HL MULTI-MANAGER UMBRELLA TRUST

PROSPECTUS
Prepared in accordance with the
Collective Investment Scheme and Investment Funds Sourcebooks
Dated and valid as at
26 March 2015

HL MULTI-MANAGER UK GROWTH
HL MULTI-MANAGER EUROPEAN
HL MULTI-MANAGER ASIA & EMERGING MARKETS

HL MULTI-MANAGER UMBRELLA TRUST

PROSPECTUS

This Prospectus has been prepared in accordance with the Collective Investment Schemes ("**COLL**") and the Investment Funds ("**FUND**") Sourcebooks (together, the "**Rules**") of the Financial Conduct Authority (the "**FCA**") and constitutes the Prospectus for the HL Multi-Manager Umbrella Trust (the "**Trust**"). Copies of this document have been sent to the FCA and the Trustee in accordance with the Rules. This document is valid as at 26 March 2015. Any unitholder or prospective unitholder should check with the Manager that this document is the most current version.

<u>General</u>

The Trust is an authorised unit trust organised as an umbrella scheme comprising separate sub-funds as detailed in Appendix 1 from time to time (each referred to herein as a "**Fund**" and collectively the "**Funds**").

<u>The Manager of the Trust</u>

The manager of the HL Multi-Manager Umbrella Trust is Hargreaves Lansdown Fund Managers Limited (the "**Manager**"), a private limited company incorporated in England and Wales on 15 April 1992 (registered number 2707155). The registered and head office of the Manager is One College Square South, Anchor Road, Bristol BS1 5HL. The Manager is a wholly-owned subsidiary of Hargreaves Lansdown PLC (the "**HL Group**"), a company incorporated in England and Wales. The Manager is authorised and regulated by the FCA.

The Manager has an authorised share capital of 100,000 shares of £1 each of which 80,000 shares of £1 each are in issue and fully paid.

The Directors of the Manager are Peter Kendal Hargreaves, Ian David Gorham, Tracey Patricia Taylor, and Lee Nathan Gardhouse. Each of these individuals is employed within the HL Group, the services of which include a direct to consumer platform, portfolio management, personal financial planning and stockbroking.

The Manager covers its professional liability risks by holding additional capital. The amount of capital has been determined in accordance with the Rules.

The Manager has delegated the administration and registrar functions to NTGSL (see below). NTGSL is authorised by the Prudential Regulatory Authority (the "**PRA**") and regulated by the FCA and the PRA. In accordance with the Rules the Manager may terminate these agreements at any time with immediate effect where it is in the interests of the unitholders to do so.

<u>The Trustee and Depositary</u>

The trustee and depositary (the "**Trustee**") of the Trust is Northern Trust Global Services Limited ("**NTGSL**"). NTGSL is a limited company incorporated in England and Wales on 11 June 2003. The Trustee's registered office is at 50 Bank Street, Canary Wharf, London E14 5NT. The principal activity of the Trustee is trustee and depositary services. The Trustee is authorised by the PRA and regulated by the FCA and the PRA.

The Trustee has been appointed as the depositary of the Fund's assets in accordance with the Rules and the AIFMD (defined pp3-4). The rights and duties of the Trustee (in its capacity as depositary) are governed by the depositary agreement entered into by the Manager and the Trustee (the "**Depositary Agreement**"). The Depositary Agreement provides for the Trustee to appoint third parties (including its own affiliates, subsidiaries or country branches), including sub-custodians, agents and delegates (the "**Sub-custodians**") to provide custody services and asset verification services in respect of the assets of the Fund, in accordance with the applicable provisions laid down in the Rules and the AIFMD, and in particular that such Sub-custodians are subject to effective prudential regulation (including minimum capital requirements, supervision in the jurisdiction concerned and external periodic audit) for the custody of financial instruments.

The Trustee may delegate the custody function to one or more sub-custodians located in any part of the world, which may include The Northern Trust Company London Branch ("**TNTC**") and other affiliates of the Trustee. As at the date of this Prospectus, the Trustee has delegated the custody function to TNTC (the "**Custodian**"). The Custodian is a company established under the laws of the State of Illinois in the United States of America with limited liability, whose principal place of business in England and Wales is at 50 Bank Street, Canary Wharf, London, E14 5NT. The Custodian is authorised by the PRA and regulated by the FCA and the PRA. The Trustee has not discharged its depositary liability as at the date of this Prospectus. As per written agreement the Trustee is not entitled to re-use any of the fund assets or to authorise the Custodian or sub-custodian to do so, unless otherwise agreed by the Manager.

The Trustee, as depositary, is responsible for ensuring that the value of units in the trust is calculated in accordance with the applicable national law, the Trust Deed and the applicable sections of the Rules and certain other tasks. The Manager has also appointed NTGSL as fund administrator (the "**Fund Administrator**") and, in that role, NTGSL will perform fund valuation and accounting, registrar and transfer agency services. NTGSL has functionally and hierarchically separated the performance of its depositary functions from its tasks as administrator.

The Registrar and Fund Administrator

The Registrar and Fund Administrator of the Trust is NTGSL whose registered office is at 50 Bank Street, London E14 5NT. The Registrar is authorised by the PRA and regulated by the FCA and the PRA.

The Auditor

The Auditors of the Trust are Ernst & Young, Chartered Accountants of One, More London Place, London, SE1 2AF

Constitution and Status of the Trust

The Trust is an authorised unit trust scheme established by a trust deed (the "**Trust Deed**") between the Trustee and the Manager dated 5 December 2014. It was granted authorisation by order of the FCA on 5 December 2014.

The Trust is a "Non-UCITS Retail Scheme" for the purposes of the Rules. This means that units in the Funds are available for investment for all classes of investor in the UK. A Non-UCITS Retail Scheme does not benefit from certain passporting rights under the UCITS Directive (a European Council Directive of 20 December 1985 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities).

The Trust is categorised as an alternative investment fund under Directive 2011/61/EU of the

European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 and Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing the AIFM Directive with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision (the "**AIFMD**"). The Manager undertakes portfolio and risk management for the Trust and is therefore an alternative investment fund manager within the terms of AIFMD. The Manager will manage the Trust in accordance with the provisions of the AIFMD, The Alternative Investment Fund Managers Regulations 2013 and the Rules.

The Trust is structured as an umbrella unit trust, in that different sub-funds ("**Funds**") may be established from time to time by the Manager with the approval of the FCA, the agreement of the Trustee, and in accordance with the Trust Deed. On the introduction of a new Fund, a revised Prospectus will be prepared setting out the relevant details of each Fund, such revised Prospectus to be approved by the Manager and the Trustee.

The assets of each Fund will be treated as separate from those of every other Fund and will be invested in accordance with the investment objective and policy attributable to that Fund. Investment of the assets of each Fund must comply with the Rules and the investment objective and policy of the relevant Fund. Details of each Fund are set out in Appendix 1.

Each Fund has a segregated portfolio to which that Fund's assets and liabilities are attributable. The assets of a Fund belong exclusively to that Fund and shall not be used or made available to discharge (directly or indirectly) the liabilities of, or claims against, any other person or body, including the Trust and any other Fund and shall not be available for any such purpose.

Subject to the above, each Fund will be charged with the liabilities, expenses, costs and charges of the Trust attributable to that Fund, and within each Fund charges will be allocated (if relevant) between classes of units of a particular Fund in accordance with the terms of issue of units of those classes. Any assets, liabilities, expenses, costs or charges not attributable to a particular Fund may be allocated by the Manager in a manner which it believes is fair to the unitholders generally. This will normally be pro rata to the net asset value of the relevant Funds.

The base currency of the Funds is pounds sterling.

Investment Objective and Policy

The investment objective and policy of each of the Funds is set out in Appendix 1.

ISA eligibility

Units in the Funds are eligible investments for a Stocks & Shares ISA (Individual Savings Account).

Typical Investor

A typical investor in the Funds will be a retail investor who understands and appreciates the risks associated with units in such a fund and may or may not have received advice from a qualified professional adviser. The Funds may also accept applications from institutional investors.

Constraint on capital growth

Costs and expenses may be deducted from income or capital in accordance with the Rules. Where income expense payments are to be treated as a capital expense in respect of a Fund this will be set out in Appendix 1. Where such expenses are charged to a Fund's capital this may result in capital erosion or constrain that Fund's capital growth.

The Manager's Charges and Expenses

The Manager currently makes a preliminary charge on the sale of units of an amount equal to 3% of the price of a unit (or otherwise as set out in Appendix 1 in respect of class of units in a Fund).

The Manager is also entitled under the Trust Deed to make a periodic management charge. The Manager currently makes a periodic management charge at the rate of 0.75% per annum (or otherwise as set out in Appendix 1 in respect of a class of units in a Fund). The periodic management charge is calculated and accrued daily. The daily accrual is based on the mid-market valuation of the Fund in respect of each unit class at the valuation point of the previous day. The fee is paid monthly in arrears out of the property of each Fund.

The Manager is entitled under the Trust Deed to make a charge on redemption of units in each Fund but at present does not intend to make such a charge.

The Manager is not permitted to levy a redemption charge or increase the rates of its preliminary or periodic charges unless 60 days' prior written notice of the introduction of the new charge and the date of its commencement has been given to all unitholders and this Prospectus has been revised to reflect the change and date of commencement.

The Funds may pay certain expenses incurred by the Manager on their behalf including accounting costs. The per annum charge for accounting services is:

0.02% of the net asset value of a Fund up to £100 million*;
0.015% of the net asset value of a Fund between £100 million and £200 million;
0.013% of the net asset value of a Fund between £200 million and £300 million;
0.0075% of the net asset value of a Fund between £300 million and £400 million;
0.005% of the net asset value of a Fund between £400 million and £600 million;
0.004% of the net asset value of a Fund between £600 million and £1000 million; and
0.002% of the net asset value of a Fund over £1000 million.
*subject to a minimum Fund fee of £35,000 (per Fund) per annum.

Trustee's Charges

The Trustee's fees are based on the value of each Fund and are 0.01% of the first £100 million and 0.0075% of the balance per annum (plus VAT). The Trustee fee is accrued and calculated on a daily basis. The daily accrual is based on the mid-market valuation of the property of the Fund in respect of each unit class at the valuation point of the previous day. The fee is paid monthly in arrears out of the property of the Fund.

The Trustee is further reimbursed out of the property of each Fund in respect of certain expenses (together with VAT thereon) incurred in performing its duties (or exercising powers conferred upon it) under the Rules. The relevant duties include without limitation:

◊ Delivery of stock to the Trustee or Custodian;
◊ Custody of assets;
◊ Maintenance of the Register and any plan sub-register;

- ◊ Collection of income; dividends and interest
- ◊ Submission of tax returns;
- ◊ Handling tax claims;
- ◊ Preparation of Trustee's annual report;
- ◊ Dealings in derivatives;
- ◊ The conversion of foreign currency;
- ◊ Such other duties as the Trustee is required by law to perform (including without generality those related to stocklending).

The above charges in respect of the delivery of stock and custody of assets are accrued on a daily basis. Charges in relation to the delivery of stock are paid monthly in arrears and charges in relation to the custody of assets are paid quarterly. Both charges are paid out of the property of each Fund. Current transaction charge is £25 per trade. The safe custody fee is £100 per annum per stock holding. These custody fees are subject to a minimum annual custody fee (in total across all Funds) of £40,000 per annum.

Any increase in the Trustee's charges may only take effect if 60 days' prior written notice has been given to all unitholders and this Prospectus has been revised to reflect the change and date of commencement.

Registration Fees and Charges

Charges in relation to the establishment and maintenance of the Register are charged directly to each Fund and are paid monthly in arrears. The charge is £12 per unitholder per annum. This is to be reviewed annually. There is also an administration fee of £3000 per unit class.

In respect of transfer agency activities, an investor transaction fee is charged of £12 per transaction in respect of manual transactions, and £4 per transaction in respect of automated transactions. These charges are paid monthly in arrears out of the relevant Fund, and are reviewed annually.

Any increase in the Registrar's fees may only take effect if 60 days' prior written notice has been given to all unit holders and this Prospectus has been revised to reflect the change and date of commencement.

Other Costs and Expenses

The following costs and expenses (being the amounts actually incurred at such time) together with any applicable VAT thereon may be payable by a Fund from its assets at the discretion of the Manager:

(a) broker's commission, fiscal charges and other disbursements which are:-

    (i) necessary to be incurred in effecting transactions for a Fund; and

    (ii) normally shown in contract notes, confirmation notes and difference accounts as appropriate

(b) interest on borrowings permitted in respect of a Fund and charges incurred in effecting or terminating such borrowing or in negotiating or varying the terms of such borrowings;

(c) taxation and duties payable in respect of the property of a Fund, the trust deed constituting a Fund or the issue of units;

(d) any costs incurred in modifying the trust deed constituting a Fund (including costs incurred in respect of meetings of holders convened for purposes which include the purpose of modifying the trust deed), where the modification is:-

  (i) necessary to implement, or necessary as a direct consequence of, any change in the law (including changes in the Rules); or

  (ii) expedient having regard to any change in the law made by or under any fiscal enactment and which the Manager and the Trustee agree is in the interest of holders; or

  (iii) to remove from the trust deed obsolete provisions

(e) any costs incurred in respect of meetings of holders convened on a requisition by holders not including the Manager or an associate of the Manager;

(f) certain liabilities on unitisation, amalgamation or reconstruction or any payment permitted by the Rules in connection with liabilities on a transfer of assets;

(g) the audit fee properly payable to the auditor and any proper expenses of the auditor;

(h) any fee and any proper expenses of any professional advisers retained for or on behalf of a Fund or by the Manager in relation to a Fund;

(i) payments, costs or any other administrative expenses in relation to the preparation or dissemination of a prospectus and the preparation of the simplified prospectus or equivalent documentation;

(j) the periodic fees of the FCA under the Financial Services and Markets Act 2000 or the corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which units in the Fund are or may be marketed;

(k) any costs of printing and distributing annual, half yearly and quarterly reports and any other reports or information provided to unitholders;

(l) any costs of listing the price of units in a Fund in publications and information services selected by the Manager;

(m) any payment permitted by the Rules in connection with liabilities on a transfer of assets;

(n) any costs of establishing and obtaining authorisation of a Fund;

(o) any costs incurred producing and despatching any payment from a Fund;

(p) any costs incurred in taking out and maintaining an insurance policy in relation to a Fund;

(q) any costs or fees which arise in connection with pursuing or defending litigation on behalf of a Fund;

(r) any amount payable by a Fund under any indemnity provisions provided for in the trust deed constituting a Fund or any agreement to which a Fund is party (subject to all applicable laws, regulations and the Rules);

(s) any costs incurred in connection with the establishment and maintenance of the register and any plan sub-register;

(t) out of pocket expenses incurred in providing administration services such as fund set-up costs, telephone, fax, courier charges etc.

VAT on any fees, charges or expenses will be chargeable out of the property of a Fund where applicable.

The Funds pay the dealing charges of both the fund administrator and the electronic straight through processing transaction network providers.

Fees, costs and duties which are not attributable to a particular Fund will usually be allocated between the Funds pro rata to the net asset value of each Fund or in accordance with another reasonable method at the Manager's discretion.

Determination and distribution of income

Where both income and accumulation units are issued, the income of each Fund is allocated in accordance with the proportionate interest in the relevant Fund attributed to each income and accumulation share.

The income available for distribution or accumulation in relation to each Fund is determined in accordance with the Trust Deed and the Rules. Broadly, it comprises all sums deemed by a Fund, after consultation with the Auditor, to be in the nature of income received or receivable for the account of the Fund and attributable to the Fund in respect of the accounting period concerned, after deducting net charges and expenses paid or payable out of such income and after making such adjustments as the Manager considers appropriate, after consulting the Auditors in accordance with the Rules, in relation to taxation and other matters.

In the case of income units, all income distributions are made by BACS sent to the registered holder and made payable to the order of the holder of income units (or, in the case of joint holders, be made payable and sent to the registered address of the first-named holder on the Register).

All distributions unclaimed for a period of six years having become due for payment shall be forfeited and shall revert to the relevant Fund. The payment of any unclaimed distribution, interest or other sum payable by a Fund on or in respect of a unit into a separate account shall not constitute the Manager or Trustee being trustee thereof.

In the case of accumulation units, income is allocated to the unit such that it becomes part of the capital property of that unit.

Equalisation

Upon the first distribution following the purchase of a unit in a Fund, the relevant unitholder will receive as part of that distribution a capital sum representing that part of the purchase price of the unit which was attributable to income accrued up to the time of purchase and is, accordingly, properly classifiable as a capital expense of the unitholder at the time of purchase. The amount so paid, known as "income equalisation", will be an amount arrived at by taking the aggregate of the Manager's best estimate of the amounts of income included in the price units of that class issued or sold in the annual or interim accounting period in question and dividing that aggregate by the number of those units and applying the resultant average to each of the units in question. Equalisation received on distributions from underlying Collective Investment Schemes is included in the distribution for the period.

Winding up of the Trust and termination of Funds

The Trust may only be wound up or any of the Funds terminated in accordance with the provisions set out in the Rules which include, without limitation:

(a) the order declaring the Trust to be an authorised unit trust scheme being revoked;

(b) the passing of an extraordinary resolution winding up the Trust or terminating the Fund (provided the FCA's prior consent to the resolution has been obtained by the Manager or Trustee);

(c) in response to a request to the FCA by the Manager or the Trustee for the revocation of the authorisation order, the FCA has agreed, inter alia, that, on the conclusion of the winding up of the Trust, the FCA will agree to that request; and

(d) pursuant to a scheme of arrangement which is to result in the Trust or the Fund being left with no property.

The procedure for winding up the Trust or terminating a Fund is as follows:

(a) Upon the effective date of any approved scheme of arrangement pursuant to the Rules the Trustee will wind up the Trust or terminate the relevant Fund in accordance with the approved scheme arrangement;

(b) in any other case, the Trustee will as soon as practicable after the Trust falls to be wound up or a Fund terminated, realise the property of the Trust or the Fund and, after paying out of it all liabilities properly so payable and retaining provision for the costs of the winding-up or termination, cancel all units in issue, distribute the proceeds to the holders and the Manager (upon production by them of evidence as to their entitlement) proportionately to their respective interests;

(c) any unclaimed net proceeds or other cash held by the Trustee after the expiry of twelve months from the date on which the same became payable will be paid by the Trustee into court subject to the Trustee having a right to receive out of it any expenses incurred by him in making and relating to that payment into court;

(d) where the Trustee and one or more unitholders agree, the Trustee does not have to realise the property of a Fund proportionate to the entitlement of that or those unitholders. Instead, the Trustee may distribute that part in the form of property. Before distributing that property, the Trustee will make such adjustments or retain such provision as appears to the Trustee to be appropriate ensuring that, a proportionate share of the liabilities and costs is borne by that or those holders;

(e) when the winding up is complete, the Trustee shall notify the FCA in writing. At the same time the Manager or Trustee shall request that the FCA revokes the order of authorisation under section 256 of the Financial Services and Markets Act 2000 (as appropriate).

Nature of the Units

Title to units will be evidenced in the register of unitholders (the "**Register**"), which is maintained by the Registrar and may be inspected at the address on page 3 during normal business hours by any unitholder. No certificates will be issued to unitholders. A unitholder's contract note shall be evidence of title to his units although the Register shall be conclusive as to the persons respectively entitled to the units entered in the Register as a matter of law. No notice of any trust, express, implied or constructive shall be entered on the Register in respect of any unit and the Manager and Trustee shall not be bound by any such notice. The right represented by units in a Fund is that of a beneficial interest under a trust. A unitholder is not liable to make any further payment to a Fund after he has paid the purchase price of the unit. Unitholders will not be liable for the debts of a Fund.

The Manager seeks at all times to ensure that unitholders are treated fairly and has an obligation to act honestly, fairly, professionally, independently and in the interest of the Funds and their unitholders. There is no preferential treatment afforded to any one individual or group of unitholders above another in terms of buying and selling units and holding units within a Fund, although the Manager may use its discretion in such matters, in which case unitholders will be given a description of the preferential treatment and what it involves.

The Manager has internal controls in place to prevent conflicts of interest and to prevent a material risk of damage to the interests of unitholders.

Several classes of unit may be issued in respect of each Fund. The classes of units currently available in each Fund are set out in Appendix 1. Each type of unit represents a beneficial interest in undivided shares in the property of the Fund as detailed in this section.

Further classes of unit may be established from time to time by the Manager with the approval of the FCA, the agreement of the Trustee and in accordance with the Trust Deed. On the introduction of a new class, a revised Prospectus will be prepared, setting out details of each class.

The Trust Deed permits the issue of both Income and Accumulation Units (as the Manager in its absolute discretion decides).

An Income Unit is a unit in respect of which net income is to be distributed and which represents one undivided share in a Fund. An Accumulation Unit is a unit in respect of which net income is to be accumulated and which represents such number (including fractions) of undivided shares in a Fund as may from time to time apply in accordance with the following provisions, namely:-

(a) the Accumulation Units issued within the first accounting period shall in the first instance each represent one undivided share in the Fund; and

(b) each Accumulation Unit subsequently issued shall represent in the first instance the same number (including fractions) of undivided shares in the Fund as each other Accumulation Unit then in issue.

Each undivided share ranks pari passu with the other undivided shares in the Fund.

Appendix 1 shall set out whether the Manager intends to issue Income and /or Accumulation Units in respect of a Fund. A mandatory redemption, cancellation or conversion of units from one class to another may be required in certain circumstance for example, if an investor does not satisfy the residence condition for income to be paid or accumulated without tax being deducted.

Meetings and Voting Rights

The provisions below, unless the context requires otherwise, apply to class meetings and meetings of the Funds as they apply to general meetings of the Trust, but by reference to units of the class or Fund concerned and the unitholders and the value and prices of such units.

A meeting of unitholders duly convened and held in accordance with the Rules shall be competent and by extraordinary resolution may approve any modification alteration or addition to the provisions of either the Trust Deed or the Prospectus which, the Manager and the Trustee have agreed to be a fundamental change in accordance with the Rules. This would include, without limitation, any proposal for a scheme of arrangement and certain changes to a Fund's investment objective and/or investment policy.

At a meeting of unitholders the quorum for the transaction of business is two unit holders, present in person or by proxy. On a show of hands every unitholder who (being an individual) is present in person or (being a corporation) is present by one of its officers as its proxy shall have one vote. On a poll every unitholder who is present in person or by proxy will have one vote for every Income Unit (if any are in issue) of which he or it is the holder and the same number of votes (including fractions of a vote) for every Accumulation Unit of which he or it is the holder as the number of undivided shares (including fractions) in a Fund represented by one Accumulation Unit. In the case of joint holders the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other holders and for this purpose seniority is determined by the order in which the names stand in the Register of Holders. On a poll, votes may be given either personally or by proxy. Although different rights do not attach to the different classes of units if the Trustee is of the view that any extraordinary resolution is one in relation to which there is or might be a conflict of interest between the holders of Accumulation Units and Income Units (if any are in issue), separate meetings of those unitholders shall be held.

The unitholders may request the convening of a general meeting by requisition pursuant to and in accordance with the Rules. Unitholders in general meeting may, amongst other things, pass a resolution to remove the Manager.

Valuation of Fund Property

Each unit represents a proportional share of the overall property attributable to a Fund. Therefore, the value of a unit is calculated, in broad outline, by calculating the net value of the property attributable to a Fund, and dividing that value (or that part of that value attributed to units of the class in question) by the number of units (of the class in question) in issue.

"**Business Day**" means Monday to Friday on which UK clearing banks are open for business in London excluding UK public and bank holidays.

Valuations are normally carried out on each dealing day (being each day which is a Business Day). The valuation point for the Fund is 11.00am on each dealing day, unless the Manager and the Trustee agree otherwise. The Manager may carry out valuations at a time that is not a valuation point and must inform the Trustee if it does so. The Manager deals at forward prices, that is to say, at the price ruling at the next valuation point.

Each of the Funds has been established as a dual-priced authorised fund. The valuation and pricing of units is governed by the Rules. Each valuation will be made on a creation and on a cancellation basis. The valuation on a creation basis will be used to establish the price at which units can be created; that on a cancellation basis to establish the price at which units can be cancelled. The Manager will within 24 hours of the valuation point notify the Trustee of the creation and cancellation prices. These are the prices at which the Manager has to pay the Trustee for the creation of the units or which the Manager will receive from the Trustee upon the cancellation of units. The Manager deals as principal in units and accordingly the buying and selling prices that it publishes daily are the prices that are relevant to holders or potential holders. These prices must not be greater than the applicable creation price plus the preliminary charge on that day, nor less than the cancellation price. The Manager will notify the Trustee of the maximum buying price and maximum selling price at which they will deal. The Manager deals at forward prices, that is to say, at the price ruling at the next valuation point.

For the purpose of calculating the limits on each Fund's investment powers, the property of the Fund will, broadly, be valued on a cancellation basis. For the purpose of calculating the Manager's charge, the value of each Fund's property is determined by striking an arithmetic average of the cancellation basis of the valuation and the creation basis of the valuation at the relevant valuation point.

Details of how the value of the property of each Fund is determined in relation to each purpose for which such property must be valued is set out in Schedule 3 to this Prospectus.

Subject to the Rules, the Manager may use a Fair Value Pricing policy and substitute a price with a more appropriate price that represents a fair and reasonable price for that investment.

The Manager may carry out additional valuations if it considers it desirable to do so. Valuations will not be made during a period of suspension of dealings (see 'Suspension of Dealings' below). The Manager is required to notify the Trustee if it carries out an additional valuation.

Purchase and Redemption of Units in the Funds

Units will be bought/sold at the price calculated by reference to the valuation point following receipt of the request by the Manager. Instructions to purchase or redeem units in a Fund may be given directly to the Manager or via a platform or other nominee, subject to minimum investment amounts. The minimum initial investment and minimum top ups shall be as set out in Appendix 1 in relation to a Fund (except where the Manager shall in its absolute discretion, permit to the contrary). Investors that invest via platforms or other nominee companies may be permitted to invest smaller minimum investments, including through a regular savings plan.

Instructions to issue or redeem units may either be in writing (addressed to Hargreaves Lansdown, PO Box 3733, Royal Wootton Bassett, Swindon, SN4 4BG), through a 'straight through process' (STP) provider or over the telephone (by calling 0870 870 7503 between 9am and 5pm) but will not otherwise be acknowledged. However a contract note will be issued to confirm the transaction on the next Business Day following the valuation point. If you invest via a platform or other nominee you will need to refer to their procedures and contact details for giving instructions. In particular you should note that they may set an earlier cut-off time (i.e. earlier than 11:00) for submitting instructions for inclusion at a particular day's valuation point.

The Manager will buy back units from registered holders at not less than the price of the unit determined at the valuation point following the time instructions are received, as calculated in accordance with the Rules. They may also be sold back through an authorised intermediary who may charge commission. Instructions for sale may be given in writing or by telephone as per the above paragraph. Payment will be made by the expiry of four working days of the Manager receiving properly completed documentation. A contract note will be issued to confirm the transaction on the next Business Day following the valuation point.

Large deals (deals of more than £15,000 by any person as principal, either as a single transaction or a series of transactions totalling over £15,000 in value in one dealing period of a Fund) may be carried out at a higher sale price or a lower redemption price than those published, provided they do not exceed the maximum and minimum price parameters set out in the Rules.

Instructions for the sale of part only of a holding will be accepted provided that the value of the units remaining will be at least the minimum holding amount specified in respect of that Fund in Appendix 1 (except where the Manager shall in its absolute discretion, permit to the contrary). **Units cannot be redeemed on an in-specie basis**.

Instructions for redemption are irrevocable. The Manager is under no obligation to account to the Trustee or the participants for any profit he makes on the issue of units or on the re issue or cancellation of units which he has redeemed.

Client Money

Moneys received by the Manager in the form of cheques or other remittances in respect of applications for units which are not accepted or rejected by the following dealing day are, pending acceptance or rejection, paid into a client money account maintained by the Manager with an approved bank. No interest is payable by the Manager on moneys credited to this account.

In specie application

The Manager may, by special arrangement and at its discretion, agree to arrange for the issue of units in exchange for assets other than cash but only if the Trustee is satisfied that acquisition of the assets in exchange for the units to be issued is not likely to result in any material prejudice to the interests of unitholders or potential unitholders of a Fund.

Suspension of Dealings

The Manager may with the prior agreement of the Trustee, or shall if the Trustee so requires, at any time suspend the issue, cancellation, sale and redemption of units in any or all of the Funds if either the Manager, or the Trustee (in the case of any requirement by the Trustee), is of the opinion that due to exceptional circumstances it is in the interests of all unitholders in the relevant Funds. Suspension of redemption must be reported to the FCA and should only continue for as long as is necessary having regards to the interests of the unitholders. The Manager and the Trustee will review the suspension at least every twenty eight days and inform the FCA of the results of the review

The Manager will inform unitholders and potential unitholders if dealing in a Fund is suspended, explain the reasons for the suspension and its likely duration. During such period of suspension, the Manager may agree to issue or redeem units at a price calculated by reference to the first valuation point after resumption of issue and redemption. The recalculation of the unit price will commence at or about the valuation point on the first dealing day following such period of suspension.

Deferred Redemption

In times of high levels of redemption, the Manager may (with the prior agreement of the Trustee, or shall if the Trustee so requires) permit deferral of redemptions to the next valuation point where the total value of the redemptions requested together represent over 10% of a Fund's net asset value. In these circumstances, following the provisions of the Rules in COLL 6.2.21R, redemption requests up to the 10% level will be met on a pro rata basis and all requests above that level will be deferred until the next valuation point. Such deferred redemptions shall be met in priority to that day's redemption requests.

Mandatory Redemption

If the Manager reasonably believes that any units are owned directly or beneficially in circumstances which:

(a) 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

(b) may (or may if other units are acquired or held in like circumstances) result in a Fund incurring any liability to taxation or suffering any other adverse consequence (including a requirement to register under any securities or investment or similar laws or governmental regulation of any country or territory),

a mandatory redemption, cancellation or conversion of units from one class to another may be required.

Conversion and Switching

Conversion between classes of unit in a Fund: A unitholder may convert all or some of their units in one unit class for units of another class within a Fund. The number of new units issued in respect of the conversion will be determined by the respective prices of units at the valuation point applicable at the time the original units are cancelled and the new units are created.

If the conversion would result in the unitholder holding less than the minimum holding requirements in the class concerned, the Manager may convert the whole of the unitholder's holding in the original class to the new class or decline to effect any conversion of the original units. No conversion will be made during any period when the right to unitholders to deal in their units has been suspended. The general provisions on procedures relating to the purchase and redemption of units in a Fund will apply equally to a conversion (see above under the heading "Purchase and Redemption of Units in the Fund").

Switching between units in different Funds: Subject to the qualifications below, a unitholder may at any time switch all or some of its units of one class in a Fund for units of another Fund, provided they satisfy the relevant subscription and eligibility criteria. The number of new units issued in respect of the switch will be determined by the respective prices of units at the valuation point applicable at the time the original units are cancelled and the new units are created.

If the switch would result in the unitholder holding less than the minimum holding requirements in the class of unit in the Fund concerned, the Manager may convert the whole of the unitholder's holding in the original Fund to the new Fund or decline to effect any switch of the original units. No switch will be made during any period when the right to unitholders to deal in their units has been suspended. The general provisions on procedures relating to the purchase and redemption of units in a Fund will apply equally to a switch (see above under the heading "Purchase and Redemption of Units in the Fund").

Investors that invest via platforms or other nominee companies may be subject to policies and procedures set out by those relevant platforms and/or nominee companies in relation to conversion and switching of units.

Charges: On a switching of units between Funds, the Manager may at its discretion make a charge in respect of such switch. If a redemption charge is payable in respect of the original units, this may become payable instead of, or as well as, the then prevailing initial charge for the new units. Any charge on such switching is payable by the unitholder to the Manager. The Manager does not currently intend to charge in respect of such switches. There is no charge on the conversion of units in one class in a Fund to units of another class in the same Fund.

Unitholders subject to UK tax should note that a switch of units between Funds is normally treated as a redemption and sale and should be treated as a disposal for the purposes of capital gains tax. Conversions between different unit classes in the same Fund should not give rise to a disposal for UK capital gains tax purposes. Unitholders should seek their own professional tax advice in this regard.

In no circumstances will a unitholder who exchanges units in one Fund for units in another Fund be given a right by law to withdraw from or cancel the transaction.

Initial Offer Period and Fund Launch Dates

The Manager may decide to implement an initial offer period in respect of a Fund. Details of the commencement and close of any initial offer period, together with details of the initial offer price for units in a Fund, will be set out in Appendix 1 in respect of each Fund if relevant. During an initial offer period, applications for units in a relevant Fund will be taken and monies received will be held in accordance with the terms of an investor's nominee or platform service, or as client money held by the Manager, pending the launch date of the Fund.

The Manager reserves the right to alter the offer period and launch date of a Fund where deemed in the interests of subscribers.

The initial offer period may come to an end if the Manager believes the price that would reflect the current value of the Fund would vary by more than 2% from the initial price.

Borrowing

The Funds have access to an overdraft facility maintained by the Manager which may be used for short term liquidity purposes as set out in Schedule 1. A Fund may use this borrowing power to the extent permitted for Non-UCITS Retail Schemes under the Rules, which is up to 10% of its Net Asset Value. The Funds do not intend to use the overdraft facility for ‘gearing’ purposes.

Leverage

The AIFMD gives a new definition of leverage, to be calculated according to the ‘gross’ method and the ‘commitment’ method. The 'commitment' method shall be the sum of the absolute value of all positions and each derivative position (excluding forward currency positions) will be converted into the equivalent position in the underlying assets. The 'gross' method shall exclude the value of any cash and cash equivalents from the sum of the absolute value of all positions. The Manager must set maximum leverage levels and operate each Fund within these levels at all times.

There are two ways in which the Manager can introduce leverage to a Fund. These are by borrowing money using its overdraft facility, and by investing in derivative positions. Neither of these are important features in terms of how the Manager manages the Funds. There are no collateral, asset re-use or guarantee arrangements involved in the Manager’s current approach to leverage.

Unless otherwise set out in Appendix 1, the maximum gross leverage in a Fund is 220% and the maximum commitment leverage is 110%. It is expected that the Manager will operate the Funds well within these limits. The Manager will report on its use of leverage within each Fund, and any change to use of leverage and leverage limits, in the relevant Annual Report.

Stock Lending

The Manager will not enter into stocklending arrangements.

Taxation of the Funds

This section summarises the tax position of the Funds and the UK resident investors. This position may change in the future. Legislation currently applying to the Fund is the Authorised Investment funds (Tax) Regulations 2006.

(a) Income

The Funds are generally exempt from tax on dividends from UK and non-UK companies. Dividends and similar income distributions from the UK authorised investment trusts are exempt from corporation tax to the extent that the underlying income derives from the dividends. The Funds will be subject to corporation tax at a rate equal to the lower rate of income tax, currently 20% on most types of income, after deduction of allowable management expenses. Where the Funds have suffered foreign tax on taxable income received, this may be deducted from any UK tax due on that income (subject to any treaty arrangements).

(b) Chargeable Gains

The Funds are exempt from UK tax on capital gains realised on disposal of investments including interest paying securities and derivatives, held within them. The Funds may be subject to UK tax on gain realised on the disposal of investments in overseas collective investment schemes which do not have distributing /reporting fund status. Gains arising on any such disposal are deemed offshore income gains.

Taxation of the Unitholder

(a) Income

The amounts shown in a Fund's distribution accounts as available for distribution may be designated by the Fund as either dividends or yearly interest dependent on the nature of the income arising to the Fund. It is expected that the Funds will show all such amounts as available for distribution as dividends, which are not foreign income dividends, in which case the following paragraph will apply.

Distributions of income paid to individual unitholders will be treated in the same way as dividends from a UK resident company and will carry a credit for income tax. Unitholders will be notified of the amount of the tax credit carried by any such distribution. The aggregate of the distribution and the tax credit will be included in the unitholders' total income for income tax purposes. Individuals liable to the basic rate only will have no further liability to income tax on a distribution. There will be a further liability to income tax for higher rate taxpayers and additional tax payers, but their liability to basic rate tax will be satisfied by the tax credit.

Unitholders who are resident in countries other than the UK for tax purposes may be entitled to the benefit of a part or all of the tax credit, depending on the provisions of any double tax convention or agreement between such countries and the UK.

(b) Capital Gains

Umbrella schemes have separate Funds within them which are treated as separate authorised unit trusts for Capital Gains Tax purposes.

A unit is treated in the same way as a share in a company, so that chargeable gains on a disposal of a unit may be charged to capital gains tax payable at either 18% or 28% based on the individual's marginal rate of income tax.

Unitholders subject to UK tax should note that a switch of units between Funds is normally treated as a redemption and sale and should be treated as a disposal for the purposes of capital gains tax. Conversions between different unit classes in the same Fund should not give rise to a disposal for UK capital gains tax purposes. Unitholders should seek their own professional tax advice in this regard.

(c) Equalisation

The first income allocation received by an investor after buying shares may include an amount of income equalisation. This is effectively a repayment of the income equalisation paid by the investor as part of the purchase price. It is a return of capital and is not taxable as income. It should be deducted from the acquisition cost of the units for capital gains tax purposes.

EU Savings Directive

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

For the purposes of the UK's implementation of the EU Savings Directive, the proceeds of a sale, refund or redemption of Units in a Fund and/or the proceeds represented by a distribution from a Fund may be classed as "savings income". Sale, refund or redemption proceeds will be savings income if more than 25% of the Fund's assets are invested in money debts. Distribution proceeds will be savings income if more than 15% of the Fund's assets are invested in money debts.

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

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

THE ABOVE IS ONLY A SUMMARY OF THE RELEVANT TAX POSITION AND IS NOT EXHAUSTIVE. IT ASSUMES AN INDIVIDUAL, I.E. NON-CORPORATE, UNITHOLDER. IT DOES NOT TAKE ACCOUNT OF INDIVIDUAL CIRCUMSTANCES AND INDIVIDUALS MUST CONSULT THEIR OWN TAX ADVISERS IN CASES OF DOUBT.

Foreign Account Tax Compliance Act (FATCA)

The units of the Funds have not been and will not be registered under the Securities Act 1933 of the United States (as amended) ("**the 1933 Act**"), the United States Investment Company Act of 1940 or the securities laws of any of the states of the United States. The units of the Fund may not be offered, sold or delivered directly or indirectly in the United States or to the account or benefit of any U.S. Person (as defined below).

"**U.S. Person**" means any citizen or resident of the United States of America, its territories and possessions including the State and District of Columbia and all areas subject to its jurisdiction (including the Commonwealth of Puerto Rico), any corporation, trust, partnership or other entity created or organised in or under the laws of the United States of America, any state thereof or any estate or trust the income of which is subject to United States federal income tax, regardless of source. The expression also includes any person falling within the definition of the term "U.S. Person" under Regulation S promulgated under the United States Securities Act of 1933.

If a Fund becomes liable under FATCA or any legislation or regulation to account for tax in any jurisdiction in the event that a unitholder or beneficial owner of a unit were to or do receive a distribution, payment, redemption, in respect of their units or to dispose (or be deemed to have disposed of their units in any way (a "chargeable event"), the Manager on behalf of the Fund and its delegate shall be entitled to deduct from the payment arising on a chargeable event an amount equal to the appropriate tax, and/or where applicable, to redeem or cancel such number of units held by the unitholder or such beneficial owner as are required to meet the amount of tax. Neither the Fund, the Manager nor its delegate, including NTGSL, will be obliged to make any additional payments to the unitholders, in respect of such withholding or deduction.

The UK has entered into intergovernmental information exchange agreements with the United States (FATCA) and other countries. Consequently, the Funds may be required to collect and/or report information about the unitholders or the Manager may elect to do so if it determines this is in the interests of unitholders generally. This may include information to verify the identity of unitholders or their tax status. The Manager may pass this information to HM Revenue & Customs.

Accounting Periods and Distributions

The annual accounting period of each Fund shall end on 30 September each year or a day chosen by the Manager and advised to the Trustee, being within seven days of such date. The interim accounting period shall end on 31 March each year.

Allocations and distributions of income will be made on or before 31 May and 30 November each year (31 May and 30 November being within four months after the end of the relevant annual or interim accounting reference date), or as otherwise set out in Appendix 1 in respect of a Fund.

Other Schemes Managed by the Manager

The Manager is also the manager of HL Multi-Manager Equity & Bond Trust, HL Multi-Manager Balanced Managed Trust, HL Multi-Manager Special Situations Trust, HL Multi-Manager Strategic Bond Trust and HL Multi-Manager Income & Growth Trust which are unit trust schemes authorised under the Financial Services and Markets Act 2000.

Money Laundering

As a result of legislation in force in the UK to prevent money laundering, the Manager is responsible for compliance with anti-money laundering regulations. In order to implement these regulations, in certain circumstances investors may be asked to provide proof of identity when buying or redeeming units. Further details of the Manager's policy are set out under the section titled 'Electronic Verification' below.

Until satisfactory proof of identity is provided, the Manager reserves the right to refuse to issue units, pay the proceeds of a redemption of units, or pay income on units to the investor. In the case of a purchase of units where the applicant is not willing or is unable to provide the information requested within a reasonable period, the Manager also reserves the right to sell the units purchased and return the proceeds to the account from which the subscription was made. These proceeds may be less than the original investment.

Electronic Verification

The Money Laundering Regulations 2007, The Proceeds of Crime Act 2002, the FCA Senior Management Arrangements Systems & Controls Source book and Joint Money Laundering Steering Group guidance notes (which are updated from time to time) state that the Manager must check your identity and the source of the money invested. The Manager may also request verification documents from parties associated with you. In some cases, documentation may be required for officers performing duties on behalf of bodies corporate. The checks may include an electronic search of information held about you (or your associated party) on the electoral roll and using credit reference agencies. The credit reference agency may check the details you (or your associated party) supply against any particulars on any database (public or otherwise) to which they have access and may retain a record of that information although this is only to verify identity and will not affect your (or your associated party's) credit rating. They may also use your (or your associated party's) details in the future to assist other companies for verification purposes. If you apply for Units you are giving the Manager permission to ask for this information in line with the Data Protection Act 1998. If you invest through a financial adviser they may alternatively need to complete an identity verification certificate on your behalf and send it to the Manager with your application.

Overseas Transfers

The Manager may transfer your personal information to countries located outside of the European Economic Area (the "EEA").

This may happen when the Manager’s servers, suppliers and/or service providers are based outside of the EEA. The data protection laws and other laws of these countries may not be as comprehensive as those that apply within the EEA. In these instances the Manager will take steps to ensure that your privacy rights are respected. Details relevant to you may be provided upon request.

Genuine Diversity of Ownership Condition

Units in the Funds shall be marketed and made available sufficiently widely to reach the intended categories of investors, and in a manner appropriate to attract those categories of investors.

General Information

The Annual Report of the Trust will be available free of charge on or before 31 January each year. The Annual Report is available on request or from www.hl.co.uk. The Trust Deed is kept together with the Annual Reports at One College Square South, Anchor Road, Bristol BS1 5HL and these may be inspected on the premises during normal business hours or copies may be obtained from the Manager at the above address at a cost of £10 per document.

All notices or documents required to be served on unitholders shall be served either by post to the address of such unitholders as evidenced on the register or electronically.

The prices of units in the Funds are published daily in the Financial Times. Prices of units are also made available at www.hl.co.uk. The prices shown will be the prices calculated at the previous valuation point. The units in the Funds are not listed or dealt in on any investment exchange.

Complaints may be made to the Client Services Manager at One College Square South, Anchor Road, Bristol BS1 5HL. If you are not satisfied with our response you may have the right to refer the complaint to the Financial Ombudsman Service , Exchange Tower, London E14 9SR Tel: 0800 023 4567. Making a complaint will not prejudice a unitholder's right to take legal action. Written details of the Manager's complaints procedure are available from the Manager upon request.

In the event that a Fund is unable to fulfil its financial liabilities to investors, unitholders may in certain circumstances be entitled to compensation under the Financial Services Compensation Scheme. Further information about the Financial Services Compensation Scheme is available on request, or by contacting the Financial Services Compensation Scheme at 10th Floor, Beaufort House, 15 St. Botolph Street, London EC3A 7QU Tel: 0800 6781100.

Risk Factors

You should be aware of the risks involved in investing in a Fund. A list of risk factors is provided below, although this list may not be exhaustive. Certain risk factors will apply to different Funds to different degrees depending for example on their investment objective and policy, and for a given fund this degree could increase or reduce through time. There may also be new risks that arise in the future. Many of the risk factors relate to the underlying collective investment schemes ("underlying funds") in which the Funds invest, but for that reason are relevant to the Funds themselves.

If you have any doubts over the suitability of a Fund please contact a financial adviser for advice.

- The price of stock market investments can go down as well as up. This could happen to individual securities, or to a market (such as UK equity or Emerging Markets equity or bond markets) as a whole.

- This means **the value of your investment in a Fund can go down as well as up, and you may get back less than you invest or expect.** Investing is a long-term decision and, in particular, is not suitable for money which may be needed at short notice.

- As the Funds will invest in underlying funds, unitholders may incur a duplication in fees and commissions (such as management fees, including performance fees, custody and transaction fees, other administration fees and audit fees).

- Prices can be influenced by many micro and macro factors such as national and international political and economic news and events, corporate earnings reports, demographic trends and catastrophic events, any of which may affect the value of your investment in a Fund.

- Economic factors might include data, policies or programs relating to interest rates, inflation, supply and demand, trade, fiscal, monetary, and employment, any of which may affect the value of your investment in a Fund.

- A Fund may have exposure to smaller companies, which are more volatile and sometimes more difficult to trade than larger companies, and which may result in above-average fluctuations in price.

- A Fund may have exposure to overseas holdings. Changes in economic or political conditions, interest rates, and so on in the overseas market(s) or country (or countries) selected could affect the value of your investment in the Fund.

- A Fund may have exposure to currencies other than Sterling, particularly where it has an overseas focus. Changes in currency exchange rates may cause the value of units in the relevant Fund to go up or down, independently of movements in the value of the underlying investments, which would affect the value of your investment in the Fund.

- A Fund may have exposure to Emerging Markets which are generally less well regulated than the UK. There is an increased chance of political and economic instability with less reliable custody, dealing and settlement arrangements. The market(s) can also be less liquid, and share prices and currency exchange rates may be more volatile, resulting in above-average fluctuations in price.

- Any income provided by your investment in a Fund will vary. **Expected or indicated income levels may not be achieved** – in particular yields are quoted for illustrative purposes only and are not guaranteed.

- The issuers of floating or fixed interest securities may suspend or cease interest payments, or may default on their debt. This would reduce the income received and/or the capital value of the security, which in turn would reduce the value of your investment in a Fund.

- A Fund may have exposure to high yield bonds which carry a greater risk of default than investment grade bonds, and economic conditions and interest rate movements will have a greater effect on their price.

- Floating or fixed interest securities may not be liquid, i.e. they may be difficult to sell, particularly during stressed market conditions. A Fund may have exposure to high yield bonds which carry a greater liquidity risk. This could mean that when a Fund (or underlying funds) come to sell these securities, they have to accept a lower price, which would reduce the value of your investment.

- In extreme liquidity conditions, redemptions in the underlying funds, and/or a Fund itself, may need to be deferred or suspended.

- The Funds generally deduct their charges from the income produced from their investments; however some may deduct all or part of their charges from capital (e.g. to allow higher levels of income to be paid). Charges taken from the 'capital' of the fund may erode capital growth. Your capital could also decrease if income withdrawals exceed the growth rate of a Fund. Please refer to Appendix 1 to check if this applies to a particular Fund.

- A Fund is valued using the latest available price for each underlying collective investment scheme. These prices may not fully reflect changing market conditions. A Fund can apply a 'fair value price' to all or part of its portfolio to mitigate this this risk.

- The Funds conduct transactions with various counterparties and there is a risk that a counterparty will not deliver an investment (for purchases by the Fund) or cash (for sales by the Fund) after the Fund has fulfilled its responsibilities.

- A Fund may use derivatives for efficient portfolio management purposes. There is a risk that any counterparty used does not fulfil its obligations. The use of derivatives will increase the exposure of the Fund.

- A Fund may use an overdraft facility. This will increase the exposure of the Fund.

- Past performance is not necessarily a guide to future performance.

- As with any investment, inflation will reduce the real value (i.e. purchasing power) of the capital, and of any income provided, over time.

- Any tax features of a Fund or your investment in a Fund are not guaranteed: they can change at any time and their value will depend on your circumstances.

- Fund liability risk: the Trust is structured as an umbrella fund with segregated liability between its Funds. The assets of one Fund will not be available to meet the liabilities of another. However, the Trust (through its Manager) may operate or have assets held on its behalf or be subject to claims in the UK, or in other jurisdictions whose courts may not necessarily recognise such segregation of liability. Therefore it is not always possible to be certain that the assets of a Fund will always be completely isolated from the liabilities of another Fund of the Trust in every circumstance.

Risk Management

In accordance with the Rules, the Manager has implemented risk management systems to identify, measure, manage and monitor all risks relevant to each Fund's investment strategy and to which each Fund is, or may be, exposed. This section sets out all of the risks to which each Fund is, or may be, exposed, and the monitoring and management systems in place.

The Manager reviews its risk management systems as appropriate and at least once a year, and adapt them whenever necessary. The Trustee also regularly reviews the Manager's risk management process. An update on the risk profile for each Fund, the risk management systems and any changes thereto, including in respect of liquidity risk management, will be detailed in the Annual Report.

Taking into account the investment objective and policy of the Funds and the investment techniques they may use, the Manager has identified the following risks and processes for managing them:

Market Risk: The risk of losses in a Fund's underlying fund-holdings due to adverse movements in equity, bond, commodity, currency and other market prices, indices or rates; or changes in the anticipated or calculated volatility of these movements (i.e. volatility risk). This could result in the Fund losing value.

The Funds are set out to be long only and while the fund managers of the Manager will attempt to position the asset allocation of each Fund to maximise total returns, they currently do not attempt to hedge against market risks through use of other instruments (with the exception of currency risk, see below).

The Manager undertakes exposure monitoring work in respect of market risk. On a monthly basis, the Manager receives the portfolio breakdowns for the underlying fund-holdings within each Fund. This allows full monitoring of the Fund's exposures on a look-through basis, providing visibility on various risk factors, including market risk.

Each Fund is subject to market risk limits as a result of the Rules. To help mitigate market risk the Manager monitors these limits and should they be breached the portfolio will be amended at the earliest practical opportunity.

Credit Risk: The risk of losses in a Fund's underlying fund-holdings which invest in government or corporate debt securities, where the debtor fails to pay interest or capital owed. This could result in the Fund losing value.

The Funds are set out to be long only and while the fund managers of the Manager will attempt to position the asset allocation of the funds to maximise total returns, they currently do not attempt to hedge against credit risk through use of other instruments.

Credit risk is monitored through the Manager's exposure monitoring work. On a monthly basis, the Manager receives the portfolio breakdowns for the underlying fund-holdings within each Fund. This allows full monitoring of each Fund's exposures on a look-through basis, providing visibility on various risk factors, including credit risk.

Each Fund may be subject to credit risk limits as a result of the Rules. To help mitigate credit risk the Manager monitors these limits and should they be breached the portfolio will be amended at the earliest practical opportunity.

Duration / Interest Rate Risk: The risk of losses in a Fund's underlying fund-holdings due to changes in interest rates. Those investments held in floating and fixed-interest securities are directly exposed to interest rate risk depending on their duration, while other assets such as equities may be indirectly affected.

In addition each Fund's bank balances are interest-bearing financial assets, on which interest is calculated at a variable rate by reference to Sterling bank deposit rates. The Funds are intended to provide return through investments, and returns are not actively sought from cash, but each Fund will passively receive interest on uninvested cash which will be affected by a change in interest rates.

Each Fund is set out to be long only and while the Manager's portfolio management function will attempt to position the asset allocation of the funds to maximise total returns, they do not attempt to hedge against duration or interest-rate risk through use of other instruments.

Duration risk is monitored through the Manager's exposure monitoring work. On a monthly basis, the Manager receives the portfolio breakdowns for the underlying fund-holdings within each Fund. This allows full monitoring of each Fund's exposures on a look-through basis, providing visibility on various risk factors, including duration.

Each Fund may be subject to relevant limits as a result of the Rules. Each Fund is subject to a FCA rule limit on cash holdings with a single institution. To help mitigate duration / interest rate risk the Manager monitors these limits and should they be breached the portfolio will be amended at the earliest practical opportunity.

The risk that interest rates on uninvested cash will fall is accepted in the course of managing the Funds. The Manager will review this approach periodically.

Currency Risk: The risk that exposure to foreign currency movements will affect the investment performance of a Fund. There are 3 principal scenarios:
i) movements in exchange rates affecting the value of investments,
ii) short-term timing differences such as exposure to exchange rate movements during the period between when a purchase or sale is entered into and the date when settlement of the investment occurs, and
iii) movements in exchange rates affecting income paid in foreign currency and converted into Sterling on a (later) day of receipt.

Currency risk scenario i) is monitored through the Manager's exposure monitoring work. On a monthly basis, the Manager receives the portfolio breakdowns for the underlying fund-holdings within each Fund. This allows full monitoring of each Fund's exposures on a look-through basis, providing visibility on various risk factors, including currency exposure.

A Fund may be subject to limits on currency or sterling exposure (or both). To help mitigate currency risk the Manager monitors these limits and should they be breached the portfolio will be amended at the earliest practical opportunity.

Currency risk scenario i) could then be further mitigated by hedging, through the use of forward currency positions, with the intention that only the underlying fund managers' investment selection, and not currency movements, affect the performance of the Funds.

Currency risk scenarios ii) and iii) are minor risks that are accepted in the course of managing the Funds. The Manager will review this approach periodically.

Liquidity Risk: The risk that as positions grow in size, the ability to unwind such positions could be reduced, which theoretically could lead to lower than expected prices when meeting larger than expected redemption requests, and in the extreme to not being able to meet investors' redemption requests.

The Fund is a fund-of-funds investing predominantly in other daily-dealing UCITS and NURS funds, i.e. they should be readily realisable even in stressed market conditions. Virtually all units within the Funds are held by Hargreaves Lansdown Nominees Ltd, which holds investments on behalf of all HL Group companies. This gives the Manager good visibility of unusual investor redemption behaviour.

Liquidity risk is monitored, mitigated and managed in several ways. On a daily basis, the Manager is aware of the cash movements within each Fund and is provided with details from NTGSL. A cash balance is held within each Fund to deal with typical redemptions.

As each Fund is daily-dealing, it is considered good practice to monitor and test liquidity on a daily basis. These tests are based on an assessment of the proportion of each underlying fund-holding that could be sold both within 1 day, and over a range of longer periods, (this assessment is updated quarterly). The Manager also undertakes stress-testing and unit-holder profiling in respect of the Funds.

Management
Each Fund is open to new investment and new subscriptions help to offset redemptions.

The Funds are dual-priced, and the flexibility to price the fund on a bid- or offer- basis helps to manage the impact of regular subscription and redemption activity and protect long-term investors within the Funds.

Where new subscriptions are outweighed by redemptions, the required cash can be comfortably obtained by selling down underlying fund-holdings. Both the liquidity risk monitoring work mentioned above, and past experience, provides assurance that each Fund could readily sell a substantial proportion of its underlying fund-holdings in a single day if needed.

The Manager does not intend to invest in illiquid assets; the Funds will be invested predominantly in daily-dealing UCITS or otherwise-regulated funds; and are required to operate under the principle of a prudent spread of risk. As a result, the Funds do not utilise ‘special arrangements’ such as lock-up periods, side-pockets or gates, and there are no exit penalties in place.

Each Fund has the ability to borrow money – up to 10% of its NAV. The Manager retains an overdraft facility with the Custodian, which can be used to borrow money to help with temporary cash-flow for redemption requests if necessary.

In more severe liquidity scenarios, the Manager has the ability – with the prior agreement of the Trustee – to defer or suspend redemptions. Please refer to ‘Deferred Redemptions’ and ‘Suspension of Dealings’ on pages 13-14 for further information.

Valuation and Basis Risk: The risk that the valuation of a specific transaction may not be accurate. This risk will increase with the complexity of the transactions entered into. For the Funds, the key component of this is basis risk, which is the risk of loss due to a divergence in the difference between two prices.

To monitor and mitigate valuation risk, there are several stages of review, conducted by separate functions, to ensure a proper, accurate and impartial valuation that is performed with all due skill, care and diligence.

Although the Manager retains overall responsibility for the valuation, it has delegated fund accounting (including valuation of the Funds) to a third party – NTGSL – an independent, specialist fund accounting service provider.

NTGSL values the assets of the Funds at the 11am valuation point and sends full details to the Manager, which carries out its own comprehensive assessments including checking for stale pricing before giving final approval of the valuation.

Basis Risk
In addition, the Fund uses prices for the underlying fund-holdings that can be 23 hours out-of-date. There is a risk that sellers and buyers can act with the knowledge that they are dealing at prices that do not reflect the most recent market movements. To mitigate this risk both the Manager and NTGSL carry out market timing monitoring.

In order to further mitigate basis risk, the Manager has also adopted a Fair value Pricing (FVP) policy using hurdle rates based on relevant indices. Where a market has moved in excess of the hurdle (or otherwise at the Fund Manager's discretion), the Fund Manager may recommend that a FVP decision is made. This means the price of a part of (or the whole of) the portfolio is adjusted in line with the relevant market index movement, so that the valuation better reflects the prevailing market conditions. An FVP decision must be approved by a quorum of two from the HL Group's FVP Committee, which consists of senior managers and directors and excludes all fund managers. Approval is also required from the Trustee.

Derivative Valuations
If a Fund holds a currency derivative contract, the Manager also receives full details from NTGSL as to the value of the derivative exposure, the daily movement of which is independently checked against Bloomberg to verify accuracy.

The Manager's exposure monitoring work ensures that any derivative contracts held equate to the risks involved, i.e. the Manager can confirm that a forward currency position hedge is accurate for the currency exposure and whether action needs to be taken if the position is under- or over-exposed.

Cash Flow Risk: The risk that a Fund will have insufficient cash to cover all transactions (related to liquidity risk).

Cash flow risk is monitored and mitigated by understanding various transactions – such as trades that are currently being placed or due to be placed, subscriptions to and redemptions from, income that is due to, and expenses that are due – from a Fund, thereby recognising all cash flows.

The Manager reflects these transactions the following business morning within 'live' portfolios, even though those transactions may not yet have settled, so that its portfolio management function has the clearest possible picture of the cash movements within each Fund.

Cash flow risk is further mitigated through the maintenance of an overdraft facility with the Custodian for up to £30 million (across the Funds and a number of other funds managed by the Manager). Any facility that is required above this limit is subject to additional approval from the Custodian.

Each Fund is subject to a limit on borrowing of a maximum 10% of its NAV in accordance with the Rules. This limit is monitored by the Manager.

Derivative Risk: The risk from exposure to derivatives.

The Manager's use of derivatives is currently limited to using forward currency positions in order to mitigate currency risk. The overseas holdings within the underlying funds can be affected by currency movements as well as investment performance. Much of the time this is tolerated, but the Manager does have the authority to hedge up to 100% of unwanted currency exposure. In the instances that the fund managers of the Manager use currency hedging positions, they intend for the returns of the fund in question to materially reflect the investment performance rather than currency movements.

Derivative risk is negligible in the context of each Fund's strategy and approach. It is inherently mitigated as transactions which are regarded as speculative will not be permitted. Contracts are initiated at 90% of the exposure to avoid speculation, and reviewed should exposure fall to 80% or increase to 95%.

The Manager does not anticipate its use of derivatives to have any detrimental effect on the overall risk profile of the Funds. If there is a fall in the value of an underlying fund investment due solely to a currency movement then the value of a forward currency position (if it is in place) will rise proportionately. If there is a rise in the value of an underlying fund investment due solely to a currency movement then the value of a forward currency position (if it is in place) will fall.

Each Fund is subject to a limit on over-the-counter derivatives – the exposure to any one counterparty in an over-the-counter derivative transaction must not exceed 10% in value of the scheme property. It is also subject to limits on leverage. The Manager uses a risk management process which enables it to monitor and measure on a daily basis the risk of each Fund's derivatives and forwards positions and their impact on the overall risk profile and leverage of the Fund.

Counterparty Risk: The risk that a counterparty involved in certain transactions that a Fund enters into will not deliver the investment (for purchases by the Fund) or cash (for sales by the Fund) after the Fund has fulfilled its responsibilities.

In respect of underlying fund-holdings, coveralls are in place between the Custodian and the fund groups, with the Custodian indemnifying the fund group for any trades that are placed using the Custodian's dealing software. In a small number of cases, the Manager may place a trade directly with the fund group. The custodian still has the coverall with the fund group, but for such trades the Custodian additionally has a back-to-back agreement with the Manager which indemnifies the Custodian as they have no visibility until post-execution.

In respect of derivatives, FX forward transactions are currently only placed with TNTC, an approved bank, via its FX Passport system. TNTC is also the Custodian.

In respect of cash, this is held on instant access, either with the Custodian or the Trustee (both part of a global financial group).

Legal and Documentation Risk: The risk that in the event of a counterparty default or dispute, The Manager may be unable to enforce or rely on rights or obligations arising under contractual arrangements with that counterparty.

HL Group has a central Legal and Finance department who scrutinise all contracts prior to agreement. Support is also provided by the Trustees, who are on hand should it require assistance, and the HL Group directors can obtain external legal advice (and decide on further action) if necessary.

Regulatory Risk: The risk of disciplinary measures being taken against the Manager or approved individuals due to a breach of rules or principles contained within the FCA Handbook; and the risk that changes to these rules or principles (including those originating at European level) could negatively impact the Manager or the Funds.

HL Group has a central Compliance department which monitors and mitigates regulatory risk through compliance monitoring activities, engaging with the FCA's Supervision department, engaging with FCA policy and consultation work, and so on. HL Group directors can obtain external advice if necessary.

Operational Risk: The risk of direct or indirect losses resulting from inadequate or failed internal processes, people and systems, or from external events.

Operational risk is monitored, measured, mitigated and controlled through the HL Group Risk management model.

To mitigate the impact of loss of key staff, all key members of the Manager's portfolio management function are involved in the research and investment process, with decisions documented and shared.

The HL Group has comprehensive and regularly tested Disaster Recovery and Business Continuity Planning arrangements, including back up sites both elsewhere in Bristol and further afield.

Reputational Risk: The risk that adverse publicity or perception about the Manager or its funds, whether justified or not, could have a negative impact e.g. through loss of investor confidence and so inflows; loss of key staff; etc.

The HL Group takes reputational risk very seriously. The HL Group Board has no appetite for activity which may lead to brand damage, the unfair treatment of customers, loss of any client data, financial crime or non-compliance with regulation. The parent company helps to reinforce this by encouraging employee ownership of HL PLC shares through various schemes.

Appendix 1

Details of each of the Funds

HL Multi-Manager UK Growth

The Fund is a sub-fund of HL Multi-Manager Umbrella Trust, a non-UCITS Retail Scheme under the Rules. The Fund was both established on 5 December 2014 and authorised by the FCA on 5 December 2014.

Investment Objective and Policy

The investment objective of the trust is to provide long term capital growth.

It is intended the Fund will invest principally in collective investment schemes. Through investments in the underlying funds, the Fund will invest at least 80% of its assets in UK equities. Up to 20% of the Fund's assets may be invested (directly or indirectly) in overseas markets and/or fixed income securities, and other permitted investments.

Subject to the Fund's investment objective as set out above, the other permitted investments in which the Fund may directly or indirectly invest include deposits, transferable securities and money market instruments. The Fund may invest in derivative instruments and forward transactions for the limited purposes of efficient portfolio management, including hedging, as explained in Schedule 1 to this Prospectus.

A summary of the Fund's investment and borrowing powers are set out in schedule 1 of this Prospectus. The Fund will invest in accordance with the Rules for Non-UCITS Retail Schemes. Subject to these Rules, the underlying funds in which the Fund may invest will be established in Europe (including the UK, Jersey and Guernsey), the British Virgin Islands and the Cayman Islands.

Additional Information

Type of units	Class A Accumulation (Class A Income units are available to launch at the Manager's discretion) (Class M Accumulation and Income units are available to launch at the Manager's discretion)
Minimum Investment	
Class A Units	Initially £150,000 Thereafter £150,000
Minimum redemption	£10,000
Minimum holding	£150,000
Class M Units	Initially £150,000 Thereafter £150,000
Minimum redemption	£10,000
Minimum holding	£150,000
Current Manager charges	
Class A Units	Preliminary 3% Annual 0.75%
Class M Units	Preliminary 3% Annual 0.75%
Annual accounting date	30 September

Annual income allocation Date	30 November
Interim accounting date	31 March
Interim income allocation date	31 May
Launch Date and Offer Period	23 December 2014 to 22 January 2015
Units first issued	23 January 2015
Initial Offer Price	£1 per Unit

Further details of minimum purchase, holding and redemption levels are given in the section headed "Purchase and Redemption of Units in the Funds" on page 12 of this Prospectus.

Further details of charges are set out on pages 5 to 8 of this Prospectus.

Cash and near cash

The Manager does not anticipate the Fund consisting of more than 20% of cash or near cash at any one time. Liquidity may be at the upper end of, or even exceed this range under certain circumstances such as where large market movements and/or an exceptional number of redemptions are anticipated or the Fund is in receipt of large cash sums upon the creation of units or realisation of investments.

Leverage

The maximum gross leverage in the Fund is 132%, and the maximum commitment leverage is 110%. Further details of the calculation and methodology relating to leverage is set out in this Prospectus under the heading "Leverage" at page 15.

Past Performance Information

The Fund does not currently have any performance history.

Past performance is not a guide to the future.

HL Multi-Manager European

The Fund is a sub-fund of HL Multi-Manager Umbrella Trust, a non-UCITS Retail Scheme under the Rules. The Fund was both established on 5 December 2014 and authorised by the FCA on 5 December 2014.

Investment Objective and Policy

The investment objective of the trust is to provide long term capital growth.

It is intended the Fund will invest principally in collective investment schemes. Through investments in the underlying funds, the Fund will invest at least 80% of its assets in European equities (excluding the UK). Up to 20% of the Fund's assets may be invested (directly or indirectly) in other regional equity markets and/or fixed income securities, and other permitted investments.

Subject to the Fund’s investment objective as set out above, the other permitted investments in which the Fund may directly or indirectly invest include deposits, transferable securities and money market instruments. The Fund may invest in derivative instruments and forward transactions for the limited purposes of efficient portfolio management, including hedging, as explained in Schedule 1 to this Prospectus.

A summary of the Fund's investment and borrowing powers are set out in schedule 1 of this Prospectus. The Fund will invest in accordance with the Rules for Non-UCITS Retail Schemes. Subject to these Rules, the underlying funds in which the Fund may invest will be established in Europe (including the UK, Jersey and Guernsey), the British Virgin Islands and the Cayman Islands.

Additional Information

Type of units	Class A Accumulation (Class A Income units are available to launch at the Manager's discretion) (Class M Accumulation and Income units are available to launch at the Manager's discretion)
Minimum Investment	
Class A Units	Initially £150,000 Thereafter £150,000
Minimum redemption	£10,000
Minimum holding	£150,000
Class M Units	Initially £150,000 Thereafter £150,000
Minimum redemption	£10,000
Minimum holding	£150,000
Current Manager charges	
Class A Units	Preliminary 3% Annual 0.75%
Class M Units	Preliminary 3% Annual 0.75%
Annual accounting date	30 September
Annual income allocation Date	30 November
Interim accounting date	31 March

Interim income allocation date	31 May
Launch Date and Offer Period	6 February 2015 – 25 February 2015
Units first issued	26 February 2015
Initial Offer Price	£1 per unit

Further details of minimum purchase, holding and redemption levels are given in the section headed "Purchase and Redemption of Units in the Funds" on page 12 of this Prospectus.

Further details of charges are set out on pages 5 to 8 of this Prospectus.

Cash and near cash

The Manager does not anticipate the Fund consisting of more than 20% of cash or near cash at any one time. Liquidity may be at the upper end of, or even exceed this range under certain circumstances such as where large market movements and/or an exceptional number of redemptions are anticipated or the Fund is in receipt of large cash sums upon the creation of units or realisation of investments.

Past Performance Information

The Fund does not currently have any performance history.

Past performance is not a guide to the future.

HL Multi-Manager Asia & Emerging Markets

The Fund is a sub-fund of HL Multi-Manager Umbrella Trust, a non-UCITS Retail Scheme under the Rules. The Fund was both established on 5 December 2014 and authorised by the FCA on 5 December 2014.

Investment Objective and Policy

The investment objective of the trust is to provide long term capital growth.

It is intended the Fund will invest principally in collective investment schemes. Through investments in the underlying funds, the Fund will invest at least 80% of its assets in equities from Asia and emerging markets. Up to 20% of the Fund's assets may be invested (directly or indirectly) in other regional equity markets and/or fixed income securities, and other permitted investments.

Subject to the Fund’s investment objective as set out above, the other permitted investments in which the Fund may directly or indirectly invest include deposits, transferable securities and money market instruments. The Fund may invest in derivative instruments and forward transactions for the limited purposes of efficient portfolio management, including hedging, as explained in Schedule 1 to this Prospectus.

A summary of the Fund's investment and borrowing powers are set out in schedule 1 of this Prospectus. The Fund will invest in accordance with the Rules for Non-UCITS Retail Schemes. Subject to these Rules, the underlying funds in which the Fund may invest will be established in Europe (including the UK, Jersey and Guernsey), the British Virgin Islands and the Cayman Islands.

Additional Information

Type of units	Class A Accumulation (Class A Income units are available to launch at the Manager's discretion) (Class M Accumulation and Income units are available to launch at the Manager's discretion)
Minimum Investment	
Class A Units	Initially £150,000 Thereafter £150,000
Minimum redemption	£10,000
Minimum holding	£150,000
Class M Units	Initially £150,000 Thereafter £150,000
Minimum redemption	£10,000
Minimum holding	£150,000
Current Manager charges	
Class A Units	Preliminary 3% Annual 0.75%
Class M Units	Preliminary 3% Annual 0.75%
Annual accounting date	30 September
Annual income allocation Date	30 November
Interim accounting date	31 March

Interim income allocation date	31 May
Launch Date and Offer Period	6 April 2015 – 28 April 2015
Units first issued	29 April 2015
Initial Offer Price	£1 per unit

Further details of minimum purchase, holding and redemption levels are given in the section headed "Purchase and Redemption of Units in the Funds" on page 12 of this Prospectus.

Further details of charges are set out on pages 5 to 8 of this Prospectus.

Cash and near cash

The Manager does not anticipate the Fund consisting of more than 20% of cash or near cash at any one time. Liquidity may be at the upper end of, or even exceed this range under certain circumstances such as where large market movements and/or an exceptional number of redemptions are anticipated or the Fund is in receipt of large cash sums upon the creation of units or realisation of investments.

Past Performance Information

The Fund does not currently have any performance history.

Past performance is not a guide to the future.

Schedule 1

Investment and Borrowing Powers applicable to the Funds

Each Fund may exercise the full authority and powers permitted by the Rules applicable to a non-UCITS retail scheme. However, this is subject to the investment objective and policy of each Fund, the applicable investment limits and restrictions as set out in the Trust Deed and as stated in this Prospectus.

Save for any investment acquired for the purposes of efficient portfolio management (including hedging) (referred to in more detail below), the property of a Fund may not include any investment to which a liability (whether actual or contingent) is attached unless the maximum amount of such liability is ascertained at the time when such investment is acquired for the account of the Fund.

In accordance with each Fund's investment policy, the Funds shall primarily invest in units and shares of collective investment schemes. The capital property attributable to each Fund is required to consist of such investments although investment in other asset classes is permitted as set out in the Rules as such rules apply to non-UCITS retail schemes and as summarised below. Therefore, the capital property may at any time consist of all units or shares of collective investment schemes or a mixture of such assets as well as investments of other asset classes as set out below.

The Manager shall ensure that, taking into account the investment objective, the scheme property of each Fund aims to provide a prudent spread of risk. In accordance with COLL 5.6, where applicable, the rules relating to the spread of investments will not apply until 12 months after the later of (a) the date when the authorisation order in respect of the relevant Fund takes place, and (B) the date the initial offer commenced provided that the Manager ensures that the relevant Fund aims to provide a prudent spread of risk.

Collective investment schemes

Up to 100% of the property of each Fund may consist of units and/or shares in collective investment schemes. Not more than 35% in value of the property of a Fund may consist of units or shares in any one collective investment scheme.

A Fund must not invest in units or shares of a collective investment scheme (the "**second scheme**") unless the second scheme satisfies all of the requirements referred to in (a) to (d) below:

(a) the second scheme:

- (i) satisfies the conditions necessary for it to enjoy the rights conferred by the UCITS Directive; or
- (ii) is a non-UCITS retail scheme; or
- (iii) is a recognised scheme; or
- (iv) is constituted outside the United Kingdom and the investment and borrowing powers of which are the same or more restrictive than those of a non-UCITS retail scheme; or
- (v) is a scheme which does not fall within any of the above categories and in respect of which no more than 20% in value of the property of the scheme (including any transferable securities which are not approved securities) is invested.

(b) the second scheme must operate on the principle of the prudent spread of risk;

(c) the second scheme must have terms which prohibit more than 15% in value of the scheme property consisting of units and/or shares in collective investment schemes;

(d) the participants in the second scheme must be entitled to have their units redeemed in accordance with the scheme at a price:

(i) to the net value of the property to which the units relate; and

(ii) which are determined in accordance with the scheme.

Each Fund may invest in shares or units of collective investment schemes which are managed or operated by (or, in the case of companies incorporated under the OEIC Regulations, have as their authorised corporate director) the Manager or an associate of the Manager. However, if a Fund invests in units or shares in another collective investment scheme managed or operated by the Manager or by an associate of the Manager, the Manager must pay into the property of the Fund before the close of the business on the fourth business day after the agreement to invest or dispose of units:

(a) on investment – if the Manager pays more for the units issued to it than the then prevailing creation price, the full amount of the difference or, if this is not known, the maximum permitted amount of any charge which may be made by the issuer on the issue of the units; and

(b) on a disposal – any amount charged by the issuer on the redemption of such units.

Transferable Securities

The scheme property may consist of transferable securities (as defined in the Rules) which are admitted to or dealt in on an eligible market (as set out in Schedule 2). Not more than 20% in value of the scheme property may consist of transferable securities which are not admitted to or dealt in an eligible market and/or money market instruments which do not fall within the criteria set out under the section entitled "Money Market Instruments" below.

Not more than 10% in value of the scheme property may consist of transferable securities or money market instrument (referred to below) issued by any single body (however this rule does not apply in respect of government and public securities).

Not more than 5% in value of the scheme property may consist of warrants. Warrants may only be held if it is reasonably foreseeable that the exercise of the rights conferred by the warrants will not contravene the Rules. Securities on which any sum is unpaid may be held provided that it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by the Fund at any time when the payment is required without contravening the Rules.

Cash and near cash

The scheme property may consist of cash or near cash to enable:

(a) the pursuit of each Fund's investment objectives; or

(b) the redemption of shares; or

(c) the efficient management of the Fund in accordance with its objectives or any other purposes which may reasonably be regarded as ancillary to the objectives of the Fund.

The Manager does not anticipate a Fund consisting of more than a proportion to be specified in Appendix 1 of cash or near cash at any one time. Liquidity may be at the upper end of, or even exceed this range under certain circumstances such as where large market movements and/or an exceptional number of redemptions are anticipated or the Fund is in receipt of large cash sums upon the creation of units or realisation of investments.

Cash forming part of the property of a Fund may be placed in any current or deposit account with the Trustee, the Manager or any associate of any of them provided it is an eligible institution or approved bank and the arrangements are at least as favourable to the Fund as would be those of any comparable arrangements effected on normal commercial terms negotiated at arm's length between two independent parties.

During the period of any initial offer in respect of a Fund the scheme property of that Fund may consist of cash and near cash without limitation.

Money Market Instruments

The scheme property may consist of money market instruments which are normally dealt in on the money market, are liquid and whose value can be accurately determined at any time, provided such money market instrument is:

(a) issued or guaranteed by a central, regional or local authority or 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 states belongs; or

(b) an establishment subject to prudential supervision in accordance with criteria defined by Community Law or an establishment which is subject to and complies with prudential rules governed by the FSA to be at least as stringent as those laid down by Community Law; or

(c) issued by a body, any securities of which are dealt in on an eligible market.

As mentioned above, not more than 20% in value of the scheme property attributable to each Fund may consist of transferable securities which are not admitted to or dealt in an eligible market (see the section entitled "Transferable Securities" above) and/or money market instruments which do not fall within the above criteria.

Derivatives

The scheme property may consist of derivatives or forward transactions for the purposes of ‘efficient portfolio management’ (including "hedging"). This is set out in more detail in the next sub-section.

Derivatives transactions must either be in an approved derivative (being a derivative which is dealt in on an eligible derivatives market as set out in Schedule 2) or an over the counter derivative with an approved counterparty as defined in the glossary to the FCA Handbook.

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 (as published on the FS Register), or whose home state authorisation, permits it to enter into such transactions as principal off exchange.

Any over the counter transactions in derivatives must also be on approved terms, i.e. the Manager:

(a) carries out a reliable and verifiable valuation in respect of that transaction at least daily; and

(b) can enter into a further transaction to close out that transaction at any time, at a fair value, arrived at under the pricing model or other reliable basis agreed.

Any forward transaction must be made with an eligible institution or an approved bank in accordance with the Rules.

The underlying assets of a transaction in a derivative may only consist of any one or more of the following:

(a) transferable security;

(b) money market instruments;

(c) deposits;

(d) derivatives;

(e) collective investment schemes;

(f) financial indices;

(g) interest rates;

(h) foreign exchange rates; and

(i) currencies.

A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more transferable securities, money market instruments, units or shares in collective investment schemes or derivatives.

A derivatives or forward transaction which would or could lead to delivery of property to the Trustee may be entered into only if such property can be held by a Fund and the Manager has taken reasonable care to determine that delivery of the property pursuant to the transaction will not lead to a breach of the relevant provisions in the Rules.

Meaning of 'Efficient Portfolio Management (including "hedging")'

A Fund may enter into derivative and forward transactions for efficient portfolio management (including hedging) purposes provided the following requirements are satisfied:

- the transaction is economically appropriate,
- the exposure on the transaction is fully covered, and,
- the transaction is entered into for either of the following specific aims:

(i) the reduction of risk; or
(ii) the reduction of costs; or
(iii) generation of additional capital or income for the scheme with a risk level which is consistent with the risk profile of the scheme and risk diversification rules laid down in the Rules.

A transaction which is regarded as speculative will not be permitted. A list of the current eligible derivatives markets is set out in Schedule 2. Further derivatives markets may be added to the list following consultation with the Trustee in accordance with the Rules.

Where a transaction is entered into for efficient portfolio management (including hedging) purposes and relates to the actual or potential acquisition of transferable securities, the Manager must intend that the Fund should invest in such transferable securities within a reasonable time and the Manager must ensure that, unless the position has itself been closed out, that intention is realised within such time.

The Manager does not anticipate the intended use of derivatives and forwards transactions as set out above to have any detrimental effect on the overall risk profile of a Fund.

Deposits

The scheme property may consist of deposits (as defined in the Rules) but only if it:

- is with an approved bank;
- is repayable on demand or has the right to be withdrawn; and
- matures in no more than 12 months.

Immovable and movable property

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

Spread – general

In applying any of the restrictions referred to above:

- Not more than 10% in value of the scheme property of a Fund is to consist of transferable securities or money market instruments issued by any single body (subject to the Rules in COLL 5.6.23R). In applying any limit to transferable securities or money market instruments, any certificates representing certain securities are to be treated as equivalent to the underlying security.
- The exposure to any one counterparty in an over the counter derivative transaction must not exceed 10% in value of the scheme property of a Fund.
- Not more than 20% in value of the scheme property of a Fund is to consist of deposits with a single body.

The rules relating to the spread of investments will not apply during any period in which it is not reasonably practical to comply, provided that at all times the scheme property of each Fund aims to provide a prudent spread of risk.

The above restrictions do not apply to in respect of government and public securities.

Spread - Government and public securities

Up to 100% of the scheme property may consist of government and public securities. More than 35% in value of the scheme property may consist of government and public securities issued by any one issuer provided such securities satisfy the following conditions:

(a) the issuer or issuers are amongst the following:

(i) the Government of the United Kingdom; and

(ii) any EEA State (which as at the date of this Prospectus includes the UK, Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden); and

(iii) Australia, Canada, Hong Kong, Japan, New Zealand, The United States of America;

(b) No more than 30% of the property consists of such securities of any one issue; and

(c) the property must include at least six different issues whether of that issuer or another issuer.

Borrowing

Subject to the Trust Deed and the Rules (such as relate to non-UCITS retail schemes), a Fund may borrow money for the purposes of achieving its objectives on terms that such borrowings are to be repaid out of the scheme property. The Manager does not anticipate significant use of this borrowing power. Such borrowing may only be made from an eligible institution or approved bank (as defined in the Rules). The borrowing of a Fund must not, on any business day, exceed 10% of the value of the property of the Fund.

The above provisions on borrowing do not apply to "back to back" borrowing for hedging purposes, being an arrangement under which an amount of currency is borrowed from an eligible institution and an amount in another currency at least equal to the amount of currency borrowed is kept on deposit with the lender (or his agent or nominee).

Borrowings may be made from the Trustee, the Manager, or any associate of any of them provided that such lender is an eligible institution or approved bank and the arrangements are at least as favourable to the Fund as would be those of any comparable arrangements effected on normal commercial terms negotiated at arm's length between two independent parties.

Stock lending

The Fund or the Trustee will not enter into stock lending arrangements.

Schedule 2

Eligible Markets

Set out below are the securities markets through which each Fund may invest or deal in approved securities (subject to the investment objective and policy of the Fund):

(a) a "regulated market" as defined in the Rules;

(b) a securities market established in any EEA State (which as at the date of this Prospectus includes the UK, Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, and Sweden) which is regulated, operates regularly and is open to the public; or

(c) the principal or only market established under the rules of any of the following investment exchanges:

Country	**Market**
Australia	The Australian Stock Exchange Limited
Canada	The Toronto Stock Exchange
Hong Kong	The Hong Kong Stock Exchange
Japan	The Tokyo Stock Exchange
New Zealand	The New Zealand Stock Exchange
The United States of America	New York Stock Exchange The NASDAQ Stock Market

The alternative investment market (AIM) of the International Stock Exchange of the United Kingdom and the Republic of Ireland Limited is also an eligible securities market for the purposes of the Fund.

Eligible Derivatives Markets

Set out below are the derivatives markets through which each Fund may deal (subject to the Trust Deed, this Prospectus and the Rules as applicable to non-UCITS retail schemes):

Country	**Market**
Japan	Tokyo Stock Exchange
New Zealand	New Zealand Futures and Options Exchange
UK	London International Financial Futures and Options Exchange
The United States of America	Chicago Mercantile Exchange
Europe	European Options Exchange EURONEXT

Schedule 3

Valuation of the property of the Funds

The property of a Fund is valued on the following basis (which is set out in full in the Trust Deed) and is in two parts (the issue basis and the cancellation basis):

1 All valuations are made in the base currency and are based on the most recent prices that can be reasonably obtained after the valuation point with a view to giving an accurate valuation at that point.

2 To convert to the Fund's base currency the value of the Fund's property which would otherwise be valued in another currency the Manager must either:

(a) select a rate of exchange which represents the average of the highest and lowest rates quoted at the relevant time for conversion of that currency into base currency on the market on which the Manager would normally deal if it wished to make such a conversion, or

(b) invite the Trustee to agree that it is in the interests of the unitholders to select a different rate, and, if the Trustee so agrees, use that other rate.

3 All scheme property as at the valuation point is included in the valuation, subject to any adjustments.

4 If the Trustee has been instructed to issue or cancel units it will be assumed (unless the contrary is shown) that:

(a) it has been done so;

(b) it has paid or been paid for them; and

(c) all consequential action required has been taken.

5 If the Trustee has issued or cancelled units but consequential action at 4(c) above is outstanding, assume that it has been taken.

6 Any agreement for the unconditional sale or purchase of property will be treated as having been completed and all necessary consequential actions having been taken. This is to include any agreement the existence of which is, or could reasonably be expected to be, known to the person valuing the property, assuming that all other persons in the Manager's employment take all reasonable steps to inform it immediately of the making of any agreement. However, this does not include any future or contract for differences which is not yet due to be performed or any unexpired option which has been written or purchased for the Fund and has not yet been exercised.

7 An estimated amount will be deducted for anticipated tax liabilities on the following:

(a) unrealised capital gains where the liabilities have accrued and are payable out of the scheme property of the Fund;

(b) realised capital gains in respect of previously completed and current accounting periods;

(c) income where the liabilities have accrued;

and any other fiscal charge not set out here.

8 The following will also be deducted:

(a) an estimated amount for any liabilities payable out of the property attributable to the fund and any tax on it (treating any periodic items as accruing from day to day);

(b) the principal amount of any outstanding borrowings whenever payable;

(c) any accrued but unpaid interest on borrowings;

(d) the value of any option written (if the premium for writing the option has become part of the scheme property of the Fund); and

(e) in the case of a margined contract, any amount reasonably anticipated to be paid by way of variation margin (the difference in price between the last settlement price, whether or not variation margin was then payable, and the price of the contract at the valuation point).

9 An estimated amount will be added for accrued claims for repayment of taxation levied:

(a) on capital (including capital gains); or

(b) on income.

10 The following will be added:

(a) any other credit due to be paid into the scheme property;

(b) in the case of a margined contract , any amount reasonably anticipated to be received by way of variation margin (that is the difference in price between the last settlement price, whether or not variation margin was then receivable, and the price of the contract at the valuation point);

Issue Basis

The valuation of the Property of a Fund for that part of the valuation which is on a creation basis is as follows:

Property	**To be valued at**
Cash	Nominal value
(a) Amounts held in current and deposit accounts	Nominal value
(b) Property which is not within (a), or (c):	
(i) If units in an authorised unit trust which is dual priced	Except where **Note 1** applies, the most recent maximum sale price less any expected discount (plus dealing costs) **[Note 2]**.
(ii) If units or shares in either an investment company with variable capital or authorised unit trust which is single priced	The most recent price (plus dealing costs, any preliminary charge payable by the Fund on the purchase of the units or shares and any dilution levy which would be added in the event of purchase) **[Notes 2 and 3]**
(iii) If any other investment	Best available market dealing offer price on the most appropriate market in a standard size (plus dealing costs) **[Note 2]**
(iv) If other property, or no price exists under (i), (ii) or (iii)	Manager's reasonable estimate of a buyer's price (plus dealing costs) **[Notes 2 and 4]**
(c) Property which is a derivative under the terms of which there may be a liability to make, for the account of the Fund, further payments (other than charges and whether or not secured by margin) when the transaction in the derivative falls to be completed or upon its closing out.	
(i) If a written option under para8d above	To be deducted at a net valuation of premium **[Notes 5 and 8]**
(ii) If an off-exchange future	Net value on closing out **[Notes 6 and 8]**
(iii) If any other such property	Net value of margin of closing out (whether as a positive or negative figure) **[Notes 7 and 8]**

Notes

1. The issue price is taken, instead of the maximum sale price if the manager of the authorised unit trust whose scheme property is being valued is also the Manager, or an associate of the Manager, of the authorised unit trust whose units form part of that property.

2. "Dealing costs" means any fiscal charges, commission or other charges payable in the event of the authorised unit trust carrying out the transaction in question, assuming that the commission and charges (other than fiscal charges) which would be payable by the authorised unit trust are the least that could reasonably be expected to be paid in order to carry out the transaction. On the issue basis, dealing costs exclude any preliminary charge on sale of units in an authorised unit trust.

3. Dealing costs under Note 2. Include any dilution levy which would be added in the event of a purchase by the Fund of the units in question but, if the manager of the authorised unit trust being valued, or an associate of the manager is also the manager of the authorised unit trust or the ACD of the ICVC whose units are held by the Fund, must not include the preliminary charge which would be payable in the event of a purchase by the Fund of those units.

4. The buyer's price is the consideration which would be paid by a buyer for an immediate transfer or assignment (or, in Scotland, assignation) to him at arm's length.

5. Establish the premium on writing an option of the same series on the best terms then available on the most appropriate market on which such options are traded; but deduct dealing costs.

6. Estimate the amount of margin (whether receivable or payable by the authorised unit trust on closing out the contract. Deduct minimum dealing costs in the case of profit and add them in the case of loss.

7. Estimate the amount of margin (whether receivable or payable by the Fund on closing out the contract) on the best terms then available on the most appropriate market on which such contracts are traded. If that amount is receivable deduct minimum dealing costs. If however, that amount is payable then add minimum dealing costs to the margin and the value is that figure as a negative sum.

8. If the property is an over-the counter transaction in derivatives, use the relevant valuation referred to in the Regulations.

<u>Cancellation Basis</u>

The valuation of the property of a Fund for that part of the valuation which is on a cancellation basis is as follows:

Property			**To be valued at**
Cash			Nominal value
(a)	Amounts held in current and deposit accounts		Nominal value
(b)	Property which is not within (a), or (c):		
	(i)	If units in an authorised unit trust which is dual priced	Except where **Note 1** applies, the most recent minimum redemption price (less dealing costs) **[Note 2]**.
	(ii)	If units or shares in either an investment company with variable capital or authorised unit trust which is single priced	The most recent price (less dealing costs) **[Notes 2 and 3]**
	(iii)	If any other investment	Best available market dealing bid price on the most appropriate market in a standard size (less dealing costs) **[Note 2]**
	(iv)	If other property, or no price exists under (i), (ii) or (iii)	Manager's reasonable estimate of a seller's price (less dealing costs) **[Notes 2 and 4]**
(c)	Property which is a derivative under the terms of which there may be a liability to make, for the account of the Fund, further payments (other than charges and whether or not secured by margin) when the transaction in the derivative falls to be completed or upon its closing out.		
	(i)	If a written option under para8d above	To be deducted at a net valuation of premium **[Notes 5 and 8]**
	(ii)	If an off-exchange future	Net value on closing out **[Note 8]**
	(iii)	If any other such property	Net value of margin on closing out (whether as a positive or negative figure) **[Notes 6 and 8]**

<u>Notes</u>

1. The cancellation price is taken, instead of the minimum redemption price if the property, if sold in one transaction, would amount to a large deal.

2. For "dealing costs" see Note 2 for the valuation on the creation basis. Dealing costs include any charge payable on redemption of units in an authorised unit trust (taking account of any expected discount), except where the manager of the Fund is also the manager or the associate of the manager of the authorised unit trust whose units form part of that property.

3. Dealing costs under Note 2. Include any dilution levy which would be deducted in the event of a sale by the Fund of the units in question and, when the manager of the Fund, or an associate of the manager is also the manager of the authorised unit trust or the ACD of the ICVC whose units are held by the Fund, must not include any charge payable on the redemption of those units (taking account of any expected discount).

4. The seller's price is the consideration which would be received by a seller for an immediate transfer or assignment (or, in Scotland, assignation) from him at arm's length, less dealing costs.

5. Establish the premium on writing an option of the same series on the best terms then available on the most appropriate market on which such options are traded; and add dealing costs.

6. Estimate the amount of margin (whether receivable or payable by the authorised unit trust on closing out the contract. Deduct minimum dealing costs in the case of profit and add them in the case of loss.

7. Estimate the amount of margin (whether receivable or payable by the Fund on closing out the contract) on the best terms then available on the most appropriate market on which such contracts are traded. If that amount is receivable deduct minimum dealing costs. If however, that amount is payable then add minimum dealing costs to the margin and the value is that figure as a negative sum.

8. For over-the counter transactions in derivatives see note 8 in the issue basis valuation provisions (above).