# RBS INVESTMENT OPTIONS ICVC

An Investment Company with Variable Capital
Registered in England and Wales under Registered Number IC 000617, FCA Product Reference ("PRN"): 476834

# PROSPECTUS

**This Prospectus is dated, and is valid as at 31 October 2016**

Prepared in accordance with the Open-Ended Investment Companies Regulations 2001, the Collective Investment Schemes Sourcebook and the Investment Funds Sourcebook

# Contents

# Introduction

**This document is important: If you are in any doubt as to the meaning of any information in this Prospectus or as to whether an investment in any sub-fund of the RBS Investment Options ICVC is suitable for you, you should consult your financial adviser.**

This is the Prospectus of RBS Investment Options ICVC (the *Company*) valid as at 31 October 2016. This Prospectus has been prepared by RBS Collective Investment Funds Limited in accordance with the rules contained in the Financial Conduct Authority's Collective Investment Schemes Sourcebook (*COLL Sourcebook*) and Investment Funds Sourcebook (*FUND Sourcebook*).

The *Company* is incorporated in England and Wales as an investment company with variable capital (*ICVC*) under registered number IC000617. The *Shareholders* are not liable for the debts of the *Company*.

RBS Collective Investment Funds Limited (*RBSCIFL*) is the Authorised Corporate Director of the *Company*. *RBSCIFL* is 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 in this document is in accordance with the facts, does not contain any untrue or misleading statement and does not omit anything likely to affect the import of such information or any matters required to be included in it by the *COLL Sourcebook. RBSCIFL* accepts responsibility accordingly.

This document has been approved by *RBSCIFL* for the purpose of section 21 of the Financial Services and Markets Act 2000 and copies of this Prospectus have been sent to the Financial Conduct Authority and to the Depositary, J.P. Morgan Europe Limited.

The shares which are described in this Prospectus have not been and will not be registered under the United States Securities Act of 1933, the United States Investment Company Act of 1940 or the securities laws of any of the States of the United States of America and may not be directly or indirectly offered or sold in the United States of America to or for the account or benefit of any U.S. Person, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the United States Securities Act of 1933, the United States Investment Company Act of 1940 and similar requirements of such State securities laws.

The *Company* has not been nor will be registered under the United States Investment Company Act of 1940, as amended.

Investment in the shares which are described in this Prospectus by or on behalf of US Persons is not permitted.

**This Prospectus is based on information, law and practice as at the date of this Prospectus. This Prospectus will be updated in accordance with the requirements of the Financial Conduct Authority and will cease to have any effect on the publication by the *Company* of a subsequent Prospectus. Potential investors should check with *RBSCIFL* that this is the most recently published Prospectus. Neither the *Company* nor *RBSCIFL* will be bound by or accept any liability either in respect of any application for *Shares* made on the basis of this Prospectus or in respect of any reliance on this Prospectus once it has been superseded.**

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

The *Company* is marketable to all retail investors.

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

The distribution of this document and the offering or sale of *Shares* in certain jurisdictions may be restricted by law. No action has been taken by the *Company* or *RBSCIFL* that would permit an offer of *Shares* or possession or distribution of this document in any jurisdiction where action for that purpose is required, other than in the United Kingdom. This document does not constitute an offer of or an invitation to purchase or subscribe for any *Shares* by anyone in any jurisdiction in which such offer or invitation is not authorised or to any person to whom it is unlawful to make such offer or invitation. Persons into whose possession this document comes are required by the *Company* and *RBSCIFL* to inform themselves about and to observe any such restrictions.

The provisions of the *Company*'s *Instrument of Incorporation* are binding on each of its *Shareholders* (who are taken to have notice of them).

References to times in this Prospectus are to London times unless otherwise stated.

On request of a holder of *Shares* in the *Company*, the *ACD* will provide information supplementary to this Prospectus relating to the quantitative limits applying in the risk management of the *Company* and the methods used in relation thereto, and any recent development of the risk and yields of the main categories of investment of the *Company*.

Information relating to the past performance of the *Sub-funds* can be found in Appendix V.

**The *Company* may enter into transactions in *Derivatives*.**

Such transactions will be used for the purposes historically known as *Efficient Portfolio Management* as described on page 109 of this Prospectus. The use of *Derivatives* does not otherwise directly form part of the investment objective of any *Sub-fund* (although if a *Sub-fund* invests in other collective investment schemes, those other schemes may themselves use *Derivatives* as part of their investment objective).

For details of the use of *Derivatives* by the *Sub-funds* and their risks please see below, in particular under "Risks" on page 46 and in "Appendix I – Investment Objectives, Investment Policies and Share Classes".

# Definitions

In this Prospectus the words and expressions set out in the first column below shall have the meanings set opposite them unless the context requires otherwise. Words and expressions contained in this Prospectus but not defined within it shall have the same meanings as in the *Act* or the *Regulations* (as defined below) unless the contrary is stated.

| | |
|---|---|
| ***ACD*** | means the authorised corporate director and AIFM of the *Company*, RBS Collective Investment Funds Limited (*RBSCIFL*); |
| ***Accumulation Shares*** | means *Shares* (of whatever *Class*) issued from time to time in respect of a *Sub-fund* and in respect of which income allocated thereto is credited periodically to capital pursuant to the *COLL Sourcebook* and the *Instrument of Incorporation*; |
| ***Act*** | means the Financial Services and Markets Act 2000 as amended and/or re-enacted from time to time; |
| ***Administrator*** | means the administrator of the *Company*, Aviva Life Services UK Limited, who sub-delegates this responsibility to International Financial Data Services (UK) Limited; |
| ***AIF*** | means an alternative investment fund as defined in the *AIFM Regulations*; |
| ***AIFM*** | means the person appointed from time to time pursuant to the *Regulations* to act as the alternative investment fund manager of the *Company*; |
| ***AIFMD*** | means Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers, including any subordinate regulations or guidance published thereunder; |
| ***AIFM Regulations*** | means the Alternative Investment Fund Managers Regulations 2013; |
| ***Approved Bank*** | means:<br>A) in relation to a bank account opened by the *Company* at a branch in the United Kingdom: (i) the Bank of England; or (ii) the central |

bank of a member state of the *OECD*; or (iii) a bank; or (iv) a building society; or (v) a bank which is supervised by the central bank or other bank regulator of a member state of the *OECD*; or

B) in relation to a bank account opened by the *Company* elsewhere: (i) a bank in (A) above; or (ii) a credit institution established in an *EEA State* other than the United Kingdom and duly authorised by the relevant Home State regulator; or (iii) a bank which is regulated in the Isle of Man or the Channel Islands; or

C) a bank account opened by the *Company* which is supervised by the South African Reserve Bank; or

D) any other bank which meets the requirements under the *FCA Handbook*;

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| ***Associate*** | as defined in the glossary of the *FCA Handbook*; |
| ***Auditors*** | means the auditors of the *Company*, Ernst & Young LLP; |
| ***Business Day*** | means Monday to Friday, and other days at the *ACD*'s discretion, except for (unless the *ACD* otherwise decides) a bank holiday in England and Wales or any other day on which the London Stock Exchange is closed; |
| ***Class*** or ***Classes*** | is defined in the *Instrument of Incorporation* (being, in summary, in relation to *Shares,* according to the context, all the *Shares* relating to a single *Sub-fund* or a particular class or classes of *Share* relating to a single *Sub-fund)*; |
| ***COLL*** | refers to the relevant chapter or rule in the *COLL Sourcebook*; |
| ***COLL Sourcebook*** | means the Collective Investment Schemes Sourcebook issued by the *FCA* as part of the *FCA Handbook*, as amended or re-issued from time to time, which shall, for the avoidance of doubt, not include the guidance or evidential requirements it contains; |
| ***Company*** | means RBS Investment Options ICVC; |

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|---|---|
| ***Conversion*** | means the conversion of *Shares* in one *Class* in a *Sub-fund* to *Shares* of another *Class* in the same *Sub-fund* and "convert" and "converted" shall be construed accordingly; |
| ***Custodian*** | means the custodian of the *Scheme Property*, currently being JPMorgan Chase Bank; |
| ***Dealing Day*** | means any *Business Day*; |
| ***Depositary*** | means the depositary of the *Company*, currently being J.P. Morgan Europe Limited; |
| ***Derivative*** | means a financial instrument whose value is dependent on the value of an underlying asset such as a future, option or contract for differences; |
| ***Dilution Adjustment*** | means an adjustment to a *Share* price as more fully set out in the *COLL Sourcebook* and is applicable only in respect of the *YP Funds*; |
| ***EEA State*** | means a member state of the European Union and any other state which is within the European Economic Area, as defined in the glossary to the *FCA Handbook*; |
| ***Eligible Institution*** | means one of certain eligible institutions as defined in the glossary to the *FCA Handbook*; |
| ***EMS Funds*** | means the Expert Managed Solutions Funds, currently being the Income Fund, Cautious Growth Fund, Balanced Growth Fund and/or Adventurous Growth Fund and "EMS Fund" shall mean such one of these Funds as the context shall require; |
| ***EMS Investment Manager*** | means the investment manager of the *EMS Funds*, currently being Aviva Investors Global Services Limited; |
| ***FCA*** | means the Financial Conduct Authority; |
| ***FCA Handbook*** | means the *FCA* Handbook as amended or replaced from time to time; |
| ***FUND*** | refers to the relevant chapter or rule in the *FUND Sourcebook*; |

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| ***FUND Sourcebook*** | means the Investment Funds Sourcebook issued by the *FCA* as part of the *FCA Handbook*, as amended or re-issued from time to time, which shall, for the avoidance of doubt, not include the guidance or evidential requirements it contains; |
| ***ICVC*** | means an investment company with variable capital which may also be referred to as an open-ended investment company (OEIC); |
| ***Initial Charge*** | means a charge imposed by the *ACD* on a purchase of *Shares* by an investor. It is calculated as a percentage of the gross amount tendered for investment; |
| ***Income Shares*** | means *Shares* (of whatever *Class*) issued from time to time in respect of a *Sub-fund* and in respect of which income is distributed periodically to *Shareholders* in accordance with the *COLL Sourcebook* and the *Instrument of Incorporation*; |
| ***Instrument of Incorporation*** | means the instrument of incorporation of the *Company* as amended from time to time; |
| ***Investment Manager(s)*** | means either or both the *EMS Investment Manager* and/or *the YPF Investment Manager* (as the context requires); |
| ***Investor Protection Fee*** | means a dilution levy as defined in the *COLL Sourcebook*; |
| ***Larger Denomination Share*** | has the meaning given in the *OEIC Regulations*. *Shares* are available in larger and smaller denominations with the *Smaller Denomination Share* representing a defined proportion of a larger denomination share; |
| ***Level 2 Regulation*** | means European Commission Delegated Regulation (EU) No. 231/2013 of 19 December 2012 supplementing AIFMD; |
| ***Net Asset Value*** or ***NAV*** | means the value of the *Scheme Property* of the *Company* or *Sub-fund* less the liabilities of the *Company* or *Sub-fund* as calculated in accordance with the *Instrument of Incorporation*; |

***Non-UCITS Retail Scheme*** means an authorised fund which is neither a UCITS scheme nor a qualified investor scheme;

***OEIC Regulations*** means the Open-Ended Investment Companies Regulations 2001 (SI 2001 No.1228) as amended or re-enacted from time to time;

***OECD*** means the Organisation for Economic Co-operation and Development;

***PRA*** means the Prudential Regulation Authority;

***PRA Handbook*** means the rules contained in the Prudential Regulation Authority's Handbook of rules and guidance made under the *Act* which shall, for the avoidance of doubt, not include guidance or evidential requirements contained in the said handbook;

***RBSG*** means The Royal Bank of Scotland Group plc;

***Register*** means the register of *Shareholders* maintained by the *Registrar* in accordance with the *OEIC Regulations*;

***Registrar*** means the registrar of the *Company*, Aviva Life Services UK Limited, who sub-delegates this responsibility to International Financial Data Services (UK) Limited;

***Regulations*** as the context requires may be a reference to:

a) the *Act*;
b) the *FCA Handbook*;
c) the *PRA Handbook*;
d) *AIFMD*;
e) the *Level 2 Regulation*;
f) the *AIFM Regulations*; or
g) the *OEIC Regulations*.

***Scheme Property*** means the property of the *Company* or of any *Sub-fund* as appropriate required under the *COLL Sourcebook* to be given for safe-keeping to the *Depositary*;

***SDRT*** means stamp duty reserve tax;

| | |
|---|---|
| ***Share*** or ***Shares*** | means a share or shares in a *Sub-fund* (including *Larger Denomination Shares* and *Smaller Denomination Shares*); |
| ***Shareholder*** | means a holder of *Shares* ; |
| ***Smaller Denomination Share*** | means one thousandth of a *Larger Denomination Share*; |
| ***State*** | means a state of the United States of America; |
| ***Sub-fund or Sub-funds*** | means any (or all) of the sub-funds of the *Company*; |
| ***Switch*** | means the exchange of *Shares* of one *Sub-fund* for *Shares* of another *Sub-fund* and "switching" and "switched" shall be construed accordingly; |
| ***UCITS Directive*** | means the Council Directive of 20 December 1985 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (No 85/611/EEC), as amended or re-enacted from time to time; |
| ***US*** | the United States of America (including any *States* thereof and the District of Columbia), its territories, possessions and all other areas subject to its jurisdiction; |
| ***US Person*** | unless otherwise determined by the *ACD*:<br><br>(i) a resident of the *US*;<br><br>(ii) a partnership, limited liability company, corporation or other entity organised in or under the laws of the *US* or any *State* or other jurisdiction thereof or any entity taxed as such or required to file a tax return as such under the US Federal income tax laws;<br><br>(iii) any estate of which any executor or administrator is a US Person;<br><br>(iv) any trust of which any trustee, beneficiary or, if the trust is revocable, any settlor is a US Person; |

(v) any agency or branch of a foreign entity located in the *US*;

(vi) any discretionary or non-discretionary account or similar account (other than an estate or trust) held by a dealer or fiduciary for the benefit or account of a resident of the *US*;

(vii) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised or incorporated in the *US*, or (if an individual) a resident of the *US*;

(viii) any employee benefit plan unless such employee benefit plan is established and administered in accordance with the laws of a country other than the *US* and the customary practices and documentation of such country;

and

(ix) any person or entity whose ownership of *Shares* or solicitation for ownership of *Shares* the *ACD* through its officers or directors shall determine may violate any securities laws or banking laws of the *US* or any *State* or other jurisdiction thereof;

Except that a US Person shall not include corporations, partnerships or other entities which are organised or incorporated under the laws of any non-US jurisdiction, unless such corporation, partnership or other entity was formed by such US Person principally for the purpose of investing in securities not registered under the US Securities Act of 1933, as amended;.

***Valuation Point*** means the point, whether on a periodic basis or for a particular valuation, at which the *ACD* carries out a valuation of the *Scheme Property* for the purposes of determining the price at which *Shares* of a *Class* in any *Sub-fund* may be issued, cancelled or redeemed as described in the 'Valuation' section on page 35;

***VAT*** means value added tax;

***YP Funds*** means the Your Portfolio Funds, currently being the Your Portfolio

Fund II, Your Portfolio Fund III, Your Portfolio Fund IV, Your Portfolio Fund V, and/or Your Portfolio Fund VI and "**YP Fund**" shall mean such one of these Funds as the context shall require; and

***YPF Investment Manager*** means the investment manager of the *YP Funds*, currently being Standard Life Investments;

# Company Details

## General

The *Company* is authorised by the *FCA*.  It was authorised with effect from 3 March 2008.

Head Office : 24-25 St Andrew Square, Edinburgh, EH2 1AF.

Address for Service : The Head Office is the address in the United Kingdom for service on the *Company* of notices or other documents required or authorised to be served on the *Company*.

Base Currency : The base currency of the *Company* and *Sub-funds* is pounds sterling.

Share Capital : Maximum: £100,000,000,000
: Minimum:  £100

*Shares* in the *Company* and *Sub-funds* have no par value.  The share capital of the *Company* will at all times equal the sum of the *Net Asset Value*s of each of the *Sub-funds*.  *Shares* in the *Company* are not listed on any investment exchange.

*Shareholders* are not liable for the debts of the *Company*.

## Directory

| | |
|---|---|
| The Company | RBS Investment Options ICVC<br>24-25 St Andrew Square<br>Edinburgh<br>EH2 1AF |
| Authorised Corporate Director and Alternative Investment Fund Manager | RBS Collective Investment Funds Limited<br>24-25 St Andrew Square<br>Edinburgh<br>EH2 1AF |
| Investment Managers | *EMS Investment Manager*<br><br>Aviva Investors Global Services Limited<br>No 1 Poultry<br>London<br>EC2R 8EJ<br><br>*YPF Investment Manager*<br><br>Standard Life Investments<br>1 George Street<br>Edinburgh<br>EH2 2LL |
| Administrator and Registrar | Aviva Life Services UK Limited has delegated this responsibility to International Financial Data Services (UK) Limited at:<br><br>IFDS House<br>St Nicholas Lane<br>Basildon<br>Essex<br>SS15 5FS |
| Depositary | J.P. Morgan Europe Limited<br>25 Bank Street<br>Canary Wharf<br>London<br>E14 5JP |
| Custodian | JPMorgan Chase Bank<br>25 Bank Street<br>Canary Wharf<br>London<br>E14 5JP |
| Auditors | Ernst & Young LLP<br>10 George Street<br>Edinburgh<br>EH2 2DZ |

# The Constitution of the Company and the Sub-funds

## The Company

The *Company* is a *Non-UCITS Retail Scheme* operating under the *COLL Sourcebook* and is constituted as an “umbrella company” under the *Regulations*, which means that the *Company* issues *Shares* linked to different *Sub-funds*. The *Company* is also an AIF for the purposes of the *FUND Sourcebook*.

## The Sub-funds

Each *Sub-fund* is invested in accordance with the investment objective and investment policy applicable to that *Sub-fund* and as if it were a separate “*Non-UCITS Retail Scheme*” for the purposes of the *COLL Sourcebook*. For investment purposes the assets of each *Sub-fund* will be treated as separate from those of every other *Sub-fund*. The *Sub-funds* set out below are those currently available:

| ***EMS Funds*** | ***YP Funds*** |
|---|---|
| Income Fund | Your Portfolio Fund II |
| Cautious Growth Fund | Your Portfolio Fund III |
| Balanced Growth Fund | Your Portfolio Fund IV |
| Adventurous Growth Fund | Your Portfolio Fund V |
| | Your Portfolio Fund VI |

Details of these *Sub-funds*, including their investment objectives and policies, can be found in Appendix I.

## Additional Sub-funds

Further additional *Sub-funds* may be established in the future by the *ACD* from time to time with the approval of the *FCA* and the agreement of the *Depositary*.

## Allocation of Assets and Liabilities

Each *Sub-fund* represents a segregated portfolio of assets, which is attributable to the *Class* or *Classes* of *Shares* issued in respect of that *Sub-fund*. The assets of a *Sub-fund* belong exclusively to that *Sub-fund* and shall not be used to discharge (directly or indirectly) the liabilities of, or claims against, any other person or body, including the *Company*, or any other *Sub-fund* and shall not be available for any such purpose.

Each *Sub-fund* will be charged with the liabilities, expenses, costs and charges of the *Company* attributable to that *Sub-fund* and, within a *Sub-fund*, charges will be allocated between *Classes* in accordance with the terms of issue of *Shares* of those *Classes*.

Any expenses specific to a *Class* will be allocated to that *Class* and otherwise shall be allocated between *Classes* by the *ACD* in a manner which is fair to *Shareholders* generally. They will normally be allocated to all *Classes* pro rata to the value of the net assets of the relevant *Classes*.

Any assets, liabilities, expenses, costs or charges not attributable to a particular *Sub-fund* may be allocated by the *ACD* in a manner which is fair to the *Shareholders* generally. They will normally be allocated to all *Sub-funds* pro rata to the value of the net assets of the relevant *Sub-funds*.

## Changes to the Company or the Sub-funds

Where any changes are proposed to be made to the *Company* or a *Sub-fund* the *ACD* will assess whether the change is fundamental, significant or notifiable in accordance with *COLL* 4.3. If the change is regarded as fundamental, *Shareholder* approval will be required. If the change is regarded as significant, 60 days' prior written notice will be given to *Shareholders*. If the change is regarded as notifiable, *Shareholders* will receive suitable notice of the change.

## Shares

The *Company* may issue several *Classes* of *Share* in respect of each *Sub-fund*. *Classes* of *Shares* may be distinguished on the basis of different criteria which may include their minimum subscription, minimum holding and annual management charge. Access to certain share classes may be restricted. The *Classes* currently available along with the details of minimum subscriptions, holding criteria and restrictions on availability (if any) are listed below:

| Class | Minima and Restrictions |
|---|---|
| *Class* 1: | • Minimum initial subscription £1,000,000<br>• Minimum additional subscription £250<br>• Minimum redemption £500<br>• Minimum holding £500 |
| YPF *Class* 1: | • Minimum initial subscription £1,000,000<br>• Minimum additional subscription £250,000<br>• Minimum redemption £10,000<br>• Minimum holding £500,000 |
| YPF *Class* 2 | • Minimum initial subscription £1,000,000<br>• Minimum additional subscription £250,000<br>• Minimum redemption £10,000<br>• Minimum holding £500,000<br>• YPF *Class* 2 shall not be available to any person other than:<br>(i) a person investing through a pension product; or<br>(ii) a person, not being of the type referred to in the preceding paragraph (i), to whom the *ACD* at its entire discretion has determined that such *Shares* may be made available. |

The *ACD* has the discretion to apply lower minima than those listed above and may waive these from time to time.

The details of annual management charges are to be found in the section headed 'Fees and Expenses' on page 64. As a result of differences in annual management charges for the different *Classes* of *Shares*, monies may be deducted from *Classes* of the same *Sub-fund* in unequal proportions. In these circumstances the proportionate interests of the *Classes* will be adjusted accordingly (for an explanation of proportionate interests please refer to the section headed ‘Proportionate entitlements’ on page 43).

Net *Income Shares* and/or net *Accumulation Shares* are available within each *Class*. Gross *Income Shares* and gross *Accumulation Shares* in each *Sub-fund* may also be issued but are not currently offered.

The types of *Shares* presently available in each *Sub-fund* are set out in the details of the relevant *Sub-funds* (see Appendix I).

Further *Classes* of *Share* may be established from time to time by the *ACD* with the approval of the *FCA* and the agreement of the *Depositary*. On the introduction of any new *Sub-fund* or *Class*, either a revised Prospectus or a supplemental Prospectus will be prepared setting out the relevant details of each *Sub-fund* or *Class*.

## Conversion and Switching

*Shareholders* are entitled (subject to certain restrictions) to c*onvert* all or part of their *Shares* in a *Class* for *Shares* in another *Class* in respect of the same *Sub-fund* or to *Switch* all or part of their *Shares* in relation to one *Sub-fund* for *Shares* in relation to a different *Sub-fund* (but in either case not into any other authorised fund of which the *ACD* is the authorised corporate director or authorised fund manager). Details of these *Conversion* and *Switching* facilities and the restrictions are set out in the section headed ‘Conversion and Switching’ on page 24.

## Income and Accumulation Shares

Holders of *Income Shares* will receive distributions. Each allocation of income made in respect of any *Sub-fund* at a time when more than one *Class* is in issue will be done by reference to the relevant *Shareholders*’ proportionate interests in the *Scheme Property* of the *Sub-fund* in question. *Shareholders* can choose to have their distribution of income paid direct to their bank or building society current account. Alternatively, *Shareholders* may choose to have their income distributions automatically reinvested, to purchase further *Shares* of the same *Class* and *Sub-fund* at the prevailing *Net Asset Value* without attracting an *Initial Charge*. For regular savings plans invested in *Income Shares* the income distribution is automatically reinvested in *Shares* of the same *Class* and *Sub-fund* unless this supplements a lump sum investment on which income payment has been selected.

Holders of *Accumulation Shares* do not receive payments of income. Any income arising in respect of an *Accumulation Share* is automatically accumulated and is reflected in the price of each *Accumulation Share*. No *Initial Charge* is levied on this accumulation.

Tax vouchers for both *Income Shares* and *Accumulation Shares* will be issued in respect of distributions made and tax accounted for.

Where both *Income Shares* and *Accumulation Shares* are in existence in relation to a *Sub-fund*, the relevant *Shareholders*' proportionate interests in the *Scheme Property* of the *Sub-fund* represented by each *Accumulation Share* increases as income is accumulated. Further, in these circumstances, the income of the *Sub-fund* is allocated between *Income Shares* and *Accumulation Shares* according to the relevant *Shareholders*' proportionate interests in the *Scheme Property* of the *Sub-fund* represented by the *Accumulation Shares* and *Income Shares* in existence at the end of the relevant accounting period.

# Dealing in Shares

The *ACD*'s and *Administrator* and *Registrar*'s offices are open from at least 9am until at least 5pm on each *Dealing Day*. All dealing and correspondence with investors shall take place in English and all deals in *Shares* are governed by the laws of England and Wales.

**Investors should be aware that the *Sub-funds* operate a 5pm dealing cut-off and therefore any instructions to deal in *Shares* received and accepted by the *ACD* before 5pm on a *Dealing Day* will be processed at the 2pm *Valuation Point* on the next *Dealing Day*. All instructions received and accepted after this time will be held over and processed at the 2pm *Valuation Point* on the following *Dealing Day*.**

## Pricing

The *Company* deals on the basis of "single pricing". This has the effect that subject to the *Initial Charge*, the *Investor Protection Fee,* any *Dilution Adjustment* and any redemption charge or *SDRT* provision (for further information see the section headed 'Dealing Charges' on page 26) both the issue and the redemption price of a *Share* at a particular *Valuation Point* will be the same.

The price per *Share* at which *Shares* may be bought or sold is the *Net Asset Value* of its *Class* (calculated at the relevant *Valuation Point*) divided by the number of *Shares* of that *Class* in issue. In addition the *ACD* reserves the right to make an *Initial Charge* on *Shares* purchased.

For both purchases and sales in an *EMS Fund*, an *Investor Protection Fee* may be imposed. For both purchases and sales in a *YP Fund*, a *Dilution Adjustment* may be applied (for further information see the section headed 'Dealing Charges' on page 26).

Any *SDRT* provision payable by a *Shareholder* is payable in addition to the price. There is no current intention to impose a redemption charge in respect of *Class* 1 *Shares*.

The *Company* deals on a forward pricing basis (and not on the basis of published prices). A forward price is the price calculated at the next *Valuation Point* after the sale or purchase is deemed to be accepted by the *ACD* (for details of the *Valuation Point* see "Valuation" on page 35).

The prices of *Shares* will be available on the Financial Times website at http://www.ft.com/markets/uk and on the Bank website at www.fundprices.rbs.co.uk and www.fundprices.natwest.com

The prices of *Shares* are also available by contacting the *ACD* by telephone on 0345 300 2585.

## Buying Shares

Applications to purchase *Shares* in the *Sub-funds* can be made by telephoning the *ACD* on 0345 300 2585* (subject to subsequent completion of an application/registration form for administrative and verification purposes) or by sending a completed application form to the *Administrator*. Application forms are available from the *ACD* by writing to the *Administrator* or by telephoning the *ACD*. The *ACD*, may from time to time agree other methods of dealing in *Shares*, including the use of the EMX messaging system. The *ACD* may at its discretion introduce further methods in the future. The *ACD* may in the future introduce an electronic trading system which will enable individual investors to buy and sell *Shares* using the internet but at present the *ACD* will only accept written and telephone instructions to deal.

****Calls may be recorded for monitoring or training purposes***

Applications for *Shares* which are received and accepted by the *ACD* by 5.00pm on a *Dealing Day* will be dealt with at the price calculated as at the *Valuation Point* on the next *Dealing Day*. Applications received and accepted after that time will be held over and dealt with at the price calculated as at the *Valuation Point* for the following *Dealing Day*.

The *ACD* has the right to reject, on reasonable grounds relating to the circumstances of the applicant, any application for *Shares* in whole or part, and in this event the *ACD* will return any money sent, or the balance of such monies, at the risk of the applicant.

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

Applications for purchase will not be acknowledged but a contract note will be issued by the end of the *Business Day* following the relevant *Dealing Day*, together with, where appropriate, a notice of the applicant's right to cancel. The contract note will give details of the *Shares* purchased and the price used.

An applicant has the right to cancel his application to buy *Shares* at any time during the 30 days after the date on which he receives a cancellation notice from the *ACD*. If an applicant decides to cancel the contract, and the value of the investment has fallen at the time the *ACD* receives the completed cancellation notice, he will not receive a full refund as an amount equal to any fall in value will be deducted from the sum originally invested. The determination of any shortfall will be based upon the price of the *Sub-fund* at the next *Dealing Day* following the *ACD*'s receipt of the completed cancellation notice.

If payment has not already been made settlement of the full purchase price and any related fees and expenses is due immediately. The *ACD*, at its discretion, may delay issuing the *Shares* until payment is received. If settlement is not made within a reasonable period, the *ACD* has the right to cancel any *Shares* issued in respect of the application.

*Share* certificates will not be issued in respect of registered *Shares*. Ownership of *Shares* will be evidenced by an entry on the *Register* of *Shareholders*. Statements covering periodic distributions on *Shares* will show the number of *Shares* held by the recipient. Individual statements of a *Shareholder*'s (or in the case of joint holdings, the first named holder's) *Shares* will also be issued at any time on request by the registered holder.

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

**Regular Savings Plan**

The *ACD* operates a regular savings plan for *Class* 1 *Shares* subject to a minimum monthly subscription of £50 in any one *Sub-fund*. Contract notes for the purchase of *Shares* will not be issued to *Shareholders* investing through a regular savings plan.

## Selling Shares

A *Shareholder* wishing to sell *Shares* should contact the *ACD* by telephone on 0345 300 2585* or in writing. Instructions to sell are irrevocable. The *ACD*, may from time to time agree other methods of dealing in *Shares*, including the use of the EMX messaging system. The *ACD* may, at its discretion, introduce further methods in the future. The *ACD* may in the future introduce an electronic trading system which will enable individual investors to buy and sell *Shares* using the internet but at present the *ACD* will only accept written and telephone instructions to deal.

***Calls may be recorded for monitoring or training purposes***

Every *Shareholder* is entitled on any *Business Day* to request that the *Company* redeem their *Shares* and the *Company* will be required to redeem them in accordance with the procedures set out below.

Redemption requests received and accepted by the *ACD* by 5pm on a *Dealing Day* will be dealt with at the price calculated as at the *Valuation Point* on the next *Dealing Day*. All requests received and accepted after that time will be dealt at the price calculated as at the *Valuation Point* for the following *Dealing Day*.

If the redemption would leave a residual holding of less than the minimum holding the *ACD* has the discretion to require redemption of the entire holding.

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 holders) 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 joint holders, by all the joint holders) no later than the end of the *Business Day* following the day of the *Valuation Point* by reference to which the redemption price is determined. The redemption monies will be paid within four *Business Day*s of the later of

1. the 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

2. the *Valuation Point* by reference to which the redemption price is determined.

However where money is owing on the earlier sale of the *Shares* to be redeemed and has not been received and cleared by the time the redemption proceeds would otherwise be payable, then the redemption proceeds for those *Shares* will not be sent until such time as the initial money has been received and cleared.

**Minimum Redemption**

Part of a *Shareholder*'s holding may be sold but the *ACD* reserves the right to refuse a redemption request if the value of the *Shares* of any *Sub-fund* to be redeemed is less than the minimum redemption amounts as stated on page 18.

Additionally the *ACD* reserves the right to refuse a redemption request for part of *Shareholder*'s holding if the value of the remaining holding would fall below the minimum holding (if any) in a *Sub-fund* or *Class* as set out on page 18.

## Conversion and Switching

Subject to the qualifications below and to the relevant minimum holding restrictions, the *Shareholder* may at any time *Switch* or *Convert* (as appropriate) all or some of his *Shares* of one *Class* or *Sub-fund* ("***Original Shares***") for a number of *Shares* of another *Class* or *Sub-*

*fund* ("***New Shares***"). The number of *New Shares* issued is determined by the following formula:

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

Where:

N is the number of *New Shares* to be issued;

O is the number of *Original Shares* to be exchanged or sold;

CP is the price at which one *Original Share* can be redeemed at the applicable *Valuation Point*;

ER is 1 (for same currency *Shares*) and

SP is the price at which one *New Share* can be purchased at the applicable *Valuation Point*.

Each number referred to in the definition of N or O shall be expressed to the third decimal place and rounded down thereto in the case of N, so that the integer represents the number of *Larger Denomination Share*s and the decimal when multiplied by 1,000 represents the number of *Smaller Denomination Shares*.

If a *Shareholder* wishes to *Convert* or *Switch Shares* he should apply to the *ACD* in the same manner as for a sale as set out on page 23.

The *ACD* may at its discretion impose restrictions as to the *Classes* for which exchange may be effected and charge a fee on the *Switching* of *Shares* between *Sub-funds*, up to the then prevailing *Initial Charge* relating to the *Class* and *Sub-fund* into which the *Shares* are being *Converted* or *Switched*. These fees are set out on page 65. There is no fee on a *Conversion* between *Classes* of the same *Sub-fund* but the *ACD* may, subject to the *COLL Sourcebook* introduce such a fee at its discretion. Additionally circumstances may arise on *Switching* when the *ACD* imposes an *Investor Protection Fee* (in the case of an *EMS Fund*) or a *Dilution Adjustment* (in the case of a *YP Fund*), the details of which are described on page 26.

If the *Conversion or Switch* would result in the *Shareholder* holding a number of *Original Shares* or *New Shares* of a value which is less than the minimum holding in the *Sub-fund* concerned, the *ACD* may, if it thinks fit, *Convert* the whole of the applicant's holding of *Original Shares* to *New Shares* or refuse to effect any *Switch* of the *Original Shares*. No *Conversion or Switch* will be made during any period when the right of *Shareholders* to require the redemption of their *Shares* is suspended. The general provisions on procedures relating to redemption will apply equally to a *Conversion or Switch*. *Conversion* or *Switching* requests received and accepted before 5pm on a *Dealing Day* will be processed at the *Valuation Point* on the next *Dealing Day. Conversion* or *Switching* requests received and accepted after a *Valuation Point* will be held over until the *Valuation Point* on the following *Dealing Day.*

The *ACD* may adjust the number of *New Shares* to be issued to reflect the imposition of any *Conversion* or switching fee together with any other charges or levies in respect of the issue or sale of the *New Shares* or repurchase or cancellation of the *Original Shares* as may be permitted by the *COLL Sourcebook* and the *Instrument of Incorporation*.

A *Shareholder* who *Switches* or *Converts* as appropriate *Shares* in one *Sub-fund* or *Class* for *Shares* in any other *Sub-fund* or *Class* will not be given a right to withdraw from or cancel the transaction.

**It should be noted that a *Switch* of *Shares* in one *Sub-fund* for *Shares* in any other *Sub-fund* is treated as a realisation and will, for persons subject to United Kingdom taxation, be a disposal for the purposes of capital gains taxation. A *Conversion* of *Shares* in one *Class* for *Shares* in another *Class* in relation to the same *Sub-fund* will not normally be treated as a realisation for United Kingdom tax purposes.**

## Dealing Charges

### Initial Charge

The *ACD* may impose a charge on the purchase of *Shares* by an investor. The charges for all *Sub-funds* and *Classes* are set out in the section headed 'Fees and Expenses' on page 64.

### Switching Fee

On the *Switching* of *Shares* of a *Sub-fund* for *Shares* in another *Sub-fund*, the *ACD* has the power under the *Instrument of Incorporation* to charge a switching fee. The switching fee which is payable to the *ACD* will not exceed an amount equal to the then prevailing *Initial Charge* for the *Class* and *Sub-fund* into which the *Shares* are being *Switched*. There is no charge for *Converting Shares* in one *Class* of a *Sub-fund* for *Shares* in another *Class* of the same *Sub-fund* but the *ACD* may, subject to the *COLL Sourcebook* introduce such a fee at its discretion.

### Dilution

The basis of valuation of the *Company*'s or a *Sub-fund*'s investments for the purpose of calculating the issue and redemption price of *Shares* as stipulated in the *COLL Sourcebook* and the *Instrument of Incorporation* is summarised in the section headed 'Valuation' on page 35.

When the *Company* purchases or sells investments it will usually incur cost in the form of dealing charges and any spread between the buying and selling prices of the investment. This cost is not reflected in the sale or purchase price paid by an investor. In some circumstances (for example where large volumes of deals in a *Sub-fund*'s *Shares* require a *Company* to purchase or sell *Sub-fund* investments) this may have an adverse effect on *Shareholders*' interests in the *Sub-fund*. This effect is referred to as “dilution”. To mitigate the effects of dilution, the *ACD* has the power to charge a dilution levy (referred to in this Prospectus as an “*Investor Protection Fee*”) or a *Dilution Adjustment* (sometimes known as "swinging single pricing") on the purchase and/or sale of *Shares*. The *ACD* has decided that it is appropriate to put in place provisions to be able to charge an *Investor Protection Fee* for the *EMS Funds*. The *ACD* has also decided that it is appropriate to put in place a mechanism for *Dilution Adjustment* for the *YP Funds*. The following sections provide further detail on the *Investor Protection Fee* and *Dilution Adjustment*.

<u>*Investor Protection Fee* (dilution levy)</u> (Note: this section only applies to the *EMS Funds*)

If an *Investor Protection Fee* is charged, this fee is added to the purchase cost or deducted from the sale proceeds, as appropriate, and paid into and becomes a part of the *Scheme Property* of the relevant *Sub-fund*.

The *ACD* does not benefit from any *Investor Protection Fee*.

The necessity to charge an *Investor Protection Fee* will depend on the volume of purchases or sales. The *ACD* may charge a discretionary *Investor Protection Fee* on the purchase and sale of *Shares* if, in its opinion, the existing *Shareholders* (for purchases) or remaining *Shareholders* (for sales) might otherwise be adversely affected. On the occasions where an *Investor Protection Fee* is not applied, there may be an adverse impact on the total assets of the *Company*, which may constrain capital growth of the *Company*.

An *Investor Protection Fee* may be charged in the following circumstances:

1. on a *Sub-fund* experiencing large levels of net purchases (i.e. purchases less sales) relative to its size. In these circumstances the *Investor Protection Fee* may be applied in particular to individual deals exceeding £25,000;

2. on a *Sub-fund* experiencing large levels of net sales (i.e. sales less purchases) relative to its size. In these circumstances the *Investor Protection Fee* may be applied in particular to individual deals exceeding £25,000;

3. on “large deals”. For these purposes a large deal is defined as a deal exceeding £250,000 or 2 per cent of the *Net Asset Value* of a *Sub-fund* whichever is the lesser;

4. where a *Shareholder* redeems or *Switches* a holding of *Shares* within 30 days of its purchase;

5. where a *Sub-fund* is an index tracking Sub-fund or is otherwise passively managed;

6. in any other case where the *ACD* is of the opinion that the interests of existing/continuing *Shareholders* and/or potential *Shareholders* require the imposition of an *Investor Protection Fee*.

The *Investor Protection Fee*, if any, will be determined by the *ACD* by reference to the costs of dealing in the underlying investments of the relevant *EMS Fund*, including any dealing spreads, commission and transfer taxes.

As dilution is directly related to the inflow and outflow of monies from the *Company*, it is not possible to accurately predict whether a dilution will occur at any future point in time. Consequently it is not possible to accurately predict how frequently the *ACD* will need to impose an *Investor Protection Fee*. However, based on future projections, it is envisaged that, the *ACD* would not expect to apply an *Investor Protection Fee*, in respect of any particular *EMS Fund* on a frequent basis in the future. The amount of any *Investor Protection Fee* may vary over time and may differ for each *EMS Fund*. Should the *ACD* apply an *Investor Protection Fee* it is estimated that this would be at the rate of 0.3%. This paragraph will continue to be revised from time to time.

In the twelve month period to the end of December 2014, and the twelve month period to December 2015, no *Investor Protection Fee*s were levied.

<u>*Dilution Adjustment*</u> (Note: this section only applies to the *YP Funds*)

The *ACD* may, at its discretion, make a *Dilution Adjustment* on the sale and/or redemption of *Shares* (including *Switches*) in a *YP Fund* if, in its opinion, the existing *Shareholders* (for purchases) or remaining *Shareholders* (for redemptions) might otherwise be materially affected. In particular, the *ACD* may make a *Dilution Adjustment* under the following circumstances:

1. where the *Sub-fund* is, in the opinion of the *ACD*, experiencing a period of continual decline. In this case, the *Dilution Adjustment* would be made on all redemptions;

2. on a *Sub-fund* experiencing large levels of net purchases relative to its size;

3. on a *Sub-fund* experiencing net purchases or net redemptions on any day having an impact of 0.1% or more on the value of existing *Shares*;

4. in any other case where the *ACD* is of the opinion that the interests of the *Shareholders* require the imposition of a *Dilution Adjustment*.

A *Dilution Adjustment* will be calculated separately for each *YP Fund* and the level of any adjustment will be determined by the *ACD* by reference to the costs of dealing in the underlying investments of the relevant *YP Fund*, including any dealing spreads, commission and transfer taxes.

As dilution is directly related to the inflows and outflows of monies from the *Sub-funds* it is not possible to accurately predict whether dilution will occur at any future point in time. Consequently it is also not possible to accurately predict how frequently the *ACD* will need to make such a *Dilution Adjustment*.

If there are net inflows into a *YP Fund* a *Dilution Adjustment* will increase the *Share* price and if there are net outflows a *Dilution Adjustment* will decrease the *Share* price.

Based on future projections, the following table shows the estimated *Dilution Adjustment* for each *YP Fund*. The rate of any *Dilution Adjustment* made from time to time will differ for each *Fund* and be dependent on dealing spreads, commissions and taxes and duties arising on the purchase or sale of the *Scheme Property* of the relevant *YP Fund*. These estimated rates may differ in practice.

| **Sub-fund Name** | **Estimated Dilution Adjustment (%) Applicable For Purchases** | **Estimated Dilution Adjustment (%) Applicable For Sales** | **Future Projection of the Number of Days on which a Dilution Adjustment will be Applied** |
|---|---|---|---|
| Your Portfolio Fund II | 0.37% | 0.16% | 257 |
| Your Portfolio Fund III | 0.54% | 0..22% | 257 |
| Your Portfolio Fund IV | 0.68% | 0.25% | 257 |

| | | | |
|---|---|---|---|
| Your Portfolio Fund V | 0.65% | 0.25% | 257 |
| Your Portfolio Fund VI | 0.39% | 0.18% | 257 |

On the occasions when the *Dilution Adjustment* is not applied there may be an adverse impact on the total assets of the relevant *YP Fund*.

**Redemption Charge**

The *ACD* reserves the right to impose a redemption charge on the value of the *Shares* redeemed. No such charge is currently being imposed in the redemption of *Class* 1.

## Transfers

*Shareholders* are entitled to transfer their *Shares* to another person or body. All transfers must be in writing in the form of an instrument of transfer approved by the *ACD* for this purpose. Completed instruments of transfer must be returned to the *Administrator*. For further details please see page 74.

## Compulsory Transfer and Redemption

*Shares* in the *Company* may not be acquired or held by any person in circumstances ("***Relevant Circumstances***"):

1. which constitute a breach of the law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory; or

2. which would require the *Company*, the *ACD* or any investment manager to be registered under any law or regulation of any country or territory or cause the *Company* to apply for registration or comply with any registration requirements in respect of any of its *Shares* whether in the *US* or any other jurisdiction in which it is not currently registered; or

3. which would (or would if other *Shares* were acquired or held in like circumstances), in the opinion of the *ACD*, result in the *Company,* any of its *Shareholders,* the *ACD* or any investment manager incurring any liability to taxation or suffering any other legal, regulatory, pecuniary or other adverse consequence (including a requirement to register under any securities or investment or similar laws or governmental regulation of any country or territory) which it or they might not otherwise have suffered; or

4. where such person is a *US Person* or is holding the *Shares* for the account or benefit of a *US Person.*

For the purposes of the "relevant circumstances" above, "investment manager" shall include any person appointed by the *ACD* and/or the *Company* to provide investment management and/or investment advisory services in respect of the *Scheme Property* of the *Company* or in respect of the *Sub-funds*.

In this connection, the *ACD* has a discretion to reject any application for the purchase, sale or *Switching* of *Shares*.

If it comes to the notice of the *ACD* that any *Shares* ("***Affected Shares***") have been acquired or are being held directly or beneficially in any of these *Relevant Circumstances* or by virtue of which the *Shareholder* or *Shareholders* in question is/are not qualified to hold such *Shares* or if it reasonably believes this to be the case, the *ACD* may give notice to the holder(s) of the *Affected Shares* requiring the transfer of such *Shares* to a person who is qualified or entitled to own them or that a request in writing be given for the redemption or cancellation of such *Shares* in accordance with the *COLL Sourcebook*. If any person upon whom such a notice is served does not within thirty days after the date of such notice transfer his *Affected Shares* to a person qualified to own them or establish to the satisfaction of the *ACD* (whose judgement shall be final and binding) that he and any person on whose behalf he holds the *Affected Shares* are qualified and entitled to own them, he shall be deemed upon the expiration of the thirty day period to have given a request in writing for the redemption or cancellation (at the discretion of the *ACD*) of all the *Affected Shares* pursuant to the *COLL Sourcebook*.

A person who becomes aware that he has acquired or holds *Affected Shares* in any of these *Relevant Circumstances*, or by virtue of which he is not qualified to hold such *Affected Shares*, must immediately, unless he has already received a notice as set out above, either transfer all their *Affected Shares* to a person qualified to own them or give a request in writing for the redemption of all their *Affected Shares* pursuant to the *COLL Sourcebook*.

## In Specie Redemptions

If a *Shareholder* requests the redemption or cancellation of *Shares* the *ACD* may arrange that in place of payment of the price of the *Shares* in cash, the *Company* cancels the *Shares* and transfers *Scheme Property* (or, if required by the *Shareholder*, the net proceeds of sale of relevant *Scheme Property*), to the *Shareholder*. This only applies however if the *Shares* represent over 5 % (or such smaller percentage as the *ACD* may decide) of the *Sub-fund*'s value.

Before the proceeds of the cancellation of *Shares* become payable, the *ACD* must give written notice to the *Shareholder* that the *Scheme Property* or the proceeds of sale of *Scheme Property* will be transferred to that *Shareholder*.

The *Scheme Property* to be transferred will be selected by the *ACD* in consultation with the *Depositary*. They must ensure that the selection is made with a view to achieving no more advantage or disadvantage to the *Shareholder* requesting cancellation/redemption than to the continuing *Shareholders* of the *Sub-fund* concerned.

The *Scheme Property* to be transferred or the proceeds of sale of the relevant *Scheme Property* shall be subject to the retention by the *Company* of *Scheme Property* or cash equivalent in value to any *SDRT* to be paid by the *ACD* in relation to the redemption of *Shares*.

## In Specie Applications

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

The *ACD* will ensure that the beneficial interest in the assets concerned is transferred to or for the account of the *Company* with effect from the date of issue of the *Shares*.

The *ACD* will not issue *Shares* in any *Sub-fund* in exchange for assets the holding of which would be inconsistent with the investment objective of that *Sub-fund*.

## General

To satisfy a request for the issue, redemption or exchange of *Shares*, the *ACD* will normally sell *Shares* to or repurchase *Shares* from *Shareholders* to meet such requests.

The *ACD* is entitled to hold *Shares* for its own account and to satisfy requests for sale from its own holding. Although the *ACD* dealing in *Shares* held by it, for its own account, is not with the intention of making a profit there will be occasions when such dealings do give rise to a profit.

In some circumstances and in accordance with the *COLL Sourcebook*, the *Company* will issue or cancel *Shares* to meet such requests. The *COLL Sourcebook* requires the *ACD* to procure the issue or cancellation by the *Company* where necessary to meet any obligation to sell or redeem *Shares*.

The *ACD* is under no obligation to account to the *Company* or to *Shareholders* for any profit it makes on the issue, reissue or cancellation of *Shares* and will not do so.

The amount to be charged by or paid to the *ACD* for the sale of a *Share* by the *ACD* will not be more than the price of a *Share* notified to the *Depositary* at the relevant *Valuation Point* plus any *Initial Charge* and/or (in the case of an *EMS Fund*) *Investor Protection Fee* which may apply.

The amount to be paid by the *ACD* for the redemption of a *Share* will not be less than the price of a *Share* notified to the *Depositary* at the relevant *Valuation Point* less any redemption charge or *Investor Protection Fee* which may apply.

## Market timing

The *ACD* may refuse to accept a subscription or a *Switch* between *Sub-funds* if it has reasonable grounds, in relation to the *Shareholder* concerned, for refusing to accept a subscription or a *Switch* from them. In particular, the *ACD* may exercise this discretion if it believes the *Shareholder* has been or intends to engage in market timing activities. The *ACD* does not condone or engage in market timing activities.

## Money Laundering

Under current legislation in the United Kingdom to prevent money laundering, persons conducting investment business are responsible for compliance with anti-money laundering regulations. So as to ensure compliance appropriate identification enquiries may be made in certain circumstances whether in respect of the sale, purchase or transfer of *Shares* or distribution of income. Until satisfactory proof of identity is provided, the *ACD* reserves the right to refuse to carry out the transaction requested or pay income on *Shares* to the investor.

The *ACD* may use an external agency to verify the identity of *Shareholders* or potential *Shareholders* for anti-money laundering purposes.

## Suspension of Dealings in Shares

The *ACD* may with the agreement of the *Depositary* (and must if the *Depositary* so requires) temporarily suspend the issue, cancellation, sale and redemption of *Shares* of any one or more *Classes* in any or all of the *Sub-funds* if the *ACD*, or the *Depositary* in the case of any requirement by the *Depositary*, is of the opinion that due to exceptional circumstances it is in the interests of all the *Shareholders*.

At the time of suspension, the *ACD*, or the *Depositary* if it has required the *ACD* to suspend dealing in *Shares*, must inform the *FCA* immediately stating the reasons for its actions and, as soon as is practicable, give the *FCA* written confirmation of the suspension and the reasons for it.

The *ACD* will notify *Shareholders* of the suspension as soon as practicable after suspension commences and will inform *Shareholders* how to obtain information which the ACD will publish to keep *Shareholders* appropriately informed about the suspension including, if known, its likely duration.

During a suspension the obligations relating to the issue, sale, cancellation and redemption of *Shares* contained in Chapter 6 of the *COLL Sourcebook* will cease to apply and the *ACD* must comply with as many of the obligations relating to valuation of assets as is practicable in the light of the suspension.

During any period of suspension, the *ACD* may agree to issue, redeem or *Switch Shares* at a price calculated by reference to the first *Valuation Point* after the end of the suspension. Any deals outstanding prior to the suspension shall be undertaken at a price calculated by reference to the first *Valuation Point* after the suspension.

In accordance with Chapter 7 of the *COLL Sourcebook*, suspension of dealing in *Shares* must cease as soon as practicable after the exceptional circumstances have ceased and the *ACD* and *Depositary* must formally review the suspension at least every 28 days and must inform the *FCA* of the results of this review.

The calculation of *Share* prices will recommence as at the next *Valuation Point* following the ending of the suspension.

# Valuation

The price of a *Share* is calculated by reference to the *Net Asset Value* of the *Sub-fund* and *Class* to which it relates.

The *Valuation Point* for each of the *Sub-funds* is at 2pm on each *Dealing Day.*

The *ACD* may carry out an additional valuation at any time if it considers it desirable to do so.

## Calculation of the net asset value

The *Net Asset Value* of the *Company* and each *Sub-fund* shall be the value of its assets less the value of its liabilities determined in accordance with the following provisions:

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

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

   (a) units or *Shares* in a collective investment scheme:

      (i) if a single price for buying and selling units or *Shares* is quoted, at that price; or

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

      (iii) if, in the opinion of the *ACD*, the price obtained is unreliable or no recent traded price is available or if no recent price exists, at a value which in the opinion of the *ACD* is fair and reasonable;

   (b) exchange-traded derivative contracts:

      (i) if a single price for buying and selling the exchange-traded derivative contract is quoted, at that price; or

(ii) if separate buying and selling prices are quoted at the average of the two prices;

(c) over-the-counter derivative contracts shall be valued in accordance with the method of valuation as shall have been agreed between the *ACD* and the *Depositary*;

(d) any other investment:

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

(ii) if separate buying and selling prices are quoted, at the average of the two prices; or

(iii) if, in the opinion of the *ACD*, the price obtained is unreliable or no recent traded price is available or if the most recent price available does not reflect the *ACD*'s best estimate of the value, at a value which in the opinion of the *ACD* is fair and reasonable; and

(e) property other than that described in (a), (b), (c), (d) and (e) above: at a value which, in the opinion of the *ACD*, represents a fair and reasonable mid-market price.

3. Cash and amounts held in current, deposit and margin accounts and in other time related deposits shall be valued at their nominal values.

4. In determining the value of the *Scheme Property*, all instructions given to issue or cancel *Shares* shall be assumed (unless the contrary is shown) to have been carried out and any cash payment made or received and all consequential action required by the *Regulations*, the *Instrument of Incorporation* or this Prospectus shall be assumed (unless the contrary has been shown) to have been taken.

5. Subject to paragraphs 6 and 7 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 shall not materially affect the final net asset amount.

6. Futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under paragraph 5.

7. All agreements are to be included under paragraph 5 which are, or ought reasonably to have been, known to the person valuing the property assuming that all other persons in the *ACD*'s employment take all reasonable steps to inform it immediately of the making of any agreement.

8. Deduct an estimated amount for anticipated tax liabilities (on unrealised capital gains where the liabilities have accrued and are payable out of the *Scheme Property*; on unrealised capital gains in respect of previously completed and current accounting periods; and on income where liabilities have accrued) including (as applicable and without limitation) capital gains tax, income tax, corporation tax, *VAT*, stamp duty and *SDRT* (if any).

9. Deduct 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.

10. Deduct the principal amount of any outstanding borrowings whenever payable and any accrued but unpaid interest on borrowings.

11. Add an estimated amount for accrued claims for tax of whatever nature which may be recoverable.

12. Add any other credits or amounts due to be paid into the *Scheme Property*.

13. Add a sum representing any interest or any income accrued due or deemed to have accrued but not received and any stamp duty reserve tax provision anticipated to be received

14. Currencies or values in currencies other than the base currency or (as the case may be) the designated currency of a sub-fund 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 the *Shareholders* or potential *Shareholders*.

Notwithstanding the foregoing, the *ACD* may, at its discretion, use other generally recognised valuation principles in order to reach a proper valuation of the *Net Asset Value* of the *Company* or a *Sub-fund*, in the event that it is impractical or manifestly incorrect to carry out a valuation of an investment in accordance with the above rules or it considers such principles better reflect the valuation of a security, interest or position and are in accordance with generally accepted accounting principles.

## Fair Value Pricing

The *ACD* may, in its absolute discretion and in circumstances where:

1. it believes that no reliable price for the property in question exists; or

2. such price, if it does exist, does not reflect the *ACD*'s best estimate of the value of such property,

value the *Scheme Property* or any part of *Scheme Property* at a price which, in its opinion, reflects a fair and reasonable price for that property (***Fair Value Pricing***). The Fair Value Pricing policy is available upon request.

The *ACD* is permitted to use *Fair Value Pricing* in specific circumstances and pursuant to processes and methodologies that it must have notified to the *Depositary*. Examples of the circumstances in which the *ACD* might consider using *Fair Value Pricing* where a *Sub-fund*'s *Valuation Point* is set during the time when markets in which its portfolio is invested are closed for trading include:

1. market movements above a pre-set trigger level in other correlated open markets;

2. war, natural disaster, terrorism;

3. government actions or political instability;

4. currency realignment or devaluation;

5. changes in interest rates;

6. corporate activity;

7. credit default or distress; or
8. litigation.

Even if a *Sub-fund*'s *Valuation Point* is set during the time other markets are open for trading, other scenarios might include:

1. failure of a pricing provider;

2. closure or failure of a market;

3. volatile or “fast” markets;

4. markets closed over national holidays;

5. stale or unreliable prices;

6. listings suspensions or de-listings.

# Income and Distributions

## Accounting periods

The annual accounting period of the *Company* ends each year on 31 October (the accounting reference date) and its half yearly interim accounting period ends each year on 30 April. The Income Fund also has quarterly interim accounting periods that end each year on 31 January and 31 July.

## Distributions

The *Sub-funds* will make dividend distributions or accumulations except where over 60% of the *Sub-fund*'s property has been invested throughout the distribution period in interest-bearing investments, in which case it will make interest distributions or accumulations. Currently, all of the EMS *Funds* pay dividend distributions. In addition, each of Your Portfolio Fund III, Your Portfolio Fund IV, Your Portfolio Fund V and Your Portfolio Fund VI pay dividend distributions. For Your Portfolio Fund II any income paid or allocations made will constitute an interest distribution.

Distributions to the holders of *Income Shares* will be made within two months of the end of each accounting period. Distributions will therefore be made as follows:

| Accounting Period Ends | Income Distribution Paid on or before |
|---|---|
| 31 October | 31 December |
| 31 January* | 31 March* |
| 30 April | 30 June |
| 31 July* | 30 September* |

**Sub-funds* with quarterly interim accounting periods only.

The amount available for distribution in any accounting period is calculated in accordance with the allocation procedure set out below. Distributions may be made by cheque or bank transfer or such other means of payment as may be permitted by the *ACD* in each year.

The *ACD* will give the *Depositary* timely instructions to enable the *Depositary* to distribute the income allocated to *Income Shares* of each *Class* in a *Sub-fund* among their holders in proportion to the numbers of such *Shares* held, or treated as held, by them respectively at the end of the relevant accounting period. The *Depositary* will pay the distribution to the holders of *Income Shares* in accordance with the instructions.

The amount of income allocated to the holders of a *Class* of *Accumulation Shares* will become part of the capital property (as defined in the *COLL Sourcebook*) attributable to those *Shares* as at the end of that annual accounting period. Where other *Classes* are in issue in respect of a *Sub-fund* during that accounting period, the interests of the holders of *Accumulation Shares* in the amount of income allocated to a particular *Class* must be satisfied by an adjustment, as at the end of the period, in the proportion of the value of the *Scheme Property* to which the price of an *Accumulation Share* in the relevant *Class* is related. The adjustment must be such as will ensure that the price per *Share* of an *Accumulation Share* of the relevant *Class* remains unchanged despite the transfer of income to the capital property of the *Company*.

If a distribution of income remains unclaimed for a period of six years after it has become due, it will be forfeited and will revert to the relevant *Class* of the relevant *Sub-fund*. If the *Class* is no longer in existence, the income will revert to the relevant *Sub-fund*, if that *Sub-fund* is itself in existence, or if not, to the *Company*.

## Allocations of income

On or before each income allocation date (being the date that is two months after the end of the relevant accounting period), the *ACD* will calculate the amount available for income allocation for the immediately preceding accounting period, will inform the *Depositary* of that amount and allocate the available income to the *Shares* of each *Class* in issue in respect of that *Sub-fund*, taking account of the procedure set out below and the proportionate amounts of available income attributable to each *Class* in a *Sub-fund*.

The income available for distribution or accumulation in relation to a *Sub-fund* is determined in accordance with the *COLL Sourcebook* and the *Instrument of Incorporation*.

As at the end of each accounting period, the *ACD* will arrange for the *Depositary* to transfer the amount of income allocated to *Income Shares* (being in essence the amount available for income allocation calculated in accordance with *COLL*) to the distribution account.

The income available for allocation and distribution in respect of each share class of each *Sub-fund* is calculated by taking the aggregate of the income received or receivable for the account of such share class of each *Sub-fund* in respect of that period, deducting charges and expenses paid or payable by such share class of each *Sub-fund* out of the income in respect of the period, adding the *ACD*'s best estimate of any relief from tax on such charges and expenses, and making other adjustments which the *ACD* considers appropriate in relation to both income and expenses (including taxation), after consulting the *Auditors* when required to do so, in relation to:

1. taxation;

2. potential income which is unlikely to be received until 12 months after the income allocation date;

3. income which should not be accounted for on an accrual basis because of lack of information about how it accrues;

4. any transfers between the income account and capital account that are required in relation to:
   (i) stock dividends;
   (ii) *Income Equalisation* included in income allocations from other collective investment schemes;
   (iii) the allocation of payments in accordance with *COLL* 6.7.10R (Allocation of payments to income or capital);
   (iv) taxation; and
   (v) the aggregated amount of income property included in units issued and units cancelled during the period.

5. any other adjustments or any reimbursement of set-up costs.

An allocation of income (whether annual or interim) to be made in respect of each *Share* issued by the *Company* or sold by the *ACD* during the accounting period in respect of which that income allocation is made will be of the same amount as the allocation to be made in respect of the other *Shares* of the same *Class* in a *Sub-fund*.

Each allocation of income made at a time when more than one *Class* is in issue in a *Sub-fund* shall be done by reference to the relevant *Shareholders*' proportionate interests in the property of that *Sub-fund*. These will be ascertained by reference to the "**Proportion Account**" for each such *Class* described in the section entitled "Proportionate entitlements" on page 43.

## Income equalisation

The following provisions shall apply in respect of *Shares* in issue in respect of each of the *Sub-funds*.

An allocation of income (whether annual, interim or otherwise) to be made in respect of each *Share* to which this clause applies issued by the *Company* or sold by the *ACD* during the accounting period in respect of which that income allocation is made shall be of the same amount as the allocation to be made in respect of the other *Shares* in the same *Class* in issue in respect of the same *Sub-fund* but shall include a capital sum ("***Income Equalisation***") representing the *ACD*'s best estimate of the amount of income included in the price of that *Share*.

The amount of *Income Equalisation* in respect of any *Share* shall be either:

1. the actual amount of income included in the issue price of that *Share*; or

2. an amount arrived at by taking the aggregate of the amounts of income included in the price in respect of *Shares* of that *Class* issued or sold in the annual or interim accounting period in question and dividing that aggregate amount by the number of such *Shares* and applying the resultant average to each of the *Shares* in question.

## Proportionate entitlements

The proportionate interests of each *Class* in the assets and income of the *Sub-fund* shall be calculated as follows:

A notional account will be maintained for each *Class*. Each account will be referred to as a ("***Proportion Account***"). The word ***Proportion*** in the following paragraphs used in connection with a *Class* of *Share* means the *Proportion* which the balance on the *Proportion Account* for that *Class* at the relevant time bears to the aggregate of all the balances on all the *Proportion Accounts* maintained in respect of the *Sub-fund* at that time.

There will be credited to a *Proportion Account*:

1. the subscription money (excluding any *Initial Charges* or *Investor Protection Fee*) for the issue of *Shares* of the relevant *Class*;

2. that *Class*'s *Proportion* of the amount by which the *Net Asset Value* of the *Sub-fund* exceeds the total subscription money for all *Shares* in the *Sub-fund*;

3. that *Class*'s *Proportion* of the *Sub-fund's* income received and receivable;

4. any notional tax benefit as referred to below; and

5. any other amount which the *ACD* considers to be appropriate to credit to that *Proportion Account*.

There will be debited to a *Proportion Account*:

1. the redemption payment for the cancellation of *Shares* of the relevant *Class*;

2. that *Class*'s *Proportion* of the amount by which the *Net Asset Value* of the *Sub-fund* falls short of the total subscription money for all *Shares* in the *Sub-fund;*

3. all distributions of income (including any equalisation) made to *Shareholders* of that *Class*;

4. all costs, charges, liabilities of any kind and expenses incurred solely in respect of that *Class*;

5. that *Class*'s share of the costs, charges, liabilities of any kind and expenses incurred in respect of that *Class* and one or more other *Class* or *Classes* in the *Sub-fund,* but not in respect of the *Sub-fund* as a whole;

6. any notional tax liability as referred to below.

Any tax liability in respect of the *Sub-fund* and any tax benefit received or receivable in respect of the *Sub-fund* will be allocated between *Classes* in order to achieve, so far as possible, the same result as would have been achieved if each *Class* were itself a *Sub-fund* so as not materially to prejudice that *Class*. The allocation will be carried out by the *ACD* after consultation with the *Auditors*.

Where a *Class* is denominated in a currency which is not the base currency of the *Sub-fund*, the balance of the *Proportion Account* shall be translated into the base currency of the sub-Sub-fund in order to ascertain the *Proportions* of all *Classes*. Translations between currencies shall be at a rate that is not likely to result in any material prejudice to the interests of *Shareholders* or potential *Shareholders* of any *Class*.

The *Proportion Accounts* are:

1. memorandum accounts maintained for the purpose of calculating *Proportions*. They do not represent debts from the *Company* to *Shareholders* or the other way round;

2. maintained such that each credit and debit to a *Proportion Account* shall be allocated to that account on the basis of that *Class*'s *Proportion* immediately before the allocation. All such adjustments shall be made as are necessary to ensure that on no

occasion on which the *Proportions* are ascertained is any amount counted more than once.

The proportionate interest of a *Class* in the assets and income of a *Sub-fund* is its "*Proportion*".

The *Company* may adopt a method of calculating the amount of income to be allocated between the *Shares* in issue in respect of any *Sub-fund* which is different to the method set out above provided that the *ACD* is satisfied that such method is fair to *Shareholders* and that it is reasonable to adopt such method in the given circumstances.

## EU Savings Directive

The European Directive on the Taxation of Savings and associated UK legislation came into effect on 1st July 2005. The purpose of the directive is to combat tax evasion by individuals on cross border savings income.

Under current UK legislation, persons responsible for making savings income payments in the course of business must collate and report information regarding the payment of savings income to residents in certain other countries, which will be exchanged automatically with the tax authorities in those countries.

So as to ensure compliance appropriate identification enquiries may be made in certain circumstances in order to fulfil these reporting requirements.

# RISKS

**The following are important warnings and potential investors should consider the following risk factors before investing in the *Company.***

The following risk factors may relate to a particular *Sub-fund* as that *Sub-fund* invests directly in a particular asset or because that *Sub-fund* invests in a collective investment scheme which in turn invests in a particular asset.

## General

There are inherent risks in investment markets. Security prices are subject to market fluctuations and can move irrationally and be unpredictably affected by many and various factors including political and economic events and rumours. There can be no assurance that any appreciation in value of investments will occur. The value of investments and the income derived from them may go down as well as up and investors may receive less than the original amount invested.

There is no guarantee that the investment objectives of any *Sub-fund* will be achieved. **It is important to note that past performance is not a guide to future returns or growth.** *Shares* should be viewed as a medium to long term investment.

Investors will need to decide whether or not an investment vehicle of this nature is appropriate for their requirements.

## Absolute Return Risks

The *YP Funds* may invest in absolute return funds. In order to achieve their return objectives, absolute return funds may use *Derivatives* extensively. *Derivatives* can lead to increased risk due to the potential for large losses, relative to the small financial outlay, and through counterparty risk (default of the other party in a derivative contract). In addition, absolute return funds can use *Derivatives* to establish "short" positions in individual markets and assets. A short sale involves the sale of a security that a *Sub-fund* does not physically own in the expectation of purchasing the same security at a later date at a lower price to secure a profit. The absolute return funds in which the *YP Funds* may invest typically create synthetic short positions through the use of cash settled *Derivatives* such as equity swaps (contracts for difference), as long as any exposure created is covered by the assets of the *Sub-fund*. Accordingly, the use of "short" positions carries inherent risk but also gives the potential to benefit if the value of the market/asset falls.

It is also important not to confuse absolute return funds with guaranteed funds or products which guarantee a positive nominal return over any period. Absolute return funds aim to provide a positive nominal return but do not provide any guarantee of this.

## Charges to Capital

Where the investment objective of a *Sub-fund* is to prioritise the generation of income over capital growth, or in circumstances where they have equal priority, all or part of the *ACD*'s fee may be charged against capital instead of against income. This may limit capital growth.

## Currency Exchange Rates

Investments for some Sub-funds will be made in assets denominated in various currencies and exchange rate movements may affect the value of an investment favourably or unfavourably, separately from the gains or losses otherwise made by such investments.

## Effect of Initial Charge

Where appropriate, the *ACD*'s *Initial Charge* is deducted from the investment at outset. Hence investors, having paid an *Initial Charge*, who redeem their *Shares* in the short term may not (even in the absence of a fall in the value of the relevant investments) realise the original amount invested.

## Emerging Markets

Investment in emerging markets may involve a higher risk than that inherent in more developed markets.

Where *Sub-funds* invest in some overseas markets these investments may carry risk associated with failed or delayed settlement of market transactions and with the registration and custody of securities.

Companies in emerging markets may not be subject:

1. to accounting, auditing and financial reporting standards, practices and disclosure requirements comparable to those applicable to companies in major markets;

2. to the same level of government supervision and regulation of stock exchanges as countries with more advanced securities markets.

Accordingly, certain emerging markets may not afford the same level of investor protection as would apply in more developed jurisdictions.

Restrictions on foreign investment in emerging markets may preclude investment in certain securities by certain *Sub-funds* and, as a result, limit investment opportunities for the *Sub-funds*. Substantial government involvement in, and influence on, the economy may affect the value of securities in certain emerging markets.

Lack of liquidity and efficiency in certain of the stock markets or foreign exchange markets in certain emerging markets may mean that from time to time the *ACD* may experience more difficulty in purchasing or selling holdings of securities than it would in a more developed market.

Investors should consider whether or not investment in such *Sub-funds* is either suitable for or should constitute a substantial part of an investor's portfolio.

## Inflation

Inflation will reduce the purchasing power of your money when your investment is redeemed.

## Investment in Smaller Companies

Smaller companies' securities may be less liquid than the securities of larger companies as a result of inadequate trading volume or restrictions on trading. Smaller companies may possess greater potential for growth, but can also involve greater risks, such as limited product lines and markets, and financial or managerial resources. Trading in such securities may be subject to more abrupt price movements and greater fluctuations in available liquidity than trading in the securities of larger companies.

## Legal Risk

Legal Risk is the risk of loss due to the unexpected application of a law or regulation, or because contracts are not legally enforceable or documented correctly. The risks are largely minimised in respect of OTC *Derivatives* by ensuring that contracts known as "ISDA agreements" are in place with counterparties prior to trading.

## Leverage Risk

The *Sub-funds* may employ leverage (through the borrowing of cash and the use of derivatives for efficient portfolio management purposes) within the limits disclosed in the section titled "Leverage" in Appendix II of this Prospectus. The term "leverage" is defined under *AIFMD* as any method by which the *ACD* increases the exposure of a *Sub-fund* whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means. The use of leverage will magnify gains and losses and result in greater volatility in the value of *Scheme Property* as a result of market movements.

## Liabilities

Under the *OEIC Regulations*, each *Sub-fund* is a segregated portfolio of assets and those assets can only be used to meet the liabilities of, or claims against, that *Sub-fund* (this is often referred to as "segregated liability"). Where the provisions of the *OEIC Regulations* provide for segregated liability between sub-funds, the concept of segregated liability is, in the context of collective investment schemes which are authorised and regulated in the UK, relatively new. Accordingly, where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known whether a foreign court would give effect to the segregated liability and cross-investment provisions contained in the *OEIC Regulations*. Therefore, it is not possible to be certain that the assets of a *Sub-fund* will always be completely insulated from the liabilities of another *Sub-fund* of the *Company* in every circumstance.

*Shareholders* are not, however, liable for the debts of the *Company*. A *Shareholder* is not therefore liable to make any further payment to the *Company* after they have paid the purchase price of the *Shares*.

## Liquidity Risk

The absence of adequate liquidity which restricts investment opportunities is known as liquidity risk. When trading *Derivatives*, market demand can impact the ability to acquire or liquidate assets. Counterparty liquidity can be reduced by lower credit ratings or large cash outflows and margin calls can increase a *Sub-fund*'s liquidity risk. Liquidity risk tends to compound other risks. If a *Sub-fund* has a position in an illiquid asset, its limited ability to liquidate that position at short notice will compound its market risk.

## Operational Risk

There is a dependency upon the ability to process transactions in different markets and currencies. Shortcomings or failures in internal processes, people or systems could lead to, among other consequences, financial loss and reputation damage. In addition, the ability to conduct business may be adversely impacted by a disruption in the infrastructure that supports the business and the communities in which they are located.

## Over-the-Counter Counterparty (OTC) and Market Risk

Each of the *Sub-funds* may hold *Derivatives* in OTC markets for *Efficient Portfolio Management* and hedging purposes. The fair value of these *Derivatives* will take into account their tendency to have limited liquidity and possibly higher price volatility. In addition, a *Sub-*

*fund* holding OTC *Derivatives* will be exposed to credit risk on counterparties with whom the transactions are made and will bear the risk of settlement default with those counterparties. To help protect against this risk collateral will be used to reduce exposure to counterparties in respect of OTC *Derivatives*. Collateral will be deposited with an independent custodian and can be called upon if the counterparty fails to deliver.

## Property Risk

Each of the *Sub-funds* may have an exposure to property, either through investment in other collective investment schemes which invest in property (directly or indirectly) or through property securities. Property risk occurs as the valuation of property is a matter of judgement by an independent valuer. The value of capital and income will fluctuate as property values and rental incomes rise and fall.

Where indirect investment in property is made, it should be noted that due to the nature of these assets, significant volatility may be experienced during times of extreme market turmoil.

The underlying investments of property funds can generally be less liquid than equities or bonds and, as such, purchases and sales may be a long and uncertain process. At times, cash in those property funds may remain uninvested if it proved difficult to make purchases. Equally, there may be times when property has to be sold quickly and for less than expected.

## Purchased Options

Each of the *Sub-funds* may hold *Derivatives* for *Efficient Portfolio Management* and hedging purposes. Purchased Option contracts are exposed to a maximum loss equal to the price paid for the option (the premium) and no further liability.

## Sub-Investment Grade Bonds

Such bonds have a lower credit rating than investment grade bonds and so a higher risk of default and carry a degree of risk both to the income and capital value of a *Sub-fund*.

## Suspension of Dealings

In certain circumstances the right to redeem *Shares* may be suspended (see "Suspension of Dealings in Shares") on page 33.

## Written Options

Each of the *Sub-funds* may hold *Derivatives* for *Efficient Portfolio Management* and hedging purposes. Written options give the right of potential exercise to a third party. This creates exposure for the *Sub-fund* as they may have to deliver out the underlying investments and should the market move unfavourably result in a loss. The maximum loss for the writer of a put option is equal to the strike price less the premium received. The maximum loss for the writer of an uncovered call option is unlimited.

In the case of a written option or a future the notional underlying is not delivered upon exercise as the contract is cash settled. The *Sub-fund's* financial liability is therefore linked to the marked-to-market value of the notional underlying investments.

Over the counter options although providing greater flexibility may involve greater credit risk than exchange-traded options as they are not backed by the clearing organisation of the exchanges where they are traded.

# Management and Administration

## Authorised Corporate Director and Alternative Investment Fund Manager

The Authorised Corporate Director and Alternative Investment Fund Manager of the *Company* is RBS Collective Investment Funds Limited (hereinafter referred to as the "***ACD***"). The *ACD* is a private company limited by shares and was incorporated on 23 June 1969 in the United Kingdom with registered number SC46694.

The *ACD* is wholly owned by a holding company which in turn is wholly owned by *RBSG*, both of which are companies incorporated in the United Kingdom. The Directors of the *ACD* are listed in Appendix VI.

The registered office of the *ACD* and its principal place of business is 24-25 St Andrew Square, Edinburgh, EH2 1AF.

The *ACD* has an issued share capital of £10,000,000 which is fully paid up.

The *ACD* is responsible for managing and administering the *Company*'s affairs (including portfolio management and risk management) in compliance with the *Regulations*. The *ACD* must act honestly, fairly, professionally, independently and in the interest of the *Company* and *Shareholders* in carrying out its role.

The *ACD* maintains an appropriate level of "own funds" in accordance with Article 14 of the *Level 2 Regulation* in order to cover the professional liability risks detailed under *the Level 2 Regulation*, including risks such as loss of documents evidencing title to assets of the *Company* or acts, errors or omissions resulting in a breach of the law or the *ACD*'s fiduciary duties.

Appendix IV sets out details of the capacity in which the *ACD* acts in relation to any other regulated collective investment schemes and the names of such schemes.

Terms of Appointment

The *ACD* provides its services to the *Company* under the terms of an agreement (the "***ACD Agreement***") effective from 3 March 2008 (as amended). The *ACD Agreement* may be terminated upon at least 12 months' written notice by either party. In certain circumstances (including by reason of certain breaches of the *ACD Agreement* or certain insolvency related events occurring in relation to either party) the *ACD Agreement* may be terminated at any time forthwith by notice in writing by the *ACD* to the *Company* or by the *Company* to the *ACD*.

Termination of the *ACD*'s appointment cannot take effect until the *FCA* has approved the change of director.

The *ACD* is under no obligation to account to the *Depositary* or the *Shareholders* for any profit it makes on the issue, re-issue or cancellation of *Shares* which it has redeemed.

In the case of termination under the terms of the *ACD Agreement* the *ACD* is entitled to its pro rata fees and expenses to the date of termination and any additional expenses necessarily realised in settling or realising any outstanding obligations. There is no compensation for loss of office provided for in the *ACD Agreement*. The *ACD Agreement* provides indemnities to the *ACD* other than where there has been negligence, fraud, wilful default in the performance of its duties and obligations.

Subject to the *OEIC Regulations*, under the *Instrument of Incorporation, Shareholders* may by ordinary resolution remove the *ACD*. Such a removal cannot take effect until the *FCA* has approved the change of director. *Shareholders* have no personal right to directly enforce any rights or obligations under the *ACD Agreement*.

Subject to the *Regulations*, the *ACD* has full power to delegate the whole or any part of its duties under the *ACD Agreement* but the *ACD* remains liable to the *Company* for the management of the *Scheme Property*. The *ACD* has delegated certain of its duties relating to investment management to the *Investment Managers* (for more details see "Investment Managers" below), administration to the *Administrator* (for more details see "Administrator" below) and pricing and valuation to JP Morgan Worldwide Securities Services.

Details of the fees to which the *ACD* is entitled are set out on pages 64 to 66.

The *ACD* is authorised and regulated by the Financial Conduct Authority of 25 The North Colonnade, Canary Wharf, London, E14 5HS and is authorised to carry on regulated activities in the United Kingdom.

***The ACD's Remuneration Policy***

In accordance with the *FCA Handbook*, the *ACD* is required to establish and apply a remuneration policy for certain categories of staff whose activities have a material impact on the risk profile of the *ACD* or the funds that it manages.

The Remuneration Policy documents the remuneration policies, practices and procedures of the *ACD* and is reviewed at least annually.

The Remuneration Policy:

(i) Is consistent with and promotes sound and effective risk management;

(ii) Does not encourage risk taking that exceeds the level of tolerated risk of the *ACD* or that is inconsistent with the risk profile of the funds the *ACD* manages;

(iii) Encourages behaviour that delivers results which are aligned to the interests of the funds managed by the *ACD*;

(iv) Does not impair the *ACD*'s ability to comply with its duty to act in the best interest of the funds it manages;

(v) Recognises that remuneration should be competitive and reflect both financial and personal performance;

(vi) Recognises that fixed and variable components should be appropriately balanced and that the variable component should be flexible enough so that in some circumstances no variable component may be paid at all;

(vii) Requires that the majority of variable pay is subject to deferral;

(viii) Takes into account that unvested variable pay may, in certain circumstances, be reduced.

Up-to-date details of the Remuneration Policy are available at http://personal.rbs.co.uk/personal/investments/existing-customers/Key_Customer_Documents.html and http://personal.natwest.com/personal/investments/existing-customers/Key_Customer_Documents.html. A paper copy of that information will be made available free of charge from the *ACD* upon request.

## The Depositary

J.P. Morgan Europe Limited is the *Depositary* of the *Company*. It is a private company with limited liability incorporated in England and Wales on 18th September 1968 with registered number 00938937. The *Depositary* is authorised by the Prudential Regulation Authority regulated by the Financial Conduct Authority and Prudential Regulation Authority in the conduct of its regulated activities and is not prohibited from acting as *Depositary* by the *PRA*. The registered office of the *Depositary* is 25 Bank Street, Canary Wharf, London, E14 5JP.

The *Depositary*'s principal business activity is as corporate trustee including trusteeship of unit trust schemes and *Depositary* of open ended investment companies and AIFs.

The ultimate holding company of the *Depositary* is J.P. Morgan Chase and Co. which is incorporated in Delaware, USA.

Terms of Appointment

Pursuant to the AIFM *Regulations,* the *Depositary* is responsible for:

- the safe keeping of the *Company*'s assets entrusted to it;
- cash monitoring and verifying the *Company*'s cash flows;
- ensuring the sale, issue, re-purchase, redemption, cancellation and valuation of *Shares* are carried out in accordance with the *Instrument of Incorporation* and the *Regulations*;
- ensuring that in transactions involving *Scheme Property* any consideration is remitted to the *Company* within the usual time limits;
- ensuring the *Company*'s income is applied in accordance with the *Instrument of Incorporation* and the *Regulations*; and
- carrying out instructions from the *ACD* unless they conflict with the *Instrument of Incorporation* or the *Regulations*.

The *Depositary* provides its services under an agreement dated 19 June 2014 between the *Company*, the *ACD* and the *Depositary* which took effect on 21 July 2014 (the *"**Depositary Agreement**"*).

The *Depositary Agreement* may be terminated on ninety (90) days' written notice by the *Depositary* or the *Company*. In certain circumstances, a party may terminate the Depositary Agreement immediately. The *Depositary* may not retire voluntarily except upon the appointment of a new *Depositary* in accordance with the *Regulations*. If no such person has been appointed within three months of the retirement notice the *Company* is to be wound up, subject to *FCA* approval.

*Shareholders* have no personal right to directly enforce any rights or obligations under the *Depositary Agreement*.

Liability of the Depositary

As a general rule, the *Depositary* is liable to the Company for any losses suffered by them as a result of the *Depositary*'s negligent or intentional failure to properly fulfil its obligations.

In the case of loss of a financial instrument by the *Depositary*, or by a custodial delegate of the Depositary, the *Depositary* is under an obligation to return a financial instrument of identical type or corresponding amount without undue delay, unless it can prove that the loss as arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary.

Under the *Depositary Agreement*, to the extent permitted by the *Regulations*, the *Company* indemnifies the *Depositary* and its *Associates* against all costs, charges, losses and liabilities incurred in the proper exercise, or in the purported exercise reasonably and in good faith, of the *Depositary*'s functions (except in respect of the failure of the *Depositary* or its *Associates* to exercise due care and diligence in the discharge of its functions in respect of the *Company* or arising out of the negligence, fraud or wilful default of the *Depositary* or its *Associates* or breach by the *Depositary* or its *Associates* of the *Regulations*) and (to the extent permitted by the *COLL Sourcebook*) exempts it from liability in certain circumstances.

Under the Depositary Agreement the *Depositary* indemnifies the *Company* against all losses, liabilities, costs, expenses and demands suffered by the *Company* to the extent that the *Depositary* has been negligent, fraudulent or in wilful default in respect of its duties under the *Depositary Agreement* and in respect of all actions, claims, losses, liabilities, costs and expenses incurred by the *Company* as a result of any breach by the *Depositary* of the *Regulations* (provided that the *Depositary* will not be liable for any failure by the *Company* to exercise due care and diligence in the discharge of its functions or for the negligence, fraud or wilful default of the *Company* or breach by the *Company* of the *FCA Handbook* in the discharge of its functions).

The fees to which the *Depositary* is entitled are set out on page 67.

Delegation of safe keeping function

Under the terms of the *Depositary Agreement* the *Depositary* has the power to delegate its safe keeping functions. The *Depositary* has, pursuant to the AIFM *Regulations*, delegated to JPMorgan Chase Bank N.A., London Branch (the *Custodian*) the custody of the financial instruments of the *Company*. JPMorgan Chase Bank N.A., London Branch's registered office is 25 Bank Street, Canary Wharf, London E14 5JP. JPMorgan Chase Bank N.A., London Branch is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority.

The *Custodian* provides services, as the delegate of the *Depositary* and appointee of the Company, to the *Company* under an agreement dated 19 June 2014 and which took effect on 21 July 2014 between the *Company*, the *Depositary* and the *Custodian* (the *"**Global Custody Agreement**"*).

The *Global Custody Agreement* will, inter alia, terminate automatically in the event that the *Depositary Agreement* is terminated, unless the parties agree otherwise. As a general rule, whenever the *Depositary* delegates any of its safe keeping functions, the *Depositary* will remain liable for the loss of financial instruments, except where the Regulations provide otherwise. Under the *Global Custody Agreement* the *Company* will indemnify the *Custodian* against any losses that it may suffer in connection with or arising out of its performance of its obligations under the *Global Custody Agreement* provided that the loss has not arisen because of the *Custodian*'s negligence, fraud or wilful default.

*Shareholders* have no personal right to directly enforce any rights or obligations under the *Global Custody Agreement*.

Re-use of assets by the Depositary

Under the *Depositary Agreement* the *Depositary* has agreed that it, and any person to whom it delegates safe keeping functions, may not re-use any of the *Company*'s assets with which it has been entrusted.

## The Investment Managers

*EMS Investment Manager*

The *ACD* has appointed Aviva Investors Global Services Limited to provide investment management and advisory services to the *ACD* under an agreement which was amended and restated with effect from 21 July 2014 (***the EMS Investment Management Agreement***) in relation to the *EMS Funds*. The *EMS Investment Manager* has full discretion to exercise the functions, duties and powers of the *ACD* under the *Regulations* and the *Instrument of Incorporation* as they relate to the management of the *Scheme Property* of those *Sub-funds* and the *EMS Investment Manager* has the power to make decisions on behalf of the *ACD* or the *Company* for that purpose.

The *EMS Investment Management Agreement* may be terminated by either the *ACD* or the *EMS Investment Manager* having given not less than three months' prior written notice except that the *ACD* may terminate the agreement immediately should this be deemed to be in the interests of investors in the *Company*.

Termination of the *EMS Investment Management Agreement* may occur at any time if either the *ACD* or the *EMS Investment Manager* (each for the purposes of this section a "party") is in material breach of the *EMS Investment Management Agreement* and has failed to remedy the breach within ten days of receipt of written notice from the other party, is unable to perform its obligations under the *EMS Investment Management Agreement* for at least thirty consecutive days as a result of a force majeure event,  if certain insolvency related events occur in relation to either party or if required by any applicable law or competent regulatory authority.  Also the *EMS Investment Management Agreement* shall terminate with immediate effect if the *EMS Investment Manager* ceases to be authorised by the FCA for the performance of any of its obligations under the *EMS Investment Management Agreement.*

Under the *EMS Investment Management Agreement* the *ACD* indemnifies the *EMS Investment Manager* and its affiliates, directors, officers and employees, (except in the case of any matter arising as a direct result of their fraud, recklessness, bad faith, wilful default or negligence) against all losses, damages, costs, claims, actions, suits, liabilities, charges, demands and expenses incurred (i) as a result of the performance or non-performance by the *ACD* of its duties under the *EMS Investment Management Agreement* or (ii) as a result of the *EMS Investment Manager* carrying out or relying on any instructions and any information provided by the *ACD, Custodian, Administrator* and/or it's agents. Subject to the *Regulations*, the *ACD* may be entitled to recover from the *Company* amounts paid by the *ACD* under the indemnities in the *EMS Investment Management Agreement*.

Under the *EMS Investment Management Agreement*, the *EMS Investment Manager* indemnifies the *ACD*, (whether on account of the EMS Funds or on its own account) its affiliates and its or their directors, officers and employees against all losses, damages, costs, claims, actions, suits, liabilities, charges, demands and expenses (other than due to fraud, recklessness, bad faith, wilful default or negligence on the part of the *ACD*) incurred as a result of the performance or non-performance by the *EMS Investment Manager* of its duties under the *EMS Investment Management Agreement*. However, the *EMS Investment Manager* gives no representation as to the investment performance of the *EMS Funds* and provided that the *EMS Investment Manager* has complied with all its obligations under the *EMS Investment Management Agreement*, it will not be liable for any failure to meet the investment objectives of the *EMS Funds*.

Under the *EMS Investment Management Agreement*, the *EMS Investment Manager* may sub-contract or delegate the performance of any of its powers and duties under the *EMS Investment Manager Agreement* with the prior written consent of the *ACD*. Delegation in this manner shall not affect the liability of the *EMS Investment Manager* under the *EMS Investment Management Agreement*. The *EMS Investment Manager* will also exercise reasonable care and skill in the selection, use and monitoring of such delegation.

Aviva Investors Global Services Limited is authorised and regulated by the Financial Conduct Authority and is authorised to carry on regulated activities in the United Kingdom.  Its principal activity is acting as an investment manager and adviser. The ultimate holding company of Aviva Investors Global Services Limited is Aviva plc.

The *EMS Investment Manager*'s fees are paid by the *ACD* out of its remuneration under the *ACD Agreement* and the *EMS Investment Manager* is reimbursed by the *ACD* for such of those expenses as are incurred by it as are described below under "Payments out of the Scheme Property" and are therefore recoverable by the *ACD* from the *Company*.

*Shareholders* have no personal right to directly enforce any rights or obligations under the *EMS Investment Management Agreement*.

*YPF Investment Manager*

The *ACD* has appointed Standard Life Investments to provide investment management and advisory services to the *ACD* under an agreement dated 4 October 2012 (as amended) (***the YPF Investment Management Agreement***) in relation to the *YP Funds*. The *YPF Investment Manager* has full discretion to exercise the functions, duties and powers of the *ACD* under the *Regulations* and the *Instrument of Incorporation* as they relate to the management of the *Scheme Property* of those *Sub-funds* and the *YPF Investment Manager* has the power to make decisions on behalf of the *ACD* or the *Company* for that purpose.

The *YPF Investment Management Agreement* may be terminated by either the *ACD* or the *YPF Investment Manager* having given not less than six months' prior written notice except that the *ACD* may terminate the agreement immediately should this be deemed to be in the interests of investors in the *Company*.

Termination of the *YPF Investment Management Agreement* may occur at any time if the *ACD* ceases to be *ACD* of the *Company*, if either the *ACD* or the *YPF Investment Manager* (each for the purposes of this section a "party") is unable to perform its obligations under the *YPF Investment Management Agreement*, if either party ceases to be authorised by applicable legal or regulatory authorities, if either party commits certain breaches of the *YPF Investment Management Agreement* or if a change of ownership of the *YPF Investment Manager* or certain insolvency related events occur in relation to either party.

Under the *YPF Investment Management Agreement*, the *YPF Investment Manager* indemnifies the *ACD* and the *Company* (in respect of the *YP Funds* only) against any losses, claims, damages or liabilities incurred arising as a result of the negligence, wilful default, fraud of the *YPF Investment Manager* or its delegates. However, the *YPF Investment Manager* gives no representation as to the investment performance of the *Company* and provided that the *YPF Investment Manager* has complied with all its obligations under the *YPF Investment Management Agreement*, it will not be liable for any failure to meet the investment objectives of the *YP Funds*.

Standard Life Investments is authorised and regulated by the Financial Conduct Authority and is authorised to carry on regulated activities in the United Kingdom. Its principal activity is investment management activities. Standard Life Investments is a subsidiary of Standard Life plc.

The *YPF Investment Manager*'s fees are paid by the *ACD* out of its remuneration under the *ACD Agreement* and the *YPF Investment Manager* is reimbursed by the *ACD* for such of those expenses as are incurred by it as are described below under "Payments out of the Scheme Property" and are therefore recoverable by the *ACD* from the *Company*.

*Shareholders* have no personal right to directly enforce any rights or obligations under the *YPF Investment Management Agreement*.

**The Administrator**

The *ACD* has appointed Aviva Life Services UK Limited to provide administration services to the *ACD* and to act as *Registrar* in respect of the *Company* by an agreement dated 11 September 2003 (as amended) (***the Administration and Registrar Agreement***). The *Administrator* has sub-delegated this responsibility to International Financial Data Services (UK) Limited.

The *Administrator*'s fees are paid by the *ACD* out of its remuneration under the *ACD Agreement* and the *Administrator* is reimbursed by the *ACD* for such of those expenses as are incurred by it as are described below under "Payments out of the Scheme Property of the Company" and are therefore recoverable by the *ACD* from the *Company*.

*Shareholders* have no personal right to directly enforce any rights or obligations under the *Administration and Registrar Agreement*.

## Register of Shareholders

The *Register* of *Shareholders* is maintained by the *Company*'s *Registrar*, Aviva Life Services UK Limited at its office at IFDS House, St Nicholas Lane, Basildon, Essex SS15 5FS Essex CM2 5LG and may be inspected at that address during normal business hours by any *Shareholder* or any *Shareholder*'s duly authorised agent.

*Share* certificates will not be issued.

*Shareholders* will be able to monitor their holdings by a statement showing transactions in *Shares* and current holdings which will be sent out to all *Shareholders*, or in the case of joint holdings to the first named, twice a year by the *Registrar*. The *Register* is prima facie evidence of matters properly entered in it.

If any *Shareholder* requires evidence of title to *Shares* then upon such proof of identity as it shall reasonably require the *Registrar* will provide the *Shareholder* with a certified copy of the relevant entry in the *Register*. *Shareholders* must notify the *Registrar* of any change of address.

## The Auditors

The Auditors of the *Company* are Ernst & Young LLP, 10 George Street, Edinburgh, EH2 2DZ.

Under the *Regulations,* the Auditors are responsible for auditing and expressing an opinion in relation to the *Company*'s accounts on at least an annual basis (or in certain other circumstances when requested to do so by the *ACD*).

*Shareholders* have no personal right to directly enforce any rights or obligations under the terms appointing the Auditor.

## Conflicts of Interest

The *ACD*, and the *Investment Managers* may, from time to time, act as investment managers or advisers to other funds or sub-funds which follow similar investment objectives to those of the *Sub-funds* of the *Company*. It is therefore possible that the *ACD* and/or the *Investment Managers* may in the course of their business have potential conflicts of interest with the *Company* or a particular *Sub-fund*. Each of the *ACD* and the *Investment Managers* will, however, have regard in such event to respectively its obligations under the *Regulations* and their respective Investment Management Agreements and, in particular, to its obligation to act in the best interests of the *Company* so far as obligations to other clients are concerned when undertaking investment where potential conflicts of interest may arise.

The *Depositary* may, from time to time, act as the depositary of other companies and may, subject to the *COLL Sourcebook*, hold money on deposit from, lend money to, or engage in share lending transactions in relation to the *Company* provided such transactions are at arm's length. From time to time, conflicts of interest may arise from the appointment by the *Depositary* of its delegates. It is therefore possible that a conflict of interest could arise. JPMorgan Chase Bank N.A. and any other delegates of the *Depositary* are required to manage any such conflict having regard to the *Regulations* and their duties to the *Depositary*.

The *COLL Sourcebook* contains provisions on conflict of interest governing any transaction concerning the *Company* which is carried out by or with any "**Affected Person**", an expression which covers the *Company*, the *ACD*, the *Investment Managers*, the *Depositary*, and an *Associate* of any of them.

These provisions, among other things, enable an *Affected Person* to sell or deal in the sale of property to the *Company* or the *Depositary* for the account of the *Company*; vest property in the *Company* or the *Depositary* against the issue of *Shares*; purchase property from the *Company* (or the *Depositary* acting for the account of the *Company*); enter into a stock lending transaction, or a *Derivatives* transaction permitted by the *COLL Sourcebook*, in relation to the *Company*; or provide services for the *Company*. Any such transactions with or for the *Company* are subject to best execution on exchange, or independent valuation or arm's length requirements as set out in the *COLL Sourcebook*. An *Affected Person* carrying out such transaction is not liable to account to the *Company*, the *Depositary*, the *ACD*, any other *Affected Person*, or to the *Shareholders* or any of them for any benefits or profits thereby made or derived.

Full details of the *ACD*'s conflicts of interest policy are available upon request by writing to the *ACD* at PO Box 9908 Chelmsford, Essex, CM99 2AF.

## Liquidity Management Policy

In accordance with the *Regulations*, the *ACD* has in place a liquidity management policy to monitor and ensure that each *Sub-fund* has sufficient liquidity taking into account its investment objective, liquidity profile and the redemption rights of *Shareholders*. The policy requires the *ACD* to ensure that appropriate levels of liquidity are held within each *Sub-fund* on a day-to-day basis with any unusual trends or areas of high risk being escalated for further investigation and analysis, including appropriate stress testing. On an annual basis the *ACD* undertakes a detailed review of the policy with an assessment being presented to the *ACD*'s investment management committee. For more information on the redemption rights of *Shareholders* please refer to the section under the headings "Dealing in Shares" on page 21 above and "Suspension of Dealings in Shares" on page 33.

## Order Execution information

The *ACD* is responsible for the portfolio management of the underlying assets of the *Sub-funds* within the *Company* and, as such, is subject to the *FCA Handbook* that applies to operators of collective investment schemes. These require all *ACDs* to meet the requirements relating to best execution when carrying out scheme management activity for its *Sub-funds*.

In view of this, the *ACD* is required to treat the *Company* as its client. It is also required to have an order execution policy in place detailing how it will act in line with the best interests of the *Company* and to take all reasonable steps to obtain the best possible result, when it directly executes an order, places an order with, or transmits an order to, another entity for execution.  A copy of the *ACD's* order execution policy is available upon request by writing to the *ACD* at PO BOX 9908, Chelmsford, Essex CM99 2AF.

## Voting Rights Strategy

In accordance with the *FCA Handbook*, the *ACD* must develop strategies for determining when and how voting rights of assets held within the *Scheme Property* are to be exercised.  A copy of the *ACD's* voting rights strategy, is available upon request by writing to the *ACD* at PO BOX 9908, Chelmsford, Essex CM99 2AF.  Details of the actions which the *ACD* has taken on the basis of its voting rights strategy are available, upon request by writing to the *ACD* at PO BOX 9908, Chelmsford, Essex CM99 2AF.

## Treating Customers Fairly

The *ACD*, as a firm that is authorised and regulated by the *FCA*, is required to pay due regard to the interests of its customers and treat them fairly.  Breaching this principle would make the *ACD* liable to disciplinary sanctions by the *FCA*.

The *ACD* may, from time to time, give preferential treatment to a particular *Shareholder* or class of *Shareholders* such as the right to obtain more detailed information on the performance of a Sub-fund than is ordinarily made available to *Shareholders*.  The *ACD* does not give preferential treatment or the right to obtain preferential treatment to any *Shareholder* that creates an overall material disadvantage to other *Shareholders*.

# Fees and Expenses

## Costs of establishing the Company

The costs of the authorisation, incorporation and establishment of the *Company*, the offer of *Shares* and the preparation and printing of this Prospectus will be borne by the *Company*.

## Payments to the ACD

**Annual Management Charge**

The *ACD* is entitled under its agreement with the *Company* to levy a management fee in respect of each *Sub-fund*, calculated by reference to an annual percentage rate based on the *Net Asset Value* of the *Sub-fund*, in payment for carrying out its duties and responsibilities. The current rate of management fee payable in respect of each *Class* and *Sub-fund* is set out on pages 65 and 66.

The annual management charge accrues daily and is payable monthly in arrears. For each *Sub-fund* the fee is calculated based on the *Net Asset Value* of the *Sub-fund* on the last *Business Day* of each month.

Where the investment objective of a *Sub-fund* is to treat the generation of income as a higher priority than capital growth or to treat the generation of income and capital growth as having equal priority, all or part of the *ACD*'s management fee and expenses may be charged against capital instead of against income. This will only be done with the approval of the *Depositary*. This treatment of the *ACD*'s fee will increase the amount of income available for distribution to *Shareholders* in the *Sub-fund* concerned, but may constrain capital growth. At the present time the *ACD*'s fees and expenses are charged against income in respect of all the *Sub-funds* except the Income Fund where they are charged against capital.

If a *Class*'s expenses in any period exceed the income attributable to it, the *ACD* may take that excess from the *Scheme Property* attributable to that *Class*.

The *ACD* may not introduce a new category of remuneration for its services or increase the current rate or amount of its remuneration payable out of the *Scheme Property* of the *Company* or the *Initial Charge* unless the *ACD*:

1. has given 60 days' notice in writing of the introduction or increase and the date of its commencement to all *Shareholders*; and

2. has revised and made available the Prospectus to reflect the introduction or increase and the date of its commencement.

If the *ACD* considers that any new category of or increase in, its remuneration or charges would constitute a "fundamental change" (as defined in the *COLL Sourcebook*), the *ACD* would require the prior approval of an extraordinary resolution of *Shareholders*.

**Initial Charge**

The *ACD* is permitted to make an *Initial Charge* upon a sale of *Shares*. The *Initial Charge* is deducted from the gross amount tendered for investment and the balance invested in the *Company*.

**Table of charges**

The current initial and annual management charges are as follows:

***Class* 1**

| EMS Funds | Initial % | Annual % |
|---|---|---|
| Income Fund | 5.00 | 1.20 |
| Cautious Growth Fund | 5.00 | 1.20 |
| Balanced Growth Fund | 5.00 | 1.20 |
| Adventurous Growth Fund | 5.00 | 1.20 |

**YPF *Class* 1**

| YP Funds | Initial % | Annual % |
|---|---|---|
| Your Portfolio Fund II | 0.00 | 0.40 |
| Your Portfolio Fund III | 0.00 | 0.75 |
| Your Portfolio Fund IV | 0.00 | 1.00 |
| Your Portfolio Fund V | 0.00 | 1.00 |
| Your Portfolio Fund VI | 0.00 | 1.00 |

**YPF *Class* 2**

| YP Funds | Initial % | Annual % |
|---|---|---|
| Your Portfolio Fund II | 0.00 | 0.40 |
| Your Portfolio Fund III | 0.00 | 0.50 |

| | | |
|---|---|---|
| Your Portfolio Fund IV | 0.00 | 0.50 |
| Your Portfolio Fund V | 0.00 | 0.50 |
| Your Portfolio Fund VI | 0.00 | 0.50 |

**Switching Fee**

If a *Shareholder Switches Shares* in one *Sub-fund* for *Shares* in another *Sub-fund* the *ACD*, at its discretion, may impose a switching fee, the details of which are set out in the section headed 'Dealing Charges' on page 26.

**Registration Fee**

The *ACD* shall be entitled to receive a fee out of the *Scheme Property* for providing registration services. There is no current intention to make such a charge. Before the *ACD* introduces any registration fee, it will notify *Shareholders* and revise the Prospectus as required by the *COLL Sourcebook*.

**ACD Expenses**

The *ACD* is also entitled to be paid by the *Company* out of the *Scheme Property* any expenses incurred by the *ACD* or its delegates of the kinds described on page 68 under the section headed 'Payments out of the *Scheme Property*'.

**Redemption Charge**

The *ACD* is entitled to make a charge, referred to as a redemption charge. There is no current intention to make such a charge on the redemption of *Class* 1 *Shares*.

**VAT**

The charges set out above are exclusive of *VAT. VAT* is payable on these charges or expenses where appropriate.

## Investment Managers' Fees

The fees and expenses (plus any *VAT* thereon) of the *Investment Managers* will be paid by the *ACD* out of its remuneration under the *ACD Agreement* except for any such expenses that are properly the responsibility of the *Company* and may be reimbursed out of the *Scheme Property* as described on page 68 under 'Payments out of Scheme Property'.

## Depositary's Fees and Expenses

### Fees

The *Depositary*'s remuneration, which is payable out of the *Scheme Property*, is a periodic charge calculated by reference to an annual percentage rate based on the value of the *Scheme Property* as is set out below, with the *Scheme Property* being valued and such remuneration accruing and being paid on the same basis as the annual management charge.

Currently, the *ACD* and the *Depositary* have agreed that the *Depositary*'s remuneration in respect of the *Company* shall be calculated for each *Sub-fund* on a sliding scale as follows:

| Band Range | Fee % |
|---|---|
| On the first £50,000,000 | 0.0225% |
| On the next £50,000,000 | 0.0175% |
| On the next £150,000,000 | 0.0125% |
| Balance over £250,000,000 | 0.0075% |

The *Depositary* is also entitled to receive out of the *Scheme Property* remuneration for performing or arranging for the performance of the functions conferred on the *Depositary* by the *Instrument of Incorporation* or the *Regulations*. The *Depositary*'s remuneration under this paragraph shall accrue when the relevant transaction or other dealing is effected and shall be paid in arrears on the next following date on which payment of the *Depositary*'s periodic charge is to be made or as soon as practicable thereafter.

Subject to any increase not being considered a "fundamental change" for the purposes of the *COLL Sourcebook*, the *Depositary* is permitted to increase its remuneration subject to the agreement of and upon the *ACD* giving notice to *Shareholders*, the *ACD* revising the Prospectus to reflect the proposed increase, and sixty days having elapsed since the revised Prospectus became available. Where any increase is regarded as a "fundamental change" *Shareholder* approval will be required.

### Expenses

In addition to the remuneration referred to above, the *Depositary* will be entitled to receive reimbursement for expenses properly incurred by it in the discharge of its duties or exercising any of the powers conferred upon it in relation to the *Company* and each *Sub-fund*, subject to approval by the *ACD*.

*Depositary* charges vary according to the countries in which a *Sub-fund* invests. In addition, a charge can be levied for *Derivative* transactions.

The *Depositary* has appointed JPMorgan Chase Bank N.A. as the *Custodian* of the *Scheme Property* and is entitled to receive reimbursement of the *Custodian*'s fees as an expense of the *Company*. JPMorgan Chase Bank N.A.'s remuneration for acting as *Custodian* is calculated at an ad valorem rate determined by the territory or country in which the assets of the *Company* are held.

Currently, the lowest rate is 0.001% and the highest rate is 0.25%. In addition, the *Custodian* makes a transaction charge determined by the territory or country in which the transaction is effected. Currently, these transaction charges range from £6 to £75 per transaction where instructions are in an electronic format that enables straight-through processing (STP). Trade instructions that require manual input or repair will incur a surcharge of up to £30.
Accruals are made based on the aggregate number of transactions and value of holdings, and are paid monthly in arrears.

The *Depositary* is also entitled to be reimbursed out of the *Scheme Property* in respect of remuneration charged by the *Custodian* for such services as the *ACD*, *Depositary* and the *Custodian* may from time to time agree, being services delegated to the *Custodian* by the *Depositary* in performing or arranging for the performance of the functions conferred on the *Depositary* by the *Instrument of Incorporation* or the *COLL Sourcebook*. Remuneration charged under this paragraph shall accrue when the relevant transaction or other dealing is effected and shall be paid in arrears.

Subject to current HM Revenue & Customs regulations, *VAT* at the prevailing rate may be payable in addition to the *Depositary's* remuneration, the *Custodian's* remuneration and the above expenses.

## Payments out of the Scheme Property

So far as the *Regulations* allow, the *Company* is responsible for all its other expenses. Such expenses may be paid out of the *Scheme Property* of the *Company* and include the following:

1. the fees and expenses payable to the *ACD* (which will include the fees and expenses payable to the *Investment Manager*); and

2. the fees and expenses payable to the *Depositary* (including all charges and expenses of any agents appointed by the *Depositary* in the discharge of its duties and all charges and expenses incurred in relation to the preparation of the *Depositary's* annual report to *Shareholders)*;

3. the fees and expenses in respect of establishing and maintaining the *Register* of *Shareholders* and/or plan sub-registers and related functions;

4. payments properly required for the maintenance, repair, refurbishment, management, preservation, protection, development or redevelopment of an immovable property owned or leased by the *Company*;

5. to the extent permitted by the *Regulations* costs incurred in buying or selling any immovable property;

6. to the extent permitted by the *Regulations* costs incurred in connection with: buying-in a leasehold interest; restructuring leasehold interests of the *Company*; project funding; and payments to Property Consultants in respect of any *Scheme Property*;

7. to the extent permitted by the *Regulations* costs incurred in connection with: reletting any leasehold interest; reviewing rents payable; renewing leases; action taken as a result of tenant's breach of covenant or eviction of squatters; issuing notices to tenants; work undertaken by property consultants; work undertaken by building surveyors; insurance of immovable property; and any legal advice taken in relation to the *Company*;

8. expenses incurred in distributing and dispatching income and other payments to *Shareholders*;

9. fees and expenses in respect of the publication and circulation of details of *Share* prices;

10. the fees, expenses and disbursements of the *Auditors* and tax, legal and other professional advisers of the *Company*;

11. the costs of convening and holding *Shareholder* meetings (including meetings of *Shareholders* in any particular *Sub-fund*, or any particular *Class* within a *Sub-fund*) and of producing associated documentation;

12. costs incurred in taking out and maintaining any insurance policy in relation to the *Company* and/or its directors;

13. fees and expenses incurred in company secretarial duties, including the cost of minute books and other documentation required to be maintained by the *Company*;

14. any costs incurred as a result of preparing, printing and distributing reports, accounts, Prospectuses or promotional material in respect of the *Company* and of any marketing activities undertaken by the *ACD* in relation to the *Company*; publishing prices; periodic updates of any Prospectus; amending the *Instrument of Incorporation*; and any other such administrative expenses (subject to the *COLL Sourcebook*);

15. taxation and duties payable by the *Company* without limitation in respect of the *Scheme Property* or the issue or redemption of *Shares*;

16. interest on borrowings and charges and expenses incurred in effecting, arising out of or terminating such borrowings or in negotiating or varying the terms of such borrowings;

17. any amount payable by the *Company* under any indemnity provisions contained in the *Instrument of Incorporation* or any agreement with any functionary of the *Company*;

18. fees of the *FCA* under Schedule 1 Part III of the *Act* and the corresponding periodic fees of any regulatory authority in the country or territory outside the United Kingdom in which *Shares* are or may lawfully be marketed;

19. safe custody charges;

20. fees and expenses incurred in acquiring, disposing of and registering investments (including brokers' commissions, any issue or transfer taxes or stamp duty or *SDRT* chargeable);

21. all taxes and corporate fees payable by the *Company* to any government or other authority or to any agency of such government or authority whether in Great Britain or elsewhere*;*

22. all expenses of any nature of or incidental to deposits of cash made by the *Company;*

23. costs of dealing in the *Scheme Property* necessary to be incurred and normally shown in contract notes and similar documents;

24. royalty fees incurred for the use of stock exchange index names;

25. any liabilities on amalgamation or reconstruction of the *Company* or any *Sub-fund* or which arise after transfer of property to the *Company* in consideration for the issue of *Shares* in accordance with the *COLL Sourcebook*;

26. directors' remuneration in the event that the *Company* has directors in addition to the *ACD*;

27. the fees and expenses incurred in establishing any new share class and/or *Sub-fund*, the listing of *Shares* on any stock exchange, any offer of *Shares* (including the preparation and printing of any Prospectus) and the creation, *Conversion* and cancellation of *Shares*;

28. the fees and expenses incurred in stock lending transactions;

29. any payments otherwise due by virtue of the applicable rules within the *FCA Handbook*;

30. any *VAT* or any similar tax payable in respect of the above.

Fees and expenses are allocated between capital and income in accordance with the *Regulations* and the Statement of Recommended Practice regarding the Financial Statements of Authorised Open-Ended Investment Companies issued by the Investment Association as of May 2014 and for the time being in force.

From time to time the *ACD* may consider that the Ongoing Charges Figures ("OCF") in respect of the *YP Funds* are too high, for example when the *Sub-funds* are small. In these circumstances, the *ACD* may from time to time meet some of the expenses that are otherwise payable out of the *Scheme Property* out of its own pocket. Where the *ACD* does, at its sole discretion, from time to time elect to meet such expenses this will not obligate the *ACD* to do so in the future.

## Allocation of Fees and Expenses between Classes and Sub-funds

All the above fees and expenses (other than those borne by the *ACD*) will be charged to the *Sub-fund* in respect of which they were incurred but where an expense is not considered to be attributable to any one *Sub-fund*, the expenses will be allocated by the *ACD* in a manner which is fair to *Shareholders* generally. They will normally be allocated to all *Sub-funds* pro rata to the value of the net assets of the relevant *Sub-funds*.

Fees and expenses specific to a *Class* will be allocated to that *Class*. They will otherwise be allocated in a manner which is fair to *Shareholders* generally and will normally be allocated to all *Classes* pro rata to the value of the net assets of the relevant *Class*.

The annual management charge will be attributed to the *Class* of *Shares* and *Sub-fund* in respect of which it is imposed.

## Value Added Tax

Where this Prospectus provides that a consideration shall be paid for the supply of goods or services, such consideration is stated as exclusive of *VAT*.

# Instrument of Incorporation

The *Instrument of Incorporation* of the *Company* (which is available for inspection at the *ACD*'s offices at 24-25 St Andrew Square, Edinburgh, EH2 1AF), contains provisions to the following effect:

## Object

The object of the *Company* is to invest the *Scheme Property* in transferable securities, money market instruments, cash and near cash, units in collective investment schemes, deposits, *Derivatives* and forward transactions, immovable property and gold in accordance with the *COLL Sourcebook* (which may include stock lending, borrowing, cash holdings, hedging and using other investment techniques permitted in *COLL*) with the aim of spreading investment risk and giving its *Shareholders* the benefit of the results of the management of that property.

## Shares and Share Classes

1. The *Company* may from time to time issue *Shares* of different *Classes* and the *ACD* may by resolution from time to time create additional *Classes* (whether or not falling within one of the *Classes* in existence on incorporation).

2. The special rights attaching to a *Class* are not (unless otherwise expressly provided by the conditions of issue of such *Shares*) deemed to be varied by:

   (a) the creation, allotment or issue of further *Shares* of any *Class* ranking pari passu with them;

   (b) the *Switch* of *Shares* of any *Class* into *Shares* of another *Class*; (whether or not the *Classes* are in different *Sub-funds*);

   (c) the creation, allotment, issue or redemption of *Shares* of another *Class* within the same *Sub-fund*, provided that the interests of that other *Class* in the *Sub-fund* represent fairly the financial contributions and benefits of *Shareholders* of that *Class*;

   (d) the creation, allotment, issue or redemption of *Shares* of another *Sub-fund*;

   (e) the exercise by the directors of their powers to re-allocate assets, liabilities, expenses, costs or charges attributable to one *Sub-fund* or to terminate a *Sub-fund*; or

(f) the passing of any resolution at a meeting of another *Sub-fund* which does not relate to the *Sub-fund* in which the *Class* is interested.

## Transfer of Shares

1. All transfers of registered *Shares* must be effected by transfer in any usual or common form or in any other form as may be approved by the *ACD*. The transfer must be in writing unless the *ACD* decides otherwise. The signature on the instrument of transfer may be affixed manually or electronically and may be an actual signature or a facsimile signature. The *ACD* need not enquire as to the genuineness of any signature. The transferor shall remain the holder of the *Shares* concerned until such time as the name of the transferee is entered in the *Register*.

2. No instrument of transfer may be given in respect of more than one *Class*.

3. In the case of a transfer to joint holders, the number of joint holders to whom a *Share* is to be transferred may not exceed four.

4. Unless the *ACD* in its discretion decides otherwise, no transfer may result in either the transferor or the transferee holding fewer *Shares* of the *Class* concerned or *Shares* having a lesser aggregate value than any number or value as is stated in the Prospectus as the minimum which may be held.

## Number of Directors

Unless otherwise determined by the *ACD* the number of directors shall not at any time exceed one.

## Removal of ACD

The *Company* may by ordinary resolution remove the *ACD* before the expiration of its period of office, notwithstanding anything in the *Instrument of Incorporation* or in any agreement between the *Company* and the *ACD*, but the removal will not take effect until the *FCA* has approved it and a new *ACD* approved by the *FCA* has been appointed.

## Amendments and Priority

The *Instrument of Incorporation* may be amended by resolution of the *ACD* to the extent permitted by the *COLL Sourcebook*.

In the event of any conflict arising between any provision of the *Instrument of Incorporation* and the *Regulations*, the *Regulations* will prevail.

## Indemnity

The *Instrument of Incorporation* contains provisions indemnifying the *ACD*, *Auditor* or *Depositary* against liability incurred in defending proceedings for negligence, default, breach of duty or breach of trust, and indemnifying the *Company*'s *Depositary* against liability in certain circumstances otherwise than in respect of failure to exercise due care and diligence.

# Meetings and Voting Rights

## General Meetings

All general meetings shall be called Extraordinary General Meetings. The *Company* will not convene annual general meetings.

## Requisitions of Meetings

The *ACD* may requisition a general meeting of *Shareholders* at any time.

*Shareholders* may also requisition a general meeting. 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 the holders of *Shares* representing 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*. A general meeting must then be convened for a date no later than eight weeks after receipt of such requisition.

## Notice and Quorum

*Shareholders* will receive at least 14 days' written notice of a *Shareholders*' meeting inclusive of the date on which the notice is served and the day of the meeting. 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.

## Voting Rights

Generally, *Shareholders* are entitled to receive notice of a meeting and to vote at a meeting if they were holders of *Shares* in the *Company* on the date seven days before the notice is sent out. This will not, however, include those who are known to the *ACD* not to be holders at the date of the meeting.

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 is entitled to one vote.

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

An instrument appointing a proxy may be in any usual or common form, or any form approved by the *ACD*. The person appointed to act as a proxy need not be a *Shareholder*.

A *Shareholder* entitled to more than one vote need not, if they vote, use all their votes or cast all the votes they use in the same way.

The *ACD* is entitled to attend any meeting but, except in relation to third party *Shares*, may not vote or be counted in the quorum for a meeting and any *Shares* it holds are treated as not being in issue for the purposes of the meeting. An *Associate* of the *ACD* is entitled to attend any meeting of the *Company* and may be counted in the quorum, but may not vote except in relation to third party *Shares*. For these purposes third party *Shares* are any *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.

## Powers of a Shareholders' Meeting

The *Company*'s *Instrument of Incorporation* and the *COLL Sourcebook* empower *Shareholders* in general meeting to approve or require various steps (generally also subject to *FCA* approval).

These matters include:

- removal of the *ACD*
- changes to some of the matters contained in the *Instrument of Incorporation* and this Prospectus
- the amalgamation or reconstruction of the *Company*.

In accordance with the *COLL Sourcebook*, other provisions may be changed by the *ACD* without the approval of *Shareholders* in a general meeting.

There are circumstances, however, in which the *COLL Sourcebook* or the Instrument *of Incorporation* will 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, for example, changes to the investment objectives of a *Sub-fund* or in order to implement any other change deemed to be a “fundamental change” under *COLL* 4.3.

## Proceedings at General Meetings

A person nominated by the *Depositary* will preside as chairman at general meetings. If no such person is present or declines to take the chair, the *Shareholders* present may choose one of their number to be chairman of the meeting.

The chairman of any quorate meeting may with the consent of the meeting adjourn the meeting from time to time (or without date) and from place to place, and if he is directed by the meeting to adjourn he must do so. No business can be transacted at an adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place.

*Shareholders* have rights under the *COLL Sourcebook* to demand a poll. In addition, a poll may be demanded by the chairman of the meeting or by the *ACD* on any resolution put to the vote of a general meeting.

Unless a poll is required, a declaration by the chairman that a resolution has been carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book or computer record of proceedings will be taken without proof, as conclusive evidence of that fact. If a poll is required, it will be taken in such manner (including the use of ballot papers or electronic or computer voting system) as the chairman may direct.

The chairman of a general meeting may take any action he considers appropriate, for example, for the safety of people attending a general meeting, the proper and orderly conduct of the general meeting or in order to reflect the wishes of the majority. He may, for example, require any people to prove who they are, carry out security searches, and stop certain things being taken into the meeting. The chairman may on reasonable grounds refuse to allow any person into a meeting, or may arrange for any person who refuses to comply with any reasonable requirements imposed under this clause to be removed from a meeting. The *ACD* may arrange for any people whom it considers cannot be seated in the main meeting room (where the chairman will be) to attend and take part in a general meeting in an overflow room or rooms. Any overflow room will have a live video link from the main room, and a two-way sound link. The notice of the meeting need not give details of any arrangements under this paragraph. The *ACD* may decide how to divide people between the main room and any overflow room. If any overflow room is used, the meeting will be treated as being held, and taking place, in the main room.

## Corporations Acting by Representatives

Any corporation which is a *Shareholder* may by resolution of its directors or other governing body and in respect of any *Share* or *Shares* of which it is the holder authorise such individual as it thinks fit to act as its representative at any general meeting of the *Shareholders* or of any *Class* or *Sub-fund* meeting. The individual so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise in respect of such *Share* or *Shares* if it were an individual *Shareholder* and such corporation shall be deemed to be present in person if an individual so authorised is present.

A corporation which holds *Shares* as nominee may appoint more than one such representative, each in respect of a specified number of *Shares* which the corporation holds, and each such representative shall be entitled to exercise the powers mentioned above only in respect of the *Shares* concerned.

Any corporation which is a *Director* of the *Company* may by resolution of its directors or other governing body authorise such individual as it thinks fit to act as its representative at any general meeting of the *Shareholders*, or of any *Class* or *Sub-fund* meeting or any meeting of the *Directors*. The person so authorised shall be entitled to exercise the same powers at such meeting on behalf of such corporation as the corporation could exercise if it were an individual *Shareholder* and such corporation shall be deemed to be present in person if an individual so authorised is present.

## Class and Sub-fund Meetings

The above provisions, unless the context otherwise requires, apply to *Class* meetings and meetings of *Sub-funds* as they apply to general meetings of *Shareholders* but by reference to *Shares* of the *Class* or *Sub-fund* concerned and the *Shareholders* and prices of such *Shares*.

# Taxation

## General and Disclaimer

The following is an outline of the *ACD*'s understanding of current UK taxation legislation and practice that applies to the *Sub-funds* and investments in the *Sub-funds*. It does not apply to special categories of *Shareholder* such as dealers in securities, life insurance companies, pension funds or charities. The basis of taxation, and the rates of taxation, may change in the future. The taxation position of *Shareholders* will be affected by their own circumstances and *Shareholders* should consult their professional advisers for specific advice in connection with any decision to acquire, hold or dispose of *Shares*. *Shareholders* may be subject to taxation in a country other than the UK, for example because they reside or were established in that other country.

## The Sub-funds

Each *Sub-fund* will be treated as a separate entity for UK tax purposes. The *Sub-funds* are liable to corporation tax at a rate of 20% on their net income, excluding dividends which will generally not be subject to UK tax. Each *Sub-fund* may be entitled to offset some or all of any foreign tax suffered on its overseas income against its liability to corporation tax to the extent that overseas income is subject to UK corporation tax. Each *Sub-fund* does not pay tax on any gains arising from the disposal of investments held and is not normally liable on capital profits, gains or losses arising in respect of loan relationships or *Derivatives*.

## Shareholders

*Shareholders* may potentially suffer tax both on any income they receive from their *Shares* and on any profit they realise on disposing of their *Shares*.

### Income Equalisation

The price of a *Share* is based on the value of that share class's proportionate interest in the relevant *Sub-fund* including its proportionate interest in the income of the *Sub-fund* since the preceding distribution or, in the case of *Accumulation Shares*, deemed distribution. In the case of the first distribution received a part of the amount, namely the equalisation payment, is a return of capital and is not taxable as income in the hands of the *Shareholder*. However, this amount must be deducted from the cost of the *Share* in computing any capital gains on disposals of *Income Shares*.

In the case of *Accumulation Shares*, no adjustment need be made to the cost of the *Share* for the purposes of capital gains tax.

Equalisation does not apply to *Shares* already held at the beginning of the accounting period. It applies only to *Shares* purchased during the relevant accounting period.

**Accumulation Shares and income**

*Shareholders* holding *Accumulation Shares* will not receive income from their *Shares*. Any income is automatically accumulated and is reflected in the price of each *Accumulation Share*. No *Initial Charge* is levied on this accumulation. This does not affect the tax treatment of the accumulated income which will be taxed in the hands of the *Shareholder* as a distribution, in the same way as a normal distribution on an *Income Share* (for further information see the below sections). Tax vouchers for *Accumulation Shares* will be issued in respect of income earned and accumulated. Any income accumulated will be treated as an extra cost in calculating the profit arising on the disposal of the *Accumulation Shares* for capital gains tax purposes.

**ISA (Individual Savings Account)**

It is possible to invest in all *Classes* of *Shares*.in a *Sub-fund* via an ISA apart from YPF *Class* 2 in respect of the YPF Funds. There are limits as to the amount that can be invested into an ISA in a tax year.

- **Distributions**

A distribution from *Shares* held via an ISA is not taxable. The income tax suffered from an interest distribution can therefore be reclaimed (for the purposes of this Taxation section of the Prospectus, any reference to distributions will include accumulated income on *Accumulation Shares*).

- **Profits on disposal of Shares**

Any profits arising from the disposal of *Shares* held via an ISA are not taxable.

**Other UK Resident Individual Shareholders – rates quoted are for tax-year 2016/2017**

- **Distributions and accumulations**

With effect from 6 April 2016, the Dividend Tax Credit will be replaced by a new tax-free Dividend Allowance of £5,000. Dividend distributions or accumulations are received gross of tax and *Shareholders* receiving total dividend income of less than £5,000 in the tax year will have no further tax to pay.

For *Shareholders* receiving total dividend income during the tax year in excess of £5,000:

- basic rate (20%) taxpayers will have to pay tax at 7.5% on the dividend income which exceeds £5,000.

- higher rate (40%) taxpayers will have to pay tax at 32.5% on the dividend income which exceeds £5,000.

- additional rate (45%) taxpayers will have to pay tax at 38.1% on the dividend income which exceeds £5,000.

With effect from 6 April 2016, HM Revenue & Customs have also introduced a tax-free Personal Savings Allowance of £1,000 (or £500 for higher rate taxpayers) on the interest earned on savings – which includes interest distributions from these *Funds*. In addition, non-taxpayers will pay no tax on any such interest earned.

Interest distributions or accumulations are currently received or accumulated after income tax of 20% has been deducted, although HM Revenue & Customs are currently considering changing this in future to reflect the introduction of the Personal Savings Allowance.

This tax credit may be reclaimed by non-taxpayers from HM Revenue & Customs. Starting rate, basic rate and higher rate taxpayers may also reclaim it if their total interest income in the tax year is less than the allowance of £1,000, £1,000 and £500 respectively. For those whose total interest income exceeds the allowance the tax credit would be taken into account in assessing whether any additional tax or a partial tax reclaim was due.

**Profits on disposal of Shares**

1. Profits arising on the disposal of *Shares* held in a *Sub-fund* are subject to capital gains tax. Part of any increase in value of *Accumulation Shares* is accumulated income. This may be added to the acquisition cost when calculating the capital gain.

2. However, if the total gains realised from all sources by an individual *Shareholder* in a tax year, after deducting allowable losses, are less than the annual exemption, there is no tax to pay. If your total chargeable gains in any tax year are more than your personal annual exemption, capital gains tax will be payable at either 18% or 28% on the excess. The 18% rate will apply where your total of taxable gains and income are less than the upper limit of the income tax basic rate band. The 28% rate will apply to gains (or any part of gains) above that limit. We will not deduct capital gains tax on your behalf; you must declare any taxable gains to HM Revenue & Customs.

3. Capital gains tax may be payable if *Shares* are exchanged for *Shares* of a different *Sub-fund*. The profit arising on such an exchange will be calculated by reference to the market value of the relevant *Shares* at the date of the exchange. If *Shares* in a *Sub-fund* are exchanged for *Shares* in a different *Class* in the same *Sub-fund*, capital gains tax will not be payable and the *Shares* will be treated as if they were acquired

at the same time and in the same way as the *Original Shares* for capital gains tax purposes.

**UK Resident Corporate Shareholders**

- **Distributions**

1. Interest distributions should generally be received gross and are subject to corporation tax.

2. Interest distributions may be paid net of an income tax deduction of 20% which can then be reclaimed or offset against the *Shareholder*'s liability to corporation tax to give the same result. Companies that wish to receive interest distributions gross should contact the *ACD*.

3. Dividend distributions have to be split into that part which relates to franked investment income of the *Sub-fund*, (which would generally include all dividend income of the *Sub-fund*), and that part which relates to the other income. The part relating to franked investment income is generally not taxable. The tax credit received in respect of it cannot be reclaimed. The other part is reclassified as an annual payment deemed to be received by such *Shareholders* after deduction of income tax currently at 20% ("deemed tax deducted"). Such *Shareholders* will be subject to corporation tax on the grossed-up amount of the annual payments but will generally be entitled to credit or repayment of the deemed tax deducted. Where the *Sub-fund* has obtained relief against its liability to corporation tax for foreign tax incurred, a proportionate part of such annual payment will be deemed to be foreign income with a credit for foreign tax.

- **Increase in value of Shares**

Any UK Resident Corporate Investor holding *Shares* in a *Sub-fund* which at any time in the period fails to meet the "qualifying investments" test must treat the *Sub-fund* holding as a creditor relationship. Otherwise the holding will fall within the capital gains regime, so corporation tax will be payable on any subsequent chargeable gain realised on the disposal of the *Shares*. Indexation relief may reduce any such capital gain.

- **Profits on disposal of Shares**

1. Any profit arising on the disposal of *Shares* of a *Sub-fund* that fails the "qualifying investments" test is subject to corporation tax under the rules for the taxation of loan relationships, and reflects any amounts already recognised under these rules.
2. Any profit arising on the disposal of *Shares* of a *Sub-fund* that passes the "qualifying investments" test is subject to corporation tax on chargeable gains, but is reduced by

indexation, which is based on increases in the Retail Price Index during the period of ownership.

3. As with individual UK resident *Shareholders* a tax charge can also arise if *Shares* are exchanged for *Shares* in a different *Sub-fund*. Such a charge will not arise if one *Class* of *Share* is exchanged for another *Class* of *Shares* in the same *Sub-fund*, except in the case of *Sub-funds* that make interest distributions.

**Non UK Resident Individual Shareholders**

Non UK resident *Shareholders* may be entitled to a repayment from the HM Revenue & Customs of the whole or part of any income tax deducted from interest distributions depending on the terms of any applicable Double Tax Agreement.

Non UK resident *Shareholders* will generally not be entitled to a repayment of any part of the tax credit on dividend distributions, although it will normally satisfy their UK tax liability on the income. They may also be able to offset the tax credit against their liability to tax in their own country.

## Stamp Duty Reserve Tax (SDRT)

Generally, there will be no SDRT charge where Shareholders surrender or redeem their *Shares*. However, where the redemption is satisfied by a non-pro rata in specie redemption, then a charge to *SDRT* may apply.

## Compliance with tax reporting requirements

As part of the process of buying *Shares*, and at various points throughout ownership of *Shares*, investors in a *Sub-fund* will be required to provide the *ACD* (or its delegate) with any information that the *Company* or the *Sub-fund* considers necessary to enable compliance with domestic (and any overseas) mandatory tax reporting obligations. This may be in addition to information required for anti-money laundering purposes.

The Foreign Account Tax Compliance Act ("**FATCA**") provisions impose a US federal reporting and withholding tax regime with respect to certain US source income (including dividends and interest) and proceeds from the sale or other disposal of property that can produce certain US source income. The regime will become effective in phases between 1 July 2014 and 1 January 2017.

The UK has entered into a Model 1 Intergovernmental Agreement ("**IGA**") with the US. The *Company* will be obliged to comply with the provisions of FATCA under the terms of UK legislation implementing the UK/US IGA (the "**UK IGA Legislation**"). UK financial institutions that comply with the requirements of the UK IGA Legislation will be treated as compliant with FATCA and, as a result, will not be subject to withholding tax under FATCA ("FATCA

Withholding"). The *Company* expects that it will be considered to be a UK financial institution that will need to comply with the requirements of the UK IGA Legislation and, as a result of such compliance, the *Company* should not be subject to FATCA Withholding. However, there can be no guarantee or assurance that the *Company* will be able to comply with all the requirements imposed by the UK IGA Legislation. In the event that the *Company* is not able to comply with the requirements imposed by the UK IGA Legislation, the *Company* may incur FATCA Withholding tax on certain withholdable payments, which may have an adverse effect on the net asset value of a *Sub-fund* and/or the *Company*.

The scope and application of FATCA Withholding and information reporting pursuant to the terms of FATCA and the IGAs is subject to review by the US, UK and other IGA governments, and the rules may change. *Shareholders* should contact their own tax advisers regarding the application of FATCA to their particular circumstances.

As part of the UK Government's continued commitment to increasing information exchange for tax purposes, the UK has entered into IGAs with its Crown Dependencies (Isle of Man, Guernsey and Jersey) and British Overseas Territories (including the Cayman Island, the British Virgin Islands, Bermuda, Anguilla, Turks and Caicos Islands, Montserrat and Gibraltar). The *Company* may therefore have similar reporting requirements in respect of these jurisdictions.

In addition, the OECD has released the final text of its Common Reporting Standard ("**CRS**") which provides for an automatic exchange of information between all members of the OECD. The proposed implementation of the new legislation in respect of the CRS in the UK was implemented on 26 March 2015 with the first information exchanges in 2017.

In order to comply with its various tax reporting obligations, the *Company* may need to disclose identification and investment information relating to *Shareholders* to HM Revenue & Customs. This information may be exchanged with the IRS and the tax authorities in the Crown Dependencies and British Overseas Territories.

*Shareholders* shall provide information upon request from the *ACD, Company* or the *Sub-fund* which relates to tax reporting requirements. Please note that the *ACD, Company* and the *Sub-fund* will rely on self-certification provided by *Shareholders* with regard to their overseas tax status. *Shareholders* who are concerned about their position are encouraged to consult with their own tax advisers regarding the possible implications of overseas tax reporting on their interest in a *Sub-fund*.

## EU Financial Transaction Tax

After a period of consultation, on 28 September 2011 the European Commission presented a proposal for a financial transaction tax ("**FTT**") in the European Union ("**EU**"). The proposal required unanimous approval of all 27 Member States, and at the Council meetings in June and July 2012, it became clear that an FTT would not receive unanimous support in the foreseeable future.

On 23 October 2012, the Commission received a request from 11 Member States to proceed with proposals for an FTT to be agreed amongst a smaller number of Member States (a so-called enhanced cooperation procedure). The enhanced cooperation was authorised by the Council on 22 January 2013. The 11 Member States forming the FTT zone are Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain ("**EU11**"). In December 2015, Estonia announced that it had withdrawn from the EU FTT negotiations, thus reducing the number of participating Member States to 10 ("EU10").

The objectives of the new proposal are:

- To harmonise the tax treatment within the EU for financial services and reduce the distortions or competition across the EU.
- To ensure financial institutions make a fair and substantial contribution towards covering the cost of the recent financial crisis.
- To avoid future financial crises by providing disincentives for transactions which do not enhance the efficiency of financial markets.

The FTT under the enhanced cooperation procedure is proposed to be levied on all 'financial transactions' in 'financial instruments'. It applies when at least one party to the transaction (acting either for its own account or for the account of another person, or is acting in the name of a party to the transaction) is a "financial institution" established in the EU10 or when the 'financial instrument' which is the subject of the transaction is issued in the EU10.

A joint statement issued in May 2014 by ten of the previous eleven participating Member States indicated an intention to implement the FTT progressively, such that it would initially apply to shares and certain derivatives, with this initial implementation occurring by 1 January 2016. It is now hoped that the remaining participating Member States will reach agreement on the FTT by June 2016, with implementation expected to take place in early 2017. There is therefore likely to be an implication for *Sub-funds* with investments in the EU10. Transactions with counterparties resident in the EU10 may also trigger a liability to the FTT.

A number of critical issues concerning the design of the FTT regime remain unresolved by the EU10 and existing proposals are subject to change. It therefore remains to be seen how the FTT will impact the *Sub-funds.*

## Winding up of the Company and Termination of Sub-funds

The *Company* may only be wound up and a *Sub-fund* may only be terminated under the *COLL Sourcebook* or as an unregistered company under Part V of the Insolvency Act 1986.

Winding up of the *Company* or termination of a *Sub-fund* under the *COLL Sourcebook* may only be commenced following approval by the *FCA*. The *FCA* may only give such approval if the *ACD* provides a statement (following a full enquiry into the affairs, business and property of the *Company* or the *Sub-fund* (as the case may be)) either that the *Company* or the *Sub-fund* will be able to meet its liabilities (including contingent and prospective) within 12 months of the date of the statement or that the *Company* or the *Sub-fund* will be unable to do so. The *Company* or the *Sub-fund* may not be wound up under the *COLL Sourcebook* if there is a vacancy in the position of the *ACD* at the relevant time.

Subject to the above, the *Company* or a *Sub-fund* will be wound up or terminated under the *COLL Sourcebook*:

1. If an extraordinary resolution of the *Company* or the *Sub-fund* (as the case may be) to that effect is passed by *Shareholders*; or

2. 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 wind up the *Company* or to terminate the *Sub-fund*; or

3. If the *FCA* agrees to a request by the *ACD* for the revocation of the authorisation order in respect of the *Company* or the relevant *Sub-fund*.

Following the occurrence of any of the above:

1. *COLL* 6.2 (Dealing), *COLL* 6.3 (Valuation and Pricing) and *COLL* 5 (Investment and Borrowing Powers) will cease to apply to the *Company* or the particular *Sub-fund*;

2. The *Company* will cease to issue and cancel *Shares* in the *Company* or the particular *Sub-fund*;

3. The *ACD* will cease to sell or redeem *Shares* or arrange for the *Company* to issue or cancel them for the *Company* or the particular *Sub-fund*;

4. No transfer of a *Share* will be registered and no other change to the *Register* will be made without the sanction of the *ACD*;
5. Where the *Company* is being wound-up, the *Company* will cease to carry on its business except in so far as it is beneficial for the winding up of the *Company*.

The corporate status and powers of the *Company* and, subject to the provisions of 1 to 5 above, the powers of the *ACD* shall remain until the *Company* is dissolved.

Winding up under the *COLL Sourcebook* is carried out by the *ACD*. The *ACD* shall, as soon as practicable after the *Company* or the *Sub-fund* falls to be wound up or terminated, realise the assets and meet the liabilities of the *Company* or the *Sub-fund* (as the case may be) and, after paying or making adequate provisions for the costs of winding up and for all liabilities properly payable, may arrange for the *Depositary* to make one or more interim distributions out of the remaining *Sub-funds* (if any) to *Shareholders* in proportion to their rights to participate in the *Scheme Property* of the *Company* or the *Sub-fund*.

When the *ACD* has caused all the *Scheme Property* to be realised and all of the liabilities of the *Company* or the particular *Sub-fund* known to the *ACD* to be realised, the *ACD* will arrange for the *Depositary* to make a final distribution to *Shareholders* on or prior to the date on which the final account is sent to *Shareholders* of any balance remaining (net of a provision for any future expenses of the *Company* or *Sub-fund*) in proportion to their holdings in the *Company* or the particular *Sub-fund*.

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.

As soon as reasonably practicable after the completion of the winding up of the *Company*, the *Depositary* shall notify the *FCA* that the winding-up has been completed.

Following the completion of a winding up of the *Company* or termination of a *Sub-fund*, the *ACD* must prepare a final account showing how the winding up was conducted and how the *Scheme Property* was distributed. The *Company*'s *Auditors* shall make a report in respect of the final account stating their opinion as to whether the final account has been properly prepared. Within four months of the end of the final accounting period this final account and the *Auditors*' report must be sent to the *FCA*, and to each affected *Shareholder* (or the first named in the case of joint holders).

# General Information

## Reports and Accounts

Annual reports of the *Company* will be published within four months of the end of each annual accounting period and half-yearly reports will be published within two months of the end of each half-yearly interim accounting period.

The reports and accounts for the *Company* are available on request from the *ACD or* on our customer web pages:

http://personal.rbs.co.uk/personal/investments/existing-customers/Key_Customer_Documents.html

or

http://personal.natwest.com/personal/investments/existing-customers/Key_Customer_Documents.html

The annual reports will also include certain disclosures of information, such as the current risk profile, any changes to the maximum level of leverage and any new arrangements for managing liquidity in relation to a *Sub-fund,* which the *ACD* is required to provide to *Shareholders* on a periodic basis under FUND 3.2.5 R and FUND 3.2.6 R.

## Documents of the Company

The following documents may be inspected free of charge between 9.00am and 5.00pm on every *Business Day* at the offices of the *ACD* at 24-25 St Andrew Square, Edinburgh, EH2 1AF.

1. the most recent annual and half-yearly reports of the *Company*;

2. the most recent Prospectus of the *Company*;

3. the *Instrument of Incorporation* (and any amending *Instrument of Incorporation*);

4. the material contracts referred to below; and

5. information relating to the *Company*'s risk management policy, quantitative limits and methods used and recent developments.

Copies of the above documents may be obtained from the above address. The *ACD* may make a charge at its discretion for copies of documents (other than those set out at 1 and 2 above).

## Material Contracts

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

1. the *ACD Agreement* effective from 3 March 2008 between the *Company* and the *ACD*; and

2. the *Depositary Agreement* dated 19 June 2014 and which took effect on 21 July 2014 between the *Company*, the *ACD* and the *Depositary*.

3. the *Global Custody Agreement* dated 19 June 2014 and which took effect on 21 July 2014 between the *Company*, the *Depositary* and the *Custodian*.

## Property

There is no intention for the *Company* to have an interest in any immovable property or tangible moveable property.

## Complaints

Complaints may be referred to the *ACD* at PO BOX 9908, Chelmsford, Essex CM99 2AF or if you subsequently wish to take your complaint further, direct to the Financial Ombudsman Service at South Quay Plaza, 183 Marsh Wall, London E14 9SR.

Further details may be obtained from the Compliance Officer of the *ACD* at the above address.

## Notices

Notices and documents shall be sent to *Shareholder*s at their registered address.

# Appendix I
# Investment Objectives, Investment Polices, Share Classes and Profiles of Typical Investors

## INCOME FUND

FCA Product Reference Number ("PRN"): 633529

| Investment Objective | Investment Policy | *Class* of Share Available | *Profile of Typical Investor* |
|---|---|---|---|
| To achieve a regular and growing level of income with long term capital growth. | Diversified investment predominantly within equities, fixed interest securities and cash. Investment will be through other collective investment schemes. Allocations to equities, fixed interest securities and cash will vary over time. Investment may also be made in *Derivatives* for hedging and *Efficient Portfolio Management* purposes.<br><br>For liquidity management purposes the *Fund* may also invest in other transferable securities, deposits and units or shares in collective investment schemes. | Net *Income Shares* in *Class* 1. | This *Sub-fund* is designed for retail investors who should have regard to the investment objective and policy of the *Sub-fund* and the risks (see page 46) and should be prepared to invest for at least five years. |

## CAUTIOUS GROWTH FUND

FCA Product Reference Number ("PRN"): 633530

| Investment Objective | Investment Policy | *Class* of Share Available | *Profile of Typical Investor* |
|---|---|---|---|
| To achieve capital growth over the medium to long term. | Diversified investment predominantly within equities, fixed interest securities, property and cash. Investment will be through other collective investment schemes. Allocations to equities, fixed interest securities, property and cash will vary over time. Equity exposure will be restricted to 40% of the *Sub-fund*. Investment may also be made in *Derivatives* for hedging and *Efficient Portfolio Management* purposes.<br><br>For liquidity management purposes the *Fund* may also invest in other transferable securities, deposits and units or shares in collective investment schemes. | Net *Accumulation Shares* in *Class* 1. | This *Sub-fund* is designed for retail investors who should have regard to the investment objective and policy of the *Sub-fund* and the risks (see page 46) and should be prepared to invest for at least five years. |

## BALANCED GROWTH FUND

FCA Product Reference Number ("PRN"): 633531

| Investment Objective | Investment Policy | *Class* of Share Available | *Profile of Typical Investor* |
|---|---|---|---|
| To achieve capital growth over the long term. | Diversified investment predominantly within equities, fixed interest securities, property and cash. Investment will be through other collective investment schemes. Allocations to equities, fixed interest securities, property and cash will vary over time. Equity exposure will be restricted to 85% of the *Sub-fund*. Investment may also be made in *Derivatives* for hedging and *Efficient Portfolio Management* purposes.<br><br>For liquidity management purposes the *Fund* may also invest in other transferable securities, deposits and units or shares in collective investment schemes. | Net *Accumulation Shares* in *Class* 1. | This *Sub-fund* is designed for retail investors who should have regard to the investment objectives and policy of the *Sub-fund* and the risks (see page 46) and should be prepared to invest for at least five years. |

## ADVENTUROUS GROWTH FUND

FCA Product Reference Number ("PRN"): 633532

| Investment Objective | Investment Policy | *Class* of Share Available | *Profile of Typical Investor* |
|---|---|---|---|
| To achieve capital growth over the long term. | Diversified investment predominantly within equities. Investment will be through other collective investment schemes. The *Sub-fund* is able to invest up to 100% in equities. Allocations to specific global equity markets will vary over time. Investment may also be made in *Derivatives* for hedging and *Efficient Portfolio Management* purposes.<br><br>For liquidity management purposes the *Fund* may also invest in other transferable securities, deposits and units or shares in collective investment schemes. | Net *Accumulation Shares* in *Class* 1. | This *Sub-fund* is designed for retail investors who should have regard to the investment objective and policy of the *Sub-fund* and the risks (see page 46) and should be prepared to invest for at least five years. |

## YOUR PORTFOLIO FUND II

FCA Product Reference Number ("PRN"): 633533

| Investment Objective | Investment Policy | *Class* of Share Available | *Profile of Typical Investor* |
|---|---|---|---|
| The *Sub-fund* aims to provide a total return from a combination of income and capital appreciation over the medium to longer term. | The current policy of the *Sub-fund* is to invest predominantly in a range of collective investment schemes to achieve a broad exposure to diversified investments in the UK and overseas, including equities, fixed and variable rate interest bearing securities and | Net *Accumulation Shares* in YPF *Class* 1.<br><br>Net *Accumulation Shares* in YPF *Class* 2. | This investment option is designed for customers who are conservative with their investments, and are willing to accept a small degree of investment risk in order to achieve relatively stable returns. They accept the risk of short term, minor fluctuations in value, |

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|---|---|---|---|
| | immoveable property. The *Sub-fund* may also invest in transferable securities, money-market instruments, deposits, cash and near cash. Typically, the *Sub-fund* will have a high exposure to lower risk assets, such as fixed interest bearing securities.<br><br>Investments may also be made in *Derivatives* for hedging and *Efficient Portfolio Management* purposes. Collective investment schemes in which the *Sub-fund* invests may, in addition, invest in *Derivatives* for investment purposes as well as for hedging and *Efficient Portfolio Management*. Such use of *Derivatives* by these other collective investment schemes may be extensive.<br><br>For liquidity management purposes the *Fund* may also invest in other transferable securities, deposits and units or shares in collective investment schemes. | | and that losses to their capital may occur. |

## YOUR PORTFOLIO FUND III

FCA Product Reference Number ("PRN"): 633534

| Investment Objective | Investment Policy | *Class* of Share Available | *Profile of Typical Investor* |
|---|---|---|---|
| The *Sub-fund* aims to provide a total return from a combination of income and capital appreciation over the medium to longer term. | The current policy of the *Sub-fund* is to invest predominantly in a range of collective investment schemes to achieve a broad exposure to diversified | Net *Accumulation Shares* in YPF *Class* 1.<br><br>Net *Accumulation Shares* in YPF *Class* 2. | This investment option is designed for customers who are cautious with their investments, preferring a modest degree of risk in order to achieve |

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|---|---|---|---|
| | investments in the UK and overseas, including equities, fixed and variable rate interest bearing securities and immoveable property. The *Sub-fund* may also invest in transferable securities, money-market instruments, deposits, cash and near cash. Typically, the *Sub-fund* will have a preference towards lower risk assets, such as fixed interest bearing securities.<br><br>Investments may also be made in *Derivatives* for hedging and *Efficient Portfolio Management* purposes. Collective investment schemes in which the *Sub-fund* invests may, in addition, invest in *Derivatives* for investment purposes as well as for hedging and *Efficient Portfolio Management*. Such use of *Derivatives* by these other collective investment schemes may be extensive.<br><br>For liquidity management purposes the *Fund* may also invest in other transferable securities, deposits and units or shares in collective investment schemes. | | improved expected returns. They accept the risk of modest yet frequent fluctuations in value, and that losses to their capital may occur. |

## YOUR PORTFOLIO FUND IV

FCA Product Reference Number ("PRN"): 633535

| Investment Objective | Investment Policy | *Class* of Share Available | *Profile of Typical Investor* |
|---|---|---|---|
| The *Sub-fund* aims to provide a total return from a combination of income and capital appreciation over the medium to longer term. | The current policy of the *Sub-fund* is to invest predominantly in a range of collective investment schemes to achieve a broad exposure to diversified investments in the UK and overseas, including equities, fixed and variable rate interest bearing securities and immoveable property. The *Sub-fund* may also invest in transferable securities, money-market instruments, deposits, cash and near cash.<br><br>Investments may also be made in *Derivatives* for hedging and *Efficient Portfolio Management* purposes. Collective investment schemes in which the *Sub-fund* invests may, in addition, invest in *Derivatives* for investment purposes as well as for hedging and *Efficient Portfolio Management*. Such use of *Derivatives* by these other collective investment schemes may be extensive.<br><br>For liquidity management purposes the *Fund* may also invest in other transferable securities, deposits and units or shares in collective investment schemes. | Net *Accumulation Shares* in YPF *Class* 1.<br><br>Net *Accumulation Shares* in YPF *Class* 2. | This investment option is designed for customers who are balanced in their risk tolerance – they neither seek nor seek to avoid risk. They are prepared to accept risk with their investments where this could result in improved long-term returns. They accept the risk of frequent and at times significant fluctuations in value and that losses to their capital may occur. |

## YOUR PORTFOLIO FUND V

FCA Product Reference Number ("PRN"): 633536

| Investment Objective | Investment Policy | *Class* of Share Available | Profile of Typical Investor |
|---|---|---|---|
| The *Sub-fund* aims to provide a total return from a combination of income and capital appreciation over the medium to longer term. | The current policy of the *Sub-fund* is to invest predominantly in a range of collective investment schemes to achieve a broad exposure to diversified investments in the UK and overseas, including equities, fixed and variable rate interest bearing securities and immoveable property. The *Sub-fund* may also invest in transferable securities, money-market instruments, deposits, cash and near cash. Typically, the *Sub-fund* will have a preference towards those assets providing potential for growth, such as equities.<br><br>Investments may also be made in *Derivatives* for hedging and *Efficient Portfolio Management* purposes. Collective investment schemes in which the *Sub-fund* invests may, in addition, invest in *Derivatives* for investment purposes as well as for hedging and *Efficient Portfolio Management*. Such use of *Derivatives* by these other collective investment schemes may be extensive.<br><br>For liquidity management purposes the *Fund* may also invest in other transferable securities, deposits and units or shares in collective investment schemes. | Net *Accumulation Shares* in YPF *Class* 1.<br><br>Net *Accumulation Shares* in YPF *Class* 2. | This investment option is designed for customers who are assertive with their investments. They are prepared and comfortable with the risk of sustained periods of poorer performance in order to achieve potentially higher long-term returns. They accept the risk of frequent and considerable fluctuations in value and that losses to their capital may occur. |

## YOUR PORTFOLIO FUND VI

FCA Product Reference Number ("PRN"): 633537

| Investment Objective | Investment Policy | *Class* of Share Available | *Profile of Typical Investor* |
|---|---|---|---|
| The *Sub-fund* aims to provide a total return from a combination of income and capital appreciation over the medium to longer term. | The current policy of the *Sub-fund* is to invest predominantly in a range of collective investment schemes to achieve a broad exposure to diversified investments in the UK and overseas, of primarily equities, but which may include fixed and variable rate interest bearing securities and immoveable property. The *Sub-fund* may also invest in transferable securities, money-market instruments, deposits, cash and near cash. Typically, the *Sub-fund* will have a high exposure to assets providing potential for growth, such as equities.<br><br>Investments may also be made in *Derivatives* for hedging and *Efficient Portfolio Management* purposes. Collective investment schemes in which the *Sub-fund* invests may, in addition, invest in *Derivatives* for investment purposes as well as for hedging and *Efficient Portfolio Management*. Such use of *Derivatives* by these other collective investment schemes may be extensive.<br><br>For liquidity management purposes the *Fund* may also invest in other transferable securities, deposits and units or shares in collective investment schemes. | Net *Accumulation Shares* in YPF *Class* 1.<br><br>Net *Accumulation Shares* in YPF *Class* 2. | This investment option is designed for customers who are adventurous with their investments. They are focussed on investments which could provide much higher long-term returns and are very comfortable with lengthy periods of poor performance in order to achieve this. They accept the risk of large fluctuations in value and that losses to their capital may occur. |

# Appendix II
# Investment and Borrowing Powers and Restrictions

## Investment restrictions

The property of each *Sub-fund* will be invested with the aim of achieving the investment objective of that *Sub-fund* but at all times subject to

(i) the limits on investment set out in *COLL* 5.6 that are applicable to *Non-UCITS Retail Scheme*s (as summarised below); and

(ii) the *Sub-fund's* investment policy.

The *ACD* shall ensure that, taking account of the investment objectives and policy of each *Sub-fund*, the *Scheme Property* of the *Sub-fund* aims to provide a prudent spread of risk.

The following is a summary of the investment limits under the *COLL Sourcebook*:

## General

The property of a *Sub-fund* must, except where otherwise provided in *COLL* 5, only consist of any or all of:

1. transferable securities
2. money market instruments
3. permitted *Derivatives* and forward transactions
4. permitted deposits
5. permitted immovables
6. gold up to a limit of 10% in value of the *Scheme Property*
7. permitted units in collective investment schemes.

The following paragraphs summarise the restrictions for *Non-UCITS Retail Schemes* generally under the *COLL Sourcebook*. However, each *Sub-fund* is managed subject to its investment policy, and this indicates the likely type of investments which will be held. Accordingly, each of the *Sub-funds* will generally invest in units or *Shares* of collective investment schemes. Each *Sub-fund* may also invest in *Derivatives* for *Efficient Portfolio Management* (including hedging) purposes. **The use of *Derivatives* is not expected to alter the risk profiles of the *Sub-funds* compared to the risk profiles they would have if they invested directly in the underlying assets.**

Transferable securities and money market instruments held within a *Sub-fund* must:

1. be admitted to or dealt in on an eligible market in accordance with the rules of the *COLL Sourcebook*; or
2. for an approved money market instrument not admitted to or dealt in on an eligible market, meet the requirements of the *COLL Sourcebook* in relation to regulated issuers and issuers and guarantors of money-market instruments; or
3. be recently issued transferable securities, provided that the terms of issue include an undertaking that application will be made to be admitted to an eligible market; and such admission is secured within a year of issue.

Not more than 20% in value of the *Scheme Property* of a *Sub-fund* is to consist of transferable securities or approved money market instruments other than those referred to above.

## Eligible Markets

These are

1. regulated markets (as defined for the purposes of *COLL*); or

2. markets established in an *EEA State* which are regulated, operate regularly and are open to the public; or

3. 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 a *Sub-fund* having regard to the relevant criteria in the *COLL Sourcebook* and guidance from the *FCA*. 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 markets for the *Sub-funds* are set out in Appendix III.

## Spread

The requirements on spread of investments do not apply until 12 months after the date the initial offer in respect of a *Sub-fund* commences, provided that the requirement to maintain a prudent spread of risk is complied with.

When a *Sub-fund* invests in *Derivatives*, the exposure to the underlying assets must not exceed the spread limits referred to below. However, if a *Sub-fund* invests in an index-based *Derivative*, the underlying constituents of the index do not have to be taken into account for this purpose, as long as the *ACD* in making such investments aims to maintain a prudent spread of risk.

- **Spread: general**

This section on spread of investment generally does not apply to government and public securities.

For the purpose of this section companies included in the same group for the purposes of consolidated accounts as defined in accordance with the Seventh Council Directive 83/349/EEC of $13^{th}$ June 1983 based on Article 54(3) (g) of the Treaty in consolidated accounts or, in the same group in accordance with international accounting standards are regarded as a ("***Single Body")***.

Not more than 20% in the value of the *Scheme Property* can consist of deposits with a *Single Body.* In applying this 20% limit, all uninvested cash comprising capital property that the *Depositary* holds should be taken into account.

Not more than 10% in value of the *Scheme Property* is to consist of transferable securities or money market instruments issued by any *Single Body.* The limit of 10% is raised to 25% in value of the *Scheme Property* in respect of covered bonds. For these purposes certificates representing certain securities are treated as equivalent to the underlying security.

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

For the purposes of calculating the limits above in respect of OTC *Derivatives*:

1. exposure may be reduced to the extent that collateral is held in respect of it if the collateral meets each of the following conditions:

   (a) is marked-to-market on a daily basis and exceeds the value of the amount at risk;

   (b) is exposed only to negligible risks (e.g. government bonds of first credit rating or cash) and is liquid;

   (c) 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

   (d) can be fully enforced by the relevant *Sub-fund* at any time.

2. OTC *Derivative* positions with the same counterparty may be netted provided that the netting procedures:

   (a) comply with the conditions set out in Section 3 (Contractual netting (Contracts for novation and other netting agreements)) of Annex III to Directive 2000/12/EC; and

   (b) are based on legally binding agreements.

In applying the spread limits in this section, all *Derivatives* transactions are deemed to be free of counterparty risk if they are performed on an exchange where the clearing house meets each of the following conditions:

1. it is backed by an appropriate performance guarantee; and

2. it is characterised by a daily mark-to-market valuation of the *Derivative* positions and an at least daily margining.

No more than 35% in value of the *Scheme Property* can consist of units/*Shares* in one collective investment scheme.

Where the second scheme is an umbrella, the provisions in this section "spread: general" apply to each sub-fund as if it were a separate scheme.

**Spread: Government and Public Securities**

The following applies to transferable securities ("***Such Securities***") issued by:

(a) an *EEA State*;
(b) a local authority of an *EEA State*;
(c) a non-*EEA State*; or
(d) a public international body to which one or more *EEA States* belong.

Where no more than 35% of the *Scheme Property* is invested in *Such Securities* issued or guaranteed by any one body, there is no limit on the amount of the *Scheme Property* which may be invested in *Such Securities* or in any one issue.

A *Sub-fund* may invest more than 35% in value of the *Scheme Property* in *Such Securities* issued by any one body provided that:

1. the *ACD* has before any such investment is made consulted with the *Depositary* and as a result considers that the issuer of *Such Securities* is one which is appropriate in accordance with the investment objectives of the *Sub-fund*;

2. up to 30% in value of the *Scheme Property* consists of *Such Securities* of any one issue;

3. the *Scheme Property* includes *Such Securities* issued by that or another issuer, of at least six different issues;

4. the disclosures required by the *FCA* have been made.

## Investment in transferable securities

(1) A *Sub-fund* may invest in a transferable security only to the extent that the transferable security fulfils the following:

(a) the potential loss which a *Sub-fund* may incur with respect to holding the transferable security is limited to the amount paid for it;

(b) its liquidity does not compromise the ability of the *ACD* to comply with its obligation to redeem *Shares* at the request of the qualifying *Shareholder*;

(c) reliable valuation is available for it as follows:

(i) in the case of a transferable security admitted to or dealt in on an eligible market, where there are accurate, reliable and regular prices which are either market prices or prices made available by valuation systems independent from issuers;
(ii) in the case of a transferable security not admitted to or dealt in on an eligible market, where there is a valuation on a periodic basis which is derived from information from the issuer of the transferable security or from competent investment research;

(d) appropriate information is available for it as follows:

(i) in the case of a transferable security admitted to or dealt in on an eligible market, where there is regular, accurate and comprehensive information available to the market on the transferable security or, where relevant, on the portfolio of the transferable security;

(ii) in the case of a transferable security not admitted to or dealt in on an eligible market, where there is regular and accurate information available to the *ACD* on the transferable security, or, where relevant, on the portfolio of the transferable security;

(e) it is negotiable; and

(f) its risks are adequately captured by the risk management process of the *ACD*.

(2) Unless there is information available to the *ACD* that would lead to a different determination, a transferable security which is admitted to or dealt in on an eligible market shall be presumed:

(a) not to compromise the ability of the *ACD* to comply with its obligation to redeem units at the request of any qualifying *Shareholder*; and

(b) to be negotiable.

(3) A *Sub-fund* may invest in any other investment which shall be taken to be a transferable security for the purposes of investment by a UCITS scheme provided the investment:

(a) fulfils the criteria for transferable securities set out above; and

(b) is backed by or linked to the performance of other assets, which may differ from those in which a *Sub-fund* may invest.

Where an investment in (3) above contains an embedded *Derivative* component, the requirements of the *COLL Sourcebook* with respect to *Derivatives* and forwards will apply to that component.

## Money market instruments

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.

1. A money market instrument is regarded as normally dealt on a money market if it has a maturity at issuance of up to and including 397 days, has a residual maturity of up to and including 397 days, undergoes regular yield adjustments in line with money market conditions at least every 397 days or has an appropriate risk profile (including credit and interest rate risks).

2. A money-market instrument shall be regarded as liquid if it is admitted to or dealt in on an eligible market or can be sold at a limited cost in an adequately short time frame, taking into account the obligation of the *ACD* to redeem units at the request of any qualifying *Shareholder*.

3. A money-market instrument shall be regarded as having a value which can be determined at any time if it is admitted to or dealt on an eligible market or if accurate and reliable valuations systems are available which fulfill the following:

   (a) enabling the *ACD* to calculate the *NAV* in accordance with the value at which the instrument held could be exchanged between knowledgeable willing parties in an arm's length transaction; and

   (b) based either on market data or on valuation models including systems based on amortised costs.

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

(i) Is issued or guaranteed by a central, regional or local authority, central bank of an *EEA State*, the European Central Bank, the European Union or the European Investment Bank, a non-*EEA State* or, in the case of a federal state, by one of the members making up the federation, or by a public international body to which one or more *EEA State*s belong; 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 EU law or by an establishment which is subject to and complies with prudential rules considered by the *FCA* to be at least as stringent as those laid down by EU law; and

(ii) the issue or the issuer of the money-market instrument is regulated for the purpose of protecting investors and savings.

Notwithstanding the above up to 20% of the *Scheme Property* of a *Sub-fund* may be invested in money market instruments which do not meet these criteria.

## Investment in collective investment schemes

Up to 100% in value of the *Scheme Property* of a *Sub-fund* may be invested in units in other schemes. Investment may only be made in other collective investment schemes providing the second scheme meets each of the requirements in (1) to (5) below:

1. The second scheme:

    a) must satisfy the conditions necessary for it to enjoy the rights conferred by the *UCITS Directive*; or

    b) is a *Non-UCITS Retail Scheme*; or

    c) is a recognised scheme; or

    d) is constituted outside the United Kingdom and the investment and borrowing powers of which are the same or more restrictive than those of *Non-UCITS Retail Schemes*; or

    e) is a scheme not falling within (a) to (d) and in respect of which no more than 20% in the value of the *Scheme Property* (including any transferable securities which are not approved securities) is invested;

2. the second scheme operates on the principle of the prudent spread of risk;

3. the second scheme is prohibited from having more than 15% in value of the property of that scheme consisting of units in collective investment schemes, unless the second scheme is dedicated to units in one or more property authorised investment funds (PAIFs), each of which PAIFs is itself prohibited from having more than 15% in value of the property of the scheme consisting of units in other collective investment schemes[1];

4. the participants in the second scheme must be entitled to have their units redeemed in accordance with the scheme at a price:

   (a) related to the net value of the property to which the units relate; and
   (b) determined in accordance with the scheme.

5. Where the second scheme is an umbrella, the provisions in 2 to 4 apply to each sub-fund as if it were a separate scheme.

The *Scheme Property* of a *Sub-fund* may include units in such collective investment schemes which are managed or operated by the *ACD* or an *Associate* of the *ACD*. The *ACD* is required by the *COLL Sourcebook* to reimburse such *Sub-fund* with any preliminary or redemption charges that may be payable upon investment in units or *Shares* in other unit trusts or collective investment schemes managed or operated by the *ACD* or an *Associate* of the *ACD*.

## Investment in nil and partly paid securities

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

[1] The Fund and the ACD have been granted a waiver by the FCA which runs until 19 August 2018 to allow the Fund to invest in PAIF feeder funds.

## Derivatives and forward transactions

*Derivative* transactions may be used for the purposes of *Efficient Portfolio Management* (including hedging) and meeting the investment objectives of a *Sub-fund*. In pursuing a *Sub-fund*'s objective the *ACD* may make use of a variety of *Derivative* instruments in accordance with the *COLL Sourcebook*.

A transaction in a *Derivative* or forward transaction must:

1. (a) be in an approved *Derivative* effected on or under the rules of an eligible *Derivatives* market; or

   (b) if an OTC *Derivative*, 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 *COLL Sourcebook*, must be on approved terms as to valuation, sale, liquidation and close out and must be capable of reliable valuation and be subject to verifiable valuation; and

   (c) in the case of a forward transaction. be made with an *Eligible Institution* (as defined in the *FCA* Glossary) or an *Approved Bank.*

2. have the underlying consisting of any or all of the following to which the *Sub-fund* is dedicated:

   (a) permitted transferable securities;

   (b) permitted approved money market instruments;

   (c) permitted deposits;

   (d) permitted *Derivatives* and forward transactions;

   (e) permitted collective investment scheme units;

   (f) financial indices (which meet the criteria set out in the *COLL Sourcebook*);

   (g) interest rates;

   (h) foreign exchange rates; and

   (i) currencies

   (j) permitted immoveables

(k) gold

3. 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, approved money market instruments, units in collective investment schemes, or *Derivatives*.

4.

A *Derivatives* or forward transaction which would or could lead to delivery of *Scheme Property* to the *Depositary* for the account of a *Sub-fund* may be entered into only if such *Scheme Property* can be held for the account of a *Sub-fund*, and the *ACD* having taken reasonable care determines that delivery of the property pursuant to the transaction will not lead to a breach of the *COLL Sourcebook*.

The exposure to the underlying assets through investment in *Derivatives* must not exceed the limits set out in Spread above. Where a transferable security or money market instrument embeds a *Derivative*, this must be taken into account for the purposes of complying with these limits.

The *ACD* must ensure that its global exposure relating to the *Derivative* and forward transactions held in the scheme does not exceed the net value of the *Scheme Property*.

In the case of each of the *Sub-fund*s the use of *Derivative* transactions is limited to *Efficient Portfolio Management* techniques as described below ("***Efficient Portfolio Management***").

*Efficient Portfolio Management* must satisfy three broadly based requirements:

1. A transaction must be one which (along or in combination with one or more other) is reasonably believed by the *ACD* to be economically appropriate to the *Efficient Portfolio Management* of the Scheme. This means that, for transactions undertaken to reduce risk or cost (or both), the transaction (alone or in combination) will diminish a risk or cost of a kind or level which it is sensible to reduce and, for a transaction undertaken to generate additional capital or income, the Scheme is certain (or certain barring events which are not reasonably foreseeable) to derive a benefit from the transaction.

   *Efficient Portfolio Management* may not include transactions which may reasonably be regarded as speculative.

2. The purpose of permitted *Derivative* transaction for the Scheme must be to achieve one of the following aims in respect of the Scheme:

   *(a)* ***Reduction of risk****.* One example of how the use of permitted transactions would achieve this aim is in the use of cross-currency hedging where all or

part of the currency exposure of the *Scheme Property* may be *Switched* away from a currency the *ACD* considers unduly prone to risk, to another currency. Another example is the use of permitted transactions in tactical asset allocation, which permits the *ACD* to undertake a *Switch* in exposure of types of assets by use of *Derivatives*, rather than through sale and purchase of the *Scheme Property*.

*(b)* ***Reduction of cost****.* The aims of reduction of risk or cost, together or separately, allow the *ACD* on a temporary basis to use the technique of tactical asset allocation. If a transaction for the Scheme relates to the acquisition or potential acquisition of transferable securities, the *ACD* must intend that the Scheme should invest in transferable securities within a reasonable time and the *ACD* must thereafter ensure that, unless the position has itself been closed out, that intention is realised within that reasonable time.

*(c)* ***The generation of additional capital or income for the Scheme with no, or an acceptably low level of, risk which is consistent with the Scheme's risk profile and the risk diversification rules laid down in the COLL Sourcebook.*** There is an acceptably low level of risk in any case where the *ACD* reasonably believes that the Scheme is certain (or certain barring events which are not reasonably foreseeable) to derive a benefit. The generation of additional capital or income may arise out of taking advantage of price imperfections or from the receipt of a premium for writing of covered call or covered put options (even if the benefit is obtained at the expense of the chance of yet greater benefit).

The relevant purpose must relate to *Scheme Property*; *Scheme Property* (whether precisely identified or not) which is to be or is proposed to be acquired for the Scheme; and anticipated cash receipts of the Scheme, if due to be received at some time and likely to be received within one month.

3. The maximum exposure of each permitted transaction must be fully covered *"*globally*"* by *Scheme Property*. Exposure is covered globally if adequate cover from within the *Scheme Property* is available to meet the *Sub-fund's* total exposure, taking into account the value of the underlying assets, any reasonable foreseeable market movement, counterparty risk, and the time available to liquidate any positions.

*Scheme Property* the subject of a stocklending arrangement is only available for cover if reasonable care has been taken to determine that it is obtainable (by return or re-acquisition) in time to meet the obligation for which cover is required. The global exposure relating to *Derivatives* held in the Scheme may not exceed the net value of the *Scheme Property*.

## Requirement to cover sales

No agreement by or on behalf of the *Company* to dispose of property or rights may be made unless (a) the obligation to make the disposal and any other similar obligation could immediately be honoured by the *Company* by delivery of property or the assignment (or, in Scotland, assignation) of rights, and (b) the property and rights above are owned by the *Company* at the time of the agreement. This requirement does not apply to a deposit. In the *FCA*'s view, the requirement in (a) above can be met where:

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

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:

   (a) cash;

   (b) liquid debt instruments (e.g. government bonds of first credit rating) with appropriate safeguards (in particular, haircuts); or

   (c) other highly liquid assets having regard to their correlation with the underlying of the financial *Derivative* instruments, subject to appropriate safeguards (e.g. haircuts where relevant).

   Within these asset classes, an asset may be considered as liquid where the instrument can be *Converted* into cash in no more than seven *Business Days* at a price closely corresponding to the current valuation of the financial instrument on its own market.

## OTC transactions in Derivatives

Any transaction in an OTC *Derivative* must be:

1. with an approved counterparty; A counterparty to a transaction in *Derivatives* is approved only if the counterparty is an *Eligible Institution* or an *Approved Bank*; or a person whose permission (including any requirements or limitations), as published in the *FCA* Register or whose Home State authorisation, permits it to enter into the transaction as principal off-exchange;

2. on approved terms; the terms of the transaction in *Derivatives* are approved only if the *ACD* carries out at least daily, a reliable and verifiable valuation in respect of that transaction corresponding to its fair value and which does not rely only on market quotations by the counterparty; and can enter into one or more further transactions to sell, liquidate or close out that transaction at any time, at its fair value. For the purposes of this paragraph, "fair value" is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction. Also for the purposes of this paragraph 2, the *ACD* must establish, implement and maintain arrangements and procedures which ensure appropriate, transparent and fair valuation of the exposures of the *Company* to OTC *Derivatives* and ensure that the fair value of OTC *Derivatives* is subject to adequate, accurate and independent assessment. Where the arrangements and procedures involve the performance of certain activities by third parties, the *ACD* must comply with due diligence and additional requirements. The arrangements and procedures referred to in this paragraph must be adequate and proportionate to the nature and complexity of the OTC *Derivative* concerned and adequately documented.

3. capable of reliable valuation; a transaction in *Derivatives* is capable of reliable valuation only if the *ACD* having taken reasonable care determines that, throughout the life of the *Derivative* (if the transaction is entered into), it will be able to value the investment concerned with reasonable accuracy: on the basis of an up to date market value which the *ACD* and the *Depositary* have agreed is reliable, or, if this value is not available on the basis of a pricing model which the *ACD* and *Depositary* have agreed uses an adequate recognised methodology.

4. subject to verifiable valuation; a transaction in *Derivatives* is subject to verifiable valuation only if, throughout the life of the *Derivative* (if the transaction is entered into) verification of the valuation is carried out by:

   (a) an appropriate third party which is independent from the counterparty of the *Derivative*, at an adequate frequency and in such a way that the authorised fund manager is able to check it; or

(b) a department within the authorised fund manager which is independent from the department in charge of managing the *Scheme Property* and which is adequately equipped for such a purpose.

## Risk Management

An authorised fund manager must use a risk management process enabling it to monitor and measure as frequently as appropriate the risk of a *Sub-fund's* positions and their contribution to the overall risk profile of the *Sub-fund*.

A copy of the *ACD*'s risk management policy in relation to permitted *Derivative* transactions is available upon request by writing to the *ACD* at PO BOX 9908, Chelmsford, Essex CM99 2AF

## Immovables

Up to 100% in value of the *Scheme Property* may consist of approved immovables (property), subject to the *Regulations*.

2. Any investment in land or a building held within the *Scheme Property* must be an immovable within 2 to 5 below :

3. An immovable must:

   (a) be situated in any *EEA State* or Australia, Canada, Japan, New Zealand, Switzerland or the USA; and

   (b) if situated in
      (i) England and Wales or Northern Ireland, be a freehold or leasehold interest;
      (ii) Scotland, be any interest or estate in or over land or heritable right including a long lease;

   (c) if situated elsewhere be equivalent to any of the interests mentioned in (b) above.

4. The *ACD* must have taken reasonable care to determine that the title to the immovable is a good marketable title.

5. The *ACD* must:
   (a) have received a report from an appropriate valuer that:

      (i) contains a valuation of the immovable (with or without any relevant subsisting mortgage); and

(ii) states that, in the appropriate valuer's opinion, the immovable would, if acquired for the *Company*, be capable of being disposed of reasonably expeditiously at that valuation; or

(b) have received a report from an appropriate valuer as required by 4(a)(i) above and stating that:

(i) the immovable is adjacent to or in the vicinity of another immovable included in the *Scheme Property* or is another legal interest as defined in 2 (b) or (c) above in an immovable that is already included in the *Scheme Property*; and

(ii) in the opinion of the appropriate valuer, the total value of the immovable, if acquired for the *Company,* and of the other immovable, would at least equal the sum of the price payable for the immovable and the existing value of the other immovable.

5. The immovable must:

(a) be bought or agreed by enforceable contract to be bought within six months after receipt of the report of the appropriate valuer under 4 above;

(b) not be bought if at the time of the purchase or agreement it is apparent to the *ACD* that the report could no longer reasonably be relied upon; and

(c) not be bought at more than 105% of the valuation in the report in 4 above.

6. Any furniture, fittings or other contents of any building may be regarded as part of the relevant immovable.

7. A person is an appropriate valuer if:

(a) he has knowledge of and expertise in the valuation of immovables of the relevant kind in the relevant area;

(b) he is or is qualified to be a standing independent valuer of a *Non-UCITS Retail Scheme* or is considered by the *Company's* standing independent valuer to hold equivalent qualifications;

(c) he is independent of the *Company*, the *Depositary* and the *ACD*; and

(d) has not engaged himself or any of his *Associates* in relation to the finding of the immovable for the *Company* or of finding the *Company* for the immovable.

The following limits apply in respect of immovables held as part of the *Scheme Property*:

1. not more than 15% in value of the *Scheme Property* may consist of any one immovable (adjacent immovables in the vicinity of each other are treated as one immovable). This limit is increased to 25% in value once the immovable has been included in the *Scheme Property*;

2. not more than 25% of the gross rental income receivable in any accounting period may derive from members of any one group (or in the case of a government or public body, 35%);

3. no more than 20% in value of the *Scheme Property* is to consist of immovables that are subject to a mortgage and any mortgage must not secure more than 100% of the value of the immovable (on the assumption that the immovable is not mortgaged);

4. the aggregate value of:

   (a) mortgages secured on immovables under 3 above;

   (b) the borrowing of the *Company* under the section headed 'borrowing powers' on page 116; and

   (c) any transferable security that are not approved securities;

   must not at any time exceed 20% of the value of the *Scheme Property*.

5. not more than 50% in value of the *Scheme Property* is to consist of immovables which are unoccupied and non-income producing or in the course of substantial development, redevelopment or refurbishment; and

6. no option may be granted to a third party to buy any immovable comprised in the *Scheme Property* unless the value of the relevant immovable does not exceed 20% of the value of the *Scheme Property* together with, where appropriate, the value of investments in:

   (a) unregulated collective investment schemes; and

   (b) any transferable securities which are not approved securities.

## Cash and Near Cash

Cash or near cash must not be retained in the *Scheme Property* except in order to enable:

1. the pursuit of that *Sub-fund*'s investment objective;

2. for redemption of *Shares* in that *Sub-fund*;

3. efficient management of the *Sub-fund* in accordance with its investment objective; or

4. for a purpose which may reasonably be regarded as ancillary to the investment objectives of that *Sub-fund*.

## Stock lending

Stock lending is an arrangement where the *Company* or the *Depositary* delivers securities which are the subject of the transaction in return for which it is agreed that securities of the same kind and amount be redelivered to the *Company* or the *Depositary* at a later date. The *Company* or the *Depositary* at the time of delivery receives collateral to cover against the risk of the future redelivery not being completed.

The *Company*, or the *Depositary* at the *Company*'s request, may enter into stock lending transactions (involving a disposal of securities in a *Sub-fund* and re-acquisition 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 *COLL Sourcebook*, which require (inter alia) that:

1. the stock lending transaction must be of a kind described in Section 263B of the Taxation of Chargeable Gains Act 1992;

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;

3. the counterparty must be acceptable in accordance with the *COLL Sourcebook*.

4. the collateral obtained must be acceptable to the *Depositary* and must also be adequate and sufficiently immediate as set down in the *COLL Sourcebook*.

## Underwriting and Stock Placings

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

## Borrowing powers

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

The *ACD* must ensure that borrowing does not, on any *Business Day*, exceed 10% of the value of the *Scheme Property*.

These borrowing restrictions do not apply to “back to back” borrowing for cover for transactions in *Derivatives* and forward transactions.

## Leverage

The term "leverage" is defined under *AIFMD* as any method by which the *ACD* increases the exposure of a *Sub-fund* whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means. The *ACD* has, in accordance with the *Regulations*, set the maximum level of leverage which each *Sub-fund* will employ.

The maximum level of leverage is expressed in the table below both as a percentage of “exposure” compared to the Net Asset Value of each *Sub-fund* and as a ratio of the *Sub-Fund's* “exposure” to its Net Asset Value, with "exposure" being calculated in accordance with a "gross" and "commitment" method. The "gross" method, generally speaking, takes account of the absolute exposure of each *Sub-fund* while the "commitment" method takes into account netting or hedging arrangements put in place.

| **Sub-fund Name** | **Maximum Leverage in accordance with the "gross" method** | **Maximum Leverage in accordance with the "commitment" method** |
|---|---|---|
| Income Fund | 200% (2:1) | 150% (1.5:1) |
| Cautious Growth Fund | 200% (2:1) | 150% (1.5:1) |
| Balanced Growth Fund | 200% (2:1) | 150% (1.5:1) |
| Adventurous Growth Fund | 200% (2:1) | 150% (1.5:1) |
| Your Portfolio Fund II | 110% (1.1:1) | 110% (1.1:1) |
| Your Portfolio Fund III | 110% (1.1:1) | 110% (1.1:1) |
| Your Portfolio Fund IV | 110% (1.1:1) | 110% (1.1:1) |

| | | |
|---|---|---|
| Your Portfolio Fund V | 110% (1.1:1) | 110% (1.1:1) |
| Your Portfolio Fund VI | 110% (1.1:1) | 110% (1.1:1) |

Typical types and sources of leverage which the *EMS Funds* and the *YPF Funds* may employ include: (i) borrowing cash; and (ii) derivatives for efficient portfolio management purposes (including hedging). For information on the associated risks with these types and sources of leverage please refer to the section under the heading "Risks" on page 46.

## General

No *Sub-fund* may invest in the *Shares* of another *Sub-fund* within the *Company.*

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

# Appendix III
# Eligible Securities Markets and Eligible Derivatives Markets

Markets are eligible markets if they are: regulated markets (as defined for the purposes of the *COLL Sourcebook*); markets in an *EEA State* which are regulated, operate regularly and open to the public; or any markets included in the lists below plus any past or future component exchanges / acquirers thereof.

## Eligible Markets

| Sub-fund | Country | Market |
|---|---|---|
| **Income Fund**<br>**Cautious Growth Fund**<br>**Balanced Growth Fund**<br>**Adventurous Growth Fund** | Japan | – Osaka Securities Exchange<br>– the JASDAQ |
| **YP Funds**<br>**Your Portfolio Fund II**<br>**Your Portfolio Fund III**<br>**Your Portfolio Fund IV**<br>**Your Portfolio Fund V**<br>**Your Portfolio Fund VI** | Australia | – ASX Group Limited |
| | Brazil | – BM&F Bovespa |
| | Canada | – The Toronto Stock Exchange<br>– TSX Ventures |
| | Chile | – Bolsa de Comercio de Santiago |
| | Hong Kong | – Hong Kong Exchanges & Clearing Limited |
| | India | – Bombay Stock Exchange<br>– National Stock Exchange |
| | Indonesia | – Indonesia Stock Exchange |
| | Israel | – Tel Aviv Stock Exchange |
| | Japan | – Tokyo Stock Exchange<br>– Fukuoka Stock Exchange<br>– Nagoya Stock Exchange<br>– Osaka Securities Exchange<br>– Sapporo Stock Exchange<br>– the JASDAQ<br>– Mothers Market |
| | Korea | Korea Exchange |
| | Malaysia | – Bursa Malaysia Securities Berhad |

| Sub-fund | Country | Market |
|---|---|---|
| | Mexico | – Bolsa Mexicana de Valores (Mexican Stock Exchange) |
| | New Zealand | – New Zealand Exchange Limited |
| | Peru | – Bolsa de Valores de Lima |
| | Philippines | – Philippines Stock Exchange |
| | Singapore | – Singapore Stock Exchange |
| | South Africa | – Johannesburg Securities Exchange |
| | Taiwan | – Taiwan Stock Exchange<br>– Gre Tai Securities Market |
| | Thailand | – Stock Exchange of Thailand |
| | Turkey | – Istanbul Stock Exchange |
| | United States | – Chicago Stock Exchange<br>– International Securities Exchange<br>– NYSE Euronext<br>– NASDAQ<br>– National Stock Exchange<br>– The market in transferable securities issued by or on behalf of the Government of the United States of America conducted through those persons for the time being recognised and supervised by the Federal Reserve Bank of New York and known as primary dealers |
| | Others | – SIX Group (Switzerland) |
| | | |

## Eligible Derivatives Markets

| Sub-fund | Country | Market |
|---|---|---|
| | | The below plus any past or future component exchanges / acquirers thereof: |
| **Income Fund**<br>**Cautious Growth Fund**<br>**Balanced Growth Fund**<br>**Adventurous Growth Fund** | Australia | – ASX Group Limited |
| | Germany | – NYSE/LIFFE/Euronext/Intercontinental Exchange<br>– EUREX/Deutsche Bourse |
| | Hong Kong | – Hong Kong Futures Exchange |
| | Italy | – LSE/Borsa Italiana/Italian Derivatives Market |
| | Japan | – Osaka Securities Exchange<br>– Tokyo Stock Exchange |
| | Singapore | – Singapore Exchange |
| | Spain | – MEFF (including MEFF Renta Variable and MEFF Renta Fija) |
| | United States | – Chicago Mercantile Exchange/CBOT |
| **YP Funds**<br>**Your Portfolio Fund II**<br>**Your Portfolio Fund III**<br>**Your Portfolio Fund IV**<br>**Your Portfolio Fund V**<br>**Your Portfolio Fund VI** | Australia | – ASX Group Limited |
| | Brazil | – BM&F Bovespa |
| | Canada | – Montreal Exchange Inc |
| | Hong Kong | – Hong Kong Exchanges & Clearing Limited |
| | Japan | – Osaka Securities Exchange<br>– Tokyo Financial Exchange<br>– Tokyo Stock Exchange |
| | Korea | – Korea Exchange |
| | Singapore | – Singapore Exchange |
| | South Africa | – Johannesburg Securities Exchange<br>– The South African Futures Exchange |
| | United States | – CME Group<br>– Chicago Board Options Exchange<br>– International Securities Exchange<br>– NYSE Euronext |
| | Others | – SIX Group (Switzerland) |

# Appendix IV
# ICVCs and Authorised Unit Trusts Managed by the ACD

The *ACD* of the *Company* is also the *ACD* of the following *ICVCs* which are authorised by the *FCA*.

| ICVC | Funds Available |
|---|---|
| RBS Investment Funds ICVC | Balanced Fund<br>Equity Income Fund<br>Extra Income Fund<br>Growth Fund<br>High Yield Fund<br>International Growth Fund |
| RBS Stakeholder Investment Fund ICVC | RBS Stakeholder Investment Fund ICVC |

# Appendix V
# Past Performance

The performance shown in the tables below is for a *Sub-fund* not a product so any performance your investment achieves will be affected by the product charges. **Please do not take past performance as a guide to future performance. The value of your investment and any income you receive from it can go down as well as up. You may get back less than the amount you originally invested.**

Source for all figures: Lipper Hindsight. All performance figures are on a total return basis, no *Initial Charge*, net of tax, income reinvested to 31 December 2015. **The figures do not include the effect of any *Initial Charge* and any redemption fees.**

**Share Class 1** - Yearly performance figures over five years

| Sub-fund | | | | | |
|---|---|---|---|---|---|
| | 1/1/2015 to 31/12/2015 | 1/1/2014 to 31/12/2014 | 1/1/2013 to 31/12/2013 | 1/1/2012 to 31/12/2012 | 1/1/2011 to 31/12/2011 |
| Income (Income) | +2.4 | +5.6 | +10.6 | +10.9 | -1.29 |
| Cautious Growth (Accumulation) | +1.7 | +6.3 | +6.7 | +8.9 | 0.75 |
| Balanced Growth (Accumulation) | +3.2 | +5.0 | +15.4 | +11.1 | -5.11 |
| Adventurous Growth (Accumulation) | +3.2 | +6.3 | +16.2 | +12.4 | -6.98 |
| Your Portfolio Fund II (Class 1) | +0.5 | +6.0 | +4.0 | | |
| Your Portfolio Fund II (Class 2) | +0.5 | +6.0 | +4.0 | | |
| Your Portfolio Fund III (Class 1) | +1.5 | +6.9 | +7.9 | | |
| Your Portfolio Fund III (Class 2) | +1.6 | +7.1 | +8.2 | | |
| Your Portfolio Fund IV (Class 1) | +2.0 | +7.0 | +11.9 | | |
| Your Portfolio Fund IV (Class 2) | +2.4 | +7.5 | +12.1 | | |
| Your Portfolio Fund V (Class 1) | +2.5 | +7.4 | +15.0 | | |

| | | | | | |
|---|---|---|---|---|---|
| Your Portfolio Fund V (Class 2) | +2.9 | +7.9 | +15.4 | | |
| Your Portfolio Fund VI (Class 1) | +2.6 | +6.9 | +15.8 | | |
| Your Portfolio Fund VI (Class 2) | +3.1 | +7.4 | +16.3 | | |

# Appendix VI
# Directors of the ACD

## Directors of the ACD and their main business activities not connected with the business of the ACD

| Director | Other Directorships |
|---|---|
| **Dickson Anderson** | Adam & Company General Partner Limited |
| **Benjamin Hunt** | RBS Asset Management Holdings |
| **Brian McCrindle** | Adam & Company plc<br>Adam & Company Group plc<br>Adam & Company Investment Management Limited<br>RBS Collective Investment Holdings Limited<br>RBSG Collective Investment Holdings Limited<br>RBSG Collective Investments Limited |
| **Ian McLaughlin** | The Royal Bank of Scotland Group Independent Financial Services Limited, and<br>RBSG Collective Investments Nominees Limited |
| **John Young** | National Westminster Home Loans Limited<br>RBS Asset Management (ACD) Ltd |