

Prospectus of Zurich Horizon Investment Funds ICVC

(An open-ended investment company
incorporated with limited liability and
registered in England and Wales
under registered number IC001067)

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

Zurich Investment Services (UK) Limited, 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 Collective Investment Schemes Sourcebook to be included in it. Zurich Investment Services (UK) Limited accepts responsibility accordingly.

This document constitutes the Prospectus for Zurich Horizon Investment Funds ICVC which has been prepared in accordance with the Collective Investment Schemes Sourcebook (COLL).

This Prospectus is dated, and is valid as at 5 August 2019

Copies of this Prospectus have been sent to the Financial Conduct Authority and the Depositary.

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Important Information

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

The distribution of this Prospectus and the offering of Shares in certain jurisdictions may be restricted. Persons into whose possession this Prospectus comes are required by the Company to inform themselves about it and to observe any such restrictions. This Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

The Shares have not been and will not be registered in the United States of America under any applicable legislation. Shares in the Company are not available for offer or sale in any state in the United States, or to persons (including companies, partnerships, trusts or other entities) who are US persons, nor may Shares be owned or otherwise held by such persons. Accordingly, this Prospectus may not be distributed in the United States or to a US person. The ACD reserves the right to give notice to any Shareholder that is or that subsequently becomes incorporated in the United States or to a US person to (i) transfer the Shares to a person that is not a US person or (ii) request a redemption or cancellation of the Shares and the ACD may redeem or cancel the Shares if the Shareholder fails to make such transfer or request within 30 days of that notice provided by the ACD. The Company and the ACD have not been and will not be registered in the United States of America under any applicable legislation for the purpose of distributing or selling Shares.

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

The provisions of the Instrument of Incorporation (a summary of which is included in this Prospectus) are binding on each of the Shareholders and a copy of the Instrument of Incorporation is available on request from Zurich Investment Services (UK) Limited.

This Prospectus has been issued for the purpose of section 21 of the Financial Services and Markets Act 2000 by Zurich Investment Services (UK) Limited.

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 by the Investment Manager and the ACD in relation to this Prospectus shall be in English.**

This Prospectus is based on information, law and practice at the date hereof. The Company and ACD cannot be bound by an out of date prospectus when a new version has been issued and investors should check with Zurich Investment Services (UK) Limited that this is the most recently published prospectus.

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

1. DEFINITIONS

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| "ACD" | Zurich Investment Services (UK) Limited, the authorised corporate director of the Company; |
| "ACD Agreement" | an agreement between the Company and the ACD as amended from time to time; |
| "Administrator" | Northern Trust Global Services SE; |
| "Approved Bank" | (in relation to a bank account opened by the Company): (a) if the account is opened at a branch in the United Kingdom: (i) the Bank of England; or (ii) the central bank of a member state of the OECD; or (iii) a bank; or (iv) a building society; or (v) a bank which is supervised by the central bank or other banking regulator of a member state of the OECD; or (b) if the account is opened elsewhere: (i) a bank in (a); or (ii) a credit institution established in an EEA State other than in the United Kingdom and duly authorised by the relevant Home State Regulator; or (iii) a bank which is regulated in the Isle of Man or the Channel Islands; or (c) a bank supervised by the South African Reserve Bank; |
| "Associate" | any other person whose business or domestic relationship with the ACD or the ACD's associate might reasonably be expected to give rise to a community of interest between them which may involve a conflict of interest in dealings with third parties; |
| "Auditor" | PricewaterhouseCoopers LLP, or such other entity as is appointed to act as auditor to the Company from time to time; |
| "AUT" | authorised unit trust scheme; |
| "Business Day" | a day on which the London Stock Exchange is open. If the London Stock Exchange is closed as a result of a holiday or for any other reason, or there is a holiday elsewhere or other reason which impedes the calculation of the fair market value |

of a Sub-fund's portfolio of securities or a significant portion thereof, the ACD may decide that any business day shall not be construed as such;

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| "Class" or "Classes" | in relation to Shares, means (according to the context) all of the Shares related to a single Sub-fund or a particular class or classes of Share related to a single Sub-fund; |
| "COLL" | refers to the appropriate chapter or rule in the COLL Sourcebook; |
| "the COLL Sourcebook" | the Collective Investment Schemes Sourcebook issued by the FCA as amended from time to time; |
| "Company" | Zurich Horizon Investment Funds ICVC; |
| "Conversion" | the conversion of Shares in one Class in a Sub-fund to Shares of another Class in the same Sub-fund and "Convert" shall be construed accordingly; |
| "Custodian" | The Northern Trust Company, London Branch; |
| "Data Protection Laws" | all applicable laws and regulations relating to the processing of Personal Data and privacy including, but not limited, to the DPA and the GDPR (each of these, as and when enacted and in force) and all law and regulations implementing or made under them, any amendment or re-enactment of them and, where applicable, the guidance and codes of practice issued by any applicable regulatory bodies or supervisory authorities; |
| "Dealing Day" | Monday to Friday where these days are Business Days; |
| "Depository" | Northern Trust Global Services SE; |
| "Depository Agreement" | The agreement between the ACD and the Depository, as amended from time to time; |
| "Director" or "Directors" | the directors of the Company from time to time (including the ACD); |
| "DPA" | the United Kingdom's Data Protection Act 1998; |
| "EEA State" | a member state of the European Union and any other state which is within the European Economic Area; |
| "Efficient Portfolio Management" or "EPM" | <p>for the purposes of this prospectus, techniques and instruments which relate to transferable securities and approved money-market instruments and which fulfil the following criteria:</p> <p>(a) they are economically appropriate in that they are realised in a cost effective way;</p> <p>(b) they are entered into for one or more of the following specific aims:</p> <ul style="list-style-type: none">(i) reduction of risk;(ii) reduction of cost; |

- (iii) generation of additional capital or income for a Sub-fund with a risk level which is consistent with the risk profile of the Sub-fund and the risk diversification rules laid down in COLL as more fully described in Appendix III;

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| “Eligible Institution” | one of certain eligible institutions as defined in the glossary to the FCA Handbook; |
| “FCA” | the Financial Conduct Authority or any other regulatory body which may assume its regulatory responsibilities from time to time; |
| “FCA Handbook” | the FCA Handbook of Rules and Guidance, as amended from time to time; |
| “FCA Register” | <p>the public record, as required by section 347 of the Financial Services and Markets Act 2000 (The public record) of every:</p> <ul style="list-style-type: none">(a) authorised person;(b) AUT;(c) ICVC;(d) recognised scheme;(e) recognised investment exchange;(f) recognised clearing house;(g) individual to whom a prohibition order relates;(h) approved person; and(i) person within such other class (if any) as the FCA may determine; <p>except as provided by any transitional provisions;</p> |
| “GDPR” | the European Union’s General Data Protection Regulation (Regulation (EU) 2016/679); |
| “Group” | in relation to a company, that company, any subsidiary or holding company from time to time of that company, and any subsidiary from time to time of a holding company of that company. Each company in a Group is a member of the Group. A reference to a holding company or a subsidiary means a holding company or a subsidiary (as the case may be) as defined in section 1159 of the Companies Act 2006 and a company shall be treated, for the purposes only of the membership requirement contained in sections 1159(1)(b) and (c), as a member of another company even if its shares in that other company are registered in the name of (a) another person (or its nominee) by way of security or in connection with the taking of security, or (b) its nominee. In the case of a limited liability partnership which is a subsidiary of a company or another limited liability partnership, section 1159 of the Companies Act 2006 shall be amended so that: (a) references in sections 1159(1)(a) and (c) to voting rights are to the members' rights to vote on all or substantially all matters |

which are decided by a vote of the members of the limited liability partnership; and (b) the reference in section 1159(1)(b) to the right to appoint or remove a majority of its board of directors is to the right to appoint or remove members holding a majority of the voting rights;

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| "Home State" | as defined in the glossary to the FCA Handbook |
| "ICVC" | Investment Company with Variable Capital; |
| "Instrument of Incorporation" | the instrument of incorporation of the Company as amended from time to time; |
| "IOSCO" | the International Organisation of Securities Commissions; |
| "Investment Manager" | T. Rowe Price International Ltd, the investment manager to the ACD, further information of which is set out in section 6; |
| "KIID" | the key investor information document of a Sub-fund or Class of Shares prepared in accordance with the COLL Sourcebook; |
| "Net Asset Value" or "NAV" | the value of the Scheme Property of the Company or of any Sub-fund (as the context may require) less the liabilities of the Company (or of the Sub-fund concerned) as calculated in accordance with the Instrument of Incorporation; |
| "OEIC Regulations" | the Open-Ended Investment Companies Regulations 2001 as amended or re-enacted from time to time; |
| "OTC" | Over-the-counter derivative: a derivative transaction which is not traded on an investment exchange; |
| "Register" | the register of Shareholders of the Company; |
| "Registrar" | Northern Trust Global Services SE, or such other entity as is appointed to act as Registrar to the Company from time to time; |
| "Regulated Activities Order" | the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544); |
| "Regulations" | the OEIC Regulations and the FCA Handbook (including the COLL Sourcebook); |
| "Scheme Property" | the scheme property of the Company or a Sub-fund (as appropriate) required under the COLL Sourcebook to be given for safekeeping to the Depositary; |
| "Share" or "Shares" | a share or shares in the Company (including larger denomination shares, and smaller denomination shares equivalent to one hundredth of a larger denomination share); |
| "Shareholder" | a holder of registered Shares in the Company; |
| "Sub-fund" | a sub-fund of the Company (being part of the Scheme Property of the Company which is pooled separately) to which specific assets and liabilities of the Company may be allocated and which is invested in accordance with the investment objective applicable to such sub-fund; |

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| “Switch” | the exchange of Shares of one Class in a Sub-fund for Shares in a Class of another Sub-fund of the Company or (as the context may require) the act of so exchanging and “Switching” shall be construed accordingly; |
| “UCITS Scheme” | a scheme constituted in accordance with the UCITS Directive; |
| “UCITS Directive” | the European Parliament and Council Directive of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (No 2009/65/EC), as amended; |
| “Valuation Point” | the point on a Dealing Day whether on a periodic basis or for a particular valuation, at which the ACD carries out a valuation of the Scheme Property for the Company or a Sub-fund (as the case may be) for the purpose of determining the price at which Shares of a Class may be issued, cancelled, redeemed or Switched. The current Valuation Point is set out in Appendix I for each Sub-fund. The regular valuation point may be changed on reasonable notice being given to Shareholders; and |
| “VAT” | Value Added Tax. |

2. DETAILS OF THE COMPANY

2.1 General information

The Company is an investment company with variable capital incorporated in England and Wales under registered number IC001067 and authorised by the Financial Conduct Authority with effect from 27 July 2016. The FCA's Product Reference Number ("PRN") for the Company is 749078. The Product Reference Number for each Sub-fund is set out in Appendix 1. The Company has an unlimited duration. Please note that approval by the FCA in this context refers only to approval under the OEIC Regulations 2001 and does not in any way indicate or suggest endorsement or approval of the Sub-funds as an investment.

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

The ACD is also the manager of certain open-ended investment companies details of which are set out in Appendix V.

2.2 Head office

The head office of the Company is at Tricentre 1, New Bridge Square, Swindon, SN1 1HN.

2.3 Address for service

The head office is the address of the place in the UK for service on the Company of notices or other documents required or authorised to be served on it.

2.4 Base currency

The base currency of the Company and each Sub-fund is pounds sterling.

2.5 Share capital

2.5.1 Maximum £100,000,000,000

2.5.2 Minimum £100

Shares have no par value. The share capital of the Company at all times equals the sum of the Net Asset Values of each of the Sub-funds.

2.6 The structure of the Company

2.6.1 The Sub-funds

The Company is structured as an umbrella company, in that different Sub-funds may be established from time to time by the ACD with the approval of the FCA. On the introduction of any new Sub-fund, a revised Prospectus will be prepared setting out the relevant details of each Sub-fund.

The Company is a UCITS scheme.

The assets of each Sub-fund will be treated as separate from those of every other Sub-fund and will be invested in accordance with the investment objective and investment policy applicable to that Sub-fund. Investment of the assets of each of the Sub-funds must comply with the COLL Sourcebook and the investment objective and policy of the relevant Sub-fund. Details of the Sub-funds, including their investment objectives and policies, are set out in Appendix I.

The eligible securities markets and eligible derivatives markets in which the Sub-funds may invest are set out in Appendix II. A detailed statement of the general investment and borrowing restrictions in respect of each type of Sub-fund is set out in Appendix III.

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

Subject to the above, each Sub-fund will be charged with the liabilities, expenses, costs and charges of the Company attributable to that Sub-fund, and within each Sub-fund charges will be allocated between Classes in accordance with the terms of issue of Shares of those Classes. Any assets, liabilities, expenses, costs or charges not attributable to a particular Sub-fund may be allocated by the ACD in a manner which it believes is fair to the Shareholders generally. This will normally be pro rata to the Net Asset Value of the relevant Sub-funds.

Please also see paragraph 5.13 below "Liabilities of the Company and the Sub-funds".

2.6.2 **Shares**

Each of the Sub-funds of 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 Sub-fund may harm performance by disrupting portfolio management strategies and by increasing expenses. The ACD may at its discretion refuse to accept applications for, or Switching 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 a Sub-fund(s). For these purposes, the ACD may consider an investor's trading history in the Sub-fund(s) and accounts under common ownership or control.

It is not at present possible to have fractions of a Share. Accordingly, the rights attached to Shares of each Class are expressed in two denominations – smaller denomination and larger denomination. Each smaller denomination share represents one hundredth of a larger denomination share.

Shares have no par value and, within each Class in each Sub-fund subject to their denomination, are entitled to participate equally in the profits arising in respect of, and in the proceeds of, the liquidation of the Company or termination of a relevant Sub-fund. Shares do not carry preferential or pre-emptive rights to acquire further Shares.

The details of the Shares presently available for each Sub-fund, including details of their criteria for subscription and fee structure, are set out in Appendix I. Further Classes of Share may be established from time to time by the ACD with the agreement of the Depositary and in accordance with the Instrument of Incorporation and the Regulations. On the introduction of any new Class, a revised Prospectus will be prepared setting out the details of each Class.

The currency in which each new Class will be denominated will be determined at the date of creation and set out in the Prospectus issued in respect of the new Class.

The net proceeds from subscriptions to a Sub-fund will be invested in the specific pool of assets constituting that Sub-fund. The Company will maintain for each current Sub-fund a separate pool of assets, each invested for the exclusive benefit of the relevant Sub-fund.

To the extent that any Scheme Property, or any assets to be received as part of the Scheme Property, or any costs, charges or expenses to be paid out of the Scheme

Property, are not attributable to one Sub-fund only, the ACD will allocate such Scheme Property, assets, costs, charges or expenses between Sub-funds in a manner which is fair to all Shareholders of the Company.

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

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 Sub-fund on the relevant annual accounting dates. This is reflected in the price of an accumulation Share.

The Instrument of Incorporation allows gross income and gross accumulation Shares to be issued. Gross Shares are income or accumulation Shares where, in accordance with relevant tax law, distribution or allocation of income is made without any tax being deducted or accounted for by the Company.

Where a Sub-fund has different Classes, each Class may attract different charges and so monies may be deducted from the Scheme Property attributable to such Classes in unequal proportions. In these circumstances, the proportionate interests of the Classes within a Sub-fund will be adjusted accordingly.

Shareholders are entitled (subject to certain restrictions) to Switch all or part of their Shares in a Sub-fund for Shares of another Sub-fund or to Convert all or part of their Shares in one Class in a Sub-fund for Shares of another Class of the same Sub-fund. Details of the Switching and conversion facilities and the applicable restrictions are set out in paragraph 3.5 "Switching and Conversion".

3. **BUYING, REDEEMING AND SWITCHING SHARES**

3.1 **General**

The dealing office of the ACD is normally open from 9.00 a.m. to 5.00 p.m. (London time) on each Business Day to receive postal requests for the purchase, sale, Conversion and Switching of Shares. The ACD may vary these times at its discretion. Initial purchases must, at the discretion of the ACD, be accompanied by an application form.

The ACD will accept instructions to effect a transfer or renunciation of title to Shares on the basis of an authority communicated by electronic means and sent by the Shareholder or delivered on their behalf by a person that is authorised by the FCA or regulated in another jurisdiction by an equivalent supervisory authority, subject to:

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

The ACD may also, at its discretion, introduce further methods of dealing in Shares in the future.

In its dealings in Shares of the Sub-funds the ACD is dealing as principal. The ACD does not actively seek to make a profit from dealing in Shares as principal but does so in order to facilitate the efficient management of the Company. The ACD is not accountable to Shareholders for any profit it makes from dealing in Shares as principal.

3.2 **Anti-money laundering**

As a result of legislation in force in the UK to prevent money laundering, the ACD is responsible for compliance with anti-money laundering regulations. In order to implement these regulations, in certain circumstances investors may be asked to provide proof of identity when buying or redeeming Shares. Until satisfactory proof of identity is provided, the ACD reserves the right to refuse to issue Shares, pay the proceeds of a redemption of Shares, or pay income on Shares to the investor. In the case of a purchase of Shares where the applicant is not willing or is unable to provide the information requested within a reasonable period, the ACD also reserves the right to sell the Shares purchased and return the proceeds to the account from which the subscription was made. These proceeds may be less than the original investment.

3.3 **Buying Shares**

3.3.1 **Procedure**

Shares may be bought directly from the ACD or through a professional adviser or other intermediary. For details of dealing charges see paragraph 3.6 below. Application forms may be obtained from the ACD.

Valid applications to purchase Shares received before the Valuation Point on a Business Day will be processed at the Share price calculated at the Valuation Point on that Business Day except where dealing in the Sub-fund has been suspended as set out in paragraph 3.11. Valid applications to purchase Shares received after the Valuation Point on a Business Day will be processed at the Share price calculated at the Valuation Point on the next Business Day except where dealing in the Sub-fund has been suspended as set out in paragraph 3.11.

The ACD at its discretion, has the right to request, and be in receipt of cleared funds before processing an application or other instruction to purchase Shares.

Settlement is due within three Business Days of the relevant Valuation Point. An order for the purchase of Shares will only be deemed to have been accepted by the ACD once it is in receipt of cleared funds for the application.

The ACD, at its discretion, has the right to cancel a purchase deal if settlement is overdue (being more than three Business Days after the Valuation Point used for processing the Share price of the application to purchase Shares) and any loss arising on such cancellation shall be the liability of the applicant. The ACD is not obliged to issue Shares unless it has received cleared funds from an investor.

The ACD reserves the right to charge interest at an annual rate of 4% above the prevailing Bank of England base rate, on the value of any settlement received later than the third Business Day following the Valuation Point. No interest will be paid on client money held prior to investment. Shares that have not been paid for cannot be redeemed.

A purchase of Shares in writing or by telephone or any other communication media made available is a legally binding contract. Applications to purchase, once made are, except in the case where cancellation rights are applied, irrevocable. For postal applications payment in full must accompany the application.

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

Any subscription monies remaining after a whole number of Shares have been issued will not be returned to the applicant. Instead, smaller denomination Shares will be issued. A smaller denomination Share is equivalent to one hundredth of a larger denomination Share.

Applicants who have received advice may have the right to cancel their application to buy Shares at any time during the 14 days after the date on which they receive a cancellation notice from the ACD. If an applicant decides to cancel the contract, and the value of the investment has fallen at the time the ACD receives the completed cancellation notice, they 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.

The ACD may refuse to accept applications for subscriptions, Switches or conversions of Shares in a Sub-fund which it knows or in its absolute discretion considers to be, associated with market timing activities. In general terms, market timing activities are strategies which may include frequent purchases and sales of Shares with a view to profiting from anticipated changes in market prices between valuation points or arbitraging on the basis of market price changes subsequent to those used in the valuation of a Sub-fund. Such market timing activities are disruptive to fund management, may lead to additional dealing charges which cause losses/dilution to a Sub-fund and may be detrimental to performance and to the interests of long term Shareholders. Accordingly the ACD may in its absolute discretion reject any application for subscription or Switching of Shares from applicants that it considers to be associated with market timing activities.

The ACD makes use of the "Delivery versus Payment Exemption" as set out in the FCA Handbook, which provides for a one day window during which money, held for the purposes of settling a transaction in relation to shares in a collective investment scheme, is not treated as client money if the ACD receives the money from a person for the subscription of Shares and the money is passed to the Depositary for the purpose of creating Shares in the relevant Sub-fund within the timeframes set out in the FCA Handbook. The ACD will be entitled to assume that when a new investor, or

an existing Shareholder, buys Shares in a Sub-fund they consent to the ACD's use of the Delivery versus Payment Exemption.

3.3.2 **Documents the buyer will receive**

A confirmation giving details of the number and price of Shares bought will be issued no later than the end of the Business Day following the Valuation Point by reference to which the price is determined, together with, where appropriate, a notice of the applicant's right to cancel.

Registration of Shares will be completed by the ACD only upon receipt of any required registration details. These details may be supplied in writing to the ACD or by returning to the ACD the properly completed registration form and copy of the confirmation.

Share certificates will not be issued in respect of Shares. Ownership of Shares will be evidenced by an entry on the Register. Tax vouchers in respect of periodic distributions on Shares will show the number of Shares held by the recipient.

3.3.3 **Minimum subscriptions and holdings**

The minimum initial subscriptions, subsequent subscriptions and holdings levels for each Class of Share in a Sub-fund are set out in Appendix I.

The ACD may at its sole discretion accept subscriptions and/or holdings lower than the minimum amount(s).

If following a redemption, Switch, Conversion or transfer, a holding in any Class should fall below the minimum holding for that Class, the ACD has the discretion to effect a redemption of that Shareholder's entire holding in that Class of Share. The ACD may use this discretion at any time. Failure not to use this discretion immediately after such redemption, Switch, Conversion or transfer does not remove this right.

3.4 **Redeeming Shares**

3.4.1 **Procedure**

Every Shareholder is entitled on any Dealing Day to redeem its Shares, which shall be purchased by the ACD dealing as principal.

Valid applications to redeem Shares received before the Valuation Point on a Business Day will be executed at the Share price calculated at that Valuation Point except where dealing in the Sub-fund has been suspended as set out in paragraph 3.11. Valid applications to redeem Shares received after the Valuation Point on a Business Day will be executed at the Share price calculated at the Valuation Point on the next Business Day except where dealing in the Sub-fund has been suspended as set out paragraph 3.11.

A redemption instruction in respect of Shares in writing or by telephone or any other communication media made available is a legally binding contract. However, an instruction to the ACD to redeem Shares, although irrevocable, may not be settled by either the Company or the ACD if the redemption represents Shares where the money due on the earlier purchase of those Shares has not yet been received or if insufficient documentation or anti-money laundering information has been received by the ACD.

For details of dealing charges see paragraph 3.6 below.

The ACD makes use of the "Delivery versus Payment Exemption" as set out in the FCA Handbook, which provides for a one day window during which money, held for

the purposes of settling a transaction in relation to shares in a collective investment scheme, is not treated as client money if the ACD holds the money in the course of redeeming Shares provided that the proceeds of that redemption are paid to a Shareholder within the timeframes set out in the FCA Handbook. The ACD will be entitled to assume that when a Shareholder redeems Shares in a Sub-fund they consent to the ACD's use of the Delivery versus Payment Exemption.

3.4.2 **Documents a redeeming Shareholder will receive**

A confirmation giving details of the number and price of Shares redeemed will be sent to the redeeming Shareholder (or the first named Shareholder, in the case of joint Shareholders) together with (if sufficient written instructions have not already been given) a form of renunciation for completion and execution by the Shareholder (or, in the case of a joint holding, by all the joint Shareholders) no later than the end of the Business Day following the later of the request to redeem Shares or the Valuation Point by reference to which the price is determined.

Payment of redemption proceeds will normally be made by electronic transfer in accordance with any instruction received (the ACD may recover any bank charge levied on such transfers), or, at the ACD's discretion, via cheque to the first named Shareholder (at their risk). Instructions to make payments to third parties (other than intermediaries associated with the redemption) will not normally be accepted.

Such payment will be made within three Business Days of the later of (a) receipt by the ACD of the form of renunciation (or other sufficient written instructions) duly signed and completed by all the relevant Shareholders together with any other documentation and appropriate evidence of title, any required anti-money laundering related documentation, and (b) the Valuation Point following execution of the redemption by the ACD.

No interest will be paid on funds or client money held whilst the ACD awaits receipt of all relevant documentation necessary to complete a redemption.

Shares that have not been paid for cannot be redeemed.

3.4.3 **Minimum redemption**

Part of a Shareholder's holding may be redeemed but the ACD reserves the right to refuse a redemption request if the value of the Shares of any Sub-fund to be redeemed is less than the minimum stated in respect of the appropriate Class in the Sub-fund in question (see Appendix I).

3.5 **Switching and Conversion**

Subject to any restrictions on the eligibility of investors for a particular Share Class, a Shareholder in a Sub-fund may at any time:

- (i) Convert all or part of their Shares in one Class of a Sub-fund for another Class of Shares in the same Sub-fund; or
- (ii) Switch all or some of their Shares of one Class of a Sub-fund ("Original Shares") for Shares of another Sub-fund ("New Shares") in the Company.

3.5.1 **Conversions**

A Conversion is the exchange of Shares in one Class in a Sub-fund for Shares of another Class in the same Sub-fund.

Conversions will be effected by the ACD recording the change of Class on the Register of the Company. If a Shareholder wishes to Convert Shares they should

apply to the ACD in the same manner as for a sale as set out at paragraph 3.3 above. Conversions will usually be effected at the next Valuation Point following receipt of instructions to convert from a Shareholder.

Conversions will not generally be treated as a disposal for capital gains tax purposes.

3.5.2 **Switching**

A Switch is the exchange of Shares of one Class in a Sub-fund for Shares in a Class of another Sub-fund of the Company.

Subject to the qualifications below, a Shareholder may at any time Switch all or some of the Original Shares for New Shares.

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. Shareholders are required to provide written instructions to the ACD (which, in the case of joint Shareholders, must be signed by all the joint Shareholders) before Switching is effected.

The ACD may at its discretion make a charge on the Switching of Shares. 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 charge on the New Shares, subject to certain waivers. For details of the charges on Switching currently payable, please see paragraph 3.6.3 "Charges on Conversion and Switching".

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 for this) or refuse to effect 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.

Written instructions must be received by the ACD before the Valuation Point of the Sub-funds concerned to be dealt with at the prices at that Valuation Point or at such other Valuation Point as the ACD at the request of the Shareholder giving the relevant instruction may agree. Switching requests received after a Valuation Point will be held over until the next Valuation Point in each of the relevant Sub-funds.

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.

Please note that under UK tax law a Switch of Shares from one Sub-fund to another 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.

A Shareholder who Switches Shares in one Sub-fund for Shares in any other Sub-fund (or who Converts between Classes of Shares in the same Sub-fund) will not be given a right by law to withdraw from or cancel the transaction.

3.6 **Dealing charges**

The price per Share at which Shares are bought, redeemed or Switched is the Net Asset Value per Share (subject to any dilution adjustment referred to at paragraph 3.6.4 below). Any initial charge

or redemption charge is payable in addition to the price or deducted from the proceeds and is taken from the gross subscription or redemption monies.

3.6.1 **Initial charge**

The ACD may impose a charge on the purchase of Shares in each Class. The current initial charge is calculated as a percentage of the amount invested by a potential Shareholder in respect of each Sub-fund and is set out in Appendix I. The ACD may waive or discount the initial charge at its discretion.

The initial charge (which is deducted from subscription monies) is payable by the Shareholder to the ACD.

The current initial charge of a Class may only be increased in accordance with the Regulations.

3.6.2 **Redemption charge**

The ACD may make a charge on the redemption of Shares in each Class. The current redemption charge is set out in Appendix I.

The ACD may only change the current redemption charge in accordance with the Regulations. Also, if such a charge was introduced, it would not apply to Shares issued before the date of the introduction (i.e., those not previously subject to a redemption charge).

3.6.3 **Charges on Switching and Conversions**

3.6.3.1 **Switching**

The Instrument of Incorporation authorises the Company to impose a charge on Switching. If a redemption charge is payable in respect of the Original Shares, this may become payable instead of, or as well as, the then prevailing initial charge for the New Shares. The charge on Switching is payable by the Shareholder to the ACD.

The charge will be no more than the excess of the initial charge applicable to New Shares over the initial charge applicable to the Original Shares as specified in Appendix I.

There is currently no charge for Switching Shares.

3.6.3.2 **Conversion**

The Instrument of Incorporation authorises the Company to impose a charge on Conversion. No charge is currently payable on Conversion.

3.6.4 Dilution adjustment

The basis on which each Sub-fund's investments are valued for the purpose of calculating the price of Shares as stipulated in the Regulations and the Company's Instrument of Incorporation is summarised in paragraph 4.5. Shares in the Company are single priced.

However, the actual cost of purchasing or selling investments for a Sub-fund may deviate from the mid-market value used in calculating the price of Shares in the Sub-fund due to dealing costs such as broking charges, taxes, and any spread between the buying and selling prices of the underlying investments. These dealing costs can have an adverse effect on the value of each Sub-fund, known as "dilution".

It is not, however, possible to predict accurately whether dilution will occur at any point in time. The Regulations allow the cost of dilution to be met directly from a Sub-fund's assets or to be recovered from investors on the purchase or redemption of Shares by means of a dilution adjustment to the dealing price, and this is the policy which has been adopted by the ACD. The ACD shall comply with COLL 6.3.8 in its application of any such dilution adjustment. The ACD's policy is designed to minimise the impact of dilution on any Sub-fund.

The dilution adjustment for each Sub-fund will be calculated by reference to the estimated costs of dealing in the underlying investments of that Sub-fund, including any dealing spreads, commissions and transfer taxes. The ACD may, at its absolute discretion, apply a dilution adjustment on the issue and redemption of such Shares if, in its opinion, the existing Shareholders (for sales) or remaining Shareholders (for redemptions) might be adversely affected, and if in applying a dilution adjustment, so far as practicable, it is fair to all Shareholders and potential Shareholders. In particular, where the difference between the value of Shares being acquired and Shares being redeemed is more than 2% of a Sub-fund's total NAV, determined by reference to that Sub-fund's Share price on the previous Dealing Day, then the ACD may at its absolute discretion make a dilution adjustment. The ACD may also exercise its discretion to apply a dilution adjustment where the difference is an amount equal to or less than 2%.

In specie transfers will not be taken into account when determining any dilution adjustment and any incoming portfolio will be valued on the same basis as each Sub-fund is priced (i.e. offer plus notional dealing charges, mid, or bid less notional dealing charges). When a dilution adjustment is not applied there may be a dilution of the assets of a Sub-fund which may constrain the future growth of that Sub-fund.

The ACD may alter its current dilution adjustment policy in accordance with the Regulations.

No dilution adjustment has been applied in the last 12 months. Based on current and historic portfolio holdings, the estimated amount of any dilution adjustment is as follows:

Estimate of dilution adjustment applicable to purchases:

| | |
|---|-------|
| Zurich Horizon Monthly Income Plus Fund | 0.35% |
|---|-------|

Estimate of dilution adjustment applicable to redemptions:

| | |
|---|-------|
| Zurich Horizon Monthly Income Plus Fund | 0.35% |
|---|-------|

The ACD reserves the right to adjust the price by a lesser amount (subject to the rate of dilution being greater than 0%) but will always make such an adjustment in a fair manner solely to reduce dilution and not for the purpose of creating a profit or avoiding a loss for the account of the ACD or an associate. It should be noted that as dilution is related to inflows and outflows of monies and the purchase and sale of investments it is not possible to predict accurately if and when dilution will occur and to what extent. It is however envisaged, based on future projections, that it is unlikely that a dilution adjustment will be applied in the foreseeable future.

3.7 **Transfers of Shares requiring registration**

Shareholders are entitled to transfer their Shares to another person or body. All transfers must be by way of a form of an instrument of transfer, submitted in writing and 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.

3.8 **Restrictions and compulsory transfer and redemption**

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 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 other adverse consequence. In this connection, the ACD may, inter alia, reject in its discretion any application for the purchase, redemption, transfer or Conversion or Switching of Shares.

If it comes to the notice of the ACD that any Shares (“affected Shares”):

- (a) are owned directly or beneficially 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
- (b) would result in the Company incurring any liability to taxation which the Company would not be able to recoup itself or suffering any other adverse consequence (including a requirement to register under any securities or investment or similar laws or governmental regulation of any country or territory); or
- (c) are held in any manner by virtue of which the Shareholder or Shareholders in question is/are not qualified to hold such Shares or if it reasonably believes this to be the case; or
- (d) are owned by a Shareholder who is registered in a jurisdiction (where the Company is not registered or recognised by the relevant competent authority) whereby communication with that Shareholder by the ACD, on behalf of the Company, might constitute a breach of the regulations in that jurisdiction (unless specific action is taken by the ACD to prevent such a communication constituting a breach);

the ACD may give notice to the Shareholder(s) of the affected Shares requiring the transfer of such Shares to a person who is qualified or entitled to own them or that a request in writing be given for the redemption of such Shares in accordance with the COLL Sourcebook. If any Shareholder upon whom such a notice is served does not within 30 days after the date of such notice transfer their affected Shares to a person qualified to own them or submit a written request for their redemption to the ACD or establish to the satisfaction of the ACD (whose judgement is final and binding) that he or the beneficial owner is qualified and entitled to own the affected Shares, he shall be deemed upon the expiry of that 30 day period to have given a request in writing for the redemption or cancellation (at the discretion of the ACD) of all the affected Shares.

A Shareholder who becomes aware that he is holding or owns affected Shares shall immediately, unless they have already received a notice as set out above, either transfer all their affected Shares to a person qualified to own them or submit a request in writing to the ACD for the redemption of all their affected Shares.

Where a request in writing is given or deemed to be given for the redemption of affected Shares, such redemption will (if effected) be effected in the same manner as provided for in the COLL Sourcebook.

3.9 Issue of Shares in exchange for in specie assets`

The ACD may at its absolute discretion arrange for the Company to issue Shares 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 Shares concerned is not likely to result in any material prejudice to the interests of Shareholders.

The ACD will ensure that the beneficial interest in the assets is transferred to the Company with effect from the issue of the Shares.

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

3.10 In specie redemptions

If a Shareholder requests the redemption of Shares the ACD may, where it considers that deal to be substantial in relation to the total size of a Sub-fund or in some way detrimental to the Sub-fund, at its absolute discretion arrange for Scheme Property having the appropriate value to be transferred to the Shareholder (an 'in specie transfer'), in place of payment for the Shares in cash. Before the redemption is effected, the ACD must give written notice to the Shareholder of the intention to make an in specie transfer. The ACD will select the property to be transferred in consultation with the Depositary.

The ACD and Depositary must ensure that the selection is made with a view to achieving no more advantage or disadvantage to the Shareholder requesting the redemption than to the continuing Shareholders.

3.11 Deferred redemptions of Shares

In times of high levels of redemptions in Shares of a Sub-fund, the ACD may permit deferral of redemptions to the next Valuation Point where the total of the redemptions requested exceeds 10% of the relevant Sub-fund's value, if the ACD is of the view that this is in the best interests of Shareholders in the relevant Sub-fund as a whole. In these circumstances, to ensure consistent treatment of all redemption requests, redemption requests will be met on a pro rata basis up to 10% of the relevant Sub-fund's value and the outstanding part of those redemption requests will be deferred until the next Valuation Point. Such deferred redemptions shall be dealt with on the next and subsequent Dealing Days ahead of any redemption requests received at a later Valuation Point.

3.12 Suspension of dealings in the Company

The ACD may, with the prior agreement of the Depositary, and must without delay if the Depositary so requires temporarily suspend the issue, cancellation, sale and redemption of Shares in any or all of the Sub-funds where due to exceptional circumstances it is in the interests of all the Shareholders in the relevant Sub-fund or Sub-funds.

The ACD and the Depositary must ensure that the suspension is only allowed to continue for as long as is justified having regard to the interests of Shareholders.

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

the suspension and the reasons for it to the FCA and the regulator in each EEA state where Shares are offered for sale or redemption.

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 clear, fair and not misleading way and giving Shareholders details of how to find further information about the suspensions.

Where such suspension takes place, the ACD will publish on its website or through 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.

Suspension will cease as soon as practicable after the exceptional circumstances leading to the suspension have ceased but the ACD and the Depositary will formally review the suspension at least every 28 days and will inform the FCA of the review and any change to the information given to Shareholders.

The ACD may agree during the suspension to deal in Shares in which case all deals accepted during and outstanding prior to the suspension will be undertaken at a price calculated at the first Valuation Point after the restart of dealings in Shares.

4. VALUATION OF THE COMPANY

4.1 General

The price of a Share is calculated at a Valuation Point by reference to the Net Asset Value of the Sub-fund to which it relates (subject to any dilution adjustment as described at paragraph 3.6.4). The Valuation Point of each Sub-fund is set out in Appendix I.

The ACD may at any time during a Business Day carry out an additional valuation if it considers it desirable to do so. The ACD shall inform the Depositary of any decision to carry out any such additional valuation. Valuations may be carried out for effecting a scheme of amalgamation or reconstruction which do not create a Valuation Point for the purposes of dealings. Where permitted and subject to the Regulations, the ACD may, in certain circumstances (for example where a significant event has occurred since the closure of a market) substitute a price with a more appropriate price which in its opinion reflects a fair and reasonable price for that investment.

The ACD will, upon completion of each valuation, notify the Depositary of the price of Shares, of each Class of each Sub-fund and the amount of any dilution adjustment applicable in respect of any purchase or redemption of Shares.

“Late Trading” is defined as the acceptance of a subscription, redemption, Switch or Conversion order received after a Sub-fund’s applicable Valuation Point. Late Trading is not permitted. A request for dealing in Shares must be received by the Valuation Point on a particular Dealing Day in order to be processed at that Valuation Point. A dealing request received after this time will be held over and processed at the following Valuation Point, using the price per Share calculated as at that Valuation Point. Late Trading will not include a situation in which the ACD is satisfied that orders which are received after the Valuation Point have been made by investors before then (e.g. where the transmission of an order has been delayed for technical reasons).

4.2 Calculation of the Net Asset Value

The value of the Scheme Property shall be the value of its assets less the value of its liabilities determined in accordance with the following provisions:

- 4.2.1 All the Scheme Property (including receivables) is to be included, subject to the following provisions:
- 4.2.2 Scheme Property which is not cash (or other assets dealt with in paragraph 4.2.2.4 below) or a contingent liability transaction shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:
 - 4.2.2.1 Units or shares in a collective investment scheme:
 - (a) if a single price for buying and redeeming units or shares is quoted, at that price; or
 - (b) if separate buying and redemption prices are quoted, at the average of the two prices provided the buying price has been reduced by any initial charge included therein and the redemption price excludes any exit or redemption charge attributable thereto; or
 - (c) 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;

- 4.2.2.2 Any other transferable security:
- (a) if a single price for buying and redeeming the security is quoted, at that price; or
 - (b) if separate buying and redemption prices are quoted, at the average of the two prices; or
 - (c) 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;
- 4.2.2.3 Scheme Property other than that described in paragraphs 4.2.2.1 and 4.2.2.2 above, at a value which, in the opinion of the ACD, is fair and reasonable;
- 4.2.2.4 Cash and amounts held in current and deposit accounts and in other time related deposits shall be valued at their nominal values.
- 4.2.3 Scheme Property which is a contingent liability transaction shall be treated as follows:
- 4.2.3.1 if it is a written option (and the premium for writing the option has become part of the Scheme Property), deduct the amount of the net valuation of premium receivable. If the Scheme Property is an off exchange option the method of valuation shall be agreed between the ACD and the Depositary;
 - 4.2.3.2 if it is an off exchange future, include it at the net value of closing out in accordance with a valuation method agreed between the ACD and the Depositary;
 - 4.2.3.3 if it is any other form of contingent liability transaction, include it at the net value of margin on closing out (whether as a positive or negative value). If the Scheme Property is an off exchange derivative, include it at a valuation method agreed between the ACD and the Depositary.
- 4.2.4 In determining the value of the Scheme Property, all instructions given to issue or cancel Shares shall be assumed to have been carried out (and any cash paid or received) whether or not this is the case.
- 4.2.5 Subject to paragraphs 4.2.6 and 4.2.7 below, agreements for the unconditional sale or purchase of Scheme Property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and if, in the opinion of the ACD, their omission will not materially affect the final net asset amount.
- 4.2.6 Futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under paragraph 4.2.5.
- 4.2.7 All agreements are to be included under paragraph 4.2.5 which are, or ought reasonably to have been, known to the person valuing the Scheme Property.
- 4.2.8 Deduct an estimated amount for anticipated tax liabilities at that point in time including (as applicable and without limitation) capital gains tax, income tax, corporation tax, VAT, stamp taxes and any foreign transfer or withholding or transaction taxes or duties.

- 4.2.9 Deduct an estimated amount for any liabilities payable out of the Scheme Property and any tax or duty thereon, treating periodic items as accruing from day to day.
- 4.2.10 Deduct the principal amount of any outstanding borrowings whenever repayable and any accrued but unpaid interest on borrowings.
- 4.2.11 Add an estimated amount for accrued claims for tax of whatever nature which may be recoverable.
- 4.2.12 Add any other credits or amounts due to be paid into the Scheme Property.
- 4.2.13 Add a sum representing any interest or any income accrued due or deemed to have accrued but not received.
- 4.2.14 Currencies or values in currencies other than Sterling shall be converted at the relevant Valuation Point at a rate of exchange that is not likely to result in any material prejudice to the interests of Shareholders or potential Shareholders.

4.3 **Price per Share in each Sub-fund and each Class**

The price per Share at which Shares are bought or are redeemed is the Net Asset Value per Share (subject to any dilution adjustment, as described at paragraph 3.6.4). At any Valuation Point, therefore, there is a single price for buying and redeeming Shares. Any initial charge or redemption charge is payable in addition to the price or deducted from the proceeds and is taken from the gross subscription or redemption monies.

Each allocation of income made in respect of any Sub-fund at a time when more than one Class is in issue in respect of that Sub-fund shall be done by reference to the relevant Shareholder's proportionate interest in the income property of the Sub-fund in question calculated in accordance with the Instrument of Incorporation.

4.4 **Fair value pricing**

To the extent permitted by the FCA and subject to appropriate controls, the ACD may use a technique known as 'fair value pricing' to adjust underlying security prices by reference to external price indicators and appropriate trigger levels so that the valuation of the Funds will more accurately reflect market developments on any given Dealing Day. The ACD's fair value pricing policy is available from the ACD on request.

4.5 **Pricing basis**

The ACD deals on a forward pricing basis. A forward price is the price calculated at the next Valuation Point after the purchase or redemption is deemed to be accepted by the ACD. Shares in the Company are single priced.

Prices of Shares in the Sub-funds are expressed in pounds sterling.

4.6 **Publication of prices**

The prices of all Shares are published on the website of the ACD. The ACD's website address is set out in Appendix VII. Prices of all Shares can also be obtained by calling the ACD on 0333 300 0382.

As the ACD deals on a forward pricing basis, the price that appears in these sources will not necessarily be the same as the one at which investors can currently deal. The ACD may also, at its sole discretion, decide to publish certain Share prices in other third party websites or publications but the ACD does not accept responsibility for the accuracy of the prices published in, or for the non-publication of prices by, these sources for reasons beyond the control of the ACD.

5. **RISK FACTORS**

Potential investors should consider the following risk factors before investing in the Company. The risk factors apply to specific or all the Sub-funds.

5.1 **Market risk**

The investments of the Company are subject to normal market fluctuations and other risks inherent in investing in securities. There can be no assurance that any appreciation in the value of investments will occur. The value of investments and the income derived from them may fall as well as rise and investors may not recoup the full amount they invest in the Company. There is no certainty that the investment objective of the Sub-funds will actually be achieved and no warranty or representation is given to this effect. The level of any yield for a Sub-fund may be subject to fluctuations and is not guaranteed.

The entire market of a particular asset class or geographical sector may fall, having a more pronounced effect on funds heavily invested in that asset class or region. There will be a variation in performance between funds with similar objectives due to the different assets selected.

5.2 **Use of derivatives for Efficient Portfolio Management**

Each Sub-fund may make use of efficient portfolio management techniques to reduce risk and/or costs in the Sub-fund and to produce additional capital or income in the Sub-fund. Techniques used by the Sub-fund may include using derivatives for hedging, borrowing and holding cash. Further details on all of these techniques can be found in Appendix III.

It is not intended that using derivatives for efficient portfolio management will increase the volatility of the Sub-fund and indeed EPM is intended to reduce volatility. In adverse situations, however, a Sub-fund's use of derivatives may become ineffective in hedging or EPM and a Sub-fund may suffer significant loss as a result. A Sub-fund's ability to use EPM strategies may be limited by market conditions, regulatory limits and tax considerations.

Any income or capital generated by efficient portfolio management techniques will be paid to the Sub-fund.

Use of one or more separate counterparties will be made to undertake derivative transactions on behalf of the Sub-fund and the Sub-fund may be required to pledge or transfer collateral paid from within the assets of the relevant Sub-fund to secure such contracts. There may be a risk that a counterparty will wholly or partially fail to honour their contractual arrangements under the arrangement with regards to the return of collateral and any other payments due to the relevant Sub-fund. The ACD or the Investment Manager measures the creditworthiness of counterparties as part of the risk management process

A counterparty may be an associate of the ACD or the Investment Manager which may give rise to a conflict of interest. For further details on the ACD's conflicts of interest policy please contact the ACD.

5.3 **Currency exchange risk**

Currency fluctuations may adversely affect the value of investments and the income thereon and, depending on an investor's currency of reference, currency fluctuations may adversely affect the value of their investment.

5.4 **Credit and fixed interest securities**

Fixed interest securities are particularly affected by trends in interest rates and inflation. If interest rates go up, the value of capital may fall, and vice versa. Inflation will also decrease the real value of capital. The value of a fixed interest security will fall in the event of the default or reduced credit rating of the issuer. Generally, the higher the level of income (yield) receivable, the higher the perceived credit risk of the issuer. High yield bonds with lower credit ratings (also known as

sub-investment grade bonds) are potentially more risky (higher credit risk) than investment grade bonds.

As a general rule, fixed interest securities with an above average yield tend to be less liquid than securities issued by issuers with a higher investment grade. Investment in fixed interest securities with a higher yield also generally brings an increased risk of default on repayment by the issuer which could affect the income and capital of the Sub-fund. Furthermore, the solvency of issuers of such fixed interest securities may not be guaranteed in respect of either the principal amount or the interest payments and the possibility of such issuers becoming insolvent cannot be excluded.

Unlike income from a single fixed interest security, the yield from that security or from the Sub-fund(s) is not fixed and may go up or down or fluctuate. The value of a fixed interest security will fall in the event of the default or a downgrading of the credit rating of the issuer.

“Investment Grade” holdings are generally considered to be a rating of BBB- (or equivalent) and above by leading credit rating agencies S&P, Moodys or Fitch. “Sub-investment Grade” is generally considered to be a rating below BBB- (or equivalent) by the leading rating agencies.

Holdings that have not been rated by the leading credit rating agencies will adopt the risk rating of the “parent company” as an indicator of their credit risk or an unrated holding will be assessed using fundamental data to analyse the likelihood of the company defaulting. An issuer with a rating of at least BBB- (or equivalent) is generally considered as having adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances may lead to a weakened capacity of the issuer to meet its commitments.

5.5 **Liquidity risk**

Given that the Sub-funds invest in bonds there may be occasions where there is an increased risk that a position (positions) cannot be liquidated in a timely manner at a reasonable price.

5.6 **Investing in assets traded on non-eligible markets**

The Sub-Funds are permitted to invest up to 10% of assets traded on markets which are not included in the eligible markets list contained in this prospectus. Investors should be aware that these markets may not meet the criteria in the FCA Handbook to be considered eligible and therefore may not be regulated and there may be problems with liquidity, repatriation of assets or custody of assets. Where appropriate, the Manager may also hold assets which are not traded on any market and the same risks apply, with additional risks linked to concentrated ownership and greater fluctuations in the value of the Sub-fund.

5.7 **Counterparty and settlement risk**

Each Sub-fund will be exposed to a credit risk on parties with whom it trades and will also bear the risk of settlement default.

5.8 **Counterparty risk in over-the-counter markets**

The Company on behalf of a Sub-fund may enter into transactions in over-the-counter markets, which will expose the relevant Sub-fund to the credit of its counterparties and their ability to satisfy the terms of such contracts. For example, the Company on behalf of the Sub-fund may enter into agreements or use other derivative techniques, each of which expose the Sub-fund to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of a bankruptcy or insolvency of a counterparty, the Sub-fund could experience delays in liquidating the position and significant losses, including declines in the value of its investment during the period in which the Company seeks to enforce its rights, inability to realise any gains on its investment during such period and fees and expenses incurred in enforcing its rights. There is also a possibility that the above agreements and derivative techniques are terminated due, for instance, to bankruptcy, supervening illegality or change in the tax or accounting laws relative to those at the time the agreement was originated. In such circumstances, investors may be unable to recover any losses incurred.

5.9 **Manager risk**

There is a risk that a Sub-fund will not achieve its performance objectives or not produce returns that compare favourably against its peers. The performance of a Sub-fund will depend significantly upon the ability of the relevant investment manager to select profitable investments and, to the extent a Sub-fund is invested in collective investment schemes, the ability of investment managers of such schemes to do likewise.

5.10 **Market suspension risk**

A Sub-Fund may invest in securities dealt on a market or exchange. Trading on a market or exchange may be halted or suspended due to market conditions, technical problems or other events and during such circumstances, the Sub-fund will not be able to sell the securities traded on that market until trading resumes.

Further, trading of the securities of a specific issuer may be suspended by a market due to circumstances relating to the issuer. If trading of a particular security is halted or suspended, the relevant Sub-fund will not be able to sell that security until trading resumes.

5.11 **Suspension of dealings in Shares**

Investors should be aware that in exceptional circumstances their right to redeem Shares (including a redemption by way of Switching) may be suspended but only with the prior agreement of the Depositary. The ACD and the Depositary must ensure that the suspension is only allowed to continue for as long as is justified having regard to the interests of Shareholders.

5.12 **Inflation and interest rates**

The real value of any returns that an investor may receive from a Sub-fund could be affected by interest rates and inflation over time.

5.13 **Liabilities of the Company and the Sub-funds**

As explained above, under the OEIC Regulations, each Sub-fund is a segregated portfolio of assets and those assets can only be used to meet the liabilities of, or claims against, that Sub-fund. Whilst the provisions of the OEIC Regulations provide for segregated liability between Sub-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 whether a foreign court would give effect to the segregated liability and cross-investment provisions contained in the OEIC Regulations. Therefore, it is not possible to be certain that the assets of a Sub-fund will always be completely insulated from the liabilities of another Sub-fund of the Company in every circumstance.

5.14 **Deferrals of redemptions in Shares**

Investors or potential investors should note that redemption requests of Shares in the Sub-funds may be deferred in certain circumstances. Please see section 3.11 for further details.

5.15 **Taxation**

Tax laws currently in place may change in the future which could affect the value of your investments. See the section headed 'Taxation' for further details about taxation of the Sub-fund(s).

5.16 **Custody risk**

There may be a risk of a loss, where the assets of the Company are held by the Custodian (as described in paragraph 6.3.2) or a sub-custodian, that could result from the insolvency, negligence or fraudulent action of the Custodian or sub-custodian.

5.17 **Effect of initial charge or redemption charge**

Where an initial charge or redemption charge is imposed, an investor who realises their Shares may not (even in the absence of a fall in the value of the relevant investments) realise the amount originally invested.

In particular, where a redemption charge is payable, investors should note that the percentage rate at which the redemption charge is calculated is based on the market value rather than the initial value of the Shares. If the market value of the Shares has increased the redemption charge will show a corresponding increase. Currently there is no redemption charge levied on Shares.

The Shares therefore should be viewed as medium to long term investments.

5.18 **Cancellation rights**

When cancellation rights are applicable and are exercised, the full amount invested may not be returned if the price falls before the ACD is aware that the contract has been cancelled.

5.19 **Investment in other collective investment schemes**

A Sub-fund may invest in other regulated collective investment schemes. As an investor in another collective investment scheme, a Sub-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 Sub-fund bears directly with its own operations.

5.20 **Dilution**

In certain circumstances a dilution adjustment may be made on the purchase or redemption of Shares. In the case of purchases this will reduce the number of Shares acquired, in the case of redemptions this will reduce the proceeds. Where a dilution adjustment is not made, existing investors in the Sub-fund in question may suffer dilution which will constrain capital growth.

5.21 **Risks associated with leaving the European Union**

On 23 June 2016, the UK voted in a referendum to leave the European Union, known as Brexit. The political, economic and legal consequences of Brexit are uncertain.

In the short term, there may be increased volatility in the financial markets, particularly in the UK and across Europe. Changes in currency exchange rates may make it more expensive dealing in investments that are not denominated in pound Sterling. Whilst the UK finalises negotiations with the EU regarding Brexit terms, there might be a period of political, regulatory and commercial uncertainty. There might be circumstances in which share transfers and redemptions may be impacted, in the event of high levels of redemption, the ACD may use certain liquidity management tools permitted by the FCA, including deferred redemptions, the implementation of fair value pricing or suspension of the Sub-funds.

6. MANAGEMENT AND ADMINISTRATION

6.1 Regulatory status

The ACD, the Depositary and the Investment Manager are authorised and regulated by the Financial Conduct Authority of 12 Endeavour Square, London E20 1JN. The Depositary is also regulated by the Prudential Regulatory Authority.

6.2 Authorised corporate director

6.2.1 General

The ACD is Zurich Investment Services (UK) Limited which is a private company limited by shares incorporated in England and Wales on 9 June 1997.

The directors of the ACD are:

Helen Pickford

James Sykes

Matthew Vincent

| | |
|-------------------------------------|---|
| Registered office: | The Grange Bishops Cleeve Cheltenham Gloucestershire GL52 8XX |
| Principal place of business: | Tri Centre 1 New Bridge Square Swindon Wiltshire SN1 1HN |
| Share capital: | £2,000,002 (fully paid up) |
| Ultimate holding company: | Zurich Insurance Group Ltd, a company incorporated in Switzerland |

The ACD is responsible for managing and administering the Company's affairs in compliance with the COLL Sourcebook. The ACD may delegate its management and administration functions, but not responsibility, to third parties, including Associates subject to the rules in the COLL Sourcebook.

It has therefore delegated to the Investment Manager the function of portfolio management and advisory services in relation to the assets of the Sub-funds (as further explained in paragraph 6.4 below). It has also delegated to the Registrar certain functions relating to the Register (as further explained in paragraph 6.5 below).

6.2.2 Terms of appointment

The appointment of the ACD has been made under the ACD Agreement.

Pursuant to the ACD Agreement, the ACD manages and administers the affairs of the Company in accordance with the Regulations, the Instrument of Incorporation and this Prospectus. The ACD Agreement incorporates detailed provisions relating to the ACD's responsibilities.

The ACD Agreement may be terminated by the Company on not less than twelve months written notice or earlier upon the happening of certain specified events.

The ACD Agreement contains detailed provisions relating to the responsibilities of the ACD and excludes it from any liability to the Company or any Shareholder for any act or omission except in the case of fraud, negligence, wilful default or breach of duty in relation to the Company on its part. The ACD Agreement provides indemnities to the ACD to the extent allowed by the Regulations and other than for matters arising directly as a result of its fraud, negligence, wilful default or breach of duty in the performance of its duties and obligations. Subject to certain limited exceptions set out in the Regulations, the ACD may retain the services of any person to assist it in the performance of its functions.

Details of the fees payable to the ACD are set out in paragraph 7.1 “Annual management charge” below.

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

The Company has no directors other than the ACD.

6.3 **The Depositary**

6.3.1 **General**

The Depositary of the Company is Northern Trust Global Services SE, a European public company limited by shares, incorporated in England and Wales on 8 October 2018 with registered number SE000121. Its registered office and its principal place of business is at 50 Bank Street, London E14 5NT, United Kingdom.

The Depositary’s ultimate holding company is Northern Trust Corporation, a company which is incorporated in the State of Illinois, United States of America.

The Depositary is responsible for the safekeeping of all the Scheme Property of the Company and has a duty to take reasonable care to ensure that the Company is managed in accordance with the Instrument of Incorporation and the provisions of the COLL Sourcebook relating to the pricing of, and dealing in, Shares and relating to the income and the investment and borrowing powers of the Sub-funds. The Depositary is also responsible for monitoring the cash flows of the Sub-funds, and must ensure that certain processes carried out by the ACD are performed in accordance with the FCA Handbook, this Prospectus and the Instrument of Incorporation.

6.3.2 **Terms of appointment**

The appointment of the Depositary has been made under the Depositary Agreement.

The Depositary Agreement is terminable on receipt of six months’ written notice given by either party. The Depositary may not retire voluntarily except on the appointment of a new depositary.

Subject to the Regulations, the Depositary has full power under the Depositary Agreement to delegate (and authorise its delegate to sub-delegate) any part of its duties as Depositary. It has delegated custody services to the Custodian.

The Custodian has sub-delegated custody services and to sub-custodians in certain markets in which the Company may invest. A list of sub-custodians is given in Appendix VI. Investors should note that the list of sub-custodians in the Prospectus is updated only at each Prospectus review.

The Depositary Agreement contains provisions indemnifying the Depositary and limiting the liability of the Depositary in certain circumstances.

The Depositary and the Custodian will receive a fee paid by the ACD out of its remuneration received each month from the Sub-funds, as detailed in paragraph 7.2 below.

6.3.3 **Conflicts of interest – Depositary**

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

The ACD has delegated certain administrative functions to Northern Trust Global Services SE, including registrar, fund accounting, valuation, calculation and transfer agency services. Northern Trust Global Services SE has functionally and hierarchically separated the performance of its depositary functions from its administration tasks delegated to it by the ACD.

It is possible that the Depositary and/or its delegates and sub-delegates may in the course of its or their business be involved in other financial and professional activities which may on occasion have potential conflicts of interest with the Company or a particular Sub-fund and/or other funds managed by the ACD or other funds for which the Depositary acts as the depositary, trustee or custodian. The Depositary will, however, have regard in such event to its obligations under the Instrument of Incorporation, the Depositary Agreement and the Regulations and, in particular, will use reasonable endeavours to ensure that the performance of its duties will not be impaired by any such involvement it may have and that any conflicts which may arise will be resolved fairly and in the best interests of Shareholders collectively so far as practicable, having regard to its obligations to other clients.

Up to date information regarding (i) the Depositary's name, (ii) the description of its duties and any conflicts of interest that may arise between the Company, the Shareholders or the ACD and the Depositary, and (iii) the description of any safekeeping functions delegated by the Depositary, the description of any conflicts of interest that may arise from such delegation, and the list showing the identity of each delegate and sub-delegate, will be made available to Shareholders on request.

6.4 **The Investment Manager**

6.4.1 **General**

The ACD has appointed T. Rowe Price International Ltd to provide investment management and advisory services to the ACD.

The principal activity of the Investment Manager is acting as an investment manager.

6.4.2 **Terms of appointment.**

The terms of the Investment Management Agreement between the ACD and the Investment Manager include the provision of discretionary investment management to attain the investment objectives, discretion to place purchase and sale orders with regulated dealers and on the exercise of voting rights relating to such investments (in accordance with the ACD's voting strategy) and preparation of the Investment Manager's report half yearly for inclusion in the ACD's report for circulation to Shareholders. The agreement is terminable on receipt of nine months' written notice given by the Investment Manager and one months' written notice by the ACD or immediately, where the ACD decides that termination is in the interests of Shareholders.

Subject to the Regulations and the terms of the Investment Management Agreement, the Investment Manager may sub-delegate the provision of investment advisory services.

The Investment Manager will receive a fee paid by the ACD out of its remuneration received each month from the Sub-funds as detailed in 7.2 below.

6.5 **The Registrar**

6.5.1 **General**

On behalf of the Company the ACD has also appointed Northern Trust Global Services SE to act as registrar and to provide fund administration services including fund accounting, valuation, calculation and transfer agency services to the Company. The registered office of the Registrar is 50 Bank Street, Canary Wharf, London E14 5NT.

The Register is kept and maintained at 50 Bank Street, Canary Wharf, London E14 5NT.

The Registrar will receive a fee paid by the ACD out of its remuneration received each month from the Sub-funds as detailed in 7.2 below.

6.5.2 **Register of Shareholders**

The Register will be maintained by the Registrar at the address of its office as noted above, and may be inspected at that address or the principal place of business of the ACD during normal business hours by any Shareholder or any Shareholder's duly authorised agent.

6.6 **The Auditors**

The auditors of the Company are PricewaterhouseCoopers LLP, whose address is 2 Glass Wharf, Bristol BS2 0FR and they are responsible for auditing the annual accounts of the Company and expressing an opinion on certain matters relating to the Company in the annual report including whether its accounts have been prepared in accordance with applicable accounting standards, the Regulations and the Instrument of Incorporation.

6.7 **Conflicts of interest – the ACD and the Investment Manager**

The ACD and the Investment Manager (or other companies within the ACD's group of companies or the Investment Manager's group of companies) may, from time to time, act as investment manager or advisers to other funds or sub-funds which follow similar investment objectives to those of the Sub-funds. It is therefore possible that the ACD and/or the Investment Manager may in the course of their business have potential conflicts of interest with the Company or a particular Sub-fund or that a conflict exists between the Company and other funds managed by the ACD. The ACD and the Investment Manager maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps to prevent such conflicts from adversely affecting the interests of the Company.

The ACD and the Investment Manager will take all appropriate steps to identify and prevent or manage such conflicts and each of the ACD and the Investment Manager will have regard in such event to its obligations under the ACD Agreement and the Investment Management Agreement respectively and, in particular, to its obligation to act in the best interests of the Company so far as practicable, having regard to its obligations to other clients, when undertaking any investment business where potential conflicts of interest may arise. Where a conflict of interest cannot be avoided, the ACD and the Investment Manager will ensure that the Company and other collective investment schemes it manages are fairly treated.

The ACD acknowledges that there may be some situations where the organisational or administrative arrangements in place for the management of conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the Company or its Shareholders will be prevented. Should any such situations arise the ACD will, as a last resort if the conflict cannot be avoided, disclose these to Shareholders in the report and accounts or otherwise in an appropriate format. Each of the ACD and the Investment Manager maintains a written conflicts of interest policy. Details of the ACD's conflicts of interest policy are available from the ACD on request.

7. FEES AND EXPENSES

7.1 Annual management charge

In payment for carrying out its duties and responsibilities the ACD is entitled to take an annual fee out of each Class of each Sub-fund. The ACD is also entitled to all reasonable, properly documented, out of pocket expenses incurred in the performance of its duties and responsibilities. The annual fee accrues daily and is calculated on the daily Net Asset Value and payable monthly in arrears.

The current annual management charges for each Sub-fund, expressed as a percentage per annum of the Net Asset Value of each Sub-fund, attributable to each Class, calculated on a mid-market basis is set out in Appendix I. Such charges exclude VAT to the extent it is payable.

The current annual management charge payable to the ACD for a Share Class may only be increased, or a new type of remuneration introduced, in accordance with the Regulations.

7.2 Expenses

Included within the annual management charge will be the following expenses:

- 7.2.1 the fees payable to the ACD; and
- 7.2.2 the fees of the Investment Manager.

The annual management charge does not include the other expenses payable out of Scheme Property of the Company as set out in paragraph 7.3.1 to 7.3.7 below.

Where the investment objective of a Sub-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 fee may be charged against capital instead of against income, subject to the approval of the Depositary. This treatment of the ACD's fee may increase the amount of income available for distribution to Shareholders in the Sub-fund concerned, but may constrain capital growth. In respect of all Sub-funds, the ACD's fee is charged against income property.

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

7.3 Other payments of the Company

The following payments may also be payable by the Company out of Scheme Property at the discretion of the ACD, in accordance with the Regulations:

- 7.3.1 broker's commission, fiscal charges (including stamp duty) and other disbursements which are necessarily incurred in effecting transactions for the Sub-funds;
- 7.3.2 any fees, expenses or disbursements of any legal or other professional adviser of the Company or of the ACD in relation to the Company or any Sub-fund;
- 7.3.3 any costs incurred in respect of meetings of Shareholders convened on a requisition by Shareholders but not those convened by the ACD or an associate of the ACD;
- 7.3.4 liabilities on unitisation, amalgamation or reconstruction including certain liabilities arising after transfer of property to the Sub-funds in consideration for the issue of Shares as more fully detailed in the Regulations;
- 7.3.5 interest on borrowings and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings; and
- 7.3.6 taxation and other duties payable by the Company.

If any of the expenses or other payments set out at paragraph 7.2 or 7.3 above are subject to VAT, then that VAT will also be payable by the Company.

In addition to the above, the Company or each Sub-fund (as the case may be) may, so far as COLL allows, also pay out of the Scheme Property all relevant costs, charges, fees and expenses including those listed below. However, the ACD's current policy is that these items are borne by the ACD and not the Company or each Sub-fund. Should this policy change then the ACD will first give affected Shareholders 60 days' notice (or such other notice as required under the Regulations) of that change. The relevant additional costs, charges, fees and expenses are as follows:

- 7.3.7 the audit fees of the Auditor (including VAT) and any expenses of the Auditor;
- 7.3.8 the fees of the Custodian;
- 7.3.9 the fees of the Depositary;
- 7.3.10 the fees of the FCA in accordance with the FCA's Fee Manual, together with any corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which Shares in the Company are or may be marketed;
- 7.3.11 any costs incurred in authorising any Sub-fund and any Share Class of a Sub-fund at and after initial establishment. Such costs will be apportioned to the appropriate Sub-fund or Share Class on a monthly basis to the end of the first accounting year;
- 7.3.12 fees and expenses in respect of establishing and maintaining the Register of Shareholders, including any sub-registers kept for the purpose of the administration of ISAs, are payable quarterly out of the property of a Sub-fund;
- 7.3.13 any costs incurred in or about the listing of Shares in the Company on any Stock Exchange, and the creation, conversion and cancellation of Shares;
- 7.3.14 any costs incurred by the Company in publishing the price of the Shares in a national or other newspaper or any other form of media;
- 7.3.15 any costs incurred in producing, collating, fulfilment, printing, postage and dispatching tax vouchers and any payments made by the Company;
- 7.3.16 any costs incurred in preparing, translating, producing (including fulfilment, printing and postage), distributing and modifying any instrument of incorporation, any prospectus, any KIID (other than the cost of distributing the KIID), or reports, accounts, statements, contract notes and other like documentation or any other relevant document required under the Regulations;
- 7.3.17 any costs incurred as a result of periodic updates or changes to any prospectus, KIID or instrument of incorporation;
- 7.3.18 any costs incurred in taking out and maintaining an insurance policy in relation to the Company and its Directors;
- 7.3.19 any expense incurred in relation to company secretarial duties including the costs of maintenance of minute books and other documentation required to be maintained by the Company;
- 7.3.20 any expense incurred in conducting risk management Value at Risk (VaR) monitoring and reporting;
- 7.3.21 any payments otherwise due by virtue of the Regulations; and
- 7.3.22 any value added or similar tax relating to any charge or expense set out herein.

Expenses are allocated between capital and income in accordance with the Regulations. The approach for each Sub-fund is set out in Appendix I. Where expenses are deducted in the first instance from income, if and only if this is insufficient, deductions will be made from capital. If deductions are made from capital, this may result in capital erosion and constrain growth.

7.4 **Research costs**

Any third party research received by the ACD or the Investment Manager, in connection with the executing of orders or the placing of orders with other entities for execution for, or on behalf of, the Sub-funds will, when received by the ACD, be paid for by the ACD itself, or, when received by the Investment Manager, paid for by the Investment Manager itself.

7.5 **Allocation of fees and expenses between Sub-funds**

All the above fees, duties and charges (other than those borne by the ACD) will be charged to the Sub-fund in respect of which they were incurred.

Where an expense is not considered to be attributable to any one Sub-fund, the expense will normally be allocated to all Sub-funds pro rata to the value of the Net Asset Value of the Sub-funds, although the ACD has discretion to allocate these fees and expenses in a manner which it considers fair to Shareholders generally.

Where income is insufficient to pay charges the residual amount will be taken from capital, this may result in capital erosion and constrain growth of the Sub-funds.

8. SHAREHOLDER MEETINGS AND VOTING RIGHTS

8.1 Class, Company and Sub-fund meetings

The provisions below, unless the context otherwise requires, apply to Class meetings and meetings of Sub-funds as they apply to general meetings of the Company. References to Shares shall be to the shares of the Class or Sub-fund concerned and the shareholders and value and prices of such Shares.

The Company does not hold annual general meetings.

8.2 Requisitions of meetings

The ACD may requisition a general meeting at any time.

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

8.3 Notice and quorum

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

8.4 Voting rights

At a general meeting, 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.

On a poll vote, a Shareholder may vote either in person or by proxy. The voting rights attaching to each Share shall be such proportion of the voting rights attached to all the Shares in issue (in the Company or the Sub-fund or the Class as the case may be) as the price of the Shares bears to the aggregate price(s) of all the Shares in issue (of the Company or the Sub-fund or the Class as appropriate), at a reasonable date before the notice of meeting is sent out (such date to be decided by the ACD).

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

In the case of joint Shareholders, the vote of the most senior Shareholder who votes, whether in person or by proxy, must be accepted to the exclusion of the votes of the other joint Shareholders. For this purpose seniority must be determined by the order in which the names stand in the Register.

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

Neither the ACD nor any Associate (as defined in the COLL Sourcebook) of the ACD is entitled to vote at any meeting of the Company except in respect of Shares which the ACD or Associate holds on behalf of or jointly with a person who, if the registered Shareholder, would be entitled to vote and from whom the ACD or Associate has received voting instructions.

Where all the Shares in a Sub-fund are registered to, or held by, the ACD or its Associates and they are therefore prohibited from voting and a resolution (including an extraordinary resolution) is required to conduct business at a meeting, it shall not be necessary to convene such a meeting and a resolution may, with the prior written agreement of the Depositary, instead be passed with the written consent of Shareholders representing 50% or more, or for an extraordinary resolution 75% or more, of the Shares in issue.

“Shareholders” in this context means Shareholders entered on the register at a time to be determined by the ACD and stated in the notice of the meeting.

8.5 **Variation of Class or Sub-fund rights**

The rights attached to a Class or Sub-fund may only be varied in accordance with the COLL Sourcebook.

9. TAXATION

9.1 General

The information below is a general guide based on current United Kingdom law and HM Revenue & Customs practice, which are subject to change. It summarises the tax position of the Sub-funds and of investors who are United Kingdom resident individuals and hold Shares as investments. The regime for taxation of income and capital gains received by individual investors depends on the tax law applicable to their personal circumstances and may be subject to change in the future. Prospective investors who are in any doubt about their tax position, or who may be subject to tax in a jurisdiction other than the United Kingdom, are recommended to take professional advice.

9.2 The Sub-funds

Each Sub-fund will be treated as a separate entity for United Kingdom tax purposes.

The Sub-funds are generally exempt from United Kingdom tax on capital gains realised on the disposal of their investments (including interest-paying securities and derivatives). However, any gains realised on disposing of holdings in non-reporting offshore funds are charged to tax as income and not capital.

Any dividend received by the Sub-funds (whether directly or through another United Kingdom authorised investment fund) will generally be exempt from corporation tax. Each Sub-fund will be subject to corporation tax on most other types of income but after deducting allowable management expenses and where relevant the gross amount of interest distributions payable. Where the Sub-funds suffer foreign withholding tax on income received, this will generally be an irrecoverable tax expense.

The Sub-funds will make interest distributions except where less than 60% of a Sub-fund's property has been invested at some point in the distribution period in interest-paying investments, in which case it will make dividend distributions.

9.3 Shareholders

9.3.1 Interest distributions

Where the Sub-fund pays an interest distribution (which will be automatically retained in the Sub-fund in the case of accumulation Shares) this will be paid gross. The gross interest distributions will be "savings income" and hence may be covered by the Personal Savings Allowance. UK resident investors will have a further income tax liability on the amount received in excess of any Personal Savings Allowance.

9.3.2 Dividend distributions

Where the Sub-fund pays a dividend distribution (which will be automatically retained in the Sub-fund in the case of accumulation Shares) this may be covered by the Dividend Allowance. Any dividend distributions received or accumulated in excess of the Dividend Allowance will be subject to income tax at the appropriate dividend rate. The dividend tax rate applicable will vary depending on whether the individual is a basic, higher or additional rate taxpayer.

9.3.3 Income equalisation

The first income allocation received by an investor after buying Shares may include an amount of equalisation, which will be shown on the issued tax voucher. This is effectively a repayment of the accrued income included within the original purchase price. For tax purposes, equalisation is treated as a return of capital, and is not taxable as income. Rather it should be deducted from the acquisition cost of the Shares for capital gains tax purposes.

9.3.4 **Tax vouchers**

A tax voucher will be issued in line with the income allocation dates set out in Appendix 1. This voucher should be retained for tax purposes as evidence for HM Revenue & Customs.

9.3.5 **Capital gains**

Shareholders may be liable to capital gains tax on gains arising from the redemption, transfer or other disposal of Shares. An exchange of Shares in one Sub-fund of the Company for Shares in another Sub-fund will generally be treated as a disposal for tax purposes. Exchanges of Shares between classes within the same Sub-fund are not generally treated as disposals for tax purposes.

9.3.6 **Automatic exchange of information**

The UK is a party to a number of international agreements designed to provide tax administrations with details of financial assets owned by individuals who are resident for tax purposes in one jurisdiction, but which are held by financial institutions in another territory.

To facilitate compliance with these agreements, the UK Government has introduced legislation that imposes obligations on the UK financial sector to review and collect details of accounts held by persons who are not UK tax resident and to report this information to HM Revenue & Customs. The information collected by HMRC is then transmitted onwards under the exchange of information articles in the various treaties and conventions to which the UK is party.

The UK now has legislation in place for automatic exchange of financial account information under four different regimes:

1. The United States Foreign Account Tax Compliance Act – FATCA
2. The Crown Dependencies and Gibraltar Regulations – CDOT
3. The Common Reporting Standard developed by the OECD – CRS
4. The EU Directive on Administrative Cooperation in Tax Matters – DAC

A failure to provide the information required by the Company under these provisions may result in the ACD taking appropriate action against the Shareholder including invoking the compulsory transfer and redemption provisions set out in paragraph 3.8.

10. WINDING UP OF THE COMPANY OR A SUB-FUND

- 10.1 The Company or a Sub-fund will not be wound up except as an unregistered company under Part V of the Insolvency Act 1986 or under the COLL Sourcebook. A Sub-fund may otherwise only be wound up under the COLL Sourcebook.
- 10.2 Where the Company to be wound up or a Sub-fund is to be terminated under the COLL Sourcebook, such winding up or termination may only be commenced following approval by the FCA. The FCA may only give such approval if the ACD provides a statement (following an investigation into the affairs of the Company or the Sub-fund as the case may be) either that the Company or the Sub-fund will be able to meet its liabilities within 12 months of the date of the statement or that the Company or the Sub-fund will be unable to do so. The Company may not be wound up or a Sub-fund terminated under the COLL Sourcebook if there is a vacancy in the position of ACD at the relevant time.
- 10.3 The Company shall be wound up or a Sub-fund must be terminated under the COLL Sourcebook:
- 10.3.1 if an extraordinary resolution to that effect is passed by Shareholders; or
 - 10.3.2 when the period (if any) fixed for the duration of the Company or a particular Sub-fund by the Instrument of Incorporation expires, or any event arises on the occurrence of which the Instrument of Incorporation provides that the Company or a particular Sub-fund is to be wound up (for example, if the Share capital of the Company or (in relation to any Sub-fund) the Net Asset Value of the Sub-fund is below £20 million, or if a change in the laws or regulations of any country means that, in the ACD's opinion, it is desirable to terminate the Sub-fund); or
 - 10.3.3 on the date stated in any agreement by the FCA to a request by the ACD for the revocation of the authorisation order in respect of the Company or for the termination of the relevant Sub-fund.
- 10.4 On the occurrence of any of the above:
- 10.4.1 COLL 6.2 (Dealing), COLL 6.3 (Valuation and Pricing) and COLL 5 (Investment and borrowing powers) will cease to apply to the Company or the relevant Sub-fund;
 - 10.4.2 the Company will cease to issue and cancel Shares in the Company or the relevant Sub-fund and the ACD shall cease to sell or redeem Shares or arrange for the Company to issue or cancel them for the Company or the relevant Sub-fund;
 - 10.4.3 no transfer of a Share shall be registered and no other change to the Register shall be made without the sanction of the ACD;
 - 10.4.4 where the Company is being wound up or a Sub-fund terminated, the Company or the Sub-fund shall cease to carry on its business except in so far as it is beneficial for the winding up of the Company or the termination of the Sub-fund; and
 - 10.4.5 the corporate status and powers of the Company and subject to 10.4.1 to 10.4.5 above, the powers of the ACD shall continue until the Company is dissolved.
- 10.5 The ACD shall, as soon as practicable after the Company or the Sub-fund falls to be wound up, realise the assets and meet the liabilities of the Company or the Sub-fund and, after paying out or retaining adequate provision for all liabilities properly payable and retaining provision for the costs of the winding up or the termination, arrange for the Depositary to make one or more interim distributions out of the proceeds to Shareholders proportionately to their rights to participate in the Scheme Property. If the ACD has not previously notified Shareholders of the proposal to wind up the Company or terminate the Sub-fund, the ACD shall, as soon as practicable after the commencement of winding up of the Company or the termination of the Sub-fund, give written notice of the commencement to Shareholders. When the ACD has caused all of the Scheme Property to be realised and all of the liabilities of the Company or the particular Sub-fund to be realised, the ACD shall arrange for the Depositary to make a final distribution to Shareholders on

or prior to the date on which the final account is sent to Shareholders of any balance remaining in proportion to their holdings in the Company or the particular Sub-fund.

- 10.6 As soon as reasonably practicable after completion of the winding up of the Company or the particular Sub-fund, the Depositary shall notify the FCA that the winding up or termination has been completed and request the FCA to revoke the relevant authorisation order.
- 10.7 On completion of a winding up of the Company or the termination of a Sub-fund, the Company will be dissolved or the Sub-fund terminated and any money (including unclaimed income distributions) still standing to the account of the Company or the Sub-fund, will be paid into court by the ACD within one month of the dissolution or the termination.
- 10.8 Following the completion of a winding up of either the Company or a Sub-fund, the ACD must prepare a final account showing how the winding up took place and how the Scheme Property was distributed. The auditors of the Company shall make a report in respect of the final account stating their opinion as to whether the final account has been properly prepared. This final account and the auditor's report must be sent to the FCA and to each Shareholder (or the first named of joint Shareholders) on it within four months of the completion of the winding up or termination.

11. GENERAL INFORMATION

11.1 Accounting periods

The annual accounting period of the Company ends each year on 31 July (the accounting reference date) with the interim accounting period ending on 31 January.

11.2 Notice to Shareholders

All notices or other documents sent by the ACD to a Shareholder will be sent by normal post to the last address notified in writing to the Company by the Shareholder.

11.3 Income allocations

The income allocation dates of the Sub-funds are set out in Appendix I. For each of the Sub-funds income is allocated in respect of the income available at each accounting date.

For those Sub-funds / Classes paying income on a monthly basis, in the event of a Sub-fund / Class being launched mid-month, the ACD reserves the right to carry forward the first month's income to the next full month cycle.

In relation to income Shares, distributions of income for each Sub-fund in which income Shares are issued are paid by electronic transfer directly into a Shareholder's bank account on or before the relevant income allocation date in each year as set out in Appendix I.

For Sub-funds in which accumulation Shares are issued, income will become part of the capital property of the Sub-fund and will be reflected in the price of each such accumulation Share as at the end of the relevant accounting period.

If a distribution made in relation to any income Shares remains unclaimed for a period of six years after it has become due, it will be forfeited and will revert to the relevant Sub-fund (or, if that no longer exists, to the Company).

The amount available for distribution in any accounting period is calculated by taking the aggregate of the income received or receivable for the account of the relevant Sub-fund in respect of that period, and deducting the charges and expenses of the relevant Sub-fund paid or payable out of income in respect of that accounting period. The ACD then makes such other adjustments as it considers appropriate (and after consulting the Company's auditors as appropriate) in relation to taxation, income equalisation, income unlikely to be received within 12 months following the relevant income allocation date, income which should not be accounted for on an accrual basis because of lack of information as to how it accrues, transfers between the income and capital account and other matters.

Income from debt securities is recognised on an effective interest basis. Effective interest is an income calculation that takes account of amortisation of any discount or premium on the purchase price of the debt security over the remaining life of the security.

Distributions made to the first named joint Shareholder are as effective a discharge to the Company and the ACD as if the first named Shareholder had been a sole Shareholder.

11.4 Annual reports

The annual long report containing the full accounts of the Company will be published within four months from the end of each annual accounting period and the interim long report will be published within two months of each interim accounting period.

The long reports are available, free of charge, on request or to any person from the ACD's website. The ACD's website address is set out in Appendix VII.

11.5 Documents of the Company

The following documents may be inspected free of charge during normal business hours on any Business Day at the offices of the ACD at Tricentre 1, New Bridge Square, Swindon, SN1 1HN:

- 11.5.1 the Prospectus;
- 11.5.2 the most recent annual and interim reports of the Company;
- 11.5.3 the Instrument of Incorporation (and any amending documents); and
- 11.5.4 the material contracts referred to below.

Shareholders may obtain copies of the above documents from the ACD. The ACD may make a charge at its discretion for copies of documents (apart from the most recent versions of the Prospectus and annual and interim long reports of the Company which are available free of charge to anyone who requests).

11.6 Material contracts

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

- 11.6.1 the ACD Agreement between the Company and the ACD (Copies of contracts of service between the ICVC and its directors, including the ACD, will be provided upon request); and
- 11.6.2 the Depositary Agreement between the Company, the Depositary and the ACD.

Details of the above contracts are given under section 6 "Management and Administration".

11.7 Provision of investment advice

All information concerning the Company and about investing in Shares is available from the ACD at Tricentre 1, New Bridge Square, Swindon, SN1 1HN. The ACD is not authorised to give investment advice and persons requiring such advice should consult a professional adviser. All applications for Shares are made solely on the basis of the current prospectus of the Company, and investors should ensure that they have the most up to date version.

11.8 Telephone recordings

Please note that the ACD and the Investment Manager (or their agents) will take all reasonable steps to record telephone conversations, and keep a copy of electronic communications, that relate to instructions to deal in the Sub-funds or the management of the Sub-Funds. The ACD may also record telephone calls for security, training and monitoring purposes, to confirm investors' instructions and for any other regulatory reasons. Recordings will be provided on request for a period of at least five years from the date of such recording, or, where requested by a competent regulatory authority, for a period of seven years.

11.9 Privacy statement – Use of your personal information

For the purposes of the Data Protection Laws, the data controller is Zurich Investment Services (UK) Limited, in respect of any personal information provided by you to us. In this privacy statement 'we', 'us' and 'our' means Zurich Investment Services (UK) Limited.

We will ensure that at all times we comply with all provisions of the Data Protection Laws as from time to time applicable to us, concerning the protection of all personal information and data.

The personal information that you provide to us will be used for a number of different purposes including: to manage and administer your account; to offer you investment products and services

(except where you have asked us not to do so) and to help us develop new ones; to contact you with details of changes to the products you have bought; for internal analysis and research; to comply with legal or regulatory requirements; and to identify you when you contact us. We may use external third parties to process your personal information on our behalf in accordance with these purposes.

We may transfer your personal information to countries located outside of the European Economic Area (the EEA), this may happen when our servers, suppliers and/or, service providers are based outside of the EEA. The data protection laws and other laws of these countries may not be as comprehensive as those that apply within the EEA – in these instances we will take steps to ensure that your privacy rights are respected. Details of the countries relevant to you will be provided upon request.

Further details concerning how we collect, process and store your personal data and your rights in connection thereto can be found in our data protection notice, a copy of which is accessible at all times in our website listed in Appendix VII.

If you have any complaints or concerns about how your personal data is stored, processed and/or controlled by us, you can address these with the relevant supervisory authority from time to time.

11.10 **Complaints**

If you have any complaints you should write to the ACD at Tricentre 1, New Bridge Square, Swindon, SN1 1HN.

In the event that an unsatisfactory response is provided, you can refer your complaint to the Financial Ombudsman Service at:

Financial Ombudsman Service
Exchange Tower
London
E14 9SR

Please note that a copy of the ACD's guide to making a complaint is available upon request.

11.11 **Indemnity**

The Instrument of Incorporation contains provisions indemnifying the Directors, other officers and the Company's auditors or the Depositary against liability incurred in defending any proceedings (whether civil or criminal) for negligence, default, breach of duty or breach of trust and, to the extent permitted by the Regulations, indemnifying the Depositary, its affiliates and their respective directors, officers and employees against liability arising out of or in connection with the proper performance of the duties and obligations imposed under the Depositary Agreement, otherwise than in respect of its negligence, fraud or intentional failure to perform its obligations pursuant to the Regulations.

11.12 **Strategy for the exercise of voting rights**

The ACD has a strategy for determining when and how voting rights attached to ownership of the Scheme Property are to be exercised for the benefit of the Company. A summary of this strategy is available from the ACD on request. Voting records and further details of the actions taken on the basis of this strategy in relation to the Company are available free of charge from the ACD on request.

11.13 **Best execution**

The ACD will act in the best interests of each Sub-fund when executing decisions to deal on behalf of the relevant Sub-fund. The ACD's order execution policy sets out the factors, such as price and costs, which the ACD will consider, and which the ACD expects the Investment Manager to consider, as applicable, when effecting transactions and placing orders in relation to

each Sub-fund. This policy has been developed in accordance with the ACD's obligations under the Regulations to ensure that the ACD, when executing decisions to deal on behalf of the relevant Fund, will take all sufficient steps to obtain the best possible result for each Sub-fund.

Details of the order execution policy are available from the ACD on request.

11.14 **Risk management**

A statement on the methods used for risk management in connection with the Funds and the quantitative limits used as well as the current risk yields of the main categories of investment is available from the ACD on request.

11.15 **Inducements and commission**

The ACD will not pay or accept any fee or commission, or provide or receive any non-monetary benefits from suppliers to the Company or Sub-funds of fund management services unless permitted with the FCA Handbook.

The ACD is not obliged to account to the Company or to the Shareholders for these payments.

When executing orders, or placing orders with other entities for execution, that relate to financial instruments for, or on behalf of a Sub-fund, 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 Sub-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 Sub-fund.

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 Sub-fund, the ACD will return these to the relevant Sub-fund as soon as reasonably possible and inform Shareholders in the Sub-fund about such fees, commissions and/or monetary benefits, as applicable.

The provision of benefits described above will not result in any additional cost to the Company or the Sub-funds.

The ACD will make disclosures to the Company in relation to inducements as required under the FCA Handbook.

Further details of any such inducements may be obtained on request from the ACD.

11.16 **Genuine diversity of ownership**

Shares in each Sub-fund are and will continue to be widely available. The intended categories of investors are retail and institutional investors.

Shares in each Sub-fund are and will continue to be marketed and made available widely to reach the intended categories of investors and in a manner appropriate to attract those categories of investors.

11.17 **Unclaimed money or assets**

In accordance with the client money rules in the FCA Handbook, if client money (other than unclaimed distributions) is unclaimed for a period of six years (or client assets are unclaimed for a period of 12 years), it will cease to be client money (or assets) and the ACD will transfer such client money or assets to a registered charity of its choice. The ACD will be able to do this only in accordance with general law, the FCA Handbook, and where it has taken all necessary steps to trace the Shareholder and return the money or the assets. Any unclaimed distributions will be transferred back to the capital property of the Fund.

If the client money or client asset is equal to or below the 'de minimis level' set by the client money rules in the FCA Handbook (that is, £25 or less for retail clients and £100 or less for professional clients) then there are fewer requirements for the ACD to fulfil before it may pay the money or asset to charity but it will still attempt to contact Shareholders at least once before doing so. The time periods set out above during which the money or assets may not be 'paid away' to charity continue to apply.

Payment of any unclaimed balance to charity (in accordance with the above) will not prevent Shareholders from claiming the money or assets in the future.

11.18 **Remuneration policy**

The ACD has established a remuneration policy (the "Remuneration Policy") that is in accordance with the requirements of SYSC 19 E of the FCA Handbook. The Remuneration Policy is designed to ensure that the ACD's remuneration practices, for those staff caught by the applicable rules, are:

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

When applying the Remuneration Policy, the ACD will comply with the applicable rules in a way, and to the extent, that is appropriate to the size, internal organisation and the nature, scope and complexity of the ACD's activities.

The Remuneration Policy must be in line with the business strategy, objectives, values and interests of:

- 11.18.5 the ACD;
- 11.18.6 the UCITS funds it manages; and
- 11.18.7 the Shareholders; and
- 11.18.8 include measures to avoid conflicts of interest.

Up-to-date details of a description of how remuneration and benefits are calculated; and the identities of the persons responsible for awarding the remuneration and benefits including the composition of the remuneration committee, where such committee exists will be available on the ACD's website www.zurichhorizon.co.uk. A paper copy of the information provided on this website is available free of charge following a request to the ACD.

APPENDIX I

SUB-FUND DETAILS

Investors who are invested in the Sub-funds should regularly review and discuss their risk appetite and investment horizon with their advisers to ensure that the Sub-funds remain suitable in the event of any change of personal circumstances.

| | |
|--|--|
| Name: | Zurich Horizon Monthly Income Plus Fund |
| Launch Date: | 19 October 2016 |
| Product Reference Number (PRN): | 754140 |
| Type of Sub-fund: | UCITS |
| Investment Manager: | T. Rowe Price International Ltd |
| Investment Objective: | The aim of the Sub-fund is to produce a monthly income while seeking to preserve capital over the long term. |
| Investment Policy: | <p>The investment policy of the Sub-fund is to invest principally in global corporate bonds, more than 50% of which may be sub-investment grade. The strategy of the Investment Manager shall be to select investments designed to pay a higher level of income than that generally achieved from investment grade global corporate bonds and similar fixed interest securities (sub-investment grade bonds are potentially more risky than investment grade bonds and investors should refer to section 5 of the prospectus for further information of the potential risks).</p> <p>The Sub-fund may also invest in government bonds globally or other fixed interest securities such as asset backed securities, as well as cash, near cash, money market instruments and money market funds.</p> <p>The Sub-fund may use derivatives for the purpose of hedging the assets held back to sterling.</p> |
| Use of Benchmarks | <p>The Sub-fund does not aim to match or exceed the performance of, and its portfolio is not constrained by, any index.</p> <p>For performance comparison purposes the Investment Association's Sterling Strategic Bond sector peer group is considered appropriate. The Sub-fund's typical exposures to fixed interest securities enable it to be included in this sector, although the asset allocation of the Sub-fund is not managed with the intention of ensuring it remains within this sector. Its performance can be compared with the performance of other funds in the sector, and against the sector average.</p> |
| Final accounting date: | 31 July (the first annual accounting reference date will be 31 July 2017) |
| Monthly accounting date: | The last Business Day of each month |
| Monthly Income allocation date: | The last Business Day of each month |
| Monthly Income allocation: | In advance of each financial year of the Company the ACD and Investment Manager will review the portfolio as well as market dynamics to evaluate the yield and income available for the next accounting period. A monthly distribution rate will be established that will be intended to provide a regular smoothed income for the first 11 months of the period, with the expectation of a final distribution for the final month of the year that will adjust the smoothed income to the actual income available. The intention is that the final distribution will be slightly higher than the |

smoothed payment and as part of that process the ACD will continue to monitor the income available throughout the year and the smoothed income payments may be modified accordingly.

| | | |
|---|---------------------|---------------------|
| Share Classes available (all classes are gross): | Class Z | Class E* |
| Share Types available: | Income Accumulation | Income Accumulation |
| Initial charge: | 0% | 0% |
| Redemption charge: | Nil | Nil |
| Switching charge: | Nil | Nil |
| Annual management charge**: | 0.70% | 0.60% |
| Investment minima: | | |
| Lump sum: | £1,000,000 | Nil |
| Holding: | £50,000 | Nil |
| Top-up: | £50,000 | Nil |
| Redemption: | £500,000 | Nil |

The ACD may waive the investment minima at its discretion

| Allocation of Charges: | Income | Capital |
|--|---------------|----------------|
| AMC: | 100% | 0% |
| Ongoing operating costs | 100% | 0% |
| Portfolio transactions (broker's commission) | No | No |

Past Performance: Past performance information is set out in Appendix IV

Valuation Point: 12:00 noon (London time)

Risk warnings: The following risk warnings are applicable to the Sub-fund:
5.1, 5.2, 5.3, 5.4, 5.5, 5.6, 5.7, 5.8, 5.9, 5.10, 5.11, 5.12, 5.13, 5.14, 5.15, 5.16, 5.17, 5.18 and 5.19.

Investor Profile:

The Sub-fund may be suitable for investors who seek a monthly income and long term capital growth through a diversified range of assets but who are able to tolerate moderate to large price fluctuations.

If investors are uncertain if the Sub-Fund is suitable for them, they are advised to contact a financial adviser.

The maximum level of leverage for this Sub-fund expressed as a ratio of the Sub-fund's total exposure to its Net Asset Value:

-
- (a) under the Gross Method is 1.1:1; and
 - (b) under the Commitment Method is 1.1:1.
-

* Eligibility for investment in the E Share Class is restricted to employees and former employees of the ACD or of members of its Group who invest through the Zurich Financial Services UK Pension Scheme and/or Scottish Widows Workplace Savings Platform.

The ACD may waive these criteria at its discretion.

** There is no charge additional to the AMC for investment research.

APPENDIX II

ELIGIBLE MARKETS, GAPS PROVIDERS AND COLLECTIVE INVESTMENT SCHEMES

All Sub-funds may deal through securities and derivatives markets established in an EEA State on which transferable securities admitted to official listing in that EEA State are dealt in or traded. The Company may also invest in accordance with the conditions in Appendix III.

In addition, the Sub-funds may deal through the following securities and derivative markets.

| Country | Securities Market |
|----------------|---|
| Australia | The Australian Stock Exchange Limited |
| Brazil | BM&F |
| Canada | TSX |
| China | Shanghai Stock Exchange Shenzhen Stock Exchange |
| Egypt | Cairo & Alexandria Stock Exchange |
| Hong Kong | Hong Kong Stock Exchange Hong Kong GEM |
| India | Bombay Stock Exchange |
| Indonesia | Indonesia Stock Exchange |
| Israel | Tel-Aviv Stock Exchange |
| Japan | Tokyo Stock Exchange Nagoya Stock Exchange Sapporo Stock Exchange |
| Korea | Korean Stock Exchange Kosdaq OTC Market |
| Malaysia | Kuala Lumpur Stock Market |
| Mexico | The Mexican Stock Exchange |
| New Zealand | New Zealand Stock Exchange |
| Pakistan | Karachi Stock Exchange |
| Peru | Bolsa De Valores Lima |
| Philippines | Manila Stock Exchange |
| Russia | Russian Trading System Stock Exchange |
| Singapore | Stock Exchange of Singapore |
| South Africa | Johannesburg Stock Exchange |
| Switzerland | SIX Exchange |
| Taiwan | Taiwan OTC Market Taiwan Stock Exchange |
| Thailand | The Stock Exchange of Thailand |
| Turkey | Istanbul Stock Exchange |
| United States | NASDAQ (the electronic inter-dealer quotation system of America operated by the National Association of Securities Dealers Inc) New York Stock Exchange Chicago Stock Exchange US OTC Market (Trace) |
| Other | the market organised by the International Capital Market Association the markets conducted by listed money market institutions as described in the Bank of England publication "The Regulation of wholesale Markets in Sterling, Foreign Exchange and Bullion" dated December 1995 |

Country/Region**Derivatives Market**

Australian Stock Exchange
Chicago Board of Trade (CBOT)
Chicago Board Options Exchange
Chicago Mercantile Exchange
Hong Kong Futures Exchange
Hong Kong Stock Exchange
Intercontinental Exchange Inc (ICE)
New Zealand Futures Exchange
New Zealand Stock Exchange
NYSE Euronext
NZX Derivatives
Osaka Securities Exchange
Singapore Stock Exchange
Sydney Futures Exchange
Tokyo Stock Exchange
Turkish Derivatives Exchange

Government and Public Securities Providers

List of issuers of government and public securities in which the Company may invest up to 100% of the Scheme Property of each Sub-fund. These are the only public bodies in which the Company may invest more than 35% of the assets of each Sub-fund.

Government and public securities issued by or on behalf of the Governments of the following states:

Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Japan, Liechtenstein, Luxembourg, Netherlands, New Zealand, Northern Ireland, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom, United States.

International Organisations:

Asian Development Bank (ADB), Council of Europe Development Bank, Deutsche Ausgleichsbank (DTA), Eurofima, European Bank for Reconstruction and Development (EBRD), International Finance Corporation (IFC), Kreditanstalt Für Wiederaufbau (KfW), Nordic Investment Bank (NIB).

APPENDIX III

INVESTMENT AND BORROWING POWERS OF THE COMPANY

1. General

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

The ACD's investment policy may mean that at times, where it is considered appropriate, the Scheme Property of a Sub-fund will not be fully invested and that prudent levels of liquidity will be maintained.

1.1 Prudent spread of risk

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

1.2 Cover

1.2.1 Where the COLL Sourcebook allows a transaction to be entered into or an investment to be retained only (for example, investment in 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 a Sub-fund under any other of those rules has also to be provided for.

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

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

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

2. UCITS – general

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

2.1.1 transferable securities;

2.1.2 approved money-market instruments;

2.1.3 units in permitted collective investment schemes;

2.1.4 permitted derivatives and forward transactions;

2.1.5 permitted deposits; and

2.1.6 permitted movable and immovable property that is essential for the direct pursuit of the Company's business.

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

3. **Transferable securities**

3.1 A transferable security is an investment which is any of the following:

- 3.1.1 a share;
- 3.1.2 a debenture;
- 3.1.3 an alternative debenture;
- 3.1.4 a government and public security;
- 3.1.5 a warrant; or
- 3.1.6 a certificate representing certain securities.

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

3.3 In applying paragraph 3.2 of this Appendix to an investment which is issued by a body corporate, and which is an investment falling within articles 76 (Shares, etc.) or 77 (Instruments creating or acknowledging indebtedness) of the Regulated Activities Order, the need for any consent on the part of the body corporate or any members or debenture holders of it may be ignored.

3.4 An investment is not a transferable security unless the liability of the holder of it to contribute to the debts of the issuer is limited to any amount for the time being unpaid by the holder of it in respect of the investment.

3.5 A Sub-fund may invest in a transferable security only to the extent that the transferable security fulfils the following criteria:

- 3.5.1 the potential loss which a Sub-fund may incur with respect to holding the transferable security is limited to the amount paid for it;
- 3.5.2 its liquidity does not compromise the ability of the ACD to comply with its obligation to redeem Shares at the request of any qualifying Shareholder under the FCA Handbook;
- 3.5.3 reliable valuation is available for it as follows:
 - 3.5.3.1 in the case of a transferable security admitted to or dealt in on an eligible market, where there are accurate, reliable and regular prices which are either market prices or prices made available by valuation systems independent from issuers;
 - 3.5.3.2 in the case of a transferable security not admitted to or dealt in on an eligible market, where there is a valuation on a periodic basis which is derived from information from the issuer of the transferable security or from competent investment research;
- 3.5.4 appropriate information is available for it as follows:
 - 3.5.4.1 in the case of a transferable security admitted to or dealt in on an eligible market, where there is regular, accurate and comprehensive

information available to the market on the transferable security or, where relevant, on the portfolio of the transferable security;

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

3.5.5 it is negotiable; and

3.5.6 its risks are adequately captured by the risk management process of the ACD.

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

3.6.1 not to compromise the ability of the ACD to comply with its obligation to redeem Shares at the request of any qualifying Shareholder; and

3.6.2 to be negotiable.

3.7 No more than 5% of the Scheme Property of a Sub-fund may be invested in warrants.

4. **Closed end funds constituting transferable securities**

4.1 A unit or a share in a closed end fund shall be taken to be a transferable security for the purposes of investment by a Sub-fund, provided it fulfils the criteria for transferable securities set out in paragraph 3.5 and either:

4.1.1 where the closed end fund is constituted as an investment company or a unit trust:

4.1.1.1 it is subject to corporate governance mechanisms applied to companies; and

4.1.1.2 where another person carries out asset management activity on its behalf, that person is subject to national regulation for the purpose of investor protection; or

4.1.2 Where the closed end fund is constituted under the law of contract:

4.1.2.1 it is subject to corporate governance mechanisms equivalent to those applied to companies; and

4.1.2.2 it is managed by a person who is subject to national regulation for the purpose of investor protection.

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

5.1 A Sub-fund may invest in any other investment which shall be taken to be a transferable security for the purposes of investment by a Sub-fund provided the investment:

5.1.1 fulfils the criteria for transferable securities set out in 3.5 above; and

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

5.2 Where an investment in 5.1 contains an embedded derivative component, the requirements of this section with respect to derivatives and forwards will apply to that component.

6. **Approved money-market instruments**

6.1 An approved money-market instrument is a money-market instrument which is normally dealt in on the money-market, is liquid and has a value which can be accurately determined at any time.

6.2 A money-market instrument shall be regarded as normally dealt in on the money-market if it:

6.2.1 has a maturity at issuance of up to and including 397 days;

6.2.2 has a residual maturity of up to and including 397 days;

6.2.3 undergoes regular yield adjustments in line with money-market conditions at least every 397 days; or

6.2.4 has a risk profile, including credit and interest rate risks, corresponding to that of an instrument which has a maturity as set out in 6.2.1 or 6.2.2 or is subject to yield adjustments as set out in 6.2.3.

6.3 A money-market instrument shall be regarded as liquid if it can be sold at limited cost in an adequately short time frame, taking into account the obligation of the ACD to redeem Shares at the request of any qualifying Shareholder.

6.4 A money-market instrument shall be regarded as having a value which can be accurately determined at any time if accurate and reliable valuations systems, which fulfil the following criteria, are available:

6.4.1 enabling the ACD to calculate a net asset value in accordance with the value at which the instrument held in the Scheme Property of a Sub-fund could be exchanged between knowledgeable willing parties in an arm's length transaction; and

6.4.2 based either on market data or on valuation models including systems based on amortised costs.

6.5 A money-market instrument that is normally dealt in on the money-market and is admitted to or dealt in on an eligible market shall be presumed to be liquid and have a value which can be accurately determined at any time unless there is information available to the ACD that would lead to a different determination.

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

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

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

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

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

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

7.1.5 recently issued transferable securities provided that:

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

7.1.5.2 such admission is secured within a year of issue.

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

7.2 Up to 5% of the Scheme Property of the Sub-funds may be invested in warrants.

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

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

8.2 Where a market ceases to be eligible, investments on that market cease to be approved securities. The 10% restriction in 7.1.6 above on investing in non approved securities applies and exceeding this limit because a market ceases to be eligible will generally be regarded as an inadvertent breach.

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

8.3.1 a regulated market as defined in the FCA Handbook;

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

8.3.3 any market within 8.4 below.

8.4 A market not falling within paragraph 8.3.3 of this Appendix is eligible for the purposes of COLL 5 if:

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

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

8.4.3 the Depositary has taken reasonable care to determine that:

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

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

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

8.6 The eligible markets for the Sub-funds are set out in Appendix II.

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

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

- 9.1.1 the issue or the issuer is regulated for the purpose of protecting Shareholders and savings; and
 - 9.1.2 the instrument is issued or guaranteed in accordance with paragraph 10 (Issuers and guarantors of money-market instruments) below.
- 9.2 The issue or the issuer of a money-market instrument, other than one dealt in on an eligible market, shall be regarded as regulated for the purpose of protecting Shareholders and savings if:
- 9.2.1 the instrument is an approved money-market instrument;
 - 9.2.2 appropriate information is available for the instrument (including information which allows an appropriate assessment of the credit risks related to investment in it), in accordance with paragraph 11 (Appropriate information for money-market instruments) below; and
 - 9.2.3 the instrument is freely transferable.

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

- 10.1 A Sub-fund may invest in an approved money-market instrument if it is:
- 10.1.1 issued or guaranteed by any one of the following:
 - 10.1.1.1 a central authority of an EEA State or, if the EEA State is a federal state, one of the members making up the federation;
 - 10.1.1.2 a regional or local authority of an EEA State;
 - 10.1.1.3 the European Central Bank or a central bank of an EEA State;
 - 10.1.1.4 the European Union or the European Investment Bank;
 - 10.1.1.5 a non-EEA State or, in the case of a federal state, one of the members making up the federation;
 - 10.1.1.6 a public international body to which one or more EEA States belong; or
 - 10.1.2 issued by a body, any securities of which are dealt in on an eligible market; or
 - 10.1.3 issued or guaranteed by an establishment which is:
 - 10.1.3.1 subject to prudential supervision in accordance with criteria defined by European Community law; or
 - 10.1.3.2 subject to and complies with prudential rules considered by the FCA to be at least as stringent as those laid down by European Community law.
- 10.2 An establishment shall be considered to satisfy the requirement in 10.1.3.2 if it is subject to and complies with prudential rules, and fulfils one or more of the following criteria:
- 10.2.1 it is located in the European Economic Area;
 - 10.2.2 it is located in an OECD country belonging to the Group of Ten;
 - 10.2.3 it has at least investment grade rating;

- 10.2.4 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 European Community law.

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

- 11.1 In the case of an approved money-market instrument within 10.1.2 or issued by a body of the type referred to in COLL 5.2.10EG, or which is issued by an authority within 10.1.1.2 or a public international body within 10.1.1.6 but is not guaranteed by a central authority within 10.1.1.1, the following information must be available:
- 11.1.1 information on both the issue or the issuance programme, and the legal and financial situation of the issuer prior to the issue of the instrument, verified by appropriately qualified third parties not subject to instructions from the issuer;
- 11.1.2 updates of that information on a regular basis and whenever a significant event occurs; and
- 11.1.3 available and reliable statistics on the issue or the issuance programme.
- 11.2 In the case of an approved money-market instrument issued or guaranteed by an establishment within 10.1.3, the following information must be available:
- 11.2.1 information on the issue or the issuance programme or on the legal and financial situation of the issuer prior to the issue of the instrument;
- 11.2.2 updates of that information on a regular basis and whenever a significant event occurs; and
- 11.2.3 available and reliable statistics on the issue or the issuance programme, or other data enabling an appropriate assessment of the credit risks related to investment in those instruments.
- 11.3 In the case of an approved money-market instrument:
- 11.3.1 within 10.1.1.1, 10.1.1.4 or 10.1.1.5; or
- 11.3.2 which is issued by an authority within 10.1.1.2 or a public international body within 10.1.1.6 and is guaranteed by a central authority within 10.1.1.1;

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

12. **Spread: general**

- 12.1 This rule on spread does not apply to government and public securities.
- 12.2 For the purposes of this requirement companies included in the same group for the purposes of consolidated accounts as defined in accordance with Directive 83/349/EEC or in the same group in accordance with international accounting standards are regarded as a single body.
- 12.3 Not more than 20% in the value of the Scheme Property of a Sub-fund is to consist of deposits with a single body.
- 12.4 Not more than 5% in value of the Scheme Property of a Sub-fund is to consist of transferable securities or approved money-market instruments issued by any single body except that the limit of 5% is raised to 10% in respect of up to 40% in value of the Scheme Property. Covered bonds need not be taken into account for the purposes of applying the limit of 40%). For these

purposes certificates representing certain securities are to be treated as equivalent to the underlying security.

- 12.5 The limit of 5% is raised to 25% in value of the Scheme Property in respect of covered bonds provided that when of a Sub-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.
- 12.6 The exposure to any one counterparty in an OTC derivative transaction must not exceed 5% in value of the Scheme Property of a Sub-fund. This limit is raised to 10% where the counterparty is an approved bank.
- 12.7 Not more than 20% in value of the Scheme Property of a Sub-fund is to consist of transferable securities and approved money-market instruments issued by the same group.
- 12.8 Not more than 20% in value of the Scheme Property of a Sub-fund is to consist of the units of any one collective investment scheme.
- 12.9 The COLL Sourcebook provides that in applying the limits in 12.3, 12.4 and 12.5 and subject to 12.6, not more than 20% in value of the Scheme Property of a Sub-fund is to consist of any combination of two or more of the following:
 - 12.9.1 transferable securities (including covered bonds) or approved money-market instruments issued by; or
 - 12.9.2 deposits made with; or
 - 12.9.3 exposures from OTC derivatives transactions made with;
a single body.

13. **Counterparty risk and issuer concentration**

- 13.1 The ACD must ensure that counterparty risk arising from an OTC derivative is subject to the limits set out in paragraphs 12.6 and 12.9 above.
- 13.2 Calculating the exposure of a Sub-fund to a counterparty in accordance with the limits in paragraph 12.6 the ACD must use the positive mark-to-market value of the OTC derivative contract with that counterparty.
- 13.3 An ACD may net the OTC derivative positions of a Sub-fund with the same counterparty, provided they are able legally to enforce netting agreements with the counterparty on behalf of the Sub-fund.
- 13.4 The netting agreements in paragraph 13.3 above are permissible only with respect to OTC derivatives with the same counterparty and not in relation to any other exposures the Sub-fund may have with that same counterparty.
- 13.5 The ACD may reduce the exposure of Scheme Property to a counterparty of an OTC derivative through the receipt of collateral. Collateral received must be sufficiently liquid so that it can be sold quickly at a price that is close to its pre-sale valuation.
- 13.6 The ACD must take collateral into account in calculating exposure to counterparty risk in accordance with the limits in paragraph 13.8 when it passes collateral to an OTC counterparty on behalf of a Sub-fund.
- 13.7 Collateral passed in accordance with paragraph 13.6 may be taken into account on a net basis only if the ACD is able legally to enforce netting arrangements with this counterparty on behalf of that Sub-fund.
- 13.8 The ACD must calculate the issuer concentration limits referred to in paragraph 12 on the basis of the underlying exposure created through the use of OTC derivatives pursuant to the commitment approach.
- 13.9 In relation to the exposure arising from OTC derivatives as referred to in paragraph 12.9 the ACD must include any exposure to OTC derivative counterparty risk in the calculation.

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

- 14.1 The following section applies in respect of a transferable security or an approved money market instrument ("such securities") that is issued by:
- 14.1.1 an EEA State;
 - 14.1.2 a local authority of an EEA State;
 - 14.1.3 a non-EEA State; or
 - 14.1.4 a public international body to which one or more EEA States belong.
- 14.2 Where no more than 35% in value of the Scheme Property of a Sub-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.
- 14.3 The Company or a Sub-fund may invest more than 35% in value of the Scheme Property in such securities issued by any one body provided that:
- 14.3.1 the ACD has before any such investment is made consulted with the Depositary and as a result considers that the issuer of such securities is

one which is appropriate in accordance with the investment objectives of the relevant Sub-fund;

- 14.3.2 no more than 30% in value of the Scheme Property consists of such securities of any one issue;
 - 14.3.3 the Scheme Property includes such securities issued by that or another issuer, of at least six different issues; and
 - 14.3.4 the disclosures required by the FCA have been made.
- 14.4 Notwithstanding 12.1 and subject to 14.2 and 14.3 above, in applying the 20% limit in paragraph 12.9 with respect to a single body, such securities issued by that body shall be taken into account.
- 14.5 The list of issuers of such securities in which the Company may invest up to 100% of the Scheme Property of each Sub-fund are set out in Appendix II.

15. **Investment in collective investment schemes**

- 15.1 Up to 10% of the value of the Scheme Property of a Sub-fund may be invested in units or shares in other collective investment schemes ("Second Scheme") provided that the Second Scheme satisfies all of the following conditions and provided that no more than 30% in value of the Scheme Property of a Sub-fund is invested in Second Schemes within paragraphs 15.1.1.2 to 15.1.1.5.
- 15.1.1 The Second Scheme must:
 - 15.1.1.1 satisfy the conditions necessary for it to enjoy the rights conferred by the UCITS Directive; or
 - 15.1.1.2 be recognised under the provisions of s.272 of the Financial Conduct and Markets Act 2000; or
 - 15.1.1.3 be authorised as a non-UCITS retail scheme (provided the requirements of Article 50(1)(e) of the UCITS Directive are met);
 - 15.1.1.4 be authorised in another EEA State provided the requirements of Article 50(1)(e) of the UCITS Directive are met; or
 - 15.1.1.5 be authorised by the competent authority of an OECD member country (other than another EEA State) which has:
 - (a) signed the IOSCO Multilateral Memorandum of Understanding; and
 - (b) approved the Second Scheme's management company, rules and depositary/custody arrangements;(provided the requirements of article 50(1) (e) of the UCITS Directive are met).
 - 15.1.2 The Second Scheme must comply, where relevant with COLL 5.2.15R (Investment in associated collective investment schemes) and COLL 5.2.16R (Investment in other group schemes);
 - 15.1.3 The Second Scheme has terms which prohibit more than 10% in value of its scheme property consisting of units in collective investment schemes.

- 15.1.4 Where the Second Scheme is an umbrella, the provisions of paragraphs 15.1.3 to 15.1.4 apply to each Sub-fund as if it were a separate scheme.
- 15.2 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 15.3 below.
- 15.3 A Sub-fund may invest in or dispose of Shares of a Second Sub-fund provided that:
- 15.3.1 the Second Sub-fund does not hold Shares in any other Sub-fund of the Company; and
- 15.3.2 the requirements set out at paragraphs 15.5 and 15.7 below are complied with.
- 15.4 The Sub-funds may, subject to the limit set out in paragraph 15.1 above, invest in collective investment schemes managed or operated by, or whose authorised corporate director is, the ACD of a Sub-fund or one of its associates.
- 15.5 If a substantial proportion of a Sub-fund's assets are invested in other collective investment schemes, the maximum level of management fees that may be charged by an investee collective investment scheme to a Sub-fund will be 0.10%.
- 15.6 Investment may only be made in a Second Sub-fund or other collective investment schemes managed by the ACD or an associate of the ACD if the Sub-fund's prospectus of the Company clearly states that the Sub-funds may enter into such investments and the rules on double charging contained in the COLL Sourcebook are complied with.
- 15.7 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 Sub-fund 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.

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

- 16.1 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 a Sub-fund, at the time when payment is required, without contravening the rules in COLL 5.

17. **Derivatives: general**

The Investment Manager may employ derivatives solely for the purposes of Efficient Portfolio Management (including hedging) and/or meeting the investment objectives of the Sub-funds with the aim of reducing the risk profile of the Sub-funds, or reducing costs, or generating additional capital or income, in accordance with Efficient Portfolio Management.

- 17.1 A transaction in derivatives or a forward transaction must not be effected for a Sub-fund unless the transaction is of a kind specified in paragraph 19 (Permitted transactions (derivatives and forwards) below); and the transaction is covered, as required by paragraph 35 (Cover for investments in derivatives and forward transactions).
- 17.2 Where a Sub-fund 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.

- 17.3 Where a transferable security or approved money-market instrument embeds a derivative, this must be taken into account for the purposes of complying with this section.
- 17.4 A transferable security or an approved money-market instrument will embed a derivative if it contains a component which fulfils the following criteria:
- 17.4.1 by virtue of that component some or all of the cash flows that otherwise would be required by the transferable security or approved money-market instrument which functions as host contract can be modified according to a specified interest rate, financial instrument price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, and therefore vary in a way similar to a stand-alone derivative;
 - 17.4.2 its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and
 - 17.4.3 it has a significant impact on the risk profile and pricing of the transferable security or approved money-market instrument.
- 17.5 A transferable security or an approved money-market instrument does not embed a derivative where it contains a component which is contractually transferable independently of the transferable security or the approved money-market instrument. That component shall be deemed to be a separate instrument.
- 17.6 Where a Sub-fund invests in an index based derivative, provided the relevant index falls within paragraph 30.5 (Relevant Indices) 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.
- 17.7 The relaxation in 17.6 above is subject to the ACD taking account of COLL 5.6.3 (Prudent spread of risk) set out in paragraph 1.1 above.

18. **Efficient Portfolio Management**

- 18.1 The Company may utilise the Scheme Property to enter into derivatives and forward transactions for the purposes of EPM. EPM permits techniques and instruments that relate to transferable securities and money market instruments and satisfy the following criteria:
- 18.2 the transaction must be, economically appropriate to EPM, in that it is realised in a cost effective way, that is:
- 18.2.1 the exposure on the transaction must be fully covered; and,
 - 18.2.2 the transaction must be entered into for one of the following specific aims:
 - (a) the reduction of risk;
 - (b) the reduction of costs; or
 - (c) the generation of additional capital or income for a Sub-fund with a risk level which is consistent with the risk profile of the Sub-fund and the risk diversification rules laid down in COLL.
- 18.3 A transaction which is regarded as speculative will not be permitted.

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

- 19.1 A transaction in a derivative must be:
- 19.1.1 in an approved derivative; or

- 19.1.2 be one which complies with paragraph 23 (OTC transactions in derivatives).
- 19.2 A transaction in a derivative must have the underlying consisting of any one or more of the following to which a Sub-fund is dedicated:
 - 19.2.1 transferable securities;
 - 19.2.2 approved money-market instruments permitted under paragraphs 7.1.1 to 7.1.4;
 - 19.2.3 permitted deposits;
 - 19.2.4 derivatives and forward transactions permitted under this section;
 - 19.2.5 collective investment scheme units permitted under paragraph (Investment in collective investment schemes);
 - 19.2.6 financial indices which satisfy the criteria in COLL 5.2.20AR (Financial indices underlying derivatives) set out in paragraph 20 below;
 - 19.2.7 interest rates;
 - 19.2.8 foreign exchange rates; and
 - 19.2.9 currencies.
- 19.3 A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market. A list of the current eligible derivatives markets is set out in Appendix II. Further derivatives markets may be added following consultation with the Depositary in accordance with COLL.
- 19.4 A transaction in a derivative must not cause a Sub-fund to diverge from its investment objectives as stated in the Instrument of Incorporation and the most recently published version of this Prospectus.
- 19.5 A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more transferable securities, approved money-market instruments, units in collective investment schemes, or derivatives provided that a sale is not to be considered as uncovered if the conditions in paragraph 22 are satisfied.
- 19.6 Any forward transaction must be with an Eligible Institution or an Approved Bank (as defined in the glossary to the FCA Handbook).
- 19.7 A derivative includes an investment which fulfils the following criteria:
 - 19.7.1 it allows transfer of the credit risk of the underlying independently from the other risks associated with that underlying;
 - 19.7.2 it does not result in the delivery or the transfer of assets other than those referred to in COLL 5.2.6AR, including cash;
 - 19.7.3 in the case of an OTC derivative, it complies with the requirements in paragraph 23; and
 - 19.7.4 its risks are adequately captured by the risk management process of the ACD and by its internal control mechanisms in the case of risk asymmetry of information between the ACD and the counterparty to the derivative resulting from the potential access of the counterparty to non-public information on persons whose assets are used as the underlying by that derivative.

19.8 A Sub-fund may not undertake transactions in derivatives on commodities.

20. **Financial indices underlying derivatives**

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

20.1.1 the index is sufficiently diversified;

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

20.1.3 the index is published in an appropriate manner.

20.2 A financial index is sufficiently diversified if:

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

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

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

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

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

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

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

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

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

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

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

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

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

22. **Requirement to cover sales**

- 22.1 No agreement by or on behalf of a Sub-fund to dispose of property or rights may be made unless:
- 22.1.1 the obligation to make the disposal and any other similar obligation could immediately be honoured by a Sub-fund by delivery of property or the assignment (or, in Scotland, assignation) of rights; and the property and rights at 22.1.1 are owned by a Sub-fund at the time of the agreement. This requirement does not apply to a deposit.

23. **OTC transactions in derivatives**

- 23.1 Any transaction in an OTC derivative under paragraph 19 must be:
- 23.1.1 with an approved counterparty; A counterparty to a transaction in derivatives is approved only if the counterparty is an Eligible Institution or an Approved Bank; or a person whose permission (including any requirements or limitations), as published in the FCA Register or whose Home State authorisation, permits it to enter into the transaction as principal off-exchange;
- 23.1.2 on approved terms; the terms of the transaction in derivatives are approved only if, the ACD carries out, at least daily, a reliable and verifiable valuation in respect of that transaction corresponding to its fair value and which does not rely only on market quotations by the counterparty and can enter into one or more further transaction to sell, liquidate or close out that transaction at any time, at a fair value;
- 23.1.3 capable of reliable valuation; a transaction in derivatives is capable of reliable valuation only if the ACD having taken reasonable care determines that, throughout the life of the derivative (if the transaction is entered into), it will be able to value the investment concerned with reasonable accuracy:
- 23.1.3.1 on the basis of an up-to-date market value which the ACD and the Depositary have agreed is reliable; or
- 23.1.3.2 if the value referred to in paragraph 23.1.3.1 is not available, on the basis of a pricing model which the ACD and the Depositary have agreed uses an adequate recognised methodology; and
- 23.1.4 subject to verifiable valuation: a transaction in derivatives is subject to verifiable valuation only if, throughout the life of the derivative (if the transaction is entered into) verification of the valuation is carried out by:
- 23.1.4.1 an appropriate third party which is independent from the counterparty of the derivative at an adequate frequency and in such a way that the ACD is able to check it; or
- 23.1.4.2 a department within the ACD which is independent from the department in charge of managing a Sub-fund and which is adequately equipped for such a purpose.
- 23.2 For the purposes of paragraph 23.1.2, “fair value” is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction.

24. **Valuation of OTC derivatives**

24.1 For the purposes of paragraph 23.1.2 the ACD must:

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

24.1.2 ensure that the fair value of OTC derivatives is subject to adequate, accurate and independent assessment.

24.2 Where the arrangements and procedures referred to in paragraph 24.1 above involve the performance of certain activities by third, the ACD must comply with the requirements in SYSC 8.1.13 R (Additional requirements for a management company) and COLL 6.6A.4 R (4) to (6) (Due diligence requirements of AFMs of UCITS schemes).

24.3 The arrangements and procedures referred to in 24.1 must be:

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

24.3.2 Adequately documented.

25. **Risk management**

25.1 The ACD uses a risk management process (including a risk management policy) in accordance with COLL 6.12, as reviewed by the Depositary and filed with the FCA, enabling it to monitor and measure at any time the risk of a Sub-funds positions and their contribution to the overall risk profile of a Sub-fund. The following details of the risk management process must be regularly notified to the FCA and at least on an annual basis:

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

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

25.2 The ACD must notify the FCA in advance of any material alteration to the details above.

26. **Investments in deposits**

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

27. **Significant influence**

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

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

27.1.2 the acquisition gives the Company that power.

27.2 For the purposes of paragraph 27.1, the Company is to be taken to have power significantly to influence the conduct of business of a body corporate if it can, because of the transferable

securities held by it, exercise or control the exercise of 20% or more of the voting rights in that body corporate (disregarding for this purpose any temporary suspension of voting rights in respect of the transferable securities of that body corporate).

28. **Concentration**

The Company:

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

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

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

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

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

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

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

29. **Derivative exposure**

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

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

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

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

30. **Schemes replicating an index**

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

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

- 30.3 The 20% limit can be raised for a particular Sub-fund up to 35% in value of its Scheme Property, but only in respect of one body and where justified by exceptional market conditions.
- 30.4 In the case of a Sub-fund replicating an index the Scheme Property of a Sub-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 a Sub-fund in trading in an underlying investment.
- 30.5 The indices referred to above are those which satisfy the following criteria:
- 30.5.1 the composition is sufficiently diversified;
 - 30.5.2 the index is a representative benchmark for the market to which it refers; and
 - 30.5.3 the index is published in an appropriate manner.
- 30.6 The composition of an index is sufficiently diversified if its components adhere to the spread and concentration requirements in this section.
- 30.7 An index represents an adequate benchmark if its provider uses a recognised methodology which generally does not result in the exclusion of a major issuer of the market to which it refers.
- 30.8 An index is published in an appropriate manner if:
- 30.8.1 it is accessible to the public;
 - 30.8.2 the index provider is independent from the index-replicating UCITS scheme; this does not preclude index providers and the UCITS scheme from forming part of the same group, provided that effective arrangements for the management of conflicts of interest are in place.

31. **Cover for investment in derivatives and forward transactions**

- 31.1 A Sub-fund may invest in derivatives and forward transactions as part of its investment policy provided its global exposure relating to derivatives and forward transactions held in a Sub-fund does not exceed the net value of the Scheme Property.
- 31.2 The ACD must calculate its global exposure on at least a daily basis.
- 31.3 For the purposes of this section, exposure must be calculated taking into account the current value for the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions.

32. **Borrowing**

- 32.1 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 31 of this Appendix except where 32.2 applies.
- 32.2 Where, for the purposes of this paragraph a Sub-fund borrows an amount of currency from an Eligible Institution or an Approved Bank; and keeps an amount in another currency, at least equal to such borrowing for the time being in 32.1 on deposit with the lender (or their agent or nominee), then this paragraph 32.2 applies as if the borrowed currency, and not the deposited currency, were part of the Scheme Property.

33. **Calculation of global exposure**

- 33.1 The ACD must calculate the global exposure of a Sub-fund on at least a daily basis.
- 33.2 The ACD must calculate the global exposure of any Sub-fund it manages either as:
- 33.2.1 The incremental exposure and leverage generated through the use of derivatives and forward transactions (including embedded derivatives as referred to in paragraph 17 (Derivatives: general), which may not exceed 100% of the net value of the Scheme Property; or
 - 33.2.2 The market risk of the Scheme Property.
- 33.3 For the purposes of this section exposure must be calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions.
- 33.4 The ACD must calculate the global exposure of a Sub-fund by using:
- 33.4.1 commitment approach; or
 - 33.4.2 the value at risk approach.
- 33.5 The ACD must ensure that the method selected above is appropriate, taking into account:
- 33.5.1 the investment strategy pursued by the Sub-fund;
 - 33.5.2 types and complexities of the derivatives and forward transactions used; and
 - 33.5.3 the proportion of the Scheme Property comprising derivatives and forward transactions.

34. **Cash and near cash**

- 34.1 Cash and near cash must not be retained in the Scheme Property of the Sub-funds except to the extent that, where this may reasonably be regarded as necessary in order to enable:
- 34.1.1 the pursuit of a Sub-fund's investment objectives; or
 - 34.1.2 redemption of shares; or
 - 34.1.3 efficient management of a Sub-fund in accordance with its investment objectives; or
 - 34.1.4 other purposes which may reasonably be regarded as ancillary to the investment objectives of a Sub-fund.
- 34.2 During the period of the initial offer the Scheme Property of the Sub-funds may consist of cash and near cash without limitation.

35. **General**

- 35.1 It is envisaged that a Sub-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 units, efficient management of a Sub-fund or any one purpose which may reasonably be regarded as ancillary to the investment objectives of a Sub-fund.
- 35.2 Where the Company 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.

- 35.3 A potential breach of any of these limits does not prevent the exercise of rights conferred by investments held by a Sub-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.
- 35.4 The COLL Sourcebook permits the ACD to use certain techniques when investing in derivatives in order to manage a Sub-fund's exposure to particular counterparties and in relation to the use of collateral to reduce overall exposure with respect to OTC derivatives; for example a Sub-fund may take collateral from counterparties with whom they have an OTC derivative position and use that collateral to net off against the exposure they have to the counterparty under that OTC derivative position, for the purposes of complying with counterparty spread limits. The COLL Sourcebook also permits a Sub-fund to use derivatives to effectively short sell (agree to deliver the relevant asset without holding it in a Sub-fund) under certain conditions.

36. **Underwriting**

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

37. **General power to borrow**

- 37.1 The Company may, on the instructions of the ACD and subject to the COLL Sourcebook, borrow money from an Eligible Institution or an Approved Bank for the use of the Sub-funds on terms that the borrowing is to be repayable out of the Scheme Property. 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.
- 37.2 The ACD must ensure that borrowing does not, on any business day, exceed 10% of the value of a Sub-fund.
- 37.3 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).

38. **Restrictions on lending of money**

- 38.1 None of the money in the Scheme Property of a Sub-fund may be lent and, for the purposes of this paragraph, money is lent by a Sub-fund if it is paid to a person ("the payee") on the basis that it should be repaid, whether or not by the payee.
- 38.2 Acquiring a debenture is not lending for the purposes of paragraph 38.1 nor is the placing of money on deposit or in a current account.
- 38.3 Nothing in paragraph 38.1 prevents the Company from providing an officer of the Company with funds to meet expenditure to be incurred by him for the purposes of the Company (or for the purposes of enabling him properly to perform his duties as an officer of the Company) or from doing anything to enable an officer to avoid incurring such expenditure.

39. **Restrictions on lending of property other than money**

- 39.1 Scheme Property of the Sub-funds other than money must not be lent by way of deposit or otherwise.

- 39.2 The Scheme Property of the Sub-funds must not be mortgaged.
- 39.3 Where transactions in derivatives or forward transactions are used for the account of the Company in accordance with COLL 5, nothing in this paragraph prevents the Company or the Depositary at the request of the Company: from lending, depositing, pledging or charging its Scheme Property for margin requirements; or 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.

40. **General power to accept or underwrite placings**

- 40.1 Any power in COLL 5 to invest in transferable securities may be used for the purpose of entering into transactions to which this section applies, subject to compliance with any restriction in the Instrument of Incorporation. This section applies, to any agreement or understanding: which is an underwriting or sub-underwriting agreement, or which contemplates that securities will or may be issued or subscribed for or acquired for the account of a Sub-fund.
- 40.2 This ability does not apply to an option, or a purchase of a transferable security which confers a right to subscribe for or acquire a transferable security, or to convert one transferable security into another.
- 40.3 The exposure of a Sub-fund to agreements and understandings as set out above, must on any Business Day be covered and be such that, if all possible obligations arising under them had immediately to be met in full, there would be no breach of any limit in the COLL Sourcebook.

41. **Guarantees and indemnities**

- 41.1 The Company or the Depositary for the account of the Company or a Sub-fund must not provide any guarantee or indemnity in respect of the obligation of any person.
- 41.2 None of the Scheme Property may be used to discharge any obligation arising under a guarantee or indemnity with respect to the obligation of any person.
- 41.3 Paragraphs 41.1 and 41.2 do not apply to any indemnity or guarantee given for margin requirements where the derivatives or forward transactions are being used in accordance with COLL 5, and:
- 41.3.1 an indemnity falling within the provisions of regulation 62(3) (Exemptions from liability to be void) of the OEIC Regulations;
 - 41.3.2 an indemnity (other than any provision in it which is void under regulation 62 of the OEIC Regulations) given to the Depositary against any liability incurred by it as a consequence of the safekeeping of any of the Scheme Property by it or by anyone retained by it to assist it to perform its function of the safekeeping of the Scheme Property; and
 - 41.3.3 an indemnity given to a person winding up a scheme if the indemnity is given for the purposes of arrangements by which the whole or part of the property of that scheme becomes the first property of the Company and the holders of units in that scheme become the first Shareholders in the Company.

42. **Securities Financing Transactions Regulation (the "SFTR")**

Where a Sub-fund makes use of, or is engaged in a repurchase transaction, securities or commodities lending and securities or commodities borrowing, a repurchase transaction, a buy-sell back transaction or sell-buy back transaction and/or a margin lending transaction, the ACD is required to include additional disclosures in the Prospectus in accordance with the SFTR. The Sub-funds do not currently make use of, and are not engaged in, any such transactions.

APPENDIX IV

PAST PERFORMANCE

Performance data at 30 June 2018.

Performance figures are shown in sterling net of income and of the fund management fee.

Percentage performance shown for income shares.

| Sub-fund | 19/10/2016- 30/06/2017 | 01/07/2017- 30/06/2018 |
|------------------------------------|---------------------------|---------------------------|
| Zurich Horizon Monthly Income Plus | 3.84% | -1.73% |

APPENDIX V

List of other authorised collective investment schemes operated by the ACD

The ACD also acts as authorised corporate director of ZURICH INVESTMENT FUNDS ICVC.

APPENDIX VI

Sub-custodians as referred to at paragraph 6.3.2

| Country | Sub-custodian | Sub-delegates |
|--|---|--|
| Argentina | Citibank N.A., Buenos Aires Branch | |
| Australia | The Hongkong and Shanghai Banking Corporation Limited | HSBC Bank Australia Limited |
| Austria | UniCredit Bank Austria A.G | |
| Bangladesh | Standard Chartered Bank | |
| Belgium | Deutsche Bank AG | |
| Bermuda | The Hongkong and Shanghai Banking Corporation Limited | HSBC Bank Bermuda Limited |
| Bosnia and Herzegovina (Federation of Bosnia- Herzegovina) | Raiffeisen Bank International AG | Raiffeisen Bank Bosnia DD BiH |
| Bosnia and Herzegovina (Republic of Srpska) | Raiffeisen Bank International AG | Raiffeisen Bank Bosnia DD BiH |
| Botswana | Standard Chartered Bank Botswana Limited | |
| Brazil | Citibank, N.A., Brazilian Branch | Citibank Distribuidora de Títulos e Valores Mobiliários S.A ("DTVM") |
| Bulgaria | Citibank Europe plc, Bulgaria Branch | |
| Canada | The Northern Trust Company, Canada | |
| Canada* | Royal Bank of Canada | |
| Chile | Citibank N.A. | Banco de Chile |
| China B | The Hongkong and Shanghai Banking Corporation Limited | HSBC Bank (China) Company Limited |
| Clearstream | Clearstream Banking S.A., | No applicable |
| Colombia | Cititrust Colombia S.A. Sociedad Fiduciaria | |
| Costa Rica | Banco Nacional de Costa Rica | |
| Croatia | UniCredit Bank Austria A.G. | Zagrebacka Banka d.d. |
| Cyprus | Citibank Europe PLC | |
| Czech Republic | UniCredit Bank Czech Republic and Slovakia, a.s. | |
| Denmark | Nordea Bank AB (publ) | |
| Egypt | Citibank, N.A., Cairo Branch | |
| Estonia | Swedbank AS | |
| Finland | Nordea Bank AB (publ) | |

| | | |
|---|--|-------------------------------|
| France | The Northern Trust Company | |
| Germany | Deutsche Bank AG | |
| Ghana | Standard Chartered Bank Ghana Limited | |
| Greece | Citibank Europe PLC | |
| Hong Kong | The Hongkong and Shanghai Banking Corporation Limited | |
| Hong Kong (Stock Connect Shanghai/Shenzhen) | The Hongkong and Shanghai Banking Corporation Limited | |
| Hungary | UniCredit Bank Hungary Zrt | |
| India | Citibank, N.A. | |
| Indonesia | Standard Chartered Bank | |
| Ireland | Euroclear UK and Ireland Limited (Northern Trust self-custody)* | |
| Israel | Bank Leumi Le-Israel BM | |
| Italy | Deutsche Bank SpA | |
| Japan | The Hongkong and Shanghai Banking Corporation Limited | |
| Jordan | Standard Chartered Bank | |
| Kazakhstan | Citibank Kazakhstan JSC | |
| Kenya | Standard Chartered Bank Kenya Limited | |
| Kuwait | The Hongkong and Shanghai Banking Corporation Limited | HSBC Bank Middle East Limited |
| Latvia | Swedbank AS | |
| Lithuania | AB SEB Bankas | |
| Luxembourg | Euroclear Bank S.A. / N.V | |
| Malaysia | The Hongkong and Shanghai Banking Corporation Limited | HSBC Bank Malaysia Berhad |
| Mauritius | The Hongkong and Shanghai Banking Corporation Limited | |
| Mexico | Banco Nacional de Mexico, S.A. integrante del Grupo Financiero Banamex | |
| Morocco | Societe Generale Marocaine de Banques | |
| Namibia | Standard Bank Namibia Ltd | |
| Netherlands | Deutsche Bank AG | |
| New Zealand | The Hongkong and Shanghai Banking Corporation Limited | |
| Nigeria | Stanbic IBTC Bank Plc | |

| | | |
|----------------------------|---|---|
| Norway | Nordea Bank AB (publ) | |
| Oman | The Hongkong and Shanghai Banking Corporation Limited | HSBC Bank Oman S.A.O.G |
| Pakistan | Citibank, N.A., Karachi Branch | |
| Panama | Citibank, N.A., Panama Branch | |
| Peru | Citibank del Peru S.A. | |
| Philippines | The Hongkong and Shanghai Banking Corporation Limited | |
| Poland | Bank Polska Kasa Opieki Spółka Akcyjna | |
| Portugal | BNP Parisbas Securities Services | |
| Qatar | The Hongkong and Shanghai Banking Corporation Limited | HSBC Bank Middle East Limited |
| Romania | Citibank Europe PLC | |
| Russia | AO Citibank | |
| Saudi Arabia | The Hongkong and Shanghai Banking Corporation Limited | HSBC Saudi Arabia |
| Serbia | UniCredit Bank Austria A.G. | UniCredit Bank Serbia JSC |
| Singapore | DBS Bank Ltd | |
| Slovakia | Citibank Europe PLC | |
| Slovenia | UniCredit Banka Slovenija d.d. | |
| South Africa | The Standard Bank of South Africa Limited | |
| South Korea | The Hongkong and Shanghai Banking Corporation Limited | |
| Spain | Deutsche Bank SAE | |
| Sri Lanka | Standard Chartered Bank | |
| Swaziland | Standard Bank Swaziland Ltd | Not applicable |
| Sweden | Svenska Handelsbanken AB (publ) | |
| Switzerland | Credit Suisse (Switzerland) Ltd | |
| Taiwan | Bank of Taiwan | |
| Tanzania | Standard Chartered Bank (Mauritius) Limited | Standard Chartered Bank Tanzania Limited |
| Thailand | Citibank, N.A., Bangkok Branch | |
| Tunisia | Union Internationale De Banques | |
| Turkey | Deutsche Bank AG & Deutsche Bank AS | |
| Uganda | Standard Chartered Bank Uganda Limited | |
| United Arab Emirates (ADX) | The Hongkong and Shanghai Banking Corporation Limited | HSBC Bank Middle East Limited (DIFC) Branch |

| | | |
|-------------------------------|--|---|
| United Arab Emirates (DFM) | The Hongkong and Shanghai Banking Corporation Limited | HSBC Bank Middle East Limited (DIFC) Branch |
| United Arab Emirates (NASDAQ) | The Hongkong and Shanghai Banking Corporation Limited | HSBC Bank Middle East Limited (DIFC) Branch |
| United Kingdom | Euroclear UK and Ireland Limited (Northern Trust self-custody) | |
| United States | The Northern Trust Company | |
| Uruguay | Banco Itau Uruguay S.A. | |
| Vietnam | The Hongkong and Shanghai Banking Corporation Limited | HSBC Bank (Vietnam) Ltd |
| Zambia | Standard Chartered Bank Zambia PLC | |

* The Royal Bank of Canada serves as The Northern Trust Company's sub-custodian for securities not eligible for settlement in Canada's local central securities depository.

APPENDIX VII

DIRECTORY

The Company and head office:

Zurich Horizon Investment Funds ICVC
Tricentre 1
New Bridge Square
Swindon
SN1 1HN

Depository:

Northern Trust Global Services SE
50 Bank Street
Canary Wharf
London
E14 5NT

Authorised corporate director:

Zurich Investment Services (UK) Limited
The Grange
Bishops Cleeve
Cheltenham
Gloucestershire
GL52 8XX

Registrar:

Northern Trust Global Services SE
PO Box 3733
Royal Wootton Bassett
Swindon
SN4 4BG

ACD client services:

ACD Website Address: www.zurichhorizon.co.uk

ACD Contact Number: 0333 300 0382
(National call rates apply)

Auditors:

PricewaterhouseCoopers LLP
2 Glass Wharf
Bristol
BS2 0FR

Investment Manager:

T. Rowe Price International Ltd
60 Queen Victoria Street
London
EC4N 4TZ

