on the next £50m and 0.5 basis points on the balance. The Depositary shall also be paid out of the scheme property all service charges. Service charges currently comprise a transaction fee varying from £10 to £70. There are also safekeeping fees which range from 1 basis point to 2 basis points (VAT is not charged on the safekeeping fees or service charges, if any).

29.2 The remuneration is calculated on a daily basis and is paid on the last business day of each accrual period, the accrual periods being based on calendar months and is paid in arrears. The monthly charge is calculated with reference to the mid market valuation of the property of the Fund at the valuation point on the last business day of the preceding month.

## 30 **Allocation of fees and expenses between Sub-funds and Share Classes**

All the above fees, duties and charges (other than those borne by the ACD) will be charged to the Sub-fund or Share Class in respect of which they were incurred but where an expense is not considered to be attributable to any one Sub-fund or Share Class, the expense will normally be allocated to all Sub-funds or Share Classes pro-rata to the value of the net assets of the Sub-funds or Share Classes, although the ACD has discretion, after consultation with the Depositary and Auditor, to allocate these fees and expenses in a manner which it considers fair to shareholders generally.

## 31 **Shareholder meetings and voting rights**

### 31.1 **Requisitions of meetings**

31.1.1 Annual general meetings will not take place. However the ACD may requisition a general meeting or extraordinary general meeting ("EGM") at any time.

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

### 31.2 **Notice of quorum**

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

### 31.3 **Voting rights**

- 31.3.1 At a meeting of shareholders, on a show of hands every shareholder who (being an individual) is present in person or (being a corporation) is present by its representative properly authorised in that regard, has one vote.
- 31.3.2 On a poll vote, a shareholder may vote either in person or by proxy. The voting rights attaching to each share are such proportion of the voting rights attached to all the shares in issue that the price of the share bears to the aggregate price(s) of all the shares in issue at the date seven days before the notice of meeting is deemed to have been served.
- 31.3.3 A shareholder entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.
- 31.3.4 Except where the FSA Regulations or the Instrument of Incorporation of the Company require an extraordinary resolution (which needs 75% of the votes cast at the meeting to be in favour if the resolution is to be passed) any resolution will be passed by a simple majority of the votes validly cast for and against the resolution.
- 31.3.5 Ordinary or Extraordinary resolutions will be voted upon at an Extraordinary General Meeting.
- 31.3.6 The ACD may not be counted in the quorum for a meeting and neither the ACD nor any associate (as defined in the FSA Rules) of the ACD is entitled to vote at any meeting of the Company except in respect of shares which the ACD or associate holds on behalf of or jointly with a person who, if the registered shareholder, would be entitled to vote and from whom the ACD or associate has received voting instructions.
- 31.3.7 "Shareholders" in this context means shareholders on the date seven days before the notice of the relevant meeting was deemed to have been served but excludes holders who are known to the ACD not to be shareholders at the time of the meeting.

### 32 **Sub-fund and Share Class meetings**

The above provisions, unless the context otherwise requires, apply to meetings of Sub-funds and Share Classes as they apply to general meetings of shareholders.

#### 32.1 **Variation of Sub-fund and Share Class Rights**

The rights attached to a Sub-fund or Share Class may not be varied without the sanction of a resolution passed at a meeting of shareholders of that Sub-fund or Share Class (which needs 75% of the votes cast at the meeting to be in favour if the resolution is to be passed).

### 33 **Taxation**

- 33.1 The UK tax regime applicable to the Company is primarily set out in section 468A Income and Corporation Taxes Act 1988 and in the Authorised Investment Funds (Tax) Regulations 2006 SI 2006/964 (the "**Tax Regulations**"). Each Sub-fund is regarded as a separate taxable entity in its own right, and the Company as a whole is not so regarded.

Where a Sub-fund distributes its income as yearly interest (as to which see below) the amount of income so distributed will be deducted from the income of that Sub-fund in computing its liability to corporation tax.

There is no specific exemption from UK stamp taxes – stamp duty or stamp duty reserve tax ("SDRT") – for the Company. Broadly speaking, stamp duty is paid on a transaction involving stock or marketable securities, and the rate is 0.5% of the value of the stock or securities. SDRT is paid on an agreement to transfer chargeable securities, and the rate is 0.5% of the value of the stock or securities. The Company may incur similar taxes in another jurisdiction if it carries out transactions involving that jurisdiction.

## 33.2 **Taxation of Sub-funds: Equity Sub-funds**

### 33.2.1 **Tax on capital gains**

Each Sub-fund is exempt from UK corporation tax on chargeable gains arising on the disposal of its investments, and is not entitled to corporation tax relief on losses which are treated as capital in nature.

The Sub-funds will not be subject to corporation tax on any profits or gains (or be entitled to corporation tax relief for any losses) which they derive from their creditor loan relationships or their derivative contracts, to the extent that those profits, gains or losses are treated as "capital profits, gains or losses". Capital profits, gains or losses for this purpose are those profits, gains or losses arising from such creditor loan relationships or derivative contracts which fall to be dealt with under either the heading "net gains/losses on investments during the period" or the heading "other gains/losses" in the Sub-fund's statement of total return for the accounting period in question.

### 33.2.2 **Tax on income**

Each Sub-fund will be subject to corporation tax at a rate equal to the lower rate of income tax, currently 20 per cent, on its taxable income from investments after relief for allowable expenses. Dividend distributions or yearly interest distributions received by a Fund from other authorised investment funds (broadly UK OEICs and authorised unit trusts) will be taxed on that Fund in accordance with the rules described below.

However, a Sub-fund is not subject to tax on dividends and similar distributions from UK resident companies.

Where a Sub-fund distributes its income as yearly interest (as to which see below) the amount of income so distributed will be deducted from the income of that Sub-fund in computing its liability to corporation tax.

### 33.2.3 **Relief for foreign withholding taxes**

To the extent that a Sub-fund receives income from, or realises gains on investments issued in, foreign countries, it may be subject to withholding tax or other taxation in those jurisdictions and to UK corporation tax on the income.

### 33.2.4 **Stamp Duty Reserve Tax**

With effect from 6 February 2000 Stamp Duty Reserve Tax ("SDRT") was introduced, as provided for within the Finance Act 1999. SDRT is only applicable to Sub-funds which

invest wholly or in part in UK Equities. (The following can be ignored for any funds that do not invest in such investments).

SDRT is charged at the rate of 0.5% of the value of the shares surrendered in a weekly charging period. The amount of this charge is then reduced by the proportion by which sales of shares are less than surrenders, by number, in that week and the following week. This charge is also reduced by the proportion of the fund which is invested in exempt assets – that is those other than UK equities.

In simple terms, this has the effect of charging a 0.5% tax on the value of each surrender of shares, where those shares are subsequently sold to another investor, and in proportion to how much of that fund invests in UK equities.

The ACD settles this liability from the assets of the particular Sub-fund itself. This will obviously reduce the assets of and have a detrimental effect on the Sub-fund. It is the ACD's estimate that the effect of this will be immaterial compared to the total assets of the Sub-fund.

In order to compensate the fund for this liability, the ACD is entitled to charge a "Provision" against SDRT to both buyers and sellers of shares. This provision would be added to the purchase price of shares when they are bought, or deducted from the sale proceeds when sold. It would then be paid to that Sub-fund. Obviously this would cause the purchase price to the investor to rise, or the sales proceeds to fall.

It is not the ACD's intention to charge a Provision against SDRT to buyers or sellers of shares on normal transactions.

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

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

### 33.3 **Taxation of Sub-funds: Bond Sub-funds**

#### **Corporation tax**

Bond Sub-funds will be liable to UK corporation tax on income received, translated into Sterling, from investments in debt, debt related securities and cash deposits. In addition, the following amounts will be taxable income (or, as the case may be, income losses):

- accrued interest or such other method as allowed included in the selling price of debt securities will be treated as taxable income; conversely, accrued interest included in the purchase price of debt securities will be treated as income expenses; and
- in the case of certain securities, which are "relevant discounted securities", profits on their disposal, transfer, redemption or conversion are taxed as income, and any losses so sustained treated as expenses.

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

The Sub-fund would be expected to be entitled to make up distribution accounts in such a way that the income distribution (including accumulations of income, which are deemed to be paid and reinvested as capital) to shareholders is treated as if it were interest for UK tax purposes. If so entitled, the Bond Sub-funds intend that distributions will be made in this way.

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

- distributions made will be deductible for corporation tax purposes against UK taxable income; and
- UK income tax, currently at a rate of 20%, should be deducted from distributions made by the Bond Sub-fund and accounted for by it to the HM Revenue & Customs, unless a shareholder within the UK Corporation Tax regime holds Gross paying shares or a non-resident beneficial owner of the shares makes a valid declaration (“NOR declaration”) to the Company in advance of an eligible distribution being made, in which case no tax should be deducted from the distribution.

Schedule D Case III taxable income, less gross interest distributions for UK corporation tax purposes, expenses (including ACD’s and Depositary’s fees) and non-UK withholding taxes, is subject to UK corporation tax at a rate equal to the lower rate of income tax (currently 20%). It is not expected that the corporation tax charge, if any, will be significant.

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

### **Stamp Duty Reserve Tax**

The information given above about Stamp Duty Reserve Tax for Equity Sub-funds applies equally to Bond Sub-funds to the extent that they invest in equities.

## **34 Taxation treatment – the shareholders**

### **34.1 The Shareholder – Equity Sub-funds**

#### **34.1.1 Income distributions**

Where a Sub-fund makes dividend distributions, such distributions should be treated in the same way as dividends from a UK resident company. As such they will carry a tax credit of 10% of the total of the net distribution and the tax credit. Each Shareholder should be sent a tax voucher notifying them of the amount of the distribution and of the associated tax credit.

For Shareholders holding Accumulation Shares, the UK tax treatment will be the same as if they held Income Shares, albeit that they do not receive the income represented by the distribution at the time of that distribution and that income is instead re-invested. Such Shareholders will be treated for UK tax purposes as if they had received the re-invested income and should be issued with tax vouchers accordingly. The same applies to Shareholders who make use of the re-investment facility.

Except for Shareholders within the charge to corporation tax (as explained below), dividend distributions will carry a tax credit equivalent to 10 per cent of the aggregate of the distribution and the tax credit (ie one ninth of the amount distributed).

UK resident Shareholders within the charge to income tax who are liable to income tax at the higher rate will be subject to income tax on the gross dividend distributions at 32.5 per cent, but will be able to set the tax credit off against this liability giving an effective 25 per cent rate after the tax credit. In the case of such Shareholders who are liable to income tax at the starting rate or the basic rate, the 10 per cent tax credit will match the income tax liability in respect of the dividend distribution and there will be no further tax to pay.

Shareholders who are not liable to pay income tax in respect of a dividend distribution, or any part thereof, will not be able to reclaim from HM Revenue & Customs the excess tax credit applicable to that distribution.

For Shareholders within the charge to UK corporation tax, to the extent that the relevant Fund's gross income is not derived from franked investment income, part of the dividend distributions (known as the "unfranked part") will be reclassified as an annual payment received by the Shareholder after a deemed deduction of income tax at the lower rate, currently 20 per cent. Such Shareholders will be subject to corporation tax on the grossed-up amount of the annual payments but will be entitled to a credit for the tax deemed deducted. (The deemed deduction may also be the subject of a repayment claim, but such repayment is limited to the particular Shareholder's portion of Sub-fund's net corporation tax liability.)

For such a shareholder, the remaining part of the dividend distribution (the "franked part") will be treated in the same way as a dividend from a UK resident company. As such a Shareholder within the charge to UK corporation tax will not generally be charged to corporation tax on that part.

Details of the proportions of the franked and unfranked parts of dividend distributions comprising franked investment income and annual payments will be shown on the tax vouchers.

Shareholders who are resident in jurisdictions other than the UK for tax purposes will generally not be charged to UK income tax on a dividend distribution unless they are carrying on a trade in the UK through a permanent establishment. Their tax position is likely to depend on the law and practice on taxation in the jurisdiction in which they are resident. They will not generally be entitled to reclaim the tax credit unless entitled to do so under the terms of any double taxation agreement between that jurisdiction and the UK.

#### 34.1.2

#### **Capital gains**

Shareholders may, depending on their circumstances, be liable to capital gains tax or corporation tax on chargeable gains arising from a disposal of any Shares. For these purposes, a disposal includes a sale or a redemption of Shares. An exchange ("switching") between Income Shares and Accumulation Shares in the same Sub-fund is usually treated as a disposal. Similarly an exchange of shares in one Sub-fund for shares in any other Fund will be treated as a disposal and acquisition for those purposes. Proceeds on the redemption of Shares are paid to Shareholders without deduction of tax. For Accumulation Shares, income accumulated and on which income tax or corporation

tax on income has been paid can generally be added to the cost of those Accumulation Shares when computing the amount of any gain.

Individual Shareholders who are resident or ordinarily resident in the UK and Shareholders who are UK resident trustees may be liable to UK taxation on chargeable gains arising from a disposal of Shares. A Shareholder who is an individual who was resident or ordinarily resident in the UK for tax purposes and who disposes of shares during the 5 years after he ceases to be so resident or ordinarily resident may also be liable to UK taxation on chargeable gains. Until 5 April 2008 on a disposal by an individual Shareholder or by trustees the amount of any chargeable gain may be reduced by taper relief depending on how long the Shares have been held. From 6 April 2008, taper relief has been abolished and that from that date chargeable gains for individuals and trustees will be taxed at a flat rate of 18%. Each individual has an annual exemption, currently £9,600 (tax year 2008/09), such that capital gains tax is chargeable only on net gains arising from all sources during the tax year in excess of this figure.

Where a Shareholder within the charge to UK corporation tax makes a gain on a disposal of Shares in a Sub-fund, that gain after deduction of any allowable losses and indexation relief should be treated as a chargeable gain and the Shareholder will be taxed accordingly (provided, in the case of a non-resident Shareholder carrying on a trade in the UK through a permanent establishment, the Shares disposed of were held for the purposes of such trade or such permanent establishment).

Shareholders who are not within the charge to UK taxation on chargeable gains, which will generally include Shareholders who are resident in jurisdictions other than the UK for tax purposes unless they are carrying on a trade in the UK through a permanent establishment, will not generally be charged to UK tax on gains made on a disposal of Shares. Their tax position is likely to depend on the law and practice on taxation in the jurisdiction in which they are resident.

## 34.2 **The Shareholder – Bond Sub-funds**

### 34.2.1 **Income distributions**

The type of distribution made by a Sub-fund may depend on its investments. Sub-funds which have more than 60 per cent by market value of their investments in "qualifying investments", broadly meaning debt securities, money placed at interest (other than cash awaiting investment), building society shares or holdings in authorised unit trusts or OEICs with, broadly, more than 60 per cent of their investments similarly invested ("**Bond Funds**") can make a yearly interest distribution or a dividend distribution. Funds which are not Bond Funds can only pay dividend distributions.

For Shareholders who are individuals resident in the UK for tax purposes and other Shareholders within the charge to UK income tax, interest distributions will suffer deduction of tax at the lower rate, currently 20 per cent. Such shareholders will be entitled to use the income tax withheld as a credit against their UK income tax liability. Such withholding will satisfy the liability of starting and basic rate taxpayers to tax on the income. Higher rate taxpayers will have additional tax to pay. For Shareholders whose income tax liability is less than the tax withheld, the tax withheld can be the subject of a repayment claim.

Shareholders subject to UK corporation tax will receive their interest distributions gross, i.e. no tax will be deducted at source. The tax regime relating to corporate loan

relationships contained in Chapter 2 of Part 4 of Finance Act 1996 is generally applied to yearly interest distributions made to such a Shareholder as if the yearly interest distribution were interest on a loan by such Shareholder to the Fund in question.

Shareholders who are resident in jurisdictions other than the UK for tax purposes, a yearly interest distribution will be paid after deduction of income tax at source at the lower rate, currently 20%, except in the following circumstances:

- where the Shareholder is a company (other than a company which receives the distribution as trustee of a trust);
- where the Shareholder is the trustee(s) of a unit trust scheme;
- where a third party nominee company through which the Shares were purchased is subject to the EC Money Laundering Directive (Directive 91/308/EEC) and has reasonable grounds for believing that the beneficial owner is not ordinarily resident in the UK; or
- where, broadly, the Shareholder provides a valid declaration that he/she is not ordinarily resident in the UK for UK tax purposes.

On request and, at its discretion, the ACD may switch shareholders to a Gross Paying Share Class, if one is available.

The main categories of shareholder for this purpose are companies within the charge to UK corporation tax, pension funds, and charities.

Shareholders who are resident in jurisdictions other than the UK for tax purposes and to whom a yearly interest distribution is paid after deduction of tax may be entitled to reclaim that UK income tax deducted at source under the provisions of any double tax convention or agreement between the UK and the jurisdiction in which they are primarily subject to tax.

In relation to Accumulation Shares, any deduction of income tax at source is made before the yearly interest distribution is reinvested, thereby reducing the amount reinvested.

### **Capital gains**

Shareholders may, depending on their circumstances, be liable to capital gains tax or corporation tax on chargeable gains arising from a disposal of any Shares. For these purposes, a disposal includes a sale or a redemption of Shares. An exchange ("switching") between Income Shares and Accumulation Shares in the same Sub-Fund is usually treated as a disposal. Similarly an exchange of shares in one Fund for shares in any other Fund will be treated as a disposal and acquisition for those purposes. Proceeds on the redemption of Shares are paid to Shareholders without deduction of tax. For Accumulation Shares, income accumulated and on which income tax or corporation tax on income has been paid can generally be added to the cost of those Accumulation Shares when computing the amount of any gain.

Individual Shareholders who are resident or ordinarily resident in the UK and Shareholders who are UK resident trustees may be liable to UK taxation on chargeable gains arising from a disposal of Shares. A Shareholder who is an individual who was resident or ordinarily resident in the UK for tax purposes and who disposes of shares during the 5 years after he ceases to be so resident or ordinarily resident may also be liable to UK taxation on chargeable gains. Until 5 April 2008 on a disposal by an individual Shareholder or by trustees the amount of any chargeable gain may be reduced by taper relief depending on how long the Shares have been held. It is proposed that from 6 April 2008 taper relief will be abolished and that from that date chargeable gains for individuals and trustees will be taxed at a flat rate of 18%. Each individual has an annual exemption, currently £9,600 (tax year 2008/09), such that capital gains tax is chargeable only on net gains arising from all sources during the tax year in excess of this figure.

For a Shareholder within the charge to UK corporation tax, the corporation tax treatment on a disposal of its Shares in a Fund differs according to whether the Fund is a Bond Fund (as defined above) or not.

Where a Bond Fund Shareholder within the charge to UK corporation tax makes a gain on a disposal of Shares in a Fund, that gain will be taxed as a profit from a loan relationship. The tax regime relating to corporate loan relationships contained in Chapter 2 of Part 4 of Finance Act 1996 will therefore apply and the profit should be brought into account accordingly (provided, in the case of a non-resident Shareholder carrying on a trade in the UK through a permanent establishment, the Shares disposed of were held for the purposes of such trade or such permanent establishment).

Shareholders who are not within the charge to UK taxation on chargeable gains, which will generally include Shareholders who are resident in jurisdictions other than the UK for tax purposes unless they are carrying on a trade in the UK through a permanent establishment, will not generally be charged to UK tax on gains made on a disposal of Shares. Their tax position is likely to depend on the law and practice on taxation in the jurisdiction in which they are resident.

34.3

### **Income Equalisation**

Since the Funds operate income equalisation, the first allocation made after the acquisition of the Shares may include a sum ("equalisation") representing that part of the acquisition price of the Shares which was attributable to income accrued up to the time of acquisition.

This is treated for the purposes of both UK income tax and UK tax on chargeable gains as a refund of capital rather than a receipt of income.

As such it is not liable to income tax. It should however be deducted from the cost of the Shares when computing the base cost for any chargeable gain realised on the subsequent disposal of the Shares. This is the case regardless of whether the Shares in question are Accumulation Shares or Income Shares, and despite the fact that for Accumulation Shares the equalisation amount is re-invested.

A Shareholder who sells Shares part way through a distribution period will receive a price which includes an equalisation element. This equalisation element is taxable as income in the normal way.

34.4

### **EU Savings Directive**

The European Union Directive on the Taxation of Savings Income (2003/48/EC) (the "EU Savings Directive") provides that "paying agents" established in a member state of the EU (or certain prescribed dependent or associated territories of member states) which pay "savings income" to individuals resident in another member state (or, depending on the state in which the paying agent is established, possibly also to individuals resident in the prescribed dependent or associated territories) are obliged, depending on the state in which the paying agent is established, either to disclose details of the payment and payee to taxation authorities or to withhold tax from the payment.

For the purposes of the UK's implementation of the EU Savings Directive, the proceeds of a sale, refund or redemption of Shares in the Scheme and/or the proceeds represented by a distribution from the Scheme may be classed as "savings income". Sale, refund or redemption proceeds will be savings income if more than 40% of the Scheme's assets are invested in money debts. Distribution proceeds will be savings income if more than 15% of the Scheme's assets are invested in money debts.

Under the UK's implementation, where savings income is paid by a paying agent established in the UK to an individual resident in another member state or prescribed territory, the paying agent is obliged to disclose details of the payment to the HM Revenue & Customs. The identity of the relevant paying agent depends on how a Shareholder purchases and holds Shares. For Shareholders who purchase Shares directly, the paying agent is likely to be the ACD.

Consequently, it may be necessary or desirable for the Scheme, the ACD or any other person or entity connected to the Scheme to collect certain additional information from Shareholders or to take other action connected to the EU Savings Directive to enable disclosures to be made to tax authorities or, where applicable, tax to be withheld.

#### 34.5 **Inheritance Tax**

Shares held in any of the Funds will generally form part of an individual's estate and will therefore potentially be subject to inheritance tax (IHT). Shares held by trustees are potentially subject to special rules which may charge IHT periodically.

IHT is chargeable on the death of a person, on gifts made within the seven years before an individual's death and (immediately) on gifts to most types of trusts. The rate of tax is 0% up to a cumulative nil-rate limit. The excess is charged at 20% where the tax is charged during an individual's lifetime and 40% if the tax is charged on or by reference to the individual's death. Where tax is charged both during lifetime and again on death by reference to the same transfer, credit is given for the lifetime tax suffered. For these purposes gifts may include transfers at less than full market value unless the transferor can show that there was no gratuitous intent.

#### 35 **Income equalisation**

35.1 Income equalisation, as explained below, may apply in relation to each Sub-fund in the Company.

35.2 Part of the purchase price of a share reflects the relevant share of accrued income received or to be received by a Sub-fund. This capital sum is returned to a shareholder with the first allocation of income in respect of a share issued during a distribution period.

35.3 The amount of income equalisation is either the actual amount of income included in the issue price of that share or is calculated by dividing the aggregate of the amounts of income included in the price of shares issued or sold to shareholders in an annual or

interim distribution period by the number of those shares and applying the resultant average to each of the shares in question.

## 36 **Winding up of the Company or a Sub-fund of the Company**

36.1.1 The Company shall not be wound up except as an unregistered company under Part V of the Insolvency Act 1986 or under the FSA Regulations. A Sub-fund may only be wound up under the FSA Regulations.

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

36.1.3 The Company or a Sub-fund may be wound up under the FSA Regulations if:

36.1.3.1 an extraordinary resolution to that effect is passed by shareholders; or

36.1.3.2 the period (if any) fixed for the duration of the Company or a particular Sub-fund by the Instrument of Incorporation expires, or an event (if any) occurs on the occurrence of which the Instrument of Incorporation provides that the Company or a particular Sub-fund is to be wound up (for example, if the share capital of the Company is below its prescribed minimum or (in relation to any Sub-fund) the Net Asset Value of the Sub-fund is less than £1,000,000, or if a change in the laws or regulations of any country means that, in the ACD's opinion, it is desirable to terminate the Sub-fund); or

36.1.3.3 on the date of effect stated in any agreement by the FSA to a request by the ACD for the revocation of the authorisation order in respect of the Company or the Sub-fund;

36.1.4 On the occurrence of any of the above:

36.1.4.1 The parts of the FSA Regulations and the Instrument of Incorporation relating to Pricing and Dealing and Investment and Borrowing will cease to apply to the Company or the Sub-fund;

36.1.4.2 The Company will cease to issue and cancel shares in the Company or the Sub-fund and the ACD shall cease to buy or sell shares or arrange for the Company to issue or cancel them for the Company or the Sub-fund;

36.1.4.3 No transfer of a share shall be registered and no other change to the register shall be made without the sanction of the ACD;

36.1.4.4 Where the Company is being wound up, the Company shall cease to carry on its business except in so far as it is beneficial for the winding up of the Company;

- 36.1.4.5 The corporate status and powers of the Company and, subject to the provisions of sections 36.1.4.1 and 36.1.4.4 above, the powers of the ACD, shall remain until the Company is dissolved.
- 36.1.5 The ACD shall, as soon as practicable after the Company or the Sub-fund falls to be wound up, realise the assets and meet the liabilities of the Company or the Sub-fund and, after paying out or retaining adequate provision for all liabilities properly payable and retaining provision for the costs of winding up, arrange for the Depositary to make one or more interim distributions out of the proceeds remaining (if any) to shareholders proportionately to their rights to participate in the Scheme Property of the Company or the Sub-fund. When the ACD has caused all of the Scheme Property to be realised and all of the liabilities of the Company or the Sub-fund to be realised, the ACD shall arrange for the Depositary to also make a final distribution to shareholders (if any Scheme Property remains to be distributed) on or prior to the date on which the final account is sent to shareholders of any balance remaining in proportion to their holdings in the Company or the Sub-fund.
- 36.1.6 As soon as reasonably practicable after completion of the winding up of the Company or the Sub-fund, the ACD shall notify the FSA.
- 36.1.7 On completion of a winding up of the Company, the Company will be dissolved and any money (including unclaimed distributions) standing to the account of the Company, will be paid into court within one month of dissolution.
- 36.1.8 Following the completion of the winding up of the Company, the ACD shall notify the FSA.
- 36.1.9 Following the completion of a winding up of either the Company or a Sub-fund, the ACD must prepare a final account showing how the winding up took place and how the Scheme Property was distributed. The auditors of the Company shall make a report in respect of the final account stating their opinion as to whether the final account has been properly prepared. This final account and the auditors' report must be sent to the FSA and to each shareholder.
- 36.1.10 As the Company is a UCITS Scheme any liabilities attributable or allocated to a Sub-fund under the FSA Regulations shall be met first out of the Scheme Property attributable or allocated to that Sub-fund.
- 36.1.11 If the liabilities of a Sub-fund are greater than the proceeds of the realisation of the Scheme Property attributable or allocated to the Sub-fund, the deficit shall be met out of the Scheme Property attributable or allocated to Sub-funds in respect of which the proceeds of realisation exceed liabilities and will be divided between the Sub-funds in a manner which is fair to shareholders in those Sub-funds.

## 37 **General information**

### 37.1 **Accounting periods and Income Allocations**

- 37.1.1 The annual and interim accounting periods of the Company (and its Income Allocation dates) are set out in Appendix 1.
- 37.1.2 If a distribution remains unclaimed for a period of six years after it has become due, it will be forfeited and will revert to the Sub-fund that issued it.

37.1.3 The amount available for distribution in any accounting period is calculated by taking the aggregate of the income received or receivable for the account of the relevant Sub-fund in respect of that period, and deducting the charges and expenses of the relevant Sub-fund paid or payable out of income in respect of that accounting period. Smoothing of income distribution does not take place with the exception of the Premier Castlefield Monthly Equity Income Fund. In respect of this Fund, the ACD will, as far as possible, attempt to smooth the monthly distributions paid during the year. This will be achieved by carrying over the income received in a month which has above average income expectations in order to supplement the income received in another month which has a lower level of income. This is, however, no guarantee that a constant level of income will be maintained throughout the year.

37.1.4 The ACD then makes such other adjustments as it considers appropriate (and after consulting the auditors as appropriate) in relation to taxation, income equalisation, income unlikely to be received within 12 months following the relevant income allocation date, income which should not be accounted for on an accrual basis because of lack of information as to how it accrues, transfers between the income and capital account and any other adjustments which the ACD considers appropriate after consulting the Auditor.

## 37.2 **Fewer than two Sub-funds**

If for a period of 24 consecutive months beginning at any time after the first issue of shares in the Company shares in respect of fewer than two Sub-funds are in issue, the Directors must take such action as is necessary to change the category of the Company or cause shares in respect of more than one Sub-funds to be in issue. This does not apply if winding up of the Company has begun on or before the expiry of the 24 month period.

## 37.3 **Annual Reports**

Annual reports of the Company will be published within four months of each annual accounting period end and interim reports (both long and short reports) will be published within two months of each interim accounting period. Details of the accounting reference and interim accounting dates are set out in Appendix 1.

## 37.4 **Documents of the Company**

37.4.1 The following documents may be inspected free of charge between 9.00 a.m. and 5.00 p.m. on each Dealing Day at the offices of the ACD at Eastgate Court, High Street, Guildford, Surrey GU1 3DE.

37.4.1.1 the most recent annual and interim reports of the Company;

37.4.1.2 the Instrument of Incorporation (and any amending instrument of incorporation); and

37.4.1.3 the ACD Agreement; and

37.4.1.4 the latest short and long reports.

37.4.2 Shareholders may obtain copies of the above documents from the above address. Copies of the Prospectus and latest annual report and accounts are available free of charge however the ACD may make a charge at its discretion for copies of the Instrument of Incorporation and material contracts.

37.5 **Past Performance**

Where available past performance figures for each Sub-fund are set out at Appendix 5.

37.6 **Complaints**

If you have a complaint you should write to the Compliance Officer of the ACD. If your complaint is not dealt with to your satisfaction you can, depending on the nature of the complaint, also write directly to the Financial Ombudsman Service at South Quay Plaza, 183 Marsh Wall, London E14 9SR. We will inform you of your rights when answering your complaint. Details of our customer complaint handling procedures are available on request.

37.7 **Data Protection**

The information you provide on your application form (or afterwards) will be held and processed by us as data controller for the purposes of the Data Protection Act 1998.

We may hold and process information for the administration of the service(s) for which you are currently applying or may apply for in the future, for the operation of your investment (including, for example, for registration and distribution purposes), for the purposes of statistical analysis, and the marketing of goods and services by us or other companies in the Premier Asset Management Marketing Group.

We may transfer information to other companies in the Premier Asset Management Marketing Group and to third party agents of such companies or us for any of the above purposes. Such third party agents may be in countries located outside of the European Economic Area (EEA).

We will take steps to ensure that your privacy rights are respected since these countries may not have comprehensive data protection and other laws as countries in the EEA. Where an authorised financial adviser acts on your behalf, we will disclose information concerning your investment to that financial adviser.

Other than as noted above, we will not provide any other third party with any information about you unless you have given your consent or unless we are required to do so by law.

You are entitled to request details of information we hold about you upon payment of a fee and to require us to correct any inaccuracies in your personal data.

## APPENDIX 1

### **Investment objectives, policies and other details of the Company**

Investment of the assets of each of the Sub-funds of the Company must comply with the FSA Regulations and its own investment objective and policy. Details of the Sub-funds' investment objectives and policies are set out overleaf together with the other information referred to below including available Share Classes, accounting reference dates, charges, minimum investment levels and distribution dates. A detailed statement of the investment and borrowing restrictions applicable to the Company is contained in Appendix 2. A list of the eligible securities and derivatives markets on which the Sub-funds may invest is contained in Appendices 3 and 4.

**Dilution Levy:** the ACD estimates that the rate of dilution levy charged by the Company in normal market conditions for the proposed and likely portfolio allocations of the Sub-funds will not exceed 3%.

**Important note:** Please remember that the value of investments and the income from them can go down as well as up (this may partly be the result of exchange rate fluctuations in investments which have an exposure to foreign currencies) and investors may not get back the full amount invested. Past performance is not a guide to the future and cannot provide a guarantee of the future returns of a Sub-fund. Investment returns may be affected by changes in the basis of taxation.

## PREMIER CASTLEFIELD UK EQUITY FUND

### Investment Objective and Policy

The investment objective of the Fund is to generate a combination of current income and long term capital growth by investing principally in a portfolio of UK equities and/or collective investment schemes although money market instruments, deposits, warrants, derivatives (for hedging purposes) and other permitted investments and transactions may also be invested in. The aim is to achieve a total return in excess of that generated by the FTSE All Share Index.

<b>Classes of shares available</b>	Charity Income Shares Charity Accumulation Shares General Income Shares General Accumulation Shares Institutional Income Shares Institutional Accumulation Shares
<b>Currency of denomination</b>	Sterling
<b>Minimum initial investment</b>	£500 – General and Charity Shares £250,000 – Institutional Shares
<b>Minimum subsequent investment</b>	£100 – General and Charity Shares £10,000 – Institutional Shares
<b>Minimum withdrawal</b>	None as long as minimum holding remains
<b>Minimum holding</b>	£500 – General and Charity Shares £250,000 – Institutional Shares
<b>Regular Savers</b>	£50 pcm - General Shares only
<b>ACD's preliminary charge</b>	0% - Charity Shares 3.5% - General Shares 0% - Institutional Shares
<b>ACD's annual management charge</b>	0.1%, subject to a minimum of £20,000 per annum
<b>Investment Adviser's fee *</b>	0.65% - Charity Shares 1.25% - General Shares 0.75% - Institutional Shares
<b>Annual accounting date</b>	28 <sup>th</sup> February
<b>Interim accounting date</b>	31 <sup>st</sup> August
<b>Annual income allocation date</b>	27 <sup>th</sup> May
<b>Interim income allocation date</b>	27 <sup>th</sup> February, 27 <sup>th</sup> August, 27 <sup>th</sup> November
<b>Invest in any Securities Market of a Member State of the EU or states within the EEA on which securities are admitted to Official Listing</b>	Yes
<b>Invest in Eligible Markets</b>	As listed in Appendices 3 and 4
<b>Income Equalisation</b>	Yes

\*Partially charged to capital, which may constrain capital growth.

### Past Performance

Past performance data in respect of Premier Castlefield UK Equity Fund is set out in Appendix 5.

## PREMIER CASTLEFIELD GLOBAL EQUITY FUND

### Investment Objective and Policy

The investment objective of the Fund is predominantly to generate long term capital growth by investing principally in a portfolio of non-UK equities and/or collective investment schemes although money market instruments, deposits, warrants, derivatives (for hedging purposes) and other permitted investments and transactions may also be invested in. The aim is to achieve a total return in excess of that generated by the FTSE World ex UK Index.

<b>Classes of shares available</b>	Charity Income Shares General Income Shares Institutional Income Shares
<b>Currency of denomination</b>	Sterling
<b>Minimum initial investment</b>	£500 – General Shares and Charity Shares £250,000 – Institutional Shares
<b>Minimum subsequent investment</b>	£100 – General Shares and Charity Shares £10,000 – Institutional Shares
<b>Minimum withdrawal</b>	None as long as minimum holding remains
<b>Minimum holding</b>	£500 – General Shares and Charity Shares £250,000 – Institutional Shares
<b>Regular Savers</b>	£50 pcm – General Shares only
<b>ACD's preliminary charge</b>	0% - Charity Shares 3.5% - General Shares 0% - Institutional Shares
<b>ACD's Annual management charge</b>	0.1%, subject to a minimum of £20,000 per annum
<b>Investment Adviser's fee</b>	0.65% - Charity Shares 1.25% - General Shares 0.75% - Institutional Shares
<b>Annual accounting date</b>	28 <sup>th</sup> February
<b>Interim accounting date</b>	31 <sup>st</sup> August
<b>Annual income allocation date</b>	27 <sup>th</sup> May
<b>Interim income allocation date</b>	27 <sup>th</sup> November
<b>Invest in any Securities Market of a Member State of the EU or states within the EEA on which securities are admitted to Official Listing</b>	Yes
<b>Invest in Eligible Markets</b>	As listed in Appendices 3 and 4
<b>Income Equalisation</b>	Yes

### Past Performance

Past performance data in respect of Premier Castlefield Global Equity Fund is set out in Appendix 5.

## PREMIER CASTLEFIELD MONTHLY EQUITY INCOME FUND

### Investment Objective and Policy

The investment objective of the Fund is predominantly to generate a relatively high level of current income, together with income growth and some capital growth over the long term.

This is to be achieved by investing principally in a portfolio of UK equities, although money market instruments, collective investment schemes, deposits, warrants, derivatives (for hedging purposes) and other permitted investments and transactions may also be invested in.

<b>Classes of shares available</b>	General Income Shares Charity Income Shares Institutional Income Shares
<b>Currency of denomination</b>	Sterling
<b>Minimum initial investment</b>	£500 – General and Charity Shares £250,000 – Institutional Shares
<b>Minimum subsequent investment</b>	£100 – General and Charity Shares £10,000 – Institutional Shares
<b>Minimum withdrawal</b>	None as long as minimum holding remains
<b>Minimum holding</b>	£500 – General and Charity Shares £250,000 – Institutional Shares
<b>Regular Savers</b>	£50 pcm – General Shares only
<b>ACD's preliminary charge</b>	3.5% - General Shares 0% - Charity Shares 0% - Institutional Shares
<b>ACD's Annual management charge</b>	0.1% subject to a minimum of £20,000 per annum
<b>Investment Adviser's fee *</b>	1.50% - General Shares 0.75% - Charity Shares 1.00% - Institutional Shares
<b>Annual accounting date</b>	28 <sup>th</sup> February
<b>Interim accounting date</b>	31 <sup>st</sup> August
<b>Annual income allocation date</b>	27 <sup>th</sup> May
<b>Interim income allocation dates</b>	27 <sup>th</sup> January, 27 <sup>th</sup> February, 27 <sup>th</sup> March, 27 <sup>th</sup> April, 27 <sup>th</sup> June, 27 <sup>th</sup> July, 27 <sup>th</sup> August, 27 <sup>th</sup> September, 27 <sup>th</sup> October, 27 <sup>th</sup> November, 27 <sup>th</sup> December
<b>Invest in any Securities Market of a Member State of the EU or states within the EEA on which securities are admitted to Official Listing</b>	Yes
<b>Invest in Eligible Markets</b>	As listed in Appendices 3 and 4
<b>Income Equalisation</b>	Yes

\* taken wholly from capital, which may constrain capital growth.

## PREMIER CASTLEFIELD UK ALPHA FUND

### Investment Objective and Policy

The investment objective of the Fund is to invest primarily for long term capital growth from a portfolio of investments. The ACD's investment policy is actively to invest in those companies, primarily within the UK, where the manager believes there are above average opportunities for growth.

<b>Classes of shares available</b>	General Income Shares General Accumulation Shares Institutional Income Shares Institutional Accumulation Shares
<b>Currency of denomination</b>	Sterling
<b>Minimum initial investment</b>	£500 – General Shares £250,000 – Institutional Shares
<b>Minimum subsequent investment</b>	£100 – General Shares £10,000 – Institutional Shares
<b>Minimum withdrawal</b>	None as long as minimum holding remains
<b>Minimum holding</b>	£500 – General Shares £250,000 – Institutional Shares
<b>Regular Savers</b>	£50 pcm – General Shares only
<b>ACD's preliminary charge</b>	3.5% - General Shares 0% - Institutional Shares
<b>ACD's annual management charge</b>	0.1%, with a minimum of £20,000 per annum
<b>Investment Adviser's fee</b>	1.50% - General Shares 1.00% - Institutional Shares
<b>Annual accounting date</b>	28 <sup>th</sup> February
<b>Interim accounting date</b>	31 <sup>st</sup> August
<b>Annual income allocation date</b>	27 <sup>th</sup> May
<b>Interim income allocation date</b>	27 <sup>th</sup> November
<b>Invest in any Securities Market of a Member State of the EU or states within the EEA on which securities are admitted to Official Listing</b>	Yes
<b>Invest in Eligible Markets</b>	As listed in Appendices 3 and 4
<b>Income Equalisation</b>	Yes

### Past Performance

Past performance data in respect of Premier Castlefield UK Alpha Fund is set out in Appendix 5.

## PREMIER CASTLEFIELD UK SMALLER COMPANIES FUND

### Investment Objective and Policy

The investment objective of the Fund is to achieve long term capital growth. The investment policy is to invest predominantly in the shares of quoted smaller UK companies, including those listed on the Alternative Investment Market.

<b>Classes of shares available</b>	General Income Shares General Accumulation Shares Institutional Income Shares Institutional Accumulation Shares
<b>Currency of denomination</b>	Sterling
<b>Minimum initial investment</b>	£500 – General Shares £250,000 – Institutional Shares
<b>Minimum subsequent investment</b>	£100 – General Shares £10,000 – Institutional Shares
<b>Minimum withdrawal</b>	None as long as minimum holding remains
<b>Minimum holding</b>	£500 – General Shares £250,000 – Institutional Shares
<b>Regular Savers</b>	£50 pcm – General Shares only
<b>ACD's preliminary charge</b>	3.5% - General Shares 0% - Institutional Shares
<b>ACD's annual management charge</b>	0.1% with a minimum of £20,000 per annum
<b>Investment Adviser's fee</b>	1.50% - General Shares 1.00% - Institutional Shares
<b>Annual accounting date</b>	28 <sup>th</sup> February
<b>Interim accounting date</b>	31 <sup>st</sup> August
<b>Annual income allocation date</b>	27 <sup>th</sup> May
<b>Interim income allocation date</b>	27 <sup>th</sup> November
<b>Invest in any Securities Market of a Member State of the EU or states within the EEA on which securities are admitted to Official Listing</b>	Yes
<b>Invest in Eligible Markets</b>	As listed in Appendices 3 and 4
<b>Income Equalisation</b>	Yes

### Past Performance

Past performance data in respect of Premier Castlefield UK Smaller Companies Fund is set out in Appendix 5.

## APPENDIX 2

### 1 **Investment and borrowing powers of the Company**

These restrictions apply to the Company.

#### 1.1 **Investment restrictions**

1.1.1 The property of each Sub-fund of the Company will be invested with the aim of achieving the investment objective of that Sub-fund but subject to the limits on investment set out in the FSA Regulations and the Sub-fund's investment policy. These limits apply to each Sub-fund as summarised below:

1.1.2 Generally the Company will invest in the investments to which it is dedicated including approved securities which are transferable securities admitted to or dealt on a regulated market or in a market in an EEA State which is regulated, operates regularly and is open to the public, units in collective investment schemes, warrants, money market instruments, deposits and derivatives and forward transactions.

1.1.3 Eligible markets are regulated markets or markets established in an EEA State which are regulated, operate regularly and are open to the public; and markets which the ACD, after consultation with the Depositary, has decided are appropriate for the purpose of investment of or dealing in the property of the Company having regard to the relevant criteria in the FSA Regulations and guidance from the FSA. Such markets must operate regularly, be regulated, recognised, open to the public, adequately liquid and have arrangements for unimpeded transmission of income and capital to or to the order of the investors. The eligible securities and derivatives markets for the Sub-funds of the Company are set out in Appendices 3 and 4.

1.1.4 New eligible securities markets may be added to the existing list only by the passing of a resolution of shareholders at a shareholders' meeting. If not, then the ACD and the Depositary will need to assess whether such an addition would be a significant event requiring shareholders to be notified of the change 60 days in advance, and for the Prospectus to reflect the intended change and the date of commencement, or if the addition is of minimal significance to the investment policy of the Company such that Shareholders will just be notified of the change, whether by immediate notification or in the next report for the Company.

#### 1.2 **Transferable securities**

1.2.1 Up to 10% of the value of each Sub-fund may be invested in transferable securities which are not approved securities traded on or under the rules of an eligible securities market.

1.2.2 Up to 5% of a Sub-fund may be invested in transferable securities other than Government and public securities and money market instruments issued by any single body. However, up to 10% in value of a Sub-fund may be invested in those securities and instruments (or certificates representing those securities) issued by the same issuer if the value of all such holdings combined does not exceed 40% of the value of the property of a Sub-fund. Up to 20% in value of the scheme property of a Sub-fund can consist of transferable securities or money market instruments issued by the same group (being companies included in the

same group for the purposes of consolidated accounts as defined in accordance with Directive 83/349/EEC or in the same group in accordance with international accounting standards).

1.2.3 Notwithstanding the foregoing and except where the investment policy of any Sub-fund is inconsistent with this, up to 100% of the scheme property of each Sub-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 and Sweden and the governments of Australia, Canada, Japan, New Zealand, Switzerland and the United States of America.

1.2.4 If more than 35% in value of the scheme property of a Sub-fund is invested in Government and public securities issued by any one issuer, no more than 30% in value of the scheme property of the Sub-fund may consist of such securities of any one issue and the scheme property must include at least six different issues whether of that issuer or another issuer.

### 1.3 **Collective Investment Schemes**

1.3.1 Except where the investment policy of any Sub-fund is inconsistent with this, **up to 100% in value of the scheme property of a Sub-fund may be invested in units in other schemes**, although not more than 20% in value of the scheme property of a Sub-fund is to consist of the units of any one collective investment scheme. Investment may be made in another collective investment scheme managed by the ACD or an associate of the ACD.

1.3.2 Up to 30% in value of the scheme property of a Sub-fund may invest in units in collective investment schemes which do not comply with the conditions necessary to enjoy the rights conferred by the UCITS Directive<sup>1</sup>, if they are schemes which comply with the conditions necessary for them to enjoy the rights conferred by the UCITS Directive or are recognised under the provision of section 270 of the Financial Services and Market Act 2000, or are authorised as non-UCITS retail schemes or are authorised in another EEA state (the last two must also meet the requirements of Article 19(1)(e) of the UCITS directive), comply with the rules relating to investment in other group schemes contained in the FSA Regulations and are themselves schemes which have terms which prohibit more than 10% of their assets consisting of units in other collective investment schemes.

**If a substantial proportion of a Sub-fund's assets are invested in other collective investment schemes, the maximum level of management fees that may be charged by an investee collective investment scheme to the Sub-fund concerned will be 1.75%. A Sub-fund may be invested in other collective investment schemes managed or operated by (or in the case of an ICVC, whose authorised corporate director is) the ACD, or an associate of the ACD provided that the ACD pays into the relevant scheme property the amount or equivalent of any charges on issue or disposal of such units or shares**

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<sup>1</sup> Directive 2001/108/EEC of the European Parliament and of the Council of 21 January 2002 amending Council Directive 85/611/EEC on the co-ordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS), with regard to investments of UCITS.

**(excluding any form of dilution levy) borne by the Sub-fund in accordance with COLL 5.2.15.**

**1.4 Warrants and nil and partly paid securities**

1.4.1 Up to 100% in value of the scheme property of a Sub-fund may consist of warrants **(which may at times make the portfolio composition highly volatile)**, provided that warrants may only be held if it is reasonably foreseeable there will be no change to the scheme property between the acquisition of the warrant and its exercise and the rights conferred by the proposed warrant and all other warrants forming part of the scheme property at the time of the acquisition of the proposed warrant will be exercised and that the exercise of the rights conferred by the warrants will not contravene the FSA Regulations.

1.4.2 Securities on which any sum is unpaid may be held provided that it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by the Sub-fund at any time when the payment is required without contravening the FSA Regulations.

1.4.3 A warrant which is an investment falling within article 80 of the Regulated Activities Order (Certificates representing certain securities) and which is akin to an investment falling within article 79 (Instruments giving entitlement to investments) of the Regulated Activities Order may not be included in the scheme property unless it is listed on an eligible securities market.

**1.5 Money market instruments**

1.5.1 Up to 100% in value of the scheme property of a Sub-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 the money market instrument is listed on or normally dealt on an eligible market; or is issued or guaranteed by 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 and Sweden and the governments of Australia, Canada, Japan, New Zealand, Switzerland and the United States of America; or issued by a body, any securities of which are dealt in on an eligible market; or issued or guaranteed by an establishment subject to prudential supervision in accordance with criteria defined by Community law or by an establishment which is subject to and complies with prudential rules considered by the FSA to be at least as stringent as those laid down by Community law.

1.5.2 Notwithstanding the above up to 10% of the scheme property of a Sub-fund may be invested in money market instruments which do not meet these criteria.

**1.6 Deposits**

Up to 20% in value of the scheme property of a Sub-fund can consist of deposits with a single body. A Sub-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.

**1.7 Derivatives and forward transactions**

1.7.1 **Derivative transactions may be used for the purposes of hedging. Where derivatives are used for hedging or in accordance with efficient portfolio management techniques then this will not compromise the risk profile of the Sub-funds. Use of derivatives will not contravene any relevant investment objectives or limits.** In broad terms, the FSA Regulations permit the following techniques:

1.7.2 Except as set out in 1.7.4 below there is no upper limit on the use of transactions in derivatives or forward transaction for a Sub-fund but they must fall under 1.7.2 and 1.7.3.

1.7.3 A transaction in a derivative or forward transaction must:

- (1)
  - (a) if an OTC, be in an approved derivative; or
  - (b) be in a future, an option or a contract for differences which must be entered into with a counterparty that is acceptable in accordance with the FSA Regulations, must be on approved terms as to valuation and close out and must be capable of valuation.
- (2) have as the underlying investment any or all of the following to which the Sub-fund is dedicated:
  - (a) transferable securities;
  - (b) permitted money market instruments;
  - (c) permitted deposits;
  - (d) permitted derivatives;
  - (e) permitted collective investment scheme units;
  - (f) financial indices;
  - (g) interest rates;
  - (h) foreign exchange rates; and
  - (i) currencies.
- (3) be effected on or under the rules of an eligible derivatives market as set out in Appendix 4, and it must not cause a Sub-fund to diverge from its investment objectives, must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more transferable securities, money market instruments, units in collective investment schemes, or derivatives and must be with an approved counterparty.

Use of derivatives must be supported by a risk management process maintained by the ACD which should take account of the investment objectives and policy of the Sub-fund.

1.7.4 A transaction in derivatives or forward transaction is to be entered into only if the maximum exposure, in terms of the principal or notional principal created by the transaction to which the scheme is or may be committed by another person is covered under (1).

- (1) Exposure is covered if adequate cover from within the scheme property for the Sub-fund is available to meet its total exposure, taking into account the initial outlay, the value of the underlying assets, any reasonably foreseeable market movement, counterparty risk, and the time available to liquidate any positions.

- (2) Cash not yet received into the scheme property of a Sub-fund, but due to be received within one month, is available as cover for the purposes of (1).
  - (3) Property which is the subject of a Stock lending transaction is only available for cover if the ACD has taken reasonable care to determine that it is obtainable (by return or re-acquisition) in time to meet the obligation for which cover is required.
  - (4) The exposure relating to derivatives held in a Sub-fund may not exceed the net value of its scheme property.
- 1.7.5 The exposure to any one counterparty in an OTC derivative transaction must not exceed 5% in value of the scheme property of a Sub-fund. This limit is raised to 10% where the counterparty is an approved bank.
- 1.7.6 In applying the limits in 1.7.5, 1.7.7 and 1.8.1 the exposure in respect of an OTC derivative may be reduced to the extent that collateral is held in respect of it provided the collateral meets each of the following conditions:
- 1.7.6.1 it is marked-to-market on a daily basis and exceeds the value of the amount at risk;
  - 1.7.6.2 it is exposed only to negligible risks (eg. government bonds of first credit rating or cash) and is liquid;
  - 1.7.6.3 it is held by a third party custodian not related to the provider or is legally secured from the consequences of a failure of a related party; and
  - 1.7.6.4 can be fully enforced by the relevant Sub-fund at any time.
- 1.7.7 Not more than 20% of a Sub-fund is to be put at risk in respect of an exposure from an OTC derivative transaction to a single entity or one or more such entities within a group, after taking into account any collateral received from that entity or group, both at individual level or group level.
- 1.7.8 In applying the limits in 1.7.5, 1.7.7 and 1.8.1, OTC derivative positions with the same counterparty may be netted provided that the netting procedures:
- 1.7.8.1 comply with the conditions set out in Section 3 (Contractual netting Contracts for novation and other netting agreements) of Annex III to the Banking Consolidation Directive; and
  - 1.7.8.2 are based on legally binding agreements.
- 1.7.9 All derivative transactions are deemed to be free of counterparty risk if they are performed on an exchange where the clearing house meets each of the following conditions:
- 1.7.9.1 it is backed by an appropriate performance guarantee; and
  - 1.7.9.2 it is characterized by a daily mark-to-market valuation of the derivative positions and at least daily margining.

- 1.7.10 No agreement by or on behalf of a Sub-fund to dispose of property or rights may be made unless:
- 1.7.10.1 the obligation to make the disposal and any other similar obligation could immediately be honoured by the Sub-fund by delivery of property or the assignment (or, in Scotland, assignation) of rights; and
  - 1.7.10.2 the property and rights at 1.7.10.1 are owned by the Sub-fund at the time of the agreement.
- 1.7.11 1.7.10.1 and 1.7.10.2 do not apply to a deposit. They also do not apply where:-
- 1.7.11.1 the risks of the underlying financial instrument of a derivative can be appropriately represented by another financial instrument and the underlying financial instrument is highly liquid; or
  - 1.7.11.2 the ACD or the Depositary has the right to settle the derivative in cash and cover exists within the scheme property which falls within one of the following asset classes:
    - (i) cash;
    - (ii) liquid debt instruments (e.g. government bonds of first credit rating) with appropriate safeguards (in particular, haircuts); or
    - (iii) other highly liquid assets which are recognised considering their correlation with the underlying of the financial derivative instruments, subject to appropriate safeguards (e.g. haircuts where relevant).
- 1.7.12 In the asset classes referred to in (1.7.11.1) and (1.7.11.2), assets may be considered as liquid where the instruments can be converted into cash in no more than seven business days at a price closely corresponding to the current valuation of the financial instrument on its own market.
- 1.8 **Combinations of Investments**
- 1.8.1 In applying the limits in 1.2.2, 1.6 and 1.7.5 not more than 20% in value of the scheme property is to consist of any combination of two or more of the following: (a) transferable securities or money market instruments issued by; or (b) deposits made with; or (c) exposures from OTC derivatives transactions made with; a single body.
- 1.9 **Replicating an index**
- 1.9.1 A Sub-fund may invest up to 20% in shares and debentures which are issued by the same body where its investment policy is to replicate the composition of an index whose composition is sufficiently diversified, which is an appropriate benchmark for the market to which it refers and which is published in an appropriate manner.
- 1.9.2 The limit in 1.9.1 can be raised for a Sub-fund up to 35% in value of the scheme property, but only in respect of one body and where justified by exceptional market conditions.

- 1.10           **Concentration**
- 1.10.1        The Company must not hold more than:
- 10% of the transferable securities issued by a body corporate which do not carry rights to vote on any matter at a general meeting of that body; or
  - 10% of the debt securities issued by any single body; or
  - 10% of the money market instruments issued by any single body; or
  - 25% of the units in a collective investment scheme.
- 1.10.2        The Company may only acquire transferable securities issued by a body corporate carrying rights to vote at a general meeting of that body provided that before the acquisition the aggregate number of such securities held by the Company does not allow it to exercise 20% or more of the votes cast at a general meeting of that body and the acquisition will not give the Company such power.
- 1.11           **General**
- 1.11.1        No Sub-fund may invest in the shares of another Sub-fund of the Company.
- 1.11.2        Underwriting and sub-underwriting contracts and placings may also, subject to certain conditions set out in the FSA Regulations, be entered into for the account of the Company.
- 1.11.3        Cash or near cash must not be retained in the scheme property of a Sub-fund except in order to enable the pursuit of that Sub-fund's investment objective; or for redemption of shares in that Sub-fund; or efficient management of the Sub-fund in accordance with its investment objective or for a purpose which may reasonably be regarded as ancillary to the investment objectives of that Sub-fund.
- 2             **Stock lending**
- 2.1            The Company, or the Depositary at the Company's request, may enter into a repo contract or a stock lending transaction (involving a disposal of securities in a Sub-fund and reacquisition of equivalent securities) when it reasonably appears to the Company to be appropriate to do so with a view to generating additional income for the relevant Sub-fund with an acceptable degree of risk. Such transactions must comply with conditions set out in the FSA Regulations and the guidance on stocklending issued by the FSA (as amended from time to time), which require (inter alia) that:
- 2.1.1        the stock lending transaction must be of a kind described in Section 263B of the Taxation of Chargeable Gains Act 1992;
- 2.1.2        the terms of the agreement under which the Depositary is to re-acquire the securities for the account of the Company must be acceptable to the Depositary and in accordance with good market practice;
- 2.1.3        the counterparty must be acceptable in accordance with the FSA Regulations.

2.2 The collateral obtained must be acceptable to the Depositary and must also be adequately and sufficiently immediate as set down in the FSA Regulations. These requirements do not apply to a stock lending transaction made through Euroclear Bank SA/NV's Securities Lending and Borrowing Programme.

### 3 **Borrowing powers**

3.1 The Company may, subject to the FSA Regulations, borrow money from an eligible institution or an approved bank for the use of the Company on the terms that the borrowing is to be repayable out of the scheme property for the purpose of efficient portfolio management.

3.1.1 Borrowing must be on a temporary basis and 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.

3.1.2 The ACD must ensure that borrowing does not, on any business day, exceed 10% of the value of the scheme property of a Sub-fund.

3.2 These borrowing restrictions do not apply to “back to back” borrowing to provide cover in respect of transactions in derivatives and forward transactions.

## APPENDIX 3

### Eligible Securities Markets

The ACD, in consultation with the Depositary, has deemed the London Stock Exchange, the Alternative Investment Market and Irish Stock Exchange to be eligible securities markets, as defined in the Regulations, for the Company (to the exclusion of those eligible markets referred to in COLL 5.2.10R of the FSA Regulations). From time to time, an eligible market may be deemed temporarily ineligible by the ACD with the agreement of the Depositary, for example because the economic or political situation in the market has become unstable. This status will continue until the position regarding the market becomes clear, and the ACD and Depositary agree either that it should resume being an eligible market or that it should no longer be classed as an eligible securities market.

Both the Premier Castlefield UK Alpha Fund and the Premier Castlefield UK Smaller Companies Fund may also deal through any authorised and regulated market in the UK which fulfils the requirements of the eligible markets regime.

The Premier Castlefield UK Alpha Fund may also deal through the following eligible securities markets: any authorised and regulated market in the European Economic Area ("EEA") which fulfils the requirements of the eligible markets regime; the Australian Securities Exchange; TSX Venture Exchange (Canada); Montreal Exchange; Toronto Stock Exchange (TSX); Channel Islands Stock Exchange (CISX); Hong Kong Exchanges; Tokyo Stock Exchange; Nagoya Stock Exchange; Osaka Securities Exchange, Sapporo Stock Exchange; JASDAQ Securities Exchange; Korea Exchange Incorporated; Bolsa Mexicana de Valores; New Zealand Stock Exchange; Singapore Exchange (SGX) (Stock Exchange of Singapore and Singapore International Monetary Exchanges); JSE Securities Exchange; SWX Swiss Exchange; Stock Exchange of Thailand; American Stock Exchange; New York Stock Exchange; Boston Stock Exchange; The National Stock Exchange; Chicago Stock Exchange; NYSE Arca; Philadelphia Stock Exchange; the International Capital Market Association (ICMA).

## APPENDIX 4

### Eligible Derivatives Markets

The ACD, in consultation with the Depositary, has deemed the London International Financial Futures and Options Exchange, the OMLX, the London Stock Exchange and the Irish Futures and Options Exchange to be eligible derivatives markets, as defined in the Regulations, for the Company (to the exclusion of those eligible derivatives markets referred to in COLL 5.2.10R of the FSA Regulations). From time to time, an eligible derivatives market may be deemed temporarily ineligible by the ACD with the agreement of the Depositary, for example because the economic or political situation in the market has become unstable. This status will continue until the position regarding the market becomes clear, and the ACD and Depositary agree either that it should resume being an eligible derivatives market or that it should no longer be classed as an eligible derivatives market.

Both the Premier Castlefield UK Alpha Fund and the Premier Castlefield UK Smaller Companies Fund may also deal through any authorised and regulated market in the UK which fulfils the requirements of the eligible markets regime.

The Premier Castlefield UK Alpha Fund may also deal through the following eligible derivatives markets: any authorised and regulated market in the EEA which fulfils the requirements of the eligible market regime; the Sydney Futures Exchange; the Montreal Exchange; the Toronto Stock Exchange; Channel Islands Stock Exchange (CISX); Hong Kong Exchanges; Tokyo Stock Exchange, Osaka Securities Exchange; New Zealand Futures & Options Exchange; Singapore Exchange (Singapore International Monetary Exchange); JSE Securities Exchange; Eurex; Chicago Board of Trade (GLOBEX); Chicago Board Options Exchange (CBOE); Chicago Mercantile Exchange (CME); New York Futures Exchange; New York Mercantile Exchange (NYMEX); New York Stock Exchange (NYSE); NYSE Arca and the Philadelphia Stock Exchange.

## APPENDIX 5

### Performance Tables

#### Premier Castlefield UK Equity Fund

June 2009–June 2010	June 2008 – June 2009	June 2007 – June 2008	June 2006 – June 2007	June 2005 – June 2006
17.17%	-22.28%	-13.68%	17.64%	17.44%

Notes:

General Income Shares and Institutional Income Shares were first issued on 25 February 2004 and 1 June 2006 respectively and therefore no past performance figures are available prior to these dates.

Source: Financial Express Analytics, total return, bid to bid, data to 30 June 2010, taken on 05 July 2010

The data above allows for net distributions having been reinvested.

Past performance should not be seen as an indication of future performance.

#### Premier Castlefield Global Equity Fund

June 2009–June 2010	June 2008 – June 2009	June 2007 – June 2008	June 2006 – June 2007	June 2005 – June 2006
22.66%	-15.02%	-11.63%	10.34%	13.57%

Notes:

Institutional Income Shares and Charity Income Shares were first issued on 1 June 2006 and 21 July 2006 respectively and therefore no past performance figures are available prior to these dates.

Source: Financial Express Analytics, total return, bid to bid, data to 30 June 2010, taken on 05 July 2010

The data above allows for net distributions having been reinvested.

Past performance should not be seen as an indication of future performance.

#### Premier Castlefield Monthly Equity Income Fund

June 2009–June 2010	June 2008 – June 2009	June 2007 – June 2008	June 2006 – June 2007	June 2005 – June 2006
13.99%	-13.53%	-30.2%	-	-

Notes:

Fund Inception date was 2 May 2006. No data prior to this.

Institutional Income Shares and General Income Shares were first issued on 6 October 2006 and 14 December 2006 respectively and therefore no past performance figures are available prior to these dates.

Source: Financial Express Analytics, total return, bid to bid, data to 30 June 2010, taken on 05 July 2010

The data above allows for net distributions having been reinvested.

Past performance should not be seen as an indication of future performance.

#### Premier Castlefield UK Smaller Companies Fund

June 2009–June 2010	June 2008 – June 2009	June 2007 – June 2008	June 2006 – June 2007	June 2005 – June 2006
10.22%	-21.14%	-17.68%	14.29%	2.41%

Notes:

**The above past performance information refers to the performance of the UK Smaller Companies Fund, a sub-fund of Premier Funds, prior to the merger of the UK Smaller Companies Fund with the Premier Castlefield UK Smaller Companies Fund on 1 June 2007. The Premier Castlefield UK Smaller Companies Fund was established specifically to act as the receiving fund in respect of the merger.**

Institutional Income Shares were first issued on 18 June 2007 and therefore no past performance figures are available prior to these dates.

Source: Financial Express Analytics, total return, bid to bid, data to 30 June 2010, taken on 05 July 2010  
The data above allows for net distributions having been reinvested.  
Past performance should not be seen as an indication of future performance.

### Premier Castlefield UK Alpha Fund

June 2009–June 2010	June 2008 – June 2009	June 2007 – June 2008	June 2006 – June 2007	June 2005 – June 2006
23.81%	-38.78%	-12.88%	-	-

Notes:

**The above past performance information refers to the performance of the UK Opportunities Fund, a sub-fund of Premier Funds, prior to the merger of the UK Opportunities Fund with the Premier Castlefield UK Alpha Fund on 1 June 2007. The Premier Castlefield UK Alpha Fund was established to act as the receiving fund in respect of the merger.**

**The investment objective and policy of the UK Opportunities Fund was changed on 14 October 2004, therefore no historical performance data is available prior to this date.**

Accumulation shares were first issued in respect of the UK Opportunities Fund on 13 October 2005 and therefore no historical performance data is available prior to this date.

Institutional Income Shares were first issued on 11 June 2007 and therefore no past performance figures are available prior to these dates.

Source: Financial Express Analytics, total return, bid to bid, data to 30 June 2010, taken on 05 July 2010  
The data above allows for net distributions having been reinvested.  
Past performance should not be seen as an indication of future performance.

## **APPENDIX 6**

### **The Directory**

#### **The Company and its Registered/Head Office**

Premier Castlefield Funds  
Eastgate Court  
High Street  
Guildford  
Surrey  
GU1 3DE

#### **Authorised Corporate Director and its Head Office**

Premier Portfolio Managers Limited, authorised and regulated by the Financial Services Authority

Eastgate Court  
High Street  
Guildford  
Surrey  
GU1 3DE

#### **Administrator and its Registered/Head Office**

Northern Trust International Fund Administration Services (UK) Limited  
50 Bank Street  
Canary Wharf  
London  
E14 5NT

#### **Registrar and its Registered Office**

Northern Trust Global Services Limited, authorised and regulated by the Financial Services Authority

50 Bank Street  
Canary Wharf  
London  
E14 5NT

#### **Depositary**

The Royal Bank of Scotland Public Limited Company  
Gogarburn  
PO Box 1000  
Edinburgh  
EH12 1HQ