

**IMPORTANT: IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS PROSPECTUS  
YOU SHOULD CONSULT A PROFESSIONAL ADVISER.**

**ARC TIME:Funds III  
AN OPEN ENDED INVESTMENT COMPANY  
(a UCITS Scheme)**

**PROSPECTUS**

**valid as at 1 March 2022**

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**PROSPECTUS**  
**OF**  
**ARC TIME:Funds III**

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

The Prospectus is dated and is valid as at 1 March 2022.

This Prospectus has been issued for the purpose of section 21 of the Financial Services and Markets Act 2000 by Alpha Real Capital LLP.

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

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

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 The Company is not bound by any out of date prospectus when it has issued a new prospectus and potential investors should check that they have the most recently published Prospectus.

Alpha Real Capital LLP, the authorised corporate director of the Company, is the person responsible for the information contained in this Prospectus. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained herein does not contain any untrue or misleading statement or omit any matters required by the FCA Regulations to be included in it.

The Depositary is not a person responsible for the information contained in this Prospectus and accordingly does not accept any responsibility therefore under the FCA Regulations or otherwise.

The provisions of the Instrument of Incorporation are binding on each of the Shareholders and a copy of the Instrument of Incorporation is available on request.

The distribution of this Prospectus in certain jurisdictions may require that this Prospectus is translated into the official language of those countries. Should any inconsistency arise between the translated version and the English version, the English version shall prevail.

All communications in relation to this Prospectus shall be in English.

Shareholders are entitled to participate in the Company on the basis set out in this Prospectus (as amended from time to time). Shareholders should in particular note the following:

- The section on complaints, Shareholder meetings and voting rights, annual reports and documents relating to the Company set out important rights about Shareholders' participation in the Company.
- Shareholders may have no direct rights against the ACD, the Depositary, the Investment Manager, the Transfer Agent, the Administrator or the Collection Agent.
- Shareholders may be able to take action if the contents of this document are inaccurate or incomplete.
- Shareholders have statutory and other legal rights which include the right to complain and may include the right to cancel an order or seek compensation.
- Shareholders who are concerned about their rights in respect of the Company (or any Fund) should seek legal advice.

## DEFINITIONS

“Accumulation Shares”	Shares in respect of which income is automatically rolled up into the price of the Share, thereby usually enhancing the value of these Shares;
“ACD”	Alpha Real Capital LLP, the authorised corporate director of the Company;
“Act”	the Financial Services and Markets Act 2000, as amended from time to time;
“Administrator”	TIME Investments, the trading name of Alpha Real Property Investment Advisers LLP;
“Application Form”	the relevant application form for Shares;
“Approved Bank”	as defined in the FCA Rules, generally an approved bank is the Bank of England or other OECD member state central bank, a bank with Part IV authorisation to accept deposits, a building society, or a bank supervised by the central bank or regulator in a member state of the OECD;
“Business Day”	a day other than a Saturday or a Sunday or a bank or public holiday in England;
“CCP”	has the meaning set out in the glossary to the FCA Handbook;
“Class” or “Classes”	in relation to Shares, means (according to the context) all of the Shares or a particular class or classes of Share relating to a Fund;
“COLL Sourcebook” or “COLL”	refers to the appropriate chapter or rule in the Collective Investment Schemes Sourcebook which forms part of the FCA Rules;
“Collection Agent”	the relevant client money collection agent as appointed from time to time and as set out in the relevant Fund Application Form;
“Company”	ARC TIME:Funds III;
“Conversion”	the conversion of Shares in one Class to Shares of another Class in the same Fund of the Company and “convert” shall be construed accordingly;
“Custodian”	The Northern Trust Company, as appointed by the Depositary;
“Cut Off Point for Redemptions”	as defined for each Fund in Appendix A;
“Cut Off Point for Subscriptions”	as defined for each Fund in Appendix A;
“Dealing Day”	the dealing day for a Class, details of which are set out in the specific information for each Fund in Appendix A;
“Depositary”	NatWest Trustee and Depositary Services Limited;
“EMIR”	Means the UK version of EU Regulation 648/2012 on OTC Derivatives. Central Counterparties and trade repositories, as amended from time to time;

“EUWA”	The European Union (Withdrawal) Act 2018;
“FATCA”	provisions commonly known as the US Foreign Account Tax Compliance provisions enacted by the US Hiring Incentives to Restore Employment (HIRE) Act of 18 March 2010 (as amended, consolidated or supplemented from time to time), including any laws and regulations issued pursuant thereto including, where relevant, in the UK;
“FCA”	the Financial Conduct Authority or any successor body which may assume its regulatory responsibilities from time to time;
“FCA Regulations”	the rules contained in the COLL Sourcebook as part of the FCA Rules;
“FCA Rules”	the FCA handbook of rules and guidance made under the Act;
“Fund” or “Funds”	a sub-fund of the Company (being part of the Scheme Property of the Company which is pooled separately) to which specific assets and liabilities of the Company may be allocated and which is invested in accordance with the investment objective and policy applicable to that sub-fund;
“HMRC”	HM Revenue & Customs;
“Income Shares”	Shares in respect of which Income is distributed every six months at the relevant distribution date;
“Instrument of Incorporation”	the constitutive legal document of the Company;
“Investment Manager”	the investment manager to a Fund, appointed by the ACD, to be responsible generally for portfolio management. Appendix G sets out the investment manager appointed for each Fund;
“ISA”	an individual savings account under The Individual Savings Account Regulations 1998 (as amended);
“KIID”	The Key Investor Information Documents for the Funds;
“Level 2”	The UK version of Commission Delegated Regulation EU No 2016/438 supplementing the UCITS Directive which is part of UK law by virtue of the EUWA , as amended by the UK version of Commission Delegated Regulation (EU) 2018/1619;
“Net Asset Value” or “NAV”	the valuation of Scheme Property of the Company or any Fund (as the context requires), which is ascertained in accordance with the provisions of the Instrument of Incorporation;
“OEIC Regulations”	the Open-Ended Investment Companies Regulations 2001 as amended or re-enacted from time to time;
“Scheme Property”	the property of the Company or a Fund to be given to the Depositary for safe-keeping, as required by the FCA Regulations;
“Shares”	shares in the Company, which may be either Income Shares or Accumulation Shares;
“Shareholder”	a holder of registered Shares;

“Specified US Person”	a Shareholder who falls within the definition of “Specified U.S. Person” for the purposes of FATCA;
“Switching”	the exchange where permissible of Shares of one Class in a Fund for Shares of another Fund and “switch” shall be construed accordingly;
“Tax Regulations”	the Authorised Investment Funds (Tax) Regulations 2006 (SI 2006/964), as amended from time to time;
“Transfer”	the transfer of Shares from an existing Shareholder to a prospective shareholder, as agreed between those persons, with the consent of the ACD;
“Transfer Agent”	TIME Investments, the trading name of Alpha Real Property Investment Advisers LLP;
“Transfer Instruction Form”	a form required for any Shareholder to effect an Exchange;
“Valuation Point”	10am on each Dealing Day.
“UCITS Directive”	Directive 2009/65/EC as amended by Directive 2014/91/EU and as further amended from time to time;
“UKIIF II”	ARC TIME UK Infrastructure Income Fund II, a sub-fund of the Company
“UK UCITS”	as defined in the FCA Rules;
“UK UCITS Requirements”	COLL, Level 2 and the Undertakings for Collective Investment in Transferable Securities Regulations 2016.

## 1 The Company

1.1 ARC TIME:Funds III is an open-ended investment company with registered number IC047937, whose effective date of authorisation by the FCA was 23 August 2021.

1.2 The registered and head office of the Company is at C/o Alpha Real Capital LLP, 338 Euston Road, London, NW1 3BG which is also the address of the place in the United Kingdom for service on the Company of notices or other documents required or authorised to be served on it.

1.3 The base currency of the Company is pounds sterling.

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

## 2 Structure of the Company and the Funds

2.1 The Company is structured as an umbrella company, in that different Funds may be established from time to time by the ACD with the approval of the FCA, the agreement of the Depositary and in accordance with the Instrument of Incorporation. On the introduction of any new Fund, a revised Prospectus will be prepared setting out the relevant details of each new Fund.

At the date of the Prospectus, the Company has one Fund: ARC TIME UK Infrastructure Income Fund II.

The FCA product reference numbers are as follows:

<b>Umbrella scheme or sub-fund name</b>	<b>FCA product reference number</b>
ARC TIME:Funds III	957309
ARC TIME UK Infrastructure Income Fund II	957310

2.2 The Company is a UK UCITS.

2.3 Details of the Funds, including their investment objective and policy are set out in Appendix A. Details of the investment and borrowing powers of each Fund are set out in Appendix B.

2.4 The minimum capital of the Company shall be £100,000 and the maximum capital shall be £100,000,000,000 as stated in the Instrument of Incorporation.

## 3 Shares

3.1 The Funds issue various Classes of Share, details of which are set out in the Fund specific information in Appendix A. Further Share Classes may be made available in due course, as the ACD may decide. The nature of the right represented by a Share is that of a right to a specified amount of the share capital of the Company.

3.2 Holders of Income Shares are entitled to be paid the distributable income attributed to such Shares on any relevant interim and annual allocation dates.

3.3 Holders of Accumulation Shares are not entitled to be paid the income attributed to such Shares, but that income is automatically transferred to (and retained as part of) the capital assets of the relevant Fund on the relevant interim and/or annual accounting dates. This is reflected in the price of an Accumulation Share.

- 3.4 The minimum initial investment, on-going holding and redemption terms for each Share Class is set out for the relevant Fund in Appendix A.
- 3.5 Shares in the Company are not currently listed on any investment exchange.
- 3.6 Shares will be issued in larger and smaller denominations. There are ten thousand smaller denomination Shares to each larger Share. Smaller denomination Shares represent what in other terms might be called fractions of a larger Share and have proportionate rights.

#### **4 Management and Administration**

##### **4.1 Authorised corporate director**

- 4.1.1 The authorised corporate director of the Company is Alpha Real Capital LLP. The ACD was incorporated as a limited liability partnership in England on 11 April 2005 and is owned by its members, including members of its management team.
- 4.1.2 Registered office and head office:  
  
6<sup>th</sup> Floor  
338 Euston Road  
London  
NW1 3BG
- 4.1.3 Partnership Capital: Members' capital (classified as equity) as at 31 March 2021 was £10.4 million.
- 4.1.4 The ACD is responsible for managing and administering the Company's affairs in compliance with the FCA Regulations including portfolio management and risk management.
- 4.1.5 For all Funds, the ACD has delegated portfolio management services to the Investment Manager. All appointments of the delegates for the delegated functions are engaged formally within service agreements on commercial arm's length terms. It has also delegated to the Administrator certain functions relating to administration and the register of each Fund.
- 4.1.6 The ACD is also authorised fund manager of certain other open-ended investment companies and unit trusts set out in Appendix F.

##### **4.2 Terms of Appointment**

- 4.2.1 The ACD's appointment is governed by the Instrument of Incorporation and the ACD Agreement dated 26 October 2021 between the Company and the ACD, as amended from time to time.
- 4.2.2 The ACD is entitled to fees and expenses pro-rated to the date of termination and any additional expenses necessarily realised in settling or realising any outstanding obligations.
- 4.2.3 The ACD is under no obligation to account to the Depositary or the Shareholders for any profit it makes on the issue or re-issue of Shares or cancellation of Shares which it has redeemed. The fees to which the ACD is entitled are set out later in this document.
- 4.2.4 The main business activities of the ACD are (i) acting as authorised corporate director; (ii) investment management services (iii) providing investment advice

to the Funds; and (iv) fund administration including fund accounting and transfer agency services. Certain of these services have been delegated.

- 4.2.5 The relevant members of the ACD who are members of the ACD Board are:
- Phillip Rose
  - Mark Rattigan
  - Karl Devon-Lowe
  - Richard Gray: independent director under the terms of COLL 6.6.25R
  - Gerald Parkes: independent director under the terms of COLL 6.6.25R
- 4.2.6 None of them have any business activities (other than those connected with the business of the Company) that are significant to Company.
- 4.2.7 The Company may terminate the ACD's appointment as set out in the Instrument of Incorporation. The Instrument of Incorporation states that the Company may, by ordinary resolution, remove the ACD before the expiration of his period of office notwithstanding anything in the Instrument of Incorporation or in any agreement between the Company and the ACD. Such removal takes effect only upon the satisfaction of either of the conditions appearing in Regulation 21(3) of the OEIC Regulations and shall be without prejudice to any claim the ACD may have for damages for breach of any such agreement. The ACD Agreement may also be terminated if certain other circumstances such as the insolvency of a party or the winding up of the Company. The ACD may terminate the ACD Agreement after the expiry of two years from the date of incorporation of the Company on giving not less than 6 months' notice. If the ACD's appointment is terminated in accordance with the Instrument, a compensation payment shall be due to the ACD under the terms of the AIFM Agreement. If the appointment of the ACD is terminated on any other basis, no compensation payment on termination is payable and the ACD shall be due pro-rata fees and expenses until the date it stops providing services plus the additional expenses incurred by the ACD in arranging for the transfer of the operation of the Company to a new authorised corporate director.
- 4.2.8 The Company indemnifies the ACD against all liabilities, brought or made against or incurred by the ACD by reason of any act or thing done by the ACD as a result of any negligent or wrongful direction or requirement of the Company given or made under the terms of the ACD Agreement. The Company further undertakes to indemnify the ACD against any actions, claims, costs, damages and expenses arising out of its role as ACD and any indemnity given with the approval of the Company by the ACD to the appointed Depositary of the Company or any delegated service provider appointed by the ACD. The ACD cannot be indemnified by the Company beyond the extent permitted by the Act, the FCA Regulations or the FCA Rules.

## 5 **The Depositary**

The depositary of the Fund is NatWest Trustee and Depositary Services Limited, which is a private limited company incorporated in England and Wales. Its registered and head office is at 250 Bishopsgate, London EC2M 4AA. The ultimate holding company of the Depositary is NatWest Group Plc, a public limited company incorporated in Scotland.

Subject to the FCA Regulations, the Depositary is responsible for the safekeeping of the property of the Fund entrusted to it and has a duty to take reasonable care to ensure that the Fund is managed in accordance with the provisions of the FCA Regulations relating to the pricing of, and dealing in, Shares of the Fund and the income of the Fund.

The Depositary has delegated its custody obligations (other than in relation to the immovable property) to The Northern Trust Company.

## 5.1 **Principal Business Activity**

The principal activity of the Depositary is the provision of trustee and depositary services. The Depositary is authorised by and regulated by the Financial Conduct Authority.

## 5.2 **Terms of Appointment**

5.2.1 The Depositary's appointment is governed by the Depositary Agreement with effective date of 26 October 2021 between the Company, the ACD and the Depositary. Subject to the FCA Regulations, the Depositary has full power to delegate (and authorise its delegate to sub-delegate) all or any part of its duties as Depositary.

5.2.2 The Depositary may not retire voluntarily except upon the appointment of a new depositary.

5.2.3 The fees to which the Depositary is entitled are set out later in this document.

5.2.4 Either the Company or the Depositary is entitled to terminate the Depositary's appointment at any time by at least 3 months' written notice subject to paragraph 5.2.2 above or immediately in certain circumstances such as the Company being wound up or on the insolvency of either party.

5.2.5 The Company indemnifies the Depositary against all losses suffered or incurred by the Depositary in the proper execution or exercise, or in the purported execution or exercise reasonably and in good faith, of the Depositary's duties, powers, authorities and discretions under the Depositary Agreement save to the extent that the Depositary has failed to exercise due care and diligence in the discharge of the functions of the Depositary in respect of the Company or any loss has arisen as a result of the fraud, negligence, bad faith or wilful default of the Depositary or any loss actually been recovered by the Depositary.

5.2.6 The Depositary indemnifies the Company against all losses suffered or incurred by the Company arising out of a claim against the Company brought by a third party as a direct result of the Depositary's failure to exercise its standard of care required by the Agreement, or as a direct result of the Depositary's negligence, bad faith, fraud or wilful misconduct whilst discharging its functions under the Depositary Agreement, save that this indemnity does not apply where the loss is the result of the failure by the Company to exercise due care and diligence in the discharge of the functions of the Company in respect of the Depositary, or has arisen as a result of the fraud, negligence, bad faith or wilful default of the Company or any loss has actually been recovered by the Company.

### *Re-use of Company assets by the Depositary*

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

## 6 **The Investment Manager**

6.1 The ACD has delegated certain services as set out below and has appointed TIME Investments, a trading name of Alpha Real Property Investment Advisers LLP, 338 Euston Road, London, NW1 3BG to provide portfolio management and related advisory services to the ACD pursuant to a delegation agreement (the "Investment Management Agreement").

- 6.2 The Investment Manager is part of the same corporate group as the ACD and the appointment of the Investment Manager under the Investment Management Agreement is on commercial terms on an arm's length basis.
- 6.3 The principal activity of the Investment Manager is providing portfolio management services and related administration functions.
- 6.4 The Investment Manager has the authority to make investment decisions on behalf of the ACD with respect to the Funds. The Investment Manager is further responsible for the promotion and marketing of the Funds, transfer agency services (including acting as registrar for the Funds), fund accounting and fund administration.
- 6.5 The Investment Management Agreement may be terminated on one month's written notice by the ACD or the Investment Manager. Notwithstanding this, the ACD may terminate the Investment Management Agreement with immediate effect if it is in the interests of the Shareholders and in certain other circumstances such as insolvency of either party.
- 6.6 The ACD has the ability to appoint further Investment Managers if it judges this to be in the interest of the Shareholders.
- 6.7 Under the Investment Management Agreement, the ACD provides indemnities to the Investment Manager, (except in the case of any matter arising as a direct result of the Investment Manager's fraud, negligence, default or bad faith). The aggregate liability of the Investment Manager under the Agreement is capped at £5 million.
- 6.8 The fees and expenses of the Investment Manager will be paid out of the property of the Company or each Fund (as the case may be) as set out later in this document.

Should the Investment Management Agreement be terminated for other than "Cause", as set out in the Investment Management Agreement, a compensation payment shall be due to the Investment Manager equivalent to the payment of 12 months' investment management fees (including those for transfer agency as set out in Section 38 ('Fees and Expenses') and Appendix A).

## **7 The Auditors**

The Auditors of the Company are Mazars LLP, whose address is The Pinnacle, 160 Midsummer Boulevard, Milton Keynes, MK9 1FF.

They are responsible for auditing the annual accounts of the Funds and expressing an opinion on certain matters relating to the Funds in the annual report including whether their accounts have been prepared in accordance with applicable accounting standards, the FCA Regulations and the Instrument of Incorporation.

## **8 The Administrator**

The ACD has appointed TIME Investments, a trading name of Alpha Real Property Investment Advisers LLP, 338 Euston Road, London, NW1 3BG to provide fund administration services, including fund accounting, to the Funds and the Company.

## **9 Register of Shareholders**

The register of Shareholders of each Fund is maintained by the ACD at its office at 338 Euston Road, London, NW1 3BG, and may be inspected at that address during normal

business hours by any Shareholder or any Shareholder's duly authorised agent, solely in accordance with COLL.

## 10 **Conflicts of Interest**

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

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

10.1 The ACD and other companies within the ACD's group may from time to time act as managers to other funds or sub-funds which follow similar investment objectives to those of the Funds. It is therefore possible that the ACD may in the course of its business have potential conflicts of interest with the Company or a particular Fund or between the Company and the other funds managed by the ACD. The ACD will take all appropriate steps to identify and prevent or manage such conflicts and will have regard in any event of this kind to its obligations under the ACD Agreement and in particular to its obligation to act in the best interests of the Company and the Shareholders so far as practicable, having regard to its obligations to other collective investment schemes, when undertaking any investment business where potential conflicts of interest may arise. Where a conflict of interest cannot be avoided, the ACD will ensure that the Company and the Shareholders and any other collective investment schemes it manages are fairly treated. The ACD maintains a written conflicts of interest policy.

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

## 11 **Buying, Selling, Switching, Converting, Transferring and Exchanging Shares**

11.1 The dealing office of the Administrator, on behalf of the ACD, is open from 9.00 am until 5.00 pm on each Business Day to receive requests for information about the Company and the Funds from existing and prospective Shareholders and for the sale or purchase, redemption, conversion, exchange, transfer and switching of Shares.

11.2 For details of the Valuation Point and, where relevant, the Cut Off Point for Subscriptions and Cut Off Point for Redemptions of a Fund, please see Appendix A.

11.3 The Administrator, on behalf of the ACD, will not accept instructions to buy, sell, convert, exchange or switch or to transfer title to Shares by electronic communication, other than email communication with a validly executed attached file at the discretion of the Administrator. Fax communication may be accepted at the discretion of the Administrator.

11.4 Telephone calls made to the Administrator may be recorded and recordings may be used for training purposes. Any data provided during the call will be used and held in accordance with the relevant data protection requirements.

## 11.5 **Genuine Diversity of Ownership**

Shares in the Funds are and will continue to be widely available. The intended categories of investors are retail investors and institutional investors. Certain Share Classes are restricted

to specific categories of investor details are set out in the Fund specific details in Appendix A.

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

## 11.6 **Liquidity Management**

The ACD has a liquidity management policy and maintains tools and methods of monitoring the liquidity of the Funds and to ensure that the ACD can carry out investment requests. The liquidity risk management policies and procedures include the management, implementation and maintaining of appropriate liquidity limits for each Fund and periodic stress testing of the liquidity risk of each Fund under both normal and exceptional liquidity conditions to ensure that anticipated redemption requests can be met. In normal circumstances, dealing requests will be processed as set out above. In exceptional circumstances, other procedures, such as suspending dealings in a Fund, borrowing cash, deferring the redemption of units, or applying in-specie redemptions may be used. If the ACD's policy for managing liquidity should change, this will be set out in the annual report.

## 12 **Buying Shares**

### 12.1 **Procedure**

12.1.1 Shares may be bought directly from the Administrator, on behalf of the ACD or indirectly through a professional adviser or other relevant intermediary. Any non-UK intermediary who recommends an investment in the Company to Shareholders may be entitled to receive commission from the Administrator, on behalf of the ACD. An ongoing commission, based on the value of Shares held may also be paid to qualifying non-UK intermediaries.

12.1.2 Requests to purchase Shares must be made by completing an Application Form and sending this to the Administrator together with payment either in electronic form or by cheque at the address set out in the relevant Fund's Application Form. A purchase of Shares via Application Form or any other means is a legally binding contract. Application Forms can be obtained from the Administrator. Payment made electronically should be directed to the nominated bank account of the Collection Agent, as advised from time to time. Requests to purchase Shares are required to be delivered no later than the Cut Off Point for Subscriptions in respect of the relevant Share Class for the relevant Dealing Day. The Administrator has the right to waive this notice period at its sole discretion. Should a Shareholder wish to withdraw their application of Subscription at any time before Dealing Day, the Administrator may agree to accept the withdrawal notice, at its sole discretion.

12.1.3 The ACD reserves the right to refuse to issue Shares in its sole discretion and it is under no obligation to account for its reasons for doing so. The Administrator, on behalf of the ACD, has the right, subject to its obligations under the FCA Regulations, to reject any application for Shares in whole or part, on reasonable grounds relating to the circumstances of the applicant, and in this event the Administrator will return any money sent, or the balance of such monies, at the risk of the applicant. In addition, the Administrator, on behalf of the ACD, has the right to reject any application for Shares where:

12.1.3.1 the application does not, in the sole opinion of the ACD, meet the investor profile of the relevant Fund or a particular Class (please see Appendix A for further details);

12.1.3.2 the ACD reasonably believes that the acquisition of Shares may have a prejudicial effect on the Company, the Fund, the

Scheme Property of any Fund or any service provider to the Company or Shareholders;

12.1.3.3 the amount of the application for Shares is such that the ACD believes accepting the application may impact the performance of the Fund or could introduce real or perceived liquidity risk or more generally could potentially diminish the attractiveness of the Shares or the Fund for prospective or existing Shareholders;

12.1.3.4 the application has previously been accepted and the applicant has paid by cheque and that cheque subsequently failed to be cleared.

12.1.4 All Funds of the Company are designed and managed to support longer-term investment and active trading is discouraged. Short-term or excessive trading into and out of the Fund may harm performance by disrupting the investment management strategy of the relevant Fund and by increasing expenses of the relevant Fund. The ACD may at its sole discretion refuse to accept applications for Shares, especially where transactions are deemed disruptive, and particularly from possible market-timers or investors who, in its opinion, have a pattern of short-term or excessive trading or whose trading has been or may be disruptive to the Fund. For these purposes, the ACD may consider an investor's trading history in the Fund or other funds managed by the ACD or the Administrator and accounts under common ownership or control.

12.1.5 Any subscription monies remaining after a whole number of Shares has been issued will not be returned to the applicant. Instead, fractions of Shares will be issued in such circumstances.

12.1.6 Client money will be held in an account with the Collection Agent. No interest payment is currently made on client money held by the Collection Agent. In the event that interest becomes payable, this shall be payable to the Collection Agent and/or Administrator, as agreed between the parties.

12.1.7 Applicants may have the right to cancel their application to buy Shares at any time during the 14 days following the settlement date. If an applicant decides to cancel the contract they must inform the ACD by returning a cancellation notice available from the ACD or the Administrator. If the value of the investment has fallen at the time the ACD receives the completed cancellation notice, the Shareholder will not receive a full refund as an amount equal to any fall in value will be deducted from the sum originally invested. The ACD may extend cancellation rights to other investors but is under no obligation to do so. All fees, levies or other expenses charged by the Fund or any relevant party shall also be refunded. If an applicant has made arrangements with an intermediary with regards to certain advisory charges, upon cancellation this matter should be remedied between the parties and neither the Fund nor its agents have any responsibility in these matters.

## 12.2 **After purchasing Shares**

12.2.1 A contract note giving details of the Shares purchased and the price used, including any equalisation paid, will usually be issued the next Business Day after the Dealing Day but no later than four Business Days after the Dealing Day with reference to the purchase price at the Valuation Point.

12.2.2 Settlement is due by 5pm on the third Business Day after the relevant Dealing Day. Funds are transferred to the relevant Fund within one Business Day after this deadline. The ACD, at its discretion, has the right to cancel a purchase deal if settlement is materially overdue and any loss arising on such cancellation shall

be the liability of the applicant. In the event the ACD is unable to enforce recovery of the liability arising in this context, the ACD shall be entitled to recover any associated loss arising from the Company or Fund.

- 12.2.3 Share certificates will not be issued in respect of Shares. Ownership of Shares will be evidenced by an entry on the Company's register of Shareholders. Statements in respect of half yearly distributions of income will show the number of Shares held by the recipient in respect of which the distribution is made. Individual statements of a Shareholder's (or, when Shares are jointly held, the first named holder's) Shares will also be issued at any time on request by the registered holder.

### 12.3 **Minimum subscriptions and holdings**

- 12.3.1 The minimum initial and subsequent subscription levels, and minimum holdings, are set out in Appendix A. The Administrator, on behalf of the ACD, may at its discretion accept subscriptions lower than the minimum amount.
- 12.3.2 If a holding is below the minimum holding the Administrator, on behalf of the ACD, has discretion to require redemption of the entire holding.

### 12.4 **Limited Issue Arrangements**

- 12.4.1 The ACD reserves the right to limit the issue of any Shares in circumstances where the liquidity within a Fund is deemed to be detrimental to the Fund's performance.
- 12.4.2 In such circumstances, the ACD may still issue Shares where the proceeds of that issue can be invested without compromising the Fund's objective or materially prejudicing existing Shareholders, such as on the reinvestment of distribution income, or the investment of regular contributions received by the ACD or the Administrator.
- 12.4.3 The Administrator will return any cheques and application forms received whilst the limited issue provision is in force.
- 12.4.4 Where the ACD proposes to limit the issue of Shares in any Fund, Shareholders shall be notified of this limitation and the date of its implementation.

### 12.5 **In Specie Issue**

- 12.5.1 The ACD may, in its sole discretion, arrange for the Company to issue Shares at a price no greater than the price at the relevant Valuation Point in exchange for assets other than cash, but will only do so where the Depositary has taken reasonable care to determine that the Company's acquisition of those assets in exchange for the issued Shares is not likely to result in any material prejudice to the interests of Shareholders or potential Shareholders in the relevant Fund.
- 12.5.2 The ACD will ensure that the beneficial interest in the assets is transferred to the Fund with effect from the issue of the Shares.
- 12.5.3 The ACD will not issue Shares in any Class in exchange for assets the holding of which would be inconsistent with its investment objective.

### 12.6 **Disclosures for FATCA**

- 12.6.1 As part of the process of buying Shares, and at various points throughout ownership of Shares, investors in the Company will be required to provide the ACD (or its delegate) with any information that the Company considers necessary to enable it to comply with its domestic (and any overseas)

obligations relating to FATCA. This may be addition to information required for anti-money laundering purposes (see Section 18).

- 12.6.2 FATCA aims to prevent US tax evasion by requiring foreign financial institutions (such as the Company) to report certain information in relation to any Shareholder who is a Specified US Person to the Internal Revenue Service of the US ("IRS"). As a result of an intergovernmental agreement entered into between the US and UK governments, the ACD may be required to disclose information relating to Shareholders who fall within the definition of Specified US Person (and their investments in the Company) to HM Revenue & Customs, who will in turn exchange this information with the IRS.
- 12.6.3 By signing the Application Form to subscribe for Shares in the Company, each Shareholder is agreeing to provide such information upon request from the Company or its delegate.
- 12.6.4 **Please note that the Company may treat Shareholders as a Specified US Person where the Company is unable to establish that this is not the case.**
- 12.6.5 It is the responsibility of the Shareholder to notify the Administrator of the Fund if their status under FATCA changes. For example, if a Shareholder subsequently becomes a Specified US Person, Non-Participating Financial Institution or Passive Non-Financial Foreign Entity with one or more substantial US owners. Shareholders who are concerned about their position are encouraged to consult with their own tax advisers regarding the possible implications of FATCA on their interest in the Company.

## 13 **Selling Shares**

### 13.1 **Procedure**

- 13.1.1 Every Shareholder has the right to request that the Company redeem its Shares on any Dealing Day, subject to the Cut Off Point for Redemptions, unless the value of Shares which a Shareholder wishes to redeem will mean that the Shareholder will hold Shares with a value less than the relevant required minimum holding, in which case the Shareholder may be required to redeem his entire holding in the Fund(s). Requests to redeem Shares may be made to the Administrator by writing to the Administrator at the address set out in Appendix G. Please note that telephone dealing is not permitted. The Administrator, on behalf of the ACD, will not accept instructions to sell Shares by electronic communication, other than email communication or fax communication which may only be accepted at the discretion of the Administrator. Requests to redeem Shares are required to be delivered no later than the Cut Off Point for Redemptions in respect of the relevant Share Class for the relevant Dealing Day.
- 13.1.2 The Administrator has the right to waive this notice period at its sole discretion. Should a Shareholder wish to withdraw their notice of redemption at any time before the relevant Dealing Day, the Administrator may agree to accept the withdrawal notice, at its sole discretion.

### 13.2 **Documents the seller will receive**

A contract note giving details of the number and price of Shares sold will be sent to the selling Shareholder (the first named, in the case of joint Shareholders) or their duly authorised agents together (if sufficient written instructions have not already been given) usually by the end of the Business Day following the Valuation Point by reference to which the redemption

price is determined. BACS or CHAPS transfers will usually be made in satisfaction of the redemption monies within four Business Days of the relevant Dealing Day.

### 13.3 **Minimum redemption**

Part of a Shareholder's holding may be sold but the Administrator, on behalf of the ACD, reserves the right to refuse a redemption request if the value of the Shares to be redeemed is less than any minimum redemption amount set out in Appendix A or would result in a Shareholder holding less than the minimum holding, as detailed in Appendix A. In the latter case the Shareholder may be asked to redeem their entire Shareholding in the Fund(s).

### 13.4 **In specie Redemptions**

If a Shareholder requests the redemption of Shares, the ACD may (or the Administrator on behalf of the ACD may), at its sole discretion and where it considers the deal to be substantial in relation to the total size of the Class concerned or in some way detrimental to the Class, arrange, having given prior notice in writing to the Shareholder, that in place of payment for the Shares in cash, that the Company transfers Scheme Property from the relevant Fund or, if required by the Shareholder, the net proceeds of sale of the relevant Scheme Property, to the Shareholder. The ACD may only do so, however, where the Depositary considers that the Company's sale of those assets in exchange for the issued Shares is not likely to result in any material prejudice to the interests of Shareholders or potential Shareholders in the relevant Fund.

Before the proceeds of the cancellation of Shares become payable, the ACD must give written notice to the Shareholder that the Scheme Property or the proceeds of sale of Scheme Property will be transferred to that Shareholder so that the Shareholder can require the net proceeds of redemption rather than the relevant property if he so desires.

The ACD will select the Scheme Property to be transferred in consultation with the Depositary. They must ensure that the selection is made with a view to achieving no more advantage or disadvantage to the Shareholder requesting cancellation/redemption than to the continuing Shareholders. Whether the property is transferred or sold there shall be deducted from it a cash amount which would have normally been borne by the Company on a sale of the property (if any).

### 13.5 **Direct Issue or Cancellation of shares**

There is no facility for direct issue or cancellation of shares by the Depositary.

## 14 **Transfers**

Shareholders are entitled to Transfer their Shares to another person or body. All Transfers must be in writing in the form of an instrument of transfer approved by the ACD for this purpose. Completed instruments of Transfer must be returned to the ACD in order for the Transfer to be registered by the ACD. The ACD has absolute discretion whether or not to approve the Transfer and has no requirement to justify its decision. Neither the ACD nor a Fund will be liable for any costs whatsoever however arising from the actual or proposed Transfer. Any Shareholder, the subject of an approved Transfer, is subject to the terms of this Prospectus

## 15 **Conversions**

15.1 Subject to any restrictions on the eligibility of investors for a particular Share Class, a Shareholder in a Fund may convert all or some of his Shares of one Class in a Fund for another Class of Shares in the same Fund.

15.2 Conversions will be effected by the ACD recording the change of Share Class on the Register of the Company.

- 15.3 If a Shareholder wishes to convert Shares he should apply to the Administrator, on behalf of the ACD, in the same manner as for a Switch as set out below.
- 15.4 All Conversions are at the discretion of the Administrator, on behalf of the ACD, who are not under any obligation to effect any Conversion request. Approved Conversions may not be effected at the next Dealing Day for relevant Shares and may be held over and processed at a subsequent Dealing Day for relevant Shares or ultimately to the Dealing Day immediately following the end of the relevant Fund's accounting period. For further information and to discuss the timing for the completion of conversions please contact the Administrator, on behalf of the ACD.
- 15.5 Conversions will not usually be treated as a disposal for capital gains tax purposes and no stamp duty reserve tax will be payable on the conversion. This may not be the case for conversions involving hedged Share Classes should any Fund offer such Share Classes.
- 15.6 The number of Shares to be issued in the new Class will be calculated relative to the price of the Shares being converted from.
- 15.7 A Shareholder who converts Shares in one Class for Shares in any other Class in the same Fund will not be given a right by law to withdraw from or cancel the transaction.
- 15.8 If investors are in any doubt as to the effect of conversions on their holding, they should seek professional advice.

## 16 **Switches**

- 16.1 Subject to the qualifications below, a Shareholder may at any time switch all or some of his Shares of one Fund (Original Shares) for Shares of another Fund (New Shares), provided that they satisfy the relevant subscription and eligibility criteria.
- 16.2 The number of New Shares issued will be determined by reference to the respective prices of New Shares and Original Shares at the Valuation Point applicable at the time the Original Shares are redeemed and the New Shares are issued.
- 16.3 The Administrator, on behalf of the ACD, may at its discretion make a charge on the switching of Shares between Funds. Any such charge on switching does not constitute a separate charge payable by a Shareholder, but is rather the application of any redemption charge on the Original Shares and any initial fee on the New Shares, subject to certain waivers.
- 16.4 If a partial switch would result in the Shareholder holding a number of Original Shares or New Shares of a value which is less than the minimum holding in the Class concerned, the ACD may, if it thinks fit, switch the whole of the applicant's holding of Original Shares to New Shares (and make a charge on switching) or refuse to affect any switch of the Original Shares. Save as otherwise specifically set out, the general provisions on procedures relating to redemption will apply equally to a switch.
- 16.5 Valid instructions to the Administrator, on behalf of the ACD, to switch Shares received before the Cut Off Point for Redemption (where appropriate) will be processed at the Share prices calculated based on the Net Asset Value per Share at the next Valuation Point following receipt of the instruction (or at such other Valuation Point as the ACD at the request of the Shareholder giving the relevant instruction may agree) except in the case where dealing in a Fund has been suspended.
- 16.6 The Administrator, on behalf of the ACD, may adjust the number of New Shares to be issued to reflect the application of any charge on switching together with any other charges or levies in respect of the application for the New Shares or redemption of the Original Shares as may be permitted pursuant to the COLL Sourcebook.
- 16.7 A Shareholder who switches Shares in one Fund for Shares in any other Fund will not be given a right by law to withdraw from or cancel the transaction.

16.8 Please note that under UK tax law a switch of Shares in one Fund for Shares in any other Fund is treated as a redemption of the Original Shares and a purchase of New Shares and will, for persons subject to taxation, be a realisation of the Original Shares for the purposes of capital gains taxation, which may give rise to a liability to tax, depending upon the Shareholder's circumstances.

## 17 **Dealing Charges**

### 17.1 **Initial Fee**

At present there are no initial fees chargeable to any Shares of any Fund of the Company.

### 17.2 **Dilution Levy**

The actual cost of purchasing, selling or switching assets and investments in UKIIF II may deviate from the value used in calculating its Share price, due to dealing charges, taxes, and any spread between buying and selling prices of UKIIF II's underlying investments. These costs could have an adverse effect on the value of the Fund, known as "dilution". In order to mitigate the effect of dilution, the Administrator, on behalf of the ACD, may impose a charge on the purchase of Shares in each relevant Class. This rate will vary to reflect actual or expected transaction costs, fiscal policy changes or other costs associated with purchasing underlying investments.

Such fees shall be retained by UKIIF II. Such fees, chargeable at the discretion of the Administrator, on behalf of the ACD, would only be payable if the specific subscription or redemption is likely to lead to transaction costs being incurred. It is not possible to predict accurately whether dilution is likely to occur. The Administrator will act in the best interests of all Shareholders.

### 17.3 **Large Deal Provision**

The ACD may, acting in the best interests of all Shareholders, effect instructions for subscriptions or redemptions of Shares on a different pricing basis where a dealing request (or series of requests) for a particular Dealing Day exceeds £50,000 (a "Large Deal") for the relevant Fund. Shareholders affected by this provision may at the discretion of the ACD have such large deals refused until such time as the ACD is satisfied there is no prejudicial impact to the best interests of Shareholders as a whole.

### 17.4 **Conversion or Switching Fee**

On the Conversion or Switching of Shares of one Class in a Fund for Shares of the same or another Class in another Fund, the Instrument of Incorporation authorises the ACD, delegated to the Administrator, to impose a conversion or switching fee. The fee will not exceed an amount equal to the then prevailing initial fee for the Class into which Shares are being Converted or Switched. The Conversion or Switching fee is payable to and retained by the Administrator.

## 18 **Money Laundering**

As a result of legislation in force in the United Kingdom to prevent money laundering, persons conducting investment business are responsible for compliance with money laundering regulations. In order to implement these procedures, in certain circumstances investors may be asked to provide proof of identity when buying Shares. The Administrator, on behalf of the ACD, reserves the right to reverse the transaction if it is not satisfied as to the identity of the applicant.

## 19 **Restrictions and Compulsory Transfer and Redemption**

The Administrator, on behalf of the ACD, may from time to time impose such restrictions as it may think necessary for the purpose of ensuring that no Shares are acquired or held by

any person in breach of the FCA Regulations, the law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory, or which would result in the Company incurring any liability to taxation which the Company is not able to recoup itself, or suffering any tax burden or other adverse consequence. This includes sales and transfers of Shares in any Fund to Specified US Persons, Non-Participating Financial Institutions, or Passive Non-Financial Foreign Entities with one or more substantial US owners (as defined within the FATCA Intergovernmental Agreement between the UK and US governments). This is prohibited unless such interests are both distributed by, and held through, a participating Financial Institution. Where a Shareholder subsequently becomes a Specified US Person, Non-Participating Financial Institution, or a Passive Non-Financial Foreign Entity with one or more substantial US owners, that Shareholder's Shares will be redeemed within six months and usually at the next Dealing Day.

In addition, the Administrator, on behalf of the ACD, may redeem at a given Dealing Day or over a series of Dealing Days, the Shares of a Shareholder or group of Shareholders whom the Administrator reasonably believes to be acting together, such that each Shareholder holds less than 10% of the NAV or where there is a group of Shareholders whom the Administrator reasonably believes to be acting together, that the combined group's shareholding is less than 10% of the NAV. This shall be determined at the sole discretion of the Administrator, on behalf of the ACD, on the basis that the Shareholder or group of Shareholders acting in concert, hold a sufficient number of Shares in a Fund or the Company, such that the Administrator is concerned that if such Shareholder or group of Shareholders redeemed all or part of their Shareholding this could give rise to a potential liquidity management issue in the Fund or the Company, and shall therefore consider what is in the best interests of all Shareholders and act accordingly.

In this connection, the Administrator may, inter alia, reject in its discretion any application for the purchase, redemption, transfer or conversion of Shares.

A person who becomes aware that he is holding or owns affected Shares in breach of any law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory, or by virtue of which he is not qualified to hold such affected Shares, shall forthwith, unless he has already received a notice as described above, either transfer all his affected Shares to a person qualified to own them or give a request in writing for the redemption of all his affected Shares pursuant to the FCA Regulations. The Administrator may also, if deemed appropriate, transfer a Shareholder into another Share class in order to comply with, inter alia, money laundering regulations.

Where a Shareholder is compulsorily redeemed, the Administrator will normally redeem that Shareholder's Shares on the next Dealing Day.

## 20 **Deferral of redemptions by ACD**

20.1 Where requested redemptions are received across all Classes of a Fund for a particular Valuation Point on a Dealing Day which exceed 10% of the Net Asset Value of that Fund, the ACD may defer redemptions to the next Dealing Day.

20.2 The ACD will ensure the consistent treatment of all Shareholders who have sought to redeem units at any Valuation Point at which redemptions are deferred. The ACD will pro-rata all such redemption requests to the stated level (i.e. 10% of the Net Asset Value) and will defer the remainder until the next or subsequent Valuation Point(s). The deferral of redemptions is assessed on a cumulative basis. Shareholders shall receive consideration at the Valuation Point at which the redemption request is fulfilled. Any portion of the redemption request which remains unfulfilled at that point shall be deemed not to be accepted until the Valuation Point at which it is fulfilled. This means the redemption request may be accepted over multiple Dealing Days and associated Valuation Points.

20.3 The ACD will process requests chronologically to ensure that all requests relating to earlier Valuation Points are completed before those relating to later Valuation Points are considered.

## 21 **Suspension of Dealings in a Fund**

21.1 The Administrator may, with the agreement of the ACD and Depositary, or must if the Depositary so requires, temporarily suspend the issue, cancellation, sale and redemption of Shares in any or all of the Classes in any or all Funds, if the ACD or the Depositary is of the opinion that due to exceptional circumstances it is in the interests of all the Shareholders. The suspension will only be permitted to continue for as long as it is justified having regard to the interests of the Shareholders. The suspension will cease as soon as practicable once the exceptional circumstances have ceased. The ACD and the Depositary must formally review the suspension at least every 28 days and inform the FCA of the result of this review.

The ACD or the Depositary (as appropriate) will immediately inform the FCA of the suspension and the reasons for it and will follow this up as soon as practicable with written confirmation of the suspension and the reasons for it to the FCA.

21.2 The ACD will notify Shareholders as soon as is practicable after the commencement of the suspension, including details of the exceptional circumstances which have led to the suspension, in a way which is clear, fair and not misleading and gives Shareholders details of how to find further information about the suspension. Where a suspension takes place, the ACD will publish details on its website or give by other general means, sufficient details to keep Shareholders appropriately informed about the suspension, including, if known, its possible duration. During the suspension none of the obligations in COLL 6.2 (Dealing) will apply but the ACD will comply with as much of COLL 6.3 (Valuation and Pricing) during the period of suspension as is practicable in light of the suspension. Re-calculation of the Share price for the purpose of sales and purchases will commence on the next relevant Valuation Point following the ending of the suspension.

## 22 **Governing Law of the Company and Changes to the Fund**

22.1 All dealings in Shares are governed by English law. The English courts shall have exclusive jurisdiction to settle any disputes or claims which may arise out of, or in connection with, a Shareholder's participation in the Funds.

22.2 Where any changes are proposed to be made to the Company or a Fund, the ACD will assess whether the change is fundamental, significant or notifiable in accordance with COLL 4.3. Some changes will not be fundamental, significant or notifiable, but those changes which are fundamental and significant and certain changes which are notifiable will be submitted to the FCA for approval. If the change is regarded as fundamental, Shareholder approval will be required. If the change is regarded as significant, 60 days' prior written notice will be given to Shareholders. If the change is regarded as notifiable, Shareholders will receive suitable pre or post event notice of the change. Changes to a Fund's investment objective, policy or strategy will usually be significant or fundamental as determined by the ACD.

## 23 **Valuation of the Fund**

Valuation of each Fund will take place at the relevant Valuation Point and at such other times and dates as may be determined by the ACD.

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

The value of the property of the Company or of a Fund (as the case may be) will be the value of its assets less the value of its liabilities determined in accordance with the following provisions:

24.1 All the Scheme Property (including receivables) is to be included, subject to the following provisions.

24.2 Scheme Property, which is not cash will be valued as follows and the prices used will (subject as follows) be the most recent prices which it is practicable to obtain:

- 24.2.1 units or shares in a collective investment scheme:
  - 24.2.1.1 if a single price for buying and redeeming units or shares is quoted, at the most recent such price; or
  - 24.2.1.2 if separate buying and selling prices are quoted, at the average of the two prices provided the buying price has been reduced by any initial fee included therein and the selling price has been increased by any exit or selling charge attributable thereto; or
  - 24.2.1.3 if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no recent price exists or if the most recent price available does not reflect the ACD's best estimate of the value of the units or shares, at a value which, in the opinion of the ACD, is fair and reasonable;
- 24.2.2 exchange-traded derivative contracts:
  - 24.2.2.1 if a single price for buying and selling the exchange-traded derivative contract is quoted, at that price; or
  - 24.2.2.2 if separate buying and selling prices are quoted, at the average of the two prices;
- 24.2.3 over-the-counter derivative contracts will be valued in accordance with the method of valuation as will have been agreed between the ACD and the Depositary;
- 24.2.4 Any other investment:
  - 24.2.4.1 if a single price for buying and redeeming the security is quoted, at that price; or
  - 24.2.4.2 if separate buying and redemption prices are quoted, at the average of the two prices; or
  - 24.2.4.3 if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no recent price exists or if the most recent price available does not reflect the ACD's best estimate of the value of the security, at a value which in the opinion of the ACD, is fair and reasonable;
- 24.2.5 Scheme Property other than that described above at a value which, in the opinion of the ACD, is fair and reasonable;
- 24.2.6 cash and amounts held in current and deposit accounts and in other time related deposits will be valued at their nominal values.
- 24.3 In determining the value of the Scheme Property, all instructions given to issue or cancel Shares will be assumed (unless the contrary is shown) to have been carried out and any cash payment made or received and all consequential action required by the FCA Regulations or the Instrument of Incorporation will be assumed (unless the contrary has been shown) to have been taken.
- 24.4 Subject to paragraph 24.6 below, agreements for the unconditional sale or purchase of Scheme Property which are in existence but uncompleted will be assumed to have been completed and all consequential action required to have been taken. Any unconditional agreements need not be taken into account if made shortly before the valuation takes place and if, in the opinion of the ACD, their omission will not materially affect the final NAV.

- 24.5 Futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options will not be included under paragraph 24.4.
- 24.6 All agreements are to be included under paragraph 24.4 which are, or ought reasonably to have been, known to the person valuing the property assuming that all other persons in the ACD's employment take all reasonable steps to inform it immediately of the making of any agreement.
- 24.7 Deduct an estimated amount for any liabilities payable out of Scheme Property, treating periodic items as accruing from day to day.
- 24.8 Deduct an estimated amount for anticipated tax liabilities (on unrealised capital gains where the liabilities have accrued and are payable out of the Scheme Property; on realised capital gains in respect of previously completed and current accounting periods; and on income where liabilities have accrued) including (as applicable and without limitation) capital gains tax, income tax, corporation tax, VAT, stamp duty and stamp duty reserve tax.
- 24.9 Deduct the principal amount of any outstanding borrowings whenever repayable and any accrued but unpaid interest on borrowings.
- 24.10 Deduct any other amount as appropriate.
- 24.11 Add an estimated amount for accrued claims for tax of whatever nature which may be recoverable.
- 24.12 Add any other credits, accruals or amounts due to be paid into the Scheme Property.
- 24.13 Currencies or values in currencies other than Sterling will be converted at the relevant Valuation Point at a rate of exchange that is not likely to result in any material prejudice to the interests of Shareholders or potential Shareholders.
- 24.14 Add a sum representing any interest or any income accrued due or deemed to have accrued but not received and any stamp duty reserve tax provision anticipated to be received.
- 24.15 Where a relevant Fund has Classes that have more than one Dealing Day per calendar month, the ACD shall determine relevant pricing at the subsequent Valuation Point on the subsequent Dealing Day within a given calendar month as follows:
- 24.15.1 In order to maintain forward pricing, any additional Dealing Day and Valuation Point shall be prior to midnight on the final day of any calendar month;
- 24.15.2 The value of Scheme Property shall be valued generally in accordance with paragraph 24.2, specifically;
- 24.15.2.1 If the pricing of units or shares in a collective investment scheme has been published or quoted since the prior Dealing Day in the same calendar month, the subsequent Dealing Day Valuation Point shall reflect such updated valuation;
- 24.15.2.2 All other investments shall be valued at the most recently available basis, updated if relevant;
- 24.15.2.3 Cash shall be included at the subsequent Valuation Point as per paragraph 24.2.7
- 24.15.3 Generally the ACD shall apply paragraphs 24.3 to 24.14 as relevant given the intra-month period and consider any reasonable adjustments from any prior Valuation Point in the same calendar month.

## 25 **Fair Value Pricing**

- 25.1 Where the ACD has reasonable grounds to believe that:
- 25.1.1 no reliable price exists for an asset (including a unit/share in a collective investment scheme) at a Valuation Point; or
  - 25.1.2 the most recent price available does not reflect the ACD's best estimate of the value of the asset (including a unit/share in a collective investment scheme) at the Valuation Point;
  - 25.1.3 it can value an asset at a price which, in its opinion, reflects a fair and reasonable price for that asset (the fair value price).
- 25.2 The circumstances which may give rise to a fair value price being used include:
- 25.2.1 no recent trade in the asset concerned; or
  - 25.2.2 suspension of dealings in an underlying collective investment scheme; or
  - 25.2.3 the occurrence of a significant event since the most recent closure of the market where the price of the asset is taken.
- 25.3 In determining whether to use a fair value price, the ACD will include in their consideration but need not be limited to:
- 25.3.1 the type of authorised fund concerned;
  - 25.3.2 the assets involved;
  - 25.3.3 whether the underlying collective investment schemes may already have applied fair value pricing;
  - 25.3.4 the basis and reliability of the alternative price used; and
  - 25.3.5 the ACD's policy on the valuation of Scheme Property as disclosed in this Prospectus.

## 26 **Price per Share in a Fund and each Class**

The price per Share at which Shares are sold is the sum of the Net Asset Value for the relevant Fund per Share, plus any applicable initial fee (and/or dilution levy), as described above. The price per Share at which Shares are redeemed is the Net Asset Value per Share (adjusted for any dilution adjustment), as described above.

## 27 **Pricing basis**

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

## 28 **Publication of Prices**

Shareholders can obtain the most recently published price of their Shares by calling 0345 600 1213 or visit [www.time-investments.com](http://www.time-investments.com) or the ACD's website [www.alpharealcapital.com](http://www.alpharealcapital.com). Prices for Share Classes will usually be published on the Business Day of the relevant Dealing Day.

- 29      **Risk factors**
- 29.1      Prospective investors should consider the risks attached to an investment in the Funds including, but not limited to, those indicated below. Consideration should be given as to whether such risks are suitable for prospective investors and persons in any doubt should contact their authorised adviser.
- 29.2      **Dealings in Shares of the Fund**
- 29.2.1      The value of Shares in a Fund and the income derived from them can go down as well as up and Shareholders may not get back the full amount invested. No guarantees as to investment performance, from either an income or a capital perspective are given either expressly or by implication.
- 29.2.2      There is no open market for Shares and redemptions can only be made on certain dates and subject to the terms of the Instrument of Incorporation and this Prospectus.
- 29.2.3      Shareholders should note the provisions for suspension of issue and redemption of Shares, which may operate independently. The reasons for determining to suspend the issue of Shares differ considerably from those for the reasons to suspend redemption of Shares. In each case, a suspension would only be introduced where the ACD believed that there was good and sufficient reason to do so in the interests of Shareholders generally.
- 29.3      **Management Issues**
- 29.3.1      The successful performance of the Funds depends, in part, on the ability of the Company's various advisers. No assurance is given that any particular adviser will continue to be retained by the Company. No assurance can be given that particular directors, members or senior managers of the ACD, Investment Manager and the Depositary will remain directors, members or senior managers of those entities.
- 29.3.2      There may be occasions where the ACD or an associate thereof encounters a conflict of interest in connection with the investments made on behalf of a Fund. The ACD may recommend an investment opportunity where it or an associate already has an interest. The ACD will, however, endeavour to ensure that all conflicts are resolved equitably and that Shareholders' interests are protected.
- 29.4      **Target Return**
- 29.4.1      With regards to a Fund that has a stated target return – whether a “total return” or “income return” - which it is aiming to generate over a stated period of time, such a target is not guaranteed to Shareholders and market conditions may mean that it is not achieved. Such a situation could arise, for example, if a Fund was not able to invest new funds raised in acquiring further assets in accordance with the Fund's Investment Objective.
- 29.5      **Use of Derivatives**
- 29.5.1      Under the FCA Regulations, derivatives can be used for the purposes of Efficient Portfolio Management (“EPM”) as well as to meet the investment objective of the Funds. Derivatives can be exchange traded or Over the Counter (“OTC”) derivatives.
- 29.5.2      The Funds may invest in derivatives for the purposes of EPM, which is not expected to have an effect on the risk profile of each of the Funds. Please see Appendix B for further details.

- 29.5.3 The use of derivative instruments and hedging transactions may or may not achieve their intended objective and involves special risks. There is no guarantee that the performance of financial derivative instrument (or other EPM techniques) will result in a positive effect for the Funds. Performance and value of derivative instruments depend on the performance or value of the underlying asset. Derivative instruments involve cost, may be volatile, and may involve a small investment relative to the risk assumed. Their successful use may depend on the ACD's ability to predict market movements. Risks include delivery failure, default by another party or the inability to close out a position because the trading market becomes illiquid. Some derivative instruments are particularly sensitive to changes in interest rates. The risk of loss to a Fund for a swap transaction on a net basis depends on which party is obliged to pay the net amount to the other party. If the counterparty is obliged to pay the net amount to the Fund, the risk of loss to the Fund is the loss of the entire amount that the Fund is entitled to receive; if the Fund is obliged to pay the net amount, the Fund's risk of loss is limited to the net amount due. OTC derivative instruments involve a higher degree of risks as OTC markets are less liquid and regulated.
- 29.5.4 Other EPM techniques such as securities lending may not involve use of derivatives but may nonetheless involve similar risks with regard to exposure to a counterparty to that arrangement and that counterparty's default. The Funds however do not currently engage in securities lending activities. Securities lending transactions may, in the event of default by the counterparty, result in the securities lent by the Fund being recovered late or only in part. This may result in losses for the affected Fund.
- 29.5.5 Where relevant, a counterparty to a derivative or other EPM technique will forfeit its collateral if it defaults on the transaction with the Fund. However, if the collateral is in the form of securities, there is a risk that when it is sold, it will realise insufficient cash to settle the counterparty's debt to the Fund or to purchase replacement securities that were lent to the counterparty. This may result in losses for the affected Fund.
- 29.5.6 Where the counterparties to derivative and other EPM transactions with the Funds are related to the ACD or the Depositary or an associate of the ACD or the Depositary, such transaction may involve a conflict of interest. Where a conflict cannot be avoided the ACD will have regard to its obligation to act in the best interest of the Funds and their Shareholders. The ACD will ensure that will ensure that Shareholders are treated fairly and that such transactions are not effected on terms which are less favourable to the Fund than if the potential conflict had not existed. For further details on the conflicts policy of the ACD please see "Conflicts of Interest" in section 12.

## 29.6 Counterparty risk

- 29.6.1 In conducting their trading activities, the Funds take on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Investments in listed securities and settlement is on a delivery-versus-payment basis, however, there may still be circumstances where a Fund would incur a loss if a counterparty failed to perform its contractual obligations.

## 29.7 Investment in collective investment schemes

- 29.7.1 The Funds may invest in other collective investment schemes. As an investor in another collective investment scheme, a Fund will bear, along with the other investors, its portion of the expenses of the other collective investment scheme, including management, performance and/or other fees. These fees will be in addition to the management fees and other expenses which a Fund bears directly with its own operations.

## 29.8 Fund Structure Issues and Tax

- 29.8.1 The intended tax position for the Funds is explained in the taxation section of this Prospectus. The tax position as stated is believed to be accurate as at the date of this Prospectus. It may be subject to change in the future. Shareholders should consider their tax position in the light of their own particular circumstances and should obtain their own tax advice from their usual taxation adviser. Other taxes and costs may also apply to Shareholders that are not paid via the Company or the Funds or imposed by it/them.

## 29.9 General

- 29.9.1 The information in this document is based on the ACD's understanding of current law and practice as at the date of this Prospectus.
- 29.9.2 Risks related to COVID-19 and material valuation uncertainty: The outbreak of the pandemic virus COVID-19 (known as "coronavirus") in March 2020 in the United Kingdom has had and is likely to continue to have for an unspecified period, a significant adverse effect on global markets.
- 29.9.3 All or part of the ACD's fee, the fees of other service providers and other expenses may be charged against capital instead of against income. This treatment of the ACD's fee, the fees of other service providers and other expenses will increase the amount of income (which may be taxable) available for distribution to Shareholders in the Fund concerned but may constrain capital growth. Details of which Funds take charges from capital are set out in Appendix A.
- 29.9.4 None of the Depositary, the ACD or the Investment Manager nor any of their advisers can accept any responsibility if there is any change in the law, in HMRC's practice or in the tax treatment of the Funds or of Shareholders.
- 29.9.5 While provisions of the OEIC Regulations provide for segregated liability between Funds, the concept of segregated liability is relatively new. Accordingly, where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known how those foreign courts will react to the relevant provisions of the OEIC Regulations.
- 29.9.6 Where a Fund aims to deliver a specified total or income return per annum, a return of this level, or at all, is not guaranteed and the Fund may not achieve its objective.
- 29.9.7 Prospective investors should review carefully the terms of this Prospectus and in particular, the risk factors associated with investing in the Funds identified above, with their financial, tax and/or legal advisers if this is appropriate.
- 29.9.8 The foregoing list of risk factors is not comprehensive and there may be other risks that relate to investments in the Funds. Prospective investors should consult with professional advisers before deciding whether to subscribe for Shares.

## 30 Risk Management

The ACD uses a risk management process, as reviewed by the Depositary, enabling it to monitor and measure as frequently as appropriate the risk of a Fund's positions and their contribution to the overall risk profile of a Fund.

Upon request to the ACD a Shareholder can receive a copy of the ACD's risk management process for the Company.

## 31 **Liabilities of the Company and the Funds**

Shareholders are not liable for the debts of the Company. A Shareholder is not liable to make any further payment to a Fund after paying the purchase price of Shares.

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

## 32 **Professional Liability Risks**

The ACD covers potential professional liability risks arising from its activities as the Company's AIFM through professional liability insurance covering liability risks arising from professional negligence which is appropriate to cover any such potential liability.

## 33 **Historical Performance Data**

Historical performance data for the Funds is set out in Appendix C.

## 34 **Fees and Expenses**

### 34.1 **General**

The fees, costs and expenses relating to the authorisation and incorporation and establishment of the Company, the offer of Shares, the preparation and printing of this Prospectus and the fees of the professional advisers to the Company in connection with the offer will be borne by the Company.

Each Fund formed after this Prospectus is superseded may bear its own direct establishment costs.

The Company may pay out of the property of the Company any liabilities arising on the unitisation, amalgamation or reconstruction of the Company or of any Fund.

All fees, costs, charges or expenses payable out of the property of the Company or each Fund (as the case may be) are set out in this section 34. The Company or each Fund (as the case may be) may, so far as the COLL Sourcebook allows, also pay out of the property of the Company or each Fund (as the case may be) all relevant fees, costs, charges and expenses incurred by the Company or each Fund (as the case may be), which will include the following:

- 34.1.1 the charges and expenses payable to the ACD, the Depositary, the Custodian, the Fund Administrator, the Fund Accountant, the Transfer Agent, the Client Money service provider (Collection Agent) and the Investment Manager;
- 34.1.2 fees and expenses in respect of establishing and maintaining any register of Shareholders (and any plan sub-register) and related functions including any relevant database costs and client identification related expense;
- 34.1.3 fees and expenses in respect of creating new Classes of Share and any costs, including database and administration operational costs associated. This includes any costs arising to the ACD or its delegate when switching any Shareholder between Share Classes;
- 34.1.4 expenses incurred in acquiring, registering and disposing of investments howsoever arising;

- 34.1.5 expenses incurred in producing, distributing and dispatching income and other payments to Shareholders;
- 34.1.6 fees in respect of the publication and circulation of details of the Net Asset Value and prices (including the production of pricing sheets, as applicable) including the establishment and maintenance of a Fund website;
- 34.1.7 the fees and expenses of the auditors, tax, legal, corporate finance, regulatory advisers and all other professional advisers to the Company or a Fund;
- 34.1.8 the costs of convening and holding Shareholder meetings and any corporate actions generally (including meetings of Shareholders in any particular Fund, or any particular Class within a Fund). This includes all related costs however arising including recovery of costs charged to the Fund by any intermediary or platform for dealing with the corporate action with the underlying beneficial owner;
- 34.1.9 costs incurred in taking out and maintaining any insurance policy in relation to the Company and/or its Directors;
- 34.1.10 expenses incurred in company secretarial duties, including the cost of minute books and other documentation required to be maintained by the Company and any ancillary expense at Companies House if applicable;
- 34.1.11 the costs of preparing, updating and printing this Prospectus, the KIIDs (and related brochures), the Instrument of Incorporation and contract notes and the costs of distributing this Prospectus and the Instrument of Incorporation (apart from the costs and expenses of distributing any KIID) and the costs of printing and distributing reports and accounts and any other administrative expenses related to this sub-paragraph 34.1.11;
- 34.1.12 tax and duties payable by the Company;
- 34.1.13 interest on and charges incurred in borrowings (including non-utilisation fees);
- 34.1.14 any amount payable by the Company under any indemnity provisions contained in the Instrument of Incorporation or any agreement with any functionary of the Company;
- 34.1.15 fees of the FCA under the Financial Services and Markets Act 2000 and the corresponding periodic fees of any regulatory authority in a country or territory outside the UK in which Shares are or may lawfully be marketed;
- 34.1.16 any payments otherwise due by virtue of changes to the FCA Regulations;
- 34.1.17 costs (apart from promotional payments) in respect of communications and meetings with investors;
- 34.1.18 fees of any paying, representative or other agents of the Company or the ACD;
- 34.1.19 any costs in modifying the ACD Agreement (and any delegated authority service agreements as determined by the ACD) and any other relevant document required under the FCA Regulations;
- 34.1.20 the fees of any stock lending agent and the fees of the ACD for arranging any stock lending, subject to giving Shareholders 60 days' prior written notice of the details of these fees;

- 34.1.21 all fees and expenses incurred in relation to the addition and initial organisation of any new Funds, the listing of Shares on any stock exchange, any offer of Shares (including the preparation, translation, printing and distribution of any prospectus (apart from the costs and expenses of distributing any KIID) and listing documents) and the creation, conversion and cancellation of Shares in a new or existing Fund and any costs and expenses incurred in registering, having recognised or going through any other process in relation to the company or any Fund in any territory outside the UK for the purpose of marketing the Shares outside the UK, including any translation costs; and
- 34.1.22 royalties, licensing fees and other like payments in relation to the use of intellectual property.

VAT may be payable on these charges.

It is not currently proposed to seek a listing for the Shares on any stock exchange, but if a listing is sought in the future the fees connected with the listing will be payable by the Company.

Expenses are allocated between capital and income in accordance with the COLL Sourcebook and as set out in Appendix A. The ACD will ensure allocation of expenses between income and capital is assessed to ensure that appropriate expenses are allocated based on the investment objective of the relevant Fund and any specified target return in an accounting period, in agreement with the Depositary.

#### 34.2 **Charges payable to the ACD**

In payment for carrying out its duties and responsibilities the ACD is entitled to take a fee. The fee is calculated and paid monthly in arrears, calculated with reference to the last Net Asset Value of the relevant Fund. The current annual management charge for each Fund (expressed as a percentage per annum of the Net Asset Value of each Fund) is set out in Appendix A.

The ACD is also entitled to all reasonable, properly documented, out of pocket expenses incurred in the performance of its duties.

VAT may be payable on these charges.

Where the investment objective of a Fund is to treat the generation of income as a higher priority than capital growth, or the generation of income and capital growth have equal priority, all or part of the ACD's fees may be charged against capital instead of against income as set out in Appendix A. This will only be done with the approval of the Depositary. This treatment of the ACD's fee will increase the amount of income (which may be taxable) available for distribution to Shareholders in the Fund concerned, but may constrain capital growth.

If a Class' expenses in any period exceed its income the ACD may take that excess from the capital property attributable to that Class.

#### 34.3 **Increase in the charges payable to the ACD**

Any increase of the fees payable to the ACD will be carried out in accordance with the FCA Regulations.

#### 34.4 **Investment Manager's fee**

Where applicable, the Investment Manager (or its delegates) may be entitled to a fee for the provision of Investment Management services, as set out in Appendix A.

#### 34.5 **Depositary's fees and expenses**

The Depositary is entitled to receive out of the property of each Fund by way of remuneration, a periodic charge which will accrue and be calculated daily and will be payable monthly in respect of each calendar month as soon as practicable after the month end. The rate or rates and/or amounts of the Depositary's periodic charge in respect of each Fund will be agreed between the ACD and the Depositary from time to time.

The Depositary's fees, as set out in Appendix A, are calculated monthly on the Net Asset Value of each Fund. In addition Value Added Tax on the amount of the periodic charge will be paid out of each Fund.

The Depositary Agreement between the Company and the Depositary provides that the Depositary may also be paid by way of remuneration, out of the property of the Company, custody fees where it acts as custodian and other transaction and bank charges.

The Depositary is also entitled to reimbursement out of the property of each Fund for all expenses properly and reasonably incurred in connection with performing or arranging for the performance of the functions conferred upon it by COLL or by general law and for which it may be reimbursed in accordance with COLL, including (without limitation and whether or not abortive) expenses properly and reasonably incurred in buying, selling, developing, redeveloping, dealing with and managing the Scheme Property.

On a winding up of the Company, termination of a Fund or the redemption of all outstanding Shares of a Class the Depositary is entitled to its pro rata fees and expenses to the date of any winding up, termination or redemption and any additional expenses necessarily realised in settling or receiving any outstanding obligations.

#### **34.6 Custodian's Fees**

The remuneration for acting as Custodian is calculated at a rate, rates and/or amounts as may be agreed from time to time between the Depositary and the Custodian and may vary from country to country. Fees payable include a minimum fee of £10,000 per annum (plus VAT, if applicable) for services to the Funds. The transaction charges for the countries quoted on the tariff at the date of this Prospectus currently range from £5 to £100. Custody charges vary according to geographic location and market value of the holdings. The custody holding charges for the countries quoted on the tariff at the date of this Prospectus currently range from 0.008% per annum to 0.6% per annum of the value of the assets held in custody at a given month end.

Custody and transaction charges will be payable monthly out the property of each Fund, as determined by the Depositary, in arrears.

#### **34.7 Collection Agent charge**

A Collection Agent, as appointed to any Fund, may make a charge to a Fund per subscription payment processed. These charges are payable by a Fund, not by the subscribing Investor. Further upon redemption payments, a charge per redemption payment, may be payable to the Collection Agent by a Fund.

#### **34.8 Allocation of fees and expenses between Funds**

All the above fees, duties and charges will be charged to the Fund in respect of which they were incurred. Where an expense is not considered to be attributable to any one Fund, the expense will normally be allocated to all Funds pro rata to the value of the Net Asset Value of the Funds, although the ACD has discretion to allocate these fees and expenses in a manner which it considers fair to Shareholders generally.

## 35 Shareholder meetings and voting rights

### 35.1 Class and Fund Meetings

35.1.1 The Company shall not hold Annual General Meetings.

35.1.2 The provisions below, unless the context otherwise requires, apply to Class meetings and meetings of Funds as they apply to general meetings of the Company, but by reference to Shares of the Class or Fund concerned and the Shareholders and value and prices of those Shares.

### 35.2 Requisitions of meetings

35.2.1 The ACD may requisition a general meeting at any time.

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

### 35.3 Notice of quorum

Shareholders eligible to participate in a particular Shareholders meeting will receive at least 14 days' notice of such meeting and are entitled to be counted in the quorum and vote at such meeting either in person or by proxy. The quorum for a meeting is two Shareholders, present in person or by proxy. The quorum for an adjourned meeting is also two Shareholders present in person or by proxy, however if a quorum is not present from a reasonable time from the time appointed for the meeting, generally considered to be 15 minutes, then one person entitled to be counted in a quorum present at the meeting shall be a quorum. Notices of meetings and adjourned meetings will be sent to Shareholders at their registered addresses.

### 35.4 Voting rights

35.4.1 At a meeting of Shareholders, on a show of hands every Shareholder who (being an individual) is present in person or (being a corporation) is present by its representative properly authorised in that regard, has one vote. For joint Shareholders, the vote of the first Shareholder, or the proxy of the first Shareholder, stated in the register of Shareholders will be accepted to the exclusion of the votes of other joint Shareholders.

35.4.2 On a poll vote, a Shareholder may vote either in person or by proxy. The voting rights attaching to each Share are such proportion of the voting rights attached to all the Shares in issue that the price of the Share bears to the aggregate price(s) of all the Shares in issue and still in issue at the date seven Business Days before the notice of meeting is deemed to have been served.

35.4.3 A Shareholder entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.

35.4.4 Except where the FCA Regulations or the Instrument of Incorporation requires an extraordinary resolution (which needs 75% of the votes cast at the meeting to be in favour if the resolution is to be passed) any resolution will be passed by a simple majority of the votes validly cast for and against the resolution.

35.4.5 The ACD may not be counted in the quorum for a meeting and neither the ACD nor any associate (as defined in the FCA Rules) of the ACD is entitled to vote

at any meeting of a Fund or the Company except in respect of Shares which the ACD or associate holds on behalf of or jointly with a person who, if the registered Shareholder, would be entitled to vote and from whom the ACD or associate has received voting instructions. Where every Shareholder in a Fund or the Company is prohibited by the FCA Rules from voting, a resolution may, with the prior written agreement of the Depositary, instead be passed with the written consent of Shareholders representing 75% of the Shares of the Fund or Company (as the case may be) in issue.

35.4.6 “Shareholders” in this context means Shareholders on the date seven Business Days before the notice of the relevant meeting was deemed to have been served but excludes holders who are known to the ACD not to be Shareholders at the time of the meeting.

## 36 **Class meetings**

The above provisions, unless the context otherwise requires, apply to Share Class meetings as they apply to general meetings of Shareholders. However, an extraordinary resolution will be required to sanction a variation of class rights.

## 37 **Taxation**

### 37.1 **UK taxation**

The following statements are based on the ACD’s understanding of current English law and HMRC practice as known at the date of this Prospectus. The following statements summarise the UK tax position of the Funds and of investors who are resident in the UK for tax purposes and hold their Shares as investments plus generically considers the tax position for non-UK resident tax payers and may not apply to certain classes of investors.

The bases and rates of taxation and reliefs from taxation may change in the future. Shareholders are recommended to consult their professional adviser if they are in any doubt as to their individual tax position or if they may be subject to tax in a jurisdiction other than the UK.

### 37.2 **The Company and Funds**

The Company is a UK open-ended investment company in umbrella form, and so each Fund is treated as an open-ended investment company for most UK tax purposes.

### 37.3 **Stamp and other transaction taxes**

The Funds will be liable to stamp duty reserve tax (“SDRT”) on the purchase of UK equities and to foreign stamp or other financial transaction tax on the purchase of securities of certain jurisdictions

### 37.4 **The Funds**

The Funds should generally be exempt from UK corporation tax, subject to certain anti-avoidance provisions, on dividends and similar distributions from companies. Any payments it receives from transactions in futures or options contracts are also exempt from tax. The Funds will be subject to corporation tax at a rate equal to the basic rate of income tax, currently 20%, on other types of income but after deducting allowable expenses.

To the extent that the Funds receive income from, or realises gains on, investments issued in foreign countries, it may be subject to withholding tax or other taxation in those jurisdictions.

The Fund will allocate its net distributable income as dividend distributions (or accumulations in the case of accumulation Shares). No tax is deducted from dividend distributions.

### **37.5 UK resident corporate Shareholders invested in the Funds**

Any UK resident corporate Shareholders not exempt from tax on income who receive dividend distributions or accumulations may have to divide them into two (in which case the division will be indicated on the tax voucher). Any part representing dividends received by UKIIF will be treated as dividend income and, subject to certain anti-avoidance provisions, no tax will be due on it. The remainder should be treated as an annual payment received after deduction of income tax at the basic rate and corporate Shareholders may be liable to tax on the grossed up amount. The 20% income tax credit may be set against their corporation tax liability, or part of it refunded, as appropriate.

### **37.6 UK resident Shareholders subject to UK income tax invested in the Funds**

UK resident individual Shareholders are entitled to a dividend allowance. As a result they each benefit from an exemption from income tax on a certain amount of dividend income received each tax year, including dividend distributions or accumulations. If an individual Shareholder's dividend income exceeds the dividend allowance then there will be a liability to income tax on the excess, including any excess dividend distributions. The rates of income tax are 7.5% for dividend income within the basic rate band, 32.5% for dividend income within the higher rate band and 38.1% for dividend income within the additional rate band.

### **37.7 Non-UK resident Shareholders invested in the Funds**

Non-UK resident Shareholders will generally not be liable to UK tax on distributions.

### **37.8 UK resident Shareholders – tax on chargeable gains**

Shareholders may be subject to tax in respect of chargeable gains on the redemption or transfer of their shares based on their tax status.

For holders of Shares in the Funds who are resident in the UK, switches between classes within the Funds should not give rise to a liability to capital gains tax or corporation tax on chargeable gains.

In respect of the Accumulation Shares, income arising from these shares is accumulated and added to the capital property of the Funds. As a result, such amounts will be added to the allowable cost of such Shares when calculating the capital gain realised on their disposal for UK capital gains purposes.

Individuals are only liable to capital gains tax if their total chargeable gains (net of allowable losses) in the year exceed the annual exemption. If gains in excess of this exemption are realised the excess is subject to capital gains tax at either the standard or higher capital gains rate, depending on the Shareholder's level of taxable income.

Shareholders within the charge to UK corporation tax are chargeable to corporation tax on all such gains and net chargeable gains will normally be added to the profits charged to corporation tax. Indexation relief will be available.

### **37.9 Non-UK resident Shareholders – tax on chargeable gains**

Capital gains tax is typically not charged on the sale of shares for Non-UK residents as long as they remain non-resident for a period of at least five years.

Non-UK resident Shareholders are strongly recommended to seek their own independent tax advice.

### 37.10 **Income equalisation**

Since all the Funds operate equalisation, the first allocation or distribution made after the acquisition of Shares will include an amount of equalisation. This amount represents the ACD's best estimate of the income included in the price at which the Shares were acquired (subject to grouping where appropriate) and represents a capital repayment for UK tax purposes which is not subject to income tax or corporation tax but which should be deducted from the cost of Income Shares (but not Accumulation Shares) in arriving at any capital gain realised on their subsequent disposal.

### 37.11 **ISAs**

At the date of publication of the Prospectus the Funds satisfy the eligibility requirements to be a qualifying investment for a stocks and shares component of an ISA and Junior ISA. Please refer to Appendix A for relevant Classes for ISAs.

### 37.12 **Inheritance tax**

A gift by a Shareholder of Shares or the death of a Shareholder may give rise to a liability to inheritance tax, except where the Shareholder is an individual who is neither domiciled in the UK nor deemed to be domiciled there under special rules relating to long residence or previous domicile in the UK. For these purposes, a transfer of Shares at less than the full market value may be treated as a gift.

### 37.13 **FATCA**

The Company (and therefore each Fund) is classified as a Restricted Fund within the Deemed Compliant Financial Institution category of FATCA. The Company is eligible for Restricted Fund status as it imposes prohibitions on the sale or transfer of Shares in a Fund to Specified US Persons, Non-Participating Financial Institutions and Passive Non-Financial Foreign Entities with Controlling US Persons. These prohibitions are detailed in Section 23, which also refers to an increased tax burden. This can be defined as any increase in compliance for the Company or any Fund with regards to tax, such as an increase in reporting requirements as a result of FATCA.

## 38 **Income equalisation**

38.1 Income equalisation, as explained below, may apply in relation to a Fund.

38.2 Part of the purchase price of a Share reflects the relevant share of accrued income received or to be received by the Company. This capital sum is returned to a Shareholder with the first distribution of income in respect of a Share issued during an accounting period.

38.3 The amount of income equalisation is either the actual amount of income included in the issue price of that Share or is calculated by dividing the aggregate of the amounts of income included in the price of Shares issued or sold to Shareholders in an annual or interim accounting period by the number of those Shares and applying the resultant average to each of the Shares in question.

## 39 **Winding up of the Company or termination of a Fund**

39.1 The Company must be wound up, or a Fund must be terminated under the FCA Regulations, following approval by the FCA, in the following circumstances:

39.1.1 if an extraordinary resolution to that effect is passed and the FCA's prior consent to the resolution has been obtained by the ACD or the Depositary;

39.1.2 on the expiry of any period specified in the Instrument of Incorporation as the period at the end of which the Company or the relevant Fund is to be wound up.

- 39.1.3 if the order declaring the Company to be an open ended investment company ("Order of Authorisation") is revoked;
  - 39.1.4 if the ACD or the Depositary requests the FCA to revoke the Order of Authorisation and the FCA has agreed (provided no material change in any relevant factor occurs) that on the winding-up of the Company or termination of a Fund, the FCA will accede to that request;
  - 39.1.5 on the effective date of a duly approved scheme of arrangement which is to result in the Company ceasing to hold any Scheme Property;
  - 39.1.6 in the case of a Fund, on the effective date of a duly approved scheme of arrangement which is to result in the Fund ceasing to hold any Scheme Property; or
  - 39.1.7 on the date when all the Funds fall within 39.1.6 or have otherwise ceased to hold any Scheme Property, notwithstanding that the Company may have assets and liabilities that are not attributable to any particular Fund.
- 39.2 On the occurrence of any of the above:
- 39.2.1 in the case of scheme of arrangement referred to above the Depositary shall wind up the Company or terminate the Fund in accordance with the scheme of arrangement.
  - 39.2.2 in any other case, the Depositary shall, as soon as practicable after the Company falls to be wound up or Fund falls to be terminated, realise the property of the Company or Fund and, after paying all liabilities properly payable and retaining provision for the costs of the winding-up, distribute the proceeds to the Shareholders and the ACD proportionately to the size of their holdings.
  - 39.2.3 any unclaimed net proceeds or other cash held by the Depositary after twelve months from the date the proceeds became payable, shall be paid by the Depositary into court, although the Depositary will have the right to retain any expenses incurred in making that payment.
  - 39.2.4 on completion of the winding-up of the Company or termination of the Fund, the Depositary shall notify the FCA in writing of that fact and, in the case of a winding up of the Company, the Depositary or the ACD shall request the FCA to revoke the Order of Authorisation.

## 40 **General Information**

### 40.1 **Accounting periods**

- 40.1.1 The annual accounting period of the Company ends each year on 31 December (the accounting reference date). The half year accounting period of the Company ends each 30 June.

### 40.2 **Income distributions**

- 40.2.1 Distributions of income are made in respect of the income available for distribution in each accounting period.
- 40.2.2 The distributions of income for all Funds are to be paid to relevant Shareholders by cheque or by electronic transfer.

- 40.2.3 The Fund (as set out in Appendix A) has distributions paid on a quarterly basis, usually within one month of the quarterly interim accounting date, being 30 June, 30 September, 31 December and 31 March.

The amount available for distribution by the Fund in any accounting period is calculated by taking the aggregate of the income received or receivable for the account of the Fund in respect of that period, and deducting any charges and expenses paid or payable out of income in respect of that accounting period. The ACD then makes such other adjustments as it considers appropriate (and after consulting the Depositary as appropriate) in relation to taxation, income equalisation, income unlikely to be received within 12 months following the relevant income allocation date, transfers between the income and capital account and any other adjustments which the ACD considers appropriate after consulting the auditors.

If a distribution remains unclaimed for a period of six years after it has become due, it will be forfeited and will revert to the relevant Fund.

### 40.3 **Annual and Half-yearly Reports**

- 40.3.1 Annual and Half-Yearly Reports Annual reports of the Company will be published within four months of the end of each annual accounting period and half-yearly reports will be published within two months of the end of each interim half-year accounting period. Shareholders may request a copy of the report for the Company which shall be available either by post or, if possible, electronically. All reports are available for inspection at the offices of the ACD between 9.00 a.m. and 5.00 p.m. every Business Day.
- 40.3.2 Further details relating to the Funds' liquidity management policy and any special arrangements in place for less liquid assets, risk profile and risk management systems will be included in the annual report.

### 40.4 **Documents relating to the Company**

- 40.4.1 The following documents may be inspected inspection free of charge between 9.00 a.m. and 5.00 p.m. every Business Day at the offices of the ACD:
- 40.4.1.1 the most recent annual and half-yearly reports of the Company;
  - 40.4.1.2 the Prospectus;
  - 40.4.1.3 the Instrument of Incorporation (and any amending instrument); and
  - 40.4.1.4 the KIIDs.
- 40.4.2 The ACD may make a charge at its discretion for copies of the Instrument of Incorporation, however, the reports, the Prospectus and the KIIDs are available free of charge.

### 40.5 **Risk Management**

- 40.5.1 The ACD will provide upon the request of a Shareholder further information relating to:
- 40.5.1.1 the quantitative limits applying in the risk management of any Fund;
  - 40.5.1.2 the methods used in relation to 40.5.1.1; and

40.5.1.3 any recent development of the risk and yields of the main categories of investment.

#### 40.6 **Electronic communication**

The ACD has agreed with the Administrator that formal communication with Shareholders, including the distribution of all documents and related relevant Shareholder communications, shall be by electronic method only, to the extent it is able to do so. If it is not able to do so, the Administrator shall communicate with relevant Shareholders by post.

Shareholders who wish to receive hard copy correspondence should contact the Administrator who shall arrange for this.

#### 40.7 **Notices**

Notices and documents will be sent to the Shareholder's registered address or registered email address.

#### 40.8 **Complaints**

Complaints concerning the operation or marketing of the Company or any Fund should be referred to the compliance officer of the ACD at 338 Euston Road, London, NW1 3BG, in the first instance. If the complaint is not dealt with satisfactorily then it can be made direct to The Financial Ombudsman Service at South Quay Plaza, 183 Marsh Wall, London E14 9SR.

#### 40.9 **Compensation**

40.10 Shareholder's investments in the Funds may be covered by the Financial Services Compensation Scheme. Shareholders may be entitled to compensation from this scheme if the Company, ACD or other service provider cannot meet their obligations. This depends whether the claimant is eligible and the circumstances of the claim. Most types of investments are covered up to £85,000.

40.11 Further information is available from the Financial Services Compensation Scheme, [www.fscs.org.uk](http://www.fscs.org.uk).

#### 40.12 **Best execution**

The ACD's best execution policy sets out the basis upon which it will effect transactions and place orders in relation to the Company. The ACD will act in the best interests of each Fund when executing decisions to deal on behalf of the relevant Fund. It will take all sufficient steps to obtain, when executing decisions to deal on behalf of the relevant Fund, the best possible result for each Fund taking into account factors such as price and costs. Details of this best execution policy are available on the ACD's website at [www.alpharealcapital.com](http://www.alpharealcapital.com).

#### 40.13 **Inducements**

40.13.1 The ACD will not accept and retain any fees, commissions or monetary benefits, or accept any non-monetary benefits, where these are paid or provided by any third party or a person acting on behalf of that party. However, this does not apply to minor non-monetary benefits that are capable of enhancing the quality of the service provided to a Fund, and are of a scale and nature such that they could not be judged to impair the ACD's compliance with its duty to act honestly, fairly and professionally in the best interests of the relevant Fund.

40.13.2 In the event that the ACD receives any fees, commissions or monetary benefits from a third party in relation to any services provided to a Fund, the ACD will return these to the relevant Fund as soon as reasonably possible and inform Shareholders in the Fund about such fees, commissions and/or monetary benefits, as applicable.

#### 40.14 **Data protection**

Both the ACD and the Administrator have policies in respect of the privacy and handling of Shareholder data. These privacy policies are available by visiting the website of the ACD at [alpharealcapital.com](http://alpharealcapital.com) or the Administrator at [time-investments.com](http://time-investments.com), or alternatively are available by request. The ACD and Administrator will use any personal information provided by the Shareholders in their Application Form and any supplemental information provided in connection with their investment for the purposes of providing the services related to their investments, analysing the suitability of the investment, undertaking know-your-client checks and complying with anti-money laundering requirements, tax regulations and other legal or regulatory requirements. Shareholders should understand that their personal information may be shared with third parties as set out in the respective privacy policies, including associates of the ACD and Administrator. The Shareholders also understand that they have certain rights in respect of how the ACD and Administrator will use their personal information, as set out in the respective privacy policies.

## **APPENDIX A**

### **INVESTMENT OBJECTIVE, POLICY AND OTHER DETAILS ABOUT THE FUNDS**

Investment of the assets of each Fund must comply with the FCA Regulations and their own investment objectives and policies. Details of the investment objective and policy of each Fund are set out in this Appendix.

**ARC TIME UK INFRASTRUCTURE INCOME FUND II (“UKIIF II” or the “Fund”)**  
**Fund specific details**

<b>Investment objective:</b>	<p>The aim of the Fund is to achieve a consistent income return with some capital growth.</p> <p>There is no guarantee that a consistent income return will be achieved and your capital is at risk.</p>	
<b>Investment policy:</b>	<p>The Fund’s investment policy is to invest at least 70% of the portfolio in defensive, asset-backed UK listed securities exposed to the infrastructure, renewable energy and real estate sectors. In accordance with this, the Fund will primarily hold a diversified portfolio of income paying securities of investment companies, Sterling denominated, and these are the shares of UK listed infrastructure, renewable energy, specialist financing companies and real estate investment trusts (REITs).</p> <p>The Fund may also invest in non-UK securities listed on eligible securities markets.</p> <p>Exposure to these securities may additionally be achieved indirectly through investing in collective investment schemes (which can include open-ended investment companies, SICAVs and exchange traded funds (managed by the ACD or by third parties)) which themselves invest in shares and corporate bonds of these companies.</p> <p>The Fund will not invest more than 10% of the Net Asset Value in collective investment schemes.</p> <p>The Fund may also invest in other types of transferable securities, equities, bonds, secured notes, cash, near cash, deposits and money market instruments.</p>	
<b>Benchmarks:</b>	<p><i>Comparator benchmarks:</i></p> <p>The Fund utilises the following comparator benchmarks:</p> <ol style="list-style-type: none"> <li>(1) IA Infrastructure Sector: The Fund is a constituent of this Investment Association sector and seeks to assess its performance against the index. The index was selected as it is for funds that have an investment with a primarily infrastructure focus.</li> <li>(2) Income yield (%): Investors should assess performance by comparing the annual yield of the Fund against an income yield of 4% per annum. This is not a target and does not constrain the construction of the portfolio of the Fund. It is only to be used as a comparator yardstick to assess the performance of the Fund.</li> </ol> <p>The Fund does not have any target or constraining benchmarks.</p> <p>No other benchmarks are utilised by the ACD or the Fund.</p>	
<b>Launch Date:</b>	10 January 2022	
<b>Dealing Frequency:</b>	Daily on each Business Day.	
<b>Valuation Point:</b>	10am on each Business Day	
<b>Distribution frequency and dates:</b>	Quarterly, usually within one month of the quarterly interim accounting date, being 30 June, 30 September, 31 December and 31 March	
<p><b>Cut Off Points:</b></p> <p><b><u>Cut Off Point for Subscriptions</u></b>  All Classes: 10am on each Business Day</p> <p><b><u>Cut Off Point for Redemptions</u></b>  All Classes: 10am on each Business Day</p>		
<b>Accounting date(s):</b>	Final	31 December

	Interim	30 June
<b>Investment Manager:</b>	TIME Investments, the trading name of Alpha Real Property Investment Advisers LLP	
<b>Investor Restrictions:</b>	All applications for subscription are accepted or otherwise at the sole discretion of the ACD, in accordance with clause 14 of the Prospectus.	

## Additional Information

<b>Profile of a typical investor:</b>	<p>The Fund may be suitable for you if you consider collective investment schemes to be a convenient way of participating in investment markets and wish to seek to achieve defined investment objectives such as that above. You should have experience with or understand investments which place capital at risk, and must be able to accept losses. If you are uncertain about whether this product is suitable for you, please contact a professional adviser.</p> <p>The Company is designed and managed to support longer-term investment and active trading is discouraged. Short-term or excessive trading into and out of a Fund may harm performance by disrupting the investment management strategy and by increasing expenses. The ACD may at its discretion refuse to accept applications for, or switching or conversion of, Shares, especially where transactions are deemed disruptive, particularly from possible market timers or investors who, in its opinion, have a pattern of short-term or excessive trading or whose trading has been or may be disruptive to the Funds. For these purposes, the ACD may consider an investor's trading history in the Funds or other funds managed by the ACD or the Administrator and accounts under common ownership or control.</p>
<b>Borrowing Policy:</b>	The Instrument of Incorporation allows the Fund to borrow up to a maximum level such that, at any time, the Fund shall not borrow more than 10% of the NAV of the Fund.
<b>Investment Manager/Administrator/Transfer Agency:</b>	The Investment Manager has the authority to make investment decisions on behalf of the Fund and the ACD and is responsible for the management of the investments. Included with the Investment Manager's delegated services is responsibility for the promotion and marketing of the Fund, transfer agency services, fund accounting and fund administration. In respect of these services the Investment Manager receives fees as shown in the below table below. The fees shown are calculated monthly and paid monthly in arrears.

**Share Class details**

Class	Currency	Minimum initial investment	Minimum subsequent investment	Minimum holding investment	Minimum redemption	Other investment restrictions	ISA-eligible investment	Dealing Day(s) in each calendar month (or next business day)
Class A Accumulation (Institutional)	GBP	£5,000,000	£100,000	£500,000	£100,000	Non-Retail investors only	No	Each Business Day
Class A Income (Institutional)	GBP	£5,000,000	£100,000	£500,000	£100,000	Non-Retail investors only	No	Each Business Day
Class C Accumulation	GBP	£5,000	£1,000	£1,000	£1,000	None	Yes	Each Business Day
Class C Income	GBP	£5,000	£1,000	£1,000	£1,000	None	Yes	Each Business Day

Class	Initial fee	ACD fee	Depositary fee**	Investment management / Administration fee***	Transfer agency fees
		Taken from Capital *	Taken from Capital*	Taken from Capital *	Taken from Capital *

Class A Accumulation (Institutional)	0%	0.06% of the NAV		Investment Management fee: 0.09% of NAV / Administration fee: 0.15% of NAV	
Class A Income (Institutional)			0.03% on the first £50m of the NAV; 0.025% on the next £150m of the NAV; 0.02% on the balance of the NAV in excess of £200 million Subject to a minimum fee of £12,500, per annum		0.075% of the NAV
Class C Accumulation	0%	0.08% of the NAV		Investment Management fee: 0.17% of NAV / Administration fee: 0.15% of NAV	
Class C Income					

\* All of the fees and other expenses payable out of Scheme Property will be charged against capital instead of against income. This treatment of fee and other expenses will increase the amount of income (which may be taxable) available for distribution to Shareholders in the Fund but may constrain capital.

\*\* Excludes custodian fees

\*\*\*Excludes Collection Agent charge as set out in clause 34.7 which are payable by the Fund and which are approximately 0.043% of NAV per annum for the Fund

## APPENDIX B

### INVESTMENT AND BORROWING POWERS

#### 1 General

1.1 The Scheme Property of each Fund will be invested with the aim of achieving the investment objective of that Fund, but subject to the limits set out in its investment policy set out in Appendix A, this Prospectus and Chapter 5 of the COLL Sourcebook ("COLL") as it applies to UK UCITS schemes.

1.2 Normally, a Fund will be fully invested save for an amount to enable the pursuit of a Fund's investment objective, redemption of Shares, efficient management of the Fund in relation to its strategic objectives and other purposes which may be reasonably regarded as ancillary to the investment objectives of the Fund. This amount will vary depending upon prevailing circumstances and although it would normally not exceed 10% of the total value of each Fund, there may be times when the Investment Manager considers stock markets to be overpriced or that a period of instability exists which presents unusual risks. In these cases or during these periods, a higher level of liquidity may be maintained and, if considered prudent, the amount of fixed interest, cash or near cash instruments held would be increased.

#### 2 Prudent spread of risk

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

2.2 The rules in this section relating to spread of investments do not apply until the expiry of a period of six months after the date on which the Company's authorisation is effective or the commencement of any initial offer period, if later, provided paragraph 2.1 above is complied with during that period.

#### 3 Cover

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

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

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

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

#### 4 UCITS schemes - general

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

(a) transferable securities;

- (b) approved money market instruments;
- (c) units or shares in permitted collective investment schemes;
- (d) permitted derivatives and forward transactions; and
- (e) permitted deposits;

4.2 Transferable securities and money market instruments held within a Fund must be:

- (a) admitted to or dealt on an eligible market as described in paragraph 10.3 below;
- (b) be approved money market instruments not admitted or dealt in on an eligible market below which satisfy the requirement of paragraphs 8 (Investment in money market instruments) and 13 (Appropriate information for money market instruments) in this Appendix;
- (c) recently issued transferable securities provided that:
  - (i) the terms of issue include an undertaking that application will be made to be admitted on an eligible market; and
  - (ii) such admission is secured within a year of issue.

4.3 Transferable securities held within the Company must also satisfy the criteria in COLL 5.2.7 AR, COLL 5.2.7 CR and COLL 5.2.7 ER for the purpose of investment by a UK UCITS scheme.

4.4 Not more than 10% in value of the Scheme Property of a Fund is to consist of transferable securities, which are not approved securities or money market instruments which are liquid and have a value which can be determined accurately at any time.

4.5 The requirements on spread of investments generally and in relation to investment in government and public securities, do not apply until 6 months after the later of:

- (a) the date when the authorisation order in respect of a Fund takes effect; and
- (b) the date the initial offer commenced,

provided that the requirement to maintain prudent spread of risk in paragraph 2 of this Appendix is complied with.

## 5 **Transferable Securities**

5.1 A transferable security is an investment falling within article 76 (shares etc), article 77 (instruments creating or acknowledging indebtedness), article 77A (alternative debentures), article 78 (government and public securities), article 79 (instruments giving entitlement to investments) and article 80 (certificates representing certain securities) of the Regulated Activities Order.

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

5.3 In applying paragraph 5.2 of this Appendix to an investment which is issued by a body corporate, and which is an investment falling within articles 76 (shares, etc) or 77 (instruments creating or acknowledging indebtedness) of the Regulated Activities Order,

the need for any consent on the part of the body corporate or any members or debenture holders of it may be ignored.

- 5.4 An investment is not a transferable security unless the liability of the holder of it to contribute to the debts of the issuer is limited to any amount for the time being unpaid by the holder of it in respect of the investment.
- 5.5 A Fund may invest in a transferable security only to the extent that the transferable security fulfils the following criteria:
- (a) the potential loss which the Fund may incur with respect to holding the transferable security is limited to the amount paid for it;
  - (b) its liquidity does not compromise the ability of the ACD to comply with its obligation to redeem Shares at the request of any qualifying Shareholder under the Handbook;
  - (c) a reliable valuation is available for it as follows:
    - (i) in the case of a transferable security admitted to or dealt on an eligible market, where there are accurate, reliable and regular prices which are either market prices or prices made available by valuation systems independent from issuers;
    - (ii) in the case of a transferable security not admitted to or dealt on an eligible market, where there is a valuation on a periodic basis which is derived from information from the issuer of the transferable security or from competent investment research;
  - (d) appropriate information is available for it as follows:
    - (i) in the case of a transferable security admitted to or dealt on an eligible market, where there is regular, accurate and comprehensive information available to the market on the transferable security or, where relevant, on the portfolio of the transferable security;
    - (ii) in the case of a transferable security not admitted to or dealt on an eligible market, where there is regular and accurate information available to the ACD on the transferable security or, where relevant, on the portfolio of the transferable security;
  - (e) it is negotiable; and
  - (f) its risks are adequately captured by the risk management process of the ACD.
- 5.6 Unless there is information available to the ACD that would lead to a different determination, a transferable security which is admitted to or dealt on an eligible market shall be presumed:
- (a) not to compromise the ability of the ACD to comply with its obligation to redeem Shares at the request of any qualifying Shareholder; and
  - (b) to be negotiable.
- 5.7 Not more than 5% of the Scheme Property of the Funds may be invested in warrants.
- 6 **Closed-end funds constituting transferable securities**

- 6.1 A unit or a share in a closed-end fund shall be taken to be a transferable security for the purposes of investment by the Company, provided it fulfils the criteria for transferable securities set out in paragraph 5.5 and 5.6 and either:
- (a) where the closed-end fund is constituted as an investment company or a unit trust:
    - (i) it is subject to corporate governance mechanisms applied to companies; and
    - (ii) where another person carries out asset management activity on its behalf, that person is subject to national regulation for the purpose of investor protection; or
  - (b) where the closed-end fund is constituted under the law of contract:
    - (i) it is subject to corporate governance mechanisms equivalent to those applied to companies; and
    - (ii) it is managed by a person who is subject to national regulation for the purpose of investor protection.

## 7 Transferable securities linked to other assets

- 7.1 A Fund may invest in any other investment which shall be taken to be a transferable security for the purposes of investment by the Company provided the investment:
- (a) fulfils the criteria for transferable securities set out in paragraph 5.5 and 5.6 above; and
  - (b) is backed by or linked to the performance of other assets, which may differ from those in which that Fund can invest.

7.2 Where an investment in paragraph 7.1 contains an embedded derivative component, the requirements of this section with respect to derivatives and forwards will apply to that component.

## 8 Approved Money-Market Instruments

- 8.1 An approved money-market instrument is a money-market instrument which is normally dealt in on the money market, is liquid and has a value which can be accurately determined at any time.
- 8.2 A money-market instrument shall be regarded as normally dealt in on the money market if it:
- 8.2.1 has a maturity at issuance of up to and including 397 days;
  - 8.2.2 has a residual maturity of up to and including 397 days;
  - 8.2.3 undergoes regular yield adjustments in line with money market conditions at least every 397 days; or
  - 8.2.4 has a risk profile, including credit and interest rate risks, corresponding to that of an instrument which has a maturity as set out in paragraph 8.2.1 or paragraph 8.2.2 or is subject to yield adjustments as set out in paragraph 8.2.3.

- 8.2.5 A money-market instrument shall be regarded as liquid if it can be sold at limited cost in an adequately short time frame, taking into account the obligation of the ACD to redeem Shares at the request of any qualifying Shareholder.
- 8.2.6 A money-market instrument shall be regarded as having a value which can be accurately determined at any time if accurate and reliable valuations systems, which fulfil the following criteria, are available:
  - 8.2.6.1 enabling the ACD to calculate a net asset value in accordance with the value at which the instrument held in the portfolio could be exchanged between knowledgeable willing parties in an arm's length transaction; and
  - 8.2.6.2 based either on market data or on valuation models including systems based on amortised costs.
- 8.2.7 A money-market instrument that is normally dealt in on the money market and is admitted to or dealt in on an eligible market shall be presumed to be liquid and have a value which can be accurately determined at any time unless there is information available to the ACD that would lead to a different determination.

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

- 9.1 Transferable securities and approved money-market instruments held within a Fund must be:
  - 9.1.1 admitted to or dealt on an eligible market (as described in paragraph 10.3(a) or paragraph 10.3(b)); or
  - 9.1.2 dealt on an eligible market (as described in 10.4); or
  - 9.1.3 for an approved money-market instrument not admitted to or dealt in on an eligible market, within paragraph 9.1; or
  - 9.1.4 recently issued transferable securities provided that:
    - 9.1.4.1 the terms of issue include an undertaking that application will be made to be admitted to an eligible market; and
    - 9.1.4.2 such admission is secured within a year of issue.
  - 9.1.5 However, a Fund may invest no more than 10% of the Scheme Property in transferable securities and approved money-market instruments other than those referred to in paragraph 9.1.

**10 Eligible markets regime: purpose**

- 10.1 To protect investors the markets on which investments of a Fund are dealt in or traded on should be of an adequate quality ("eligible") at the time of acquisition of the investment and until it is sold.
- 10.2 Where a market ceases to be eligible, investments on that market cease to be approved securities. The 10% restriction on investing in non approved securities applies and exceeding this limit because a market ceases to be eligible will generally be regarded as an inadvertent breach.
- 10.3 A market is eligible for the purposes of the rules if it is:
  - (a) a regulated market as defined in the Handbook; or

- (b) a market in the UK or any EEA State which is regulated, operates regularly and is open to the public.
- 10.4 A market not falling within paragraph 10.3 of this Appendix is eligible for the purposes of COLL 5 if:
- (a) the ACD, after consultation and notification with the Depositary, decides that market is appropriate for investment of, or dealing in, the Scheme Property of a Fund;
  - (b) the market is included in a list in the Prospectus; and
  - (c) the Depositary has taken reasonable care to determine that:
    - (i) adequate custody arrangements can be provided for the investment dealt in on that market; and
    - (ii) all reasonable steps have been taken by the ACD in deciding whether that market is eligible.
- 10.5 In paragraph 10.4(a), a market must not be considered appropriate unless it is regulated, operates regularly, is recognised, is open to the public, is adequately liquid and has adequate arrangements for unimpeded transmission of income and capital to or for the order of investors.
- 11 Money-market instruments with a regulated issuer**
- 11.1 In addition to instruments admitted to or dealt in on an eligible market, a Fund may invest in an approved money-market instrument provided it fulfils the following requirements:
- 11.1.1 the issue or the issuer is regulated for the purpose of protecting investors and savings; and
  - 11.1.2 the instrument is issued or guaranteed in accordance with paragraph 12 below.
- 11.2 The issue or the issuer of a money-market instrument, other than one dealt in on an eligible market, shall be regarded as regulated for the purpose of protecting investors and savings if:
- 11.2.1 the instrument is an approved money-market instrument;
  - 11.2.2 appropriate information is available for the instrument (including information which allows an appropriate assessment of the credit risks related to investment in it), in accordance with paragraph 13 below; and
  - 11.2.3 the instrument is freely transferable.
- 12 Issuers and guarantors of money-market instruments**
- 12.1 A Fund may invest in an approved money-market instrument if it is:
- 12.1.1 issued or guaranteed by any one of the following:
    - 12.1.1.1 a central authority of the UK or an EEA State or, if the EEA State is a federal state, one of the members making up the federation;

- 12.1.1.2 a regional or local authority of the UK or an EEA State;
- 12.1.1.3 the Bank of England, the European Central Bank or a central bank of an EEA State;
- 12.1.1.4 the European Union or the European Investment Bank;
- 12.1.1.5 a non-EEA State or, in the case of a federal state, one of the members making up the federation;
- 12.1.1.6 a public international body to which the United Kingdom or one or more EEA States belong; or
- 12.1.2 issued by a body, any securities of which are dealt in on an eligible market; or
- 12.1.3 issued or guaranteed by an establishment which is:
  - 12.1.3.1 subject to prudential supervision in accordance with criteria defined by European Community law; or
  - 12.1.3.2 subject to and complies with prudential rules considered by the FCA to be at least as stringent as those laid down by European Community law.
- 12.2 An establishment shall be considered to satisfy the requirement in paragraph 12.1.3.2 if it is subject to and complies with prudential rules, and fulfils one or more of the following criteria:
  - 12.2.1 it is located in the European Economic Area;
  - 12.2.2 it is located in an OECD country belonging to the Group of Ten;
  - 12.2.3 it has at least investment grade rating;
  - 12.2.4 on the basis of an in-depth analysis of the issuer, it can be demonstrated that the prudential rules applicable to that issuer are at least as stringent as those laid down by UK or European Community law.

### 13 **Appropriate information for money-market instruments**

- 13.1 In the case of an approved money-market instrument within paragraph 12.1.2 or issued by a body of the type referred to in COLL 5.2.10EG, or which is issued by an authority within paragraph 12.1.1.2 or a public international body within 12.1.1.6 but is not guaranteed by a central authority within paragraph 12.1.1.1, the following information must be available:
  - 13.1.1 information on both the issue or the issuance programme, and the legal and financial situation of the issuer prior to the issue of the instrument, verified by appropriately qualified third parties not subject to instructions from the issuer;
  - 13.1.2 updates of that information on a regular basis and whenever a significant event occurs; and
  - 13.1.3 available and reliable statistics on the issue or the issuance programme.
- 13.2 In the case of an approved money-market instrument issued or guaranteed by an establishment within paragraph 12.1.3, the following information must be available:

- 13.2.1 information on the issue or the issuance programme or on the legal and financial situation of the issuer prior to the issue of the instrument;
  - 13.2.2 updates of that information on a regular basis and whenever a significant event occurs; and
  - 13.2.3 available and reliable statistics on the issue or the issuance programme, or other data enabling an appropriate assessment of the credit risks related to investment in those instruments.
- 13.3 In the case of an approved money-market instrument:
- 13.3.1 within paragraphs 12.1.1.1, 12.1.1.4 or 12.1.1.5 or
  - 13.3.2 which is issued by an authority within paragraph 12.1.1.2 or a public international body within paragraph 12.1.1.6 and is guaranteed by a central authority within paragraph 12.1.1.1;
- 13.4 information must be available on the issue or the issuance programme, or on the legal and financial situation of the issuer prior to the issue of the instrument.
- 14 Spread: general**
- 14.1 This rule on spread does not apply to government and public securities.
  - 14.2 For the purposes of this requirement companies included in the same group for the purposes of consolidated accounts as defined in accordance with Section 399 of the Companies Act 2006 or in the same group in accordance with international accounting standards are regarded as a single body.
  - 14.3 Not more than 20% in value of the Scheme Property of a Fund is to consist of deposits with a single body.
  - 14.4 Not more than 5% in value of the Scheme Property of a Fund is to consist of transferable securities or money market instruments issued by any single body except that the limit of 5% is raised to 10% in respect of up to 40% in value of the Scheme Property of a Fund (covered bonds need not be taken into account for the purposes of applying the limit of 40%).
  - 14.5 The limit of 5% in paragraph 14.4 above is raised to 25% in value of the Scheme Property of a Fund in respect of covered bonds (the Company does not currently invest in covered bonds). provided that when a Fund invests more than 5% in covered bonds issued by a single body, the total value of covered bonds held must not exceed 80% in value of the Scheme Property.
  - 14.6 In applying paragraph 14.4, certificates representing certain securities are to be treated as equivalent to the underlying security.
  - 14.7 Not more than 10% in value of the Scheme Property of a Fund is to consist of the units or shares of any one collective investment scheme.
  - 14.8 Not more than 20% in value of the Scheme Property may consist of transferable securities and approved money market instruments issued by the same group.
  - 14.9 In applying the limits in paragraphs 14.3, 14.4, and 14.11 and subject to paragraph 14.5 not more than 20% in value of the Scheme Property of a Fund is to consist of any combination of two or more of the following:

- 14.9.1 transferable securities (including covered bonds) or approved money market instruments issued by; or
- 14.9.2 deposits made with; or
- 14.10 exposures from OTC derivatives transactions made with, a single body.
- 14.11 The exposure to any one counterparty in an OTC derivative transaction must not exceed 5% in value of the Scheme Property of a Fund. This limit is raised to 10% where the counterparty is an Approved Bank.
- 14.12 For the purpose of calculating the limit in paragraph 14.11, the exposure in respect of an OTC derivative may be reduced to the extent that collateral is held in respect of it if the collateral meets each of the following conditions:
- (a) it is marked-to-market on a daily basis and exceeds the value of the amount at risk;
  - (b) it is exposed only to negligible risks (e.g. government bonds of first credit rating or cash) and is liquid;
  - (c) it is held by a third party custodian not related to the provider or is legally secured from the consequences of a failure of a related party; and
  - (d) can be fully enforced by the Company on behalf of a Fund at any time.

## 15 **Counterparty risk and issuer concentration**

- 15.1 The ACD must ensure that counterparty risk arising from an OTC derivative is subject to the limits set out in paragraphs 14.9 and 14.11 above.
- 15.2 When calculating the exposure of a Fund to a counterparty in accordance with the limits in paragraph 14.11 the ACD must use the positive mark-to-market value of the OTC derivative contract with that counterparty.
- 15.3 An ACD may net the OTC derivative positions of a Fund with the same counterparty, provided they are able legally to enforce netting agreements with the counterparty on behalf of the Fund.
- 15.4 The netting agreements in paragraph 15.3 above are permissible only with respect to OTC derivatives with the same counterparty and not in relation to any other exposures the Fund may have with that same counterparty.
- 15.5 The ACD may reduce the exposure of Scheme Property to a counterparty of an OTC derivative through the receipt of collateral. Collateral received must be sufficiently liquid so that it can be sold quickly at a price that is close to its pre-sale valuation.
- 15.6 The ACD must take collateral into account in calculating exposure to counterparty risk in accordance with the limits in paragraph 14.11 when it passes collateral to an OTC counterparty on behalf of a Fund.
- 15.7 Collateral passed in accordance with paragraph 15.6 may be taken into account on a net basis only if the ACD is able legally to enforce netting arrangements with this counterparty on behalf of that Fund.
- 15.8 The ACD must calculate the issuer concentration limits referred to in paragraph 14.11 on the basis of the underlying exposure created through the use of OTC derivatives pursuant to the commitment approach.
- 15.9 In relation to the exposure arising from OTC derivatives as referred to in paragraph 24 the ACD must include any exposure to OTC derivative counterparty risk in the calculation.

**16 Spread: government and public securities**

- 16.1 The following section applies to government and public securities (“such securities”).
- 16.2 Where no more than 35% in value of the Scheme Property of a Fund is invested in such securities issued by any one body, there is no limit on the amount which may be invested in such securities or in any one issue.
- 16.3 The Company may invest more than 35% in value of the Scheme Property of a Fund in such securities issued by any one body provided that:
- (a) the ACD has before any such investment is made consulted with the Depositary and as a result considers that the issuer of such securities is one which is appropriate in accordance with the investment objective of the relevant Fund;
  - (b) no more than 30% in value of the Scheme Property of a Fund consists of such securities of any one issue;
  - (c) the Scheme Property of a Fund includes such securities issued by that or another issuer, of at least six different issues;
  - (d) the disclosures in the Prospectus required by the FCA have been made.
- 16.4 In giving effect to the foregoing, over 35% of the scheme property of each of the Sub-Funds may be invested in government and public securities issued by or on behalf of or guarantees by the Government of the United Kingdom, the Scottish Administration, the National Assembly of Wales, the Executive Committee of the Northern Ireland Assembly or the Governments of Australia, Austria, Belgium, Canada, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, New Zealand, Norway, Poland, Portugal, Slovakia, Spain, Sweden, Switzerland and the United States of America. In relation to such securities:
- 16.4.1 "issue", "issued" and "issuer" include "guarantee", "guaranteed" and "guarantor"; and
- 16.4.2 an issue differs from another if there is a difference as to repayment date, rate of interest, guarantor or other material terms of the issue.

**17 Investment in collective investment schemes**

- 17.1 Subject to individual Fund limitations detailed in Appendix A, up to 10% of the value of the Scheme Property of a Fund may be invested in units or shares in other collective investment schemes (each a “Second Scheme”) provided that Second Scheme satisfies all of the conditions set out below. Subject to COLL, all the Funds may invest into other collective investment schemes managed by the ACD.
- 17.2 The Second Scheme must:
- (a) be a UK UCITS scheme or satisfy the conditions necessary for it to enjoy the rights conferred by the UCITS Directive as implemented in the EEA; or
  - (b) be authorised as a non-UCITS retail scheme (provided the requirements of COLL 5.2.13 are met; or
  - (c) be a recognised scheme that is authorised by the supervisory authorities of Guernsey, Jersey or the Isle of Man (provided the requirements of COLL 5.2.13AR are met) under the provisions of s.272 of the Financial Services and Markets Act 2000; or
  - (d) be authorised in another EEA State provided the requirements of COLL 5.2.13AR are met; or

- (e) be authorised by the competent authority of an OECD member country (other than another EEA State) which has:
  - (i) signed the IOSCO Multilateral Memorandum of Understanding; and
  - (ii) approved the Second Scheme's management company, rules and depositary/custody arrangements;

(provided the requirements of COLL 5.2.13AR are met)

- 17.3 The Second Scheme is prohibited from having more than 10% in value of its scheme property consisting of units or shares in collective investment schemes, subject to paragraph 14.5.
- 17.4 Investment may only be made in other collective investment schemes managed by the ACD or an associate of the ACD if the Prospectus of the investing Sub-Fund clearly states that it may enter into investments of this kind and COLL 5.2.16 R is complied with.
- 17.5 Where the Second Scheme is an umbrella, the provisions in paragraphs 17.3 and 17.4 apply to each Sub-Fund as if it were a separate scheme.
- 17.6 The Scheme Property attributable to a Sub-Fund may include Shares in another Sub-Fund of the Company (the "Second Sub-Fund") subject to the requirements of paragraph 17.7 below.
- 17.7 A Sub-Fund may invest in or dispose of Shares of a Second Sub-Fund provided that:
  - (a) the Second Sub-Fund does not hold Shares in any other Sub-Fund;
  - (b) the requirements set out at paragraphs 17.4 and 17.9 below are complied with; and
  - (c) not more than 10 % in value of the Scheme Property of the investing or disposing Sub-Fund is to consist of Shares in the Second Sub-Fund.
- 17.8 The Sub-Funds may, subject to the limit set out in 17.1 invest in collective investment schemes managed or operated by, or whose authorised corporate director is, the ACD of the Sub-Funds or one of its associates.
- 17.9 Where a Sub-Fund of the Company invests in or disposes of Shares in a Second Sub-Fund or units or shares in another collective investment scheme which is managed or operated by the ACD or an Associate of the ACD, the ACD must pay to that Second Sub-Fund by the close of business on the fourth business day the amount of any preliminary charge in respect of a purchase, and in the case of a sale any charge made for the disposal.

## 18 **Investment in nil and partly paid securities**

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

## 19 **Derivatives: General**

- 19.1 A transaction in derivatives or a forward transaction must not be effected for a Fund unless the transaction is of a kind specified in paragraph 21 (Permitted transactions (derivatives and forwards)) below, and the transaction is covered, as required by paragraph 27 (Cover for transactions in derivatives and forward transactions).

- 19.2 Where the Company invests in derivatives, the exposure to the underlying assets must not exceed the limits set out in the COLL Sourcebook in relation to spread (COLL 5.2.11R Spread: general, COLL 5.2.12R Spread: government and public securities) except for index based derivatives where the rules below apply.
- 19.3 Where a transferable security or approved money-market instrument embeds a derivative, this must be taken into account for the purposes of complying with this section.
- 19.4 A transferable security or an approved money-market instrument will embed a derivative if it contains a component which fulfils the following criteria:
- (a) by virtue of that component some or all of the cash flows that otherwise would be required by the transferable security or approved money-market instrument which functions as host contract can be modified according to a specified interest rate, financial instrument price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, and therefore vary in a way similar to a stand-alone derivative;
  - (b) its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and
  - (c) it has a significant impact on the risk profile and pricing of the transferable security or approved money-market instrument.
- 19.5 A transferable security or an approved money-market instrument does not embed a derivative where it contains a component which is contractually transferable independently of the transferable security or the approved money-market instrument. That component shall be deemed to be a separate instrument.
- 19.6 Where a Fund invests in an index based derivative, provided the relevant index falls within paragraph 22 (Financial Indices underlying derivative) the underlying constituents of the index do not have to be taken into account for the purposes of COLL 5.2.11R and COLL 5.2.12R.

## 20 **Efficient Portfolio Management**

- 20.1 Subject to paragraph 19, a Fund may utilise its Scheme Property to enter into transactions for the purposes of Efficient Portfolio Management ("EPM"). Permitted EPM transactions (excluding stocklending arrangements) are transactions in derivatives e.g. to hedge against price or currency fluctuations, dealt with or traded on an eligible derivatives market; off-exchange options or contracts for differences resembling options; or synthetic futures in certain circumstances. The ACD must take reasonable care to ensure that the transaction is economically appropriate to the reduction of the relevant risks (whether in the price of investments, interest rates or exchange rates) or to the reduction of the relevant costs and/or to the generation of additional capital or income with an acceptably low level of risk. The exposure must be fully "covered" by cash and/or other property sufficient to meet any obligation to pay or deliver that could arise.
- 20.2 Permitted transactions are those that the ACD reasonably regards as economically appropriate to EPM, that is:
- (a) transactions undertaken to reduce risk or cost in terms of fluctuations in prices, interest rates or exchange rates where the ACD reasonably believes that the transaction will diminish a risk or cost of a kind or level which it is sensible to reduce; or
  - (b) transactions for the generation of additional capital growth or income for a Fund by taking advantage of gains which the ACD reasonably believes are certain to be made (or certain, barring events which are not reasonably foreseeable) as a result of:

- (i) pricing imperfections in the market as regards the property which the Fund holds or may hold; or
  - (ii) receiving a premium for the writing of a covered call option or a cash covered put option on property of that Fund which the Fund is willing to buy or sell at the exercise price; or
  - (iii) stocklending arrangements.
- 20.3 A permitted arrangement in this context may at any time be closed out.
- 20.4 Transactions may take the form of “derivatives transactions” (that is, transactions in options, futures or contracts for differences) or forward currency transactions. A derivatives transaction must either be in a derivative which is traded or dealt in on an eligible derivatives market (and effected in accordance with the rules of that market), or be an off-exchange derivative which complies with the relevant conditions set out in the COLL Sourcebook, or be a “synthetic future” (i.e. a composite derivative created out of two separate options). Forward currency transactions must be entered into with counterparties who satisfy the COLL Sourcebook. A permitted transaction may at any time be closed out.
- 21 Permitted transactions (derivatives and forwards)**
- 21.1 A transaction in a derivative must be:
  - (a) in an approved derivative; or
  - (b) be one which complies with paragraph 24 (OTC transactions in derivatives).
- 21.2 A transaction in a derivative must have the underlying consisting of any one or more of the following to which the Fund is dedicated: transferable securities, money-market instruments, deposits, permitted derivatives under this paragraph, collective investment scheme units permitted under paragraph 17 (Investment in collective investment schemes), financial indices which satisfy the criteria set out in COLL 5.2.20R, interest rates, foreign exchange rates, and currencies.
- 21.3 The exposure to the underlyings in paragraph 21.2 above must not exceed the limits in paragraphs 14 and 16 above.
- 21.4 A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market.
- 21.5 A transaction in a derivative must not cause the Fund to diverge from its investment objectives as stated in the Instrument of Incorporation and the most recently published version of this Prospectus.
- 21.6 A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of transferable securities, money-market instruments, units in collective investment schemes, or derivatives, provided that a sale is not to be considered as uncovered if the conditions in paragraph 23 are satisfied.
- 21.7 Any forward transaction must be with an Eligible Institution or an Approved Bank (as defined in the FCA Handbook).
- 22 Financial indices underlying derivatives**
- 22.1 The financial indices referred to in paragraph 21.2 are those which satisfy the following criteria:

- (a) the index is sufficiently diversified;
- (b) the index represents an adequate benchmark for the market to which it refers; and
- (c) the index is published in an appropriate manner.

22.2 A financial index is sufficiently diversified if:

- (a) it is composed in such a way that price movements or trading activities regarding one component do not unduly influence the performance of the whole index;
- (b) where it is composed of assets in which the Fund is permitted to invest, its composition is at least diversified in accordance with the requirements with respect to spread and concentration set out in this Appendix; and
- (c) where it is composed of assets in which the Fund cannot invest, it is diversified in a way which is equivalent to the diversification achieved by the requirements with respect to spread and concentration set out in this Appendix.

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

- (a) it measures the performance of a representative group of underlyings in a relevant and appropriate way;
- (b) it is revised or rebalanced periodically to ensure that it continues to reflect the markets to which it refers, following criteria which are publicly available; and
- (c) the underlyings are sufficiently liquid, allowing users to replicate it if necessary.

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

- (a) its publication process relies on sound procedures to collect prices, and calculate and subsequently publish the index value, including pricing procedures for components where a market price is not available; and
- (b) material information on matters such as index calculation, rebalancing methodologies, index changes or any operational difficulties in providing timely or accurate information is provided on a wide and timely basis.

22.5 Where the composition of underlyings of a transaction in a derivative does not satisfy the requirements for a financial index, the underlyings for that transaction shall where they satisfy the requirements with respect to other underlyings pursuant to paragraph 21.2 be regarded as a combination of those underlyings.

## 23 Requirement to cover sales

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

23.2 Valuation of OTC derivatives

23.3 For the purposes of paragraph 24.1(b), the ACD must:

- 23.3.1 establish, implement and maintain arrangements and procedures which ensure appropriate, transparent and fair valuation of the exposures of a Sub-Fund to OTC derivatives; and

- 23.3.2 ensure that the fair value of OTC derivatives is subject to adequate, accurate and independent assessment.
- 23.4 Where the arrangements and procedures referred to in 23.3 involve the performance of certain activities by third parties, the ACD must comply with the requirements in SYSC 8.1.13 R (Additional requirements for a management company) and COLL 6.6A.4 R (4) to (6) (Due diligence requirements of AFMs of UCITS schemes).
- 23.5 The arrangements and procedures referred to in 23.3 above must be
- 23.5.1 adequate and proportionate to the nature and complexity of the OTC derivative concerned; and
- 23.5.2 adequately documented.
- 24 OTC transactions in derivatives**
- 24.1 Any transaction in an OTC derivative under paragraph 21.1 must be:
- (a) in a future or an option or a contract for differences;
  - (b) with an approved counterparty; a counterparty to a transaction in derivatives is approved only if the counterparty is an Eligible Institution or an Approved Bank; or a person whose permission (including any requirements or limitations), as published in the FCA Register or whose Home State authorisation, permits it to enter into the transaction as principal off-exchange; a CCP that is authorised in that capacity for the purposes of EMIR, a CCP that is recognised in that capacity in accordance with the process set out in Article 25 of EMIR; or to the extent not already covered, a CCP supervised in a jurisdiction that has implemented the relevant G20 reforms on OTC derivatives to at least the same extent as the United Kingdom and is identified as having done so by the Financial Stability Board in its summary report on progress in implementation of G20 regulatory reforms dated 25 June 2019;
  - (c) on approved terms; the terms of the transaction in derivatives are approved only if the ACD: carries out, at least daily, a reliable and verifiable valuation in respect of that transaction corresponding to its fair value and which does not rely only on market quotations by the counterparty, and can enter into one or more further transactions to sell, liquidate or close out that transaction at any time, at its fair value; and
  - (d) capable of reliable valuation; a transaction in derivatives is capable of reliable valuation only if the ACD having taken reasonable care determines that, throughout the life of the derivative (if the transaction is entered into), it will be able to value the investment concerned with reasonable accuracy:
  - (e) on the basis of an up-to-date market value which the ACD and the Depositary have agreed is reliable; or
  - (f) if the value referred to in paragraph (e) is not available, on the basis of a pricing model which the ACD and the Depositary have agreed uses an adequate recognised methodology; and
  - (g) subject to verifiable valuation: a transaction in derivatives is subject to verifiable valuation only if, throughout the life of the derivative (if the transaction is entered into), verification of the valuation is carried out by:
    - (i) an appropriate third party which is independent from the counterparty of the derivative at an adequate frequency and in such a way that the ACD is able to check it; or

- (ii) a department within the ACD which is independent from the department in charge of managing the Scheme Property and which is adequately equipped for such a purpose.
- 24.2 For the purposes of paragraph 24.1(b) “fair value” is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction.
- 25 **Risk management**
- 25.1 The ACD uses a risk management process, enabling it to monitor and measure as frequently as appropriate the risk of the Fund’s positions and their contribution to the overall risk profile of the Fund.
- 25.2 Before using the process, the ACD will notify the FCA of the details of the risk management process. The following details of the risk management process must be regularly notified to the FCA and at least on an annual basis:
  - (a) a true and fair view of the types of derivatives and forward transactions to be used within a Sub-Fund together with their underlying risks and any relevant quantitative limits; and
  - (b) the methods for estimating risks in derivative and forward transactions.
- 25.3 The ACD must notify the FCA in advance of any material alteration to the details above.
- 26 **Investments in deposits**
- 26.1 A Fund may invest in deposits only with an Approved Bank and which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months.
- 27 **Cover for transactions in derivatives and forward transactions**
- 27.1 The ACD must ensure that the global exposure of the relevant Fund relating to derivatives and forward transactions held in the relevant Fund does not exceed the net value of the Scheme Property.
- 28 **Leverage**
- 28.1 ‘Leverage’ when used in this prospectus refers to leverage from cash borrowing subject to the restrictions set out in paragraph 29 (“Borrowing”) of this Appendix.
- 28.2 Leverage is a way for the relevant Fund to increase its exposure through borrowing of cash or securities and/or the use of financial derivative instruments. The Fund is permitted to borrow within the parameters of the COLL Sourcebook and may also use derivatives for Efficient Portfolio Management purposes.
- 28.3 Leverage is expressed as a ratio (‘leverage ratio’) between the exposure of a Fund and its Net Asset Value.
- 28.4 The leverage ratio is calculated in accordance with two methodologies for calculating the exposure of each Fund, the gross method and the commitment method as summarised as follows.
 

**‘Gross leverage ratio’** The exposure calculated under the gross methodology consists of (i) the sum of the absolute values of all positions, (ii) the sum of the equivalent positions in the underlying assets of all financial derivative instruments entered into by the relevant Fund in accordance with the conversion methodologies for gross exposure calculation,

(iii) the exposure resulting from the reinvestment of cash borrowings where applicable and (iv) the exposure resulting from the reinvestment of collateral in relation to efficient portfolio management transactions where applicable.

**‘Commitment leverage ratio’** The exposure calculated with the commitment methodology consists of (i) the sum of the absolute values of all positions, (ii) the sum of the equivalent positions in the underlying assets of all financial derivative instruments entered into by the relevant Fund in accordance with the conversion methodologies for commitment exposure calculation, (iii) the exposure resulting from the reinvestment of cash borrowings where applicable and (iv) the exposure resulting from the reinvestment of collateral in relation to efficient portfolio management transactions where applicable. Under this method, netting and hedging arrangements can be taken into consideration under certain conditions.

- 28.5 The two ratios resulting from applying the gross or commitment methodology for calculating the exposure of the relevant Fund supplement each other and provide a distinct representation of leverage.
- 28.6 Gross leverage is a conservative way of representing leverage as it does not:
- 28.6.1 make a distinction between financial derivative instruments that are used for investment or hedging purposes. As a result strategies that aim to reduce risk will contribute to an increased level of leverage for the Fund.
- 28.6.2 allow the netting of derivative positions. As a result, derivatives roll-overs and strategies relying on a combination of long and short positions may contribute to a large increase of the level of leverage when they do not increase or only cause a moderate increase of the overall risk of the relevant Fund.
- 28.6.3 As a result, a Fund that exhibits a high level of gross leverage is not necessarily riskier than a Fund that exhibits a low level of gross leverage.
- 28.7 Commitment leverage is a more accurate representation of the true leverage of the relevant Fund as it allows for hedging and netting arrangements under certain conditions.
- 28.8 It is important to note that whilst the relevant Fund records leverage under both the methods described above, there is a strong focus on the borrowing of the relevant Fund directly or within investment vehicles in which it invests.
- 28.9 Circumstances in which the Fund may use leverage and types and sources of leverage permitted
- 28.9.1 As stated above, the Fund is permitted to borrow and it may also use financial derivative instruments to generate additional exposure (although it has no current intention of using derivatives for this purpose), in each case leverage.
- 28.10 Maximum level of leverage (for all Funds):

**‘Gross leverage ratio’ 1:1.1**

**‘Commitment leverage ratio’ 1:1.1**

## 29 **Borrowing**

- 29.1 Cash obtained from borrowing, and borrowing which the ACD reasonably regards an Eligible Institution or an Approved Bank to be committed to provide, is available for cover under paragraph 27 of this Appendix as long as the normal limits on borrowing (see below) are observed.

29.2 Where, for the purposes of this paragraph a Fund borrows an amount of currency from an Eligible Institution or an Approved Bank; and keeps an amount in another currency, at least equal to such borrowing for the time on deposit with the lender (or his agent or nominee), then this applies as if the borrowed currency, and not the deposited currency, were part of the Scheme Property of the Fund, and the normal limits on borrowing under paragraph 32 (General power to borrow) of this Appendix do not apply to that borrowing.

### 30 **Cash and near cash**

30.1 Cash and near cash must not be retained in the Scheme Property of a Fund except to the extent that, where this may reasonably be regarded as necessary in order to enable:

- (a) the pursuit of the Fund's investment objective; or
- (b) the redemption of Shares; or
- (c) efficient management of the Fund in accordance with its investment objective; or
- (d) other purposes which may reasonably be regarded as ancillary to the investment objective of the Fund.

30.2 During the period of any initial offer, Scheme Property of a Fund may consist of cash and near cash without limitation.

### 31 **General**

31.1 It is envisaged that each Fund will normally be fully invested but there may be times that it is appropriate not to be fully invested when the ACD reasonably regards this as necessary in order to enable the redemption of shares, efficient management of the Fund or any one purpose which may reasonably be regarded as ancillary to the investment objective of the Fund.

31.2 Where a Fund invests in or disposes of units or shares in another collective investment scheme which is managed or operated by the ACD or an associate of the ACD, the ACD must pay to the Company by the close of business on the fourth business day the amount of any initial charge in respect of a purchase, and in the case of a sale, any charge made for the disposal.

31.3 A potential breach of any of these limits does not prevent the exercise of rights conferred by investments held by a Fund but, in the event of a consequent breach, the ACD must then take such steps as are necessary to restore compliance with the investment limits as soon as practicable having regard to the interests of Shareholders.

### 32 **General power to borrow**

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

32.2 Borrowing must be on a temporary basis, must not be persistent, and in any event must not exceed three months without the prior consent of the Depositary, which may be given only on such conditions as appear appropriate to the Depositary to ensure that the borrowing does not cease to be on a temporary basis.

32.3 The ACD must ensure that borrowing does not, on any business day, exceed 10% of the value of the Fund.

32.4 These borrowing restrictions do not apply to "back to back" borrowing for currency hedging purposes (i.e. borrowing permitted in order to reduce or eliminate risk arising by reason of fluctuations in exchange rates).

**33 Restrictions on lending of money**

- 33.1 None of the money in the Scheme Property of a Fund may be lent and, for the purposes of this paragraph, money is lent by a Fund if it is paid to a person (the “payee”) on the basis that it should be repaid, whether or not by the payee.
- 33.2 Acquiring a debenture is not lending for the purposes of paragraph 33.1, nor is the placing of money on deposit or in a current account.

**34 Restrictions on lending of property other than money**

- 34.1 Scheme Property of a Fund other than money must not be lent by way of deposit or otherwise.
- 34.2 The Scheme Property must not be mortgaged.
- 34.3 Where transactions in derivatives or forward transaction are used for the account of a Sub-Fund, nothing in this paragraph prevents the Company or the Depositary from:
- 34.3.1 lending, depositing, pledging or charging Scheme Property for margin requirements; or
- 34.4 Transferring Scheme Property under the terms of an agreement in relation to margin requirements provided that the ACD reasonably considers that both the agreement and the margin arrangements made under it (including in relation to the level of margin) provide appropriate protection to Shareholders.

**35 Guarantees and indemnities**

- 35.1 The Depositary, for the account of a Sub-Fund, must not provide any guarantees or indemnity in respect of the obligation of any person.
- 35.2 Scheme Property may not be used to discharge any obligation arising under a guarantee or indemnity with respect to the obligation of any person.
- 35.3 Paragraphs 35.1 and 35.2 do not apply to any indemnity or guarantee given for margin requirements where derivatives or forward transactions are being used or an indemnity given to a person winding up a body corporate or other scheme in circumstances where share assets are becoming part of the Scheme Property by way of unitisation.

**36 Concentration**

A Fund :

- 36.1 must not acquire transferable securities other than debt securities which:
- 36.2 do not carry a right to vote on any matter at a general meeting of the body corporate that issued them; and
- 36.3 represent more than 10% of these securities issued by that body corporate;
- 36.4 must not acquire more than 10% of the debt securities issued by any single issuing body;
- 36.5 must not acquire more than 25% of the units or shares in a collective investment scheme;
- 36.6 must not acquire more than 10% of the money market instruments issued by any single body;

36.7 need not comply with the limits in paragraphs 36.4, 36.5 and 36.6 and of this Appendix if, at the time of the acquisition, the net amount in issue of the relevant investment cannot be calculated.

### 37 **Significant Influence**

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

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

37.1.2 the acquisition gives the Company that power.

37.2 For the purposes of paragraph 37.1 the Company is to be taken to have power significantly to influence the conduct of business of a body corporate if it can, because of the transferable securities held by it, exercise or control the exercise of 20% or more of the voting rights in that body corporate (disregarding for this purpose any temporary suspension of voting rights in respect of the transferable securities of that body corporate).

### 38 **Stock lending**

38.1 The entry into stock lending transactions and repo contracts for the account of a Fund is permitted for the generation of additional income for the benefit of the Fund, and hence for its investors.

38.2 The specific method of stock lending permitted in this section is in fact not a transaction which is a loan in the normal sense. Rather it is an arrangement of the kind described in section 263B of the Taxation of Chargeable Gains Act 1992, under which the lender transfers securities to the borrower otherwise than by way of sale and the borrower is to transfer those securities, or securities of the same type and amount, back to the lender at a later date. In accordance with good market practice, a separate transaction by way of transfer of assets is also involved for the purpose of providing collateral to the "lender" to cover him against the risk that the future transfer back of the securities may not be satisfactorily completed.

38.3 The stock lending permitted by this section may be exercised by the Company on behalf of a Fund when it reasonably appears to the Company to be appropriate to do so with a view to generating additional income for that Fund with an acceptable degree of risk.

38.4 The Company or the Depositary at the request of the Company may enter into a stock lending arrangement of the kind described in section 263B of the Taxation of Chargeable Gains Act 1992 (without extension by section 263C), but only if all the terms of the agreement under which securities are to be reacquired by the Depositary for the account of the Company on behalf of a Fund, are in a form which is acceptable to the Depositary and are in accordance with good market practice, the counterparty is an authorised person or a person authorised by a Home State regulator, and collateral is obtained to secure the obligation of the counterparty. Collateral must be acceptable to the Depositary, adequate and sufficiently immediate.

38.5 The Depositary must ensure that the value of the collateral at all times is at least equal to the value of the securities transferred by the Depositary. This duty may be regarded as satisfied in respect of collateral the validity of which is about to expire or has expired where the Depositary takes reasonable care to determine that sufficient collateral will again be transferred at the latest by the close of business on the day of expiry.

38.6 Any agreement for transfer at a future date of securities or of collateral (or of the equivalent of either) may be regarded, for the purposes of valuation under the COLL Sourcebook,

as an unconditional agreement for the sale or transfer of property, whether or not the property is part of the property of a Fund.

38.7 There is no limit on the value of the Scheme Property of a Fund which maybe the subject of stock lending transactions and repo contracts.

38.8 At the date of this Prospectus there is no intention to enter into stock lending transactions and repo contracts.

**39 Schemes replicating an index**

39.1 Notwithstanding COLL 5.2.11R, a Fund may invest up to 20% in value of the Scheme Property in shares and debentures which are issued by the same body where the stated investment policy is to replicate the composition of a relevant index as defined below.

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

39.3 In the case of a Fund replicating an index the Scheme Property of a Fund need not consist of the exact composition and weighting of the underlying in the relevant index where deviation from this is expedient for reasons of poor liquidity or excessive cost to the scheme in trading in an underlying investment.

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

1.2.1 the composition is sufficiently diversified;

1.2.2 the index is a representative benchmark for the market to which it refers; and

1.2.3 the index is published in an appropriate manner.

**APPENDIX C**  
**HISTORICAL PERFORMANCE DATA**

As the ARC TIME UK Infrastructure Income Fund II only launched on 10 January 2022 there is currently no past performance information available.

ARC TIME UK Infrastructure Income Fund II is the receiving fund of the assets of ARC TIME UK Infrastructure Income Fund, a sub-fund of ARC TIME:Funds, with effective date of 10 January 2022.

**APPENDIX D**  
**ELIGIBLE SECURITIES MARKETS**

**All Funds:**

**Europe**

Any securities established in the UK or an EEA state on which transferrable securities admitted to the official listing in the UK or the EEA State are dealt in or traded.

Plus:

Switzerland                      ICMA, SIX Swiss Exchange

Channel Islands                TISE

**Americas**

Canada                          Toronto Stock Exchange

USA                                NYSE Arca, the American, New York and Philadelphia Stock Exchanges;

NASDAQ

**Asia and Far East**

Australia                        The Australian Securities Exchange (ASX) Group

China                             Shanghai Stock Exchange

Hong Kong                      Hong Kong Exchanges

Japan                             Tokyo Stock Exchange, Nagoya Stock Exchange, Jasdac Securities Exchange and The Japanese Securities Dealers Association

Republic of Korea              Korea Stock Exchange

New Zealand                    New Zealand Stock Exchange

Singapore                        Singapore Exchange

## **APPENDIX E**

### **ELIGIBLE DERIVATIVES MARKETS**

London International Financial Futures Exchange

EDX London

## APPENDIX F

### OTHER FUNDS MANAGED BY THE ACD

ARC TIME:Funds

ARC TIME:Funds II

ARC TIME:Feeder Trusts

ARC TIME:Trusts II

Long Income Funds

Long Income Trusts

## **APPENDIX G**

### **DIRECTORY**

#### **The Company and Head Office**

ARC TIME:Funds III  
C/o Alpha Real Capital LLP  
338 Euston Road  
London NW1 3BG

#### **Authorised Corporate Director**

Alpha Real Capital LLP  
338 Euston Road  
London NW1 3BG

#### **Investment Manager, Administrator and Transfer Agent**

TIME Investments, a trading name of:  
Alpha Real Property Investment Advisers LLP  
338 Euston Road  
London NW1 3BG

#### **Depository**

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

#### **Custodian**

The Northern Trust Company  
50 Bank Street  
Canary Wharf  
London E14 5NT

#### **Auditors**

Mazars LLP  
The Pinnacle, 160 Midsummer Boulevard,  
Milton Keynes, MK9 1FF