

River and Mercantile Funds ICVC

Principal Prospectus

Prepared in accordance with the Collective Investment Schemes Sourcebook

Dated and valid as at 5th April 2011

Authorised Corporate Director

River and Mercantile Asset Management LLP
30 Coleman Street
London
EC2R 5AL
(authorised and regulated by the Financial Services Authority)

Registered and Head Office of the Company

30 Coleman Street
London
EC2R 5AL

Depositary

BNY Mellon Trust & Depositary (UK) Limited
The Bank of New York Mellon Centre
160 Queen Victoria Street
London
EC4V 4LA

Auditors

PricewaterhouseCoopers LLP
Hay's Galleria
1 Hays Lane
London
SE1 2RD

Administrators and Registrars

The Bank of New York Mellon (International) Limited
The Bank of New York Mellon Centre
160 Victoria Street
London
EC4V 4LA
(authorised and regulated by the Financial Services Authority)

Address where Register will be kept

BNY Mellon House
Ingrave Road
Brentwood
Essex
CM15 8TG

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1. INTERPRETATION

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

"ACD"	being River and Mercantile Asset Management LLP or such other person appointed from time to time by the Company or otherwise pursuant to the Regulations as the authorised corporate director of the Company;
"Act"	the Financial Services and Markets Act 2000;
"Administrator"	Bank of New York Mellon (International) Limited or such other person appointed from time to time to be the administrator of the Company;
"Business Day"	Monday to Friday excluding UK public and bank holidays or any day on which the London Stock Exchange is not open for the normal full duration of its trading hours;
"Company"	River and Mercantile Funds ICVC;
"Covered Bonds"	means in general a bond that is issued by a credit institution which has its registered office in an EEA state and is subject by special law to public supervision designed to protect bondholders and in particular protection under which sums deriving from the issue of the bond must be invested in conformity with the law in assets which, during the whole period of validity of the bond, are capable of covering claims attaching to the bond and which, in the event of failure of the issuer, would be used on a priority basis for the reimbursement of the principal and payment of the accrued interest, and which may be collateralised;
"Depositary"	BNY Mellon Trust & Depositary (UK) Limited or such other person appointed from time to time by the Company or otherwise pursuant to the Regulations to which all of the scheme property of the Company is entrusted for safe keeping pursuant to the Regulations;
"Directors"	the directors of the Company for the time being (including the ACD) or, as the case may be, the directors of the Company for the time being assembled as a board including any committee of such board;
"Eligible Market(s)"	means a regulated market; a market in an EEA state which is regulated, operates regularly and is open to the public; or the ACD after consultation with and notification to the Depositary, decides that market is appropriate for investment of, or dealing in, the scheme property, the market is listed in the prospectus, and the Depositary has taken reasonable care to determine that adequate custody arrangements

can be provided and all reasonable steps have been taken by the ACD in deciding whether that market is eligible;

"FSA"	Financial Services Authority, 25 The North Colonnade, Canary Wharf, London, E14 5HS;
"Funds"	the sub-funds from time to time of the Company and "Fund" shall mean one of the sub-funds;
"Collective Investment Schemes Sourcebook" or "COLL"	the Collective Investment Schemes Sourcebook issued by the FSA pursuant to the Act (as amended from time to time);
"OEIC Regulations"	Open-Ended Investment Companies Regulations 2001 (as amended from time to time);
"Registrar"	Bank of New York Mellon (International) Limited or such other person appointed from time to time to be the registrar of the Company;
"Regulations"	the OEIC Regulations and the rules and directions contained in the Collective Investment Schemes Sourcebook;
"UCITS Directive"	a Council Directive of 20 December 1985 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (as amended);
"UCITS Scheme"	a fund authorised by the FSA which complies with the conditions necessary for it to enjoy the rights conferred by the UCITS Directive.

THIS PROSPECTUS IS IMPORTANT

IF YOU ARE IN ANY DOUBT AS TO THE MEANING OF ANY INFORMATION CONTAINED IN THIS PROSPECTUS, YOU SHOULD CONSULT THE ACD OR YOUR FINANCIAL ADVISER.

This Prospectus is intended for distribution in the United Kingdom. Its distribution may be restricted in other countries. It does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is unlawful or in which the person making such offer or solicitation is not qualified so to do, or to anyone to whom it is unlawful to make such an offer or solicitation. Intending investors should investigate and observe the legal requirements within their own countries for the acquisition of shares of the Company and any taxation or exchange control legislation affecting them personally, including the obtaining of any necessary governmental or other consents and the observation of any other formalities.

2. CONSTITUTION

The Company is an investment company with variable capital incorporated under the OEIC Regulations. It is a UCITS scheme as defined in COLL and also an umbrella company for the purposes of the OEIC Regulations. The Company is incorporated in England and Wales with registered number IC000489. The head office of the Company is 30 Coleman Street,

London, EC2R 5AL. This is also the address for the service on the Company of notices or other documents required or authorised to be served on it.

The Company shall issue shares in the following Funds:

- **River and Mercantile UK Equity High Alpha Fund;**
- **River and Mercantile UK Equity Smaller Companies Fund;**
- **River and Mercantile UK Equity Unconstrained Fund;**
- **River and Mercantile UK Equity Long Term Recovery Fund;**
- **River and Mercantile UK Equity Income Fund;**
- **River and Mercantile Global Equity Fund;**
- **River and Mercantile Global Opportunities Fund; and**
- **River and Mercantile Global High Income Fund.**

The property attributable to each of the Funds is managed as if such fund belonged to the "UCITS Scheme" category as specified in COLL. Subject to the terms set out in this Prospectus, holders of shares in a Fund are entitled to receive (or, in the case of accumulation shares, to have re-invested) the net income derived from the Fund and to redeem their shares at a price linked to the value of the property of the Fund. Shareholders do not have any proprietary interest in the underlying assets of any Fund. The shareholders of the Company will not be liable for the debts of the Company.

The base currency for the Company is pounds sterling. The maximum size of the Company's capital is £100,000,000,000 and the minimum size is £1.

The Company was authorised by an order made by FSA with effect from 2nd October 2006. The operation of the Company is governed by the Regulations, the Company's Instrument of Incorporation and this Prospectus.

3. INVESTMENT OBJECTIVES AND POLICIES

The investment objective and policy of each of the Funds is set out below. The base currency of each Fund is pounds sterling (or such other currency as shall be the lawful currency of England and Wales from time to time).

River and Mercantile UK Equity High Alpha Fund

The investment objective of the Fund is to achieve capital growth.

The Fund will achieve its investment objective by investing in a focussed portfolio of investments which shall primarily consist of UK equities which offer the prospect of superior long term growth.

For these purposes UK equities includes, but is not limited to, equities listed in the UK, equities of companies domiciled in the UK and equities of companies which have substantial

operating activities in the UK. In addition to equities, the asset classes in which the Fund may invest includes transferable securities, units in collective investment schemes, money market instruments, cash and near cash and deposits to the extent permitted for UCITS schemes pursuant to the rules in COLL and in accordance with the Fund's investment powers as set out in Appendix 1 to this Prospectus. Whilst the Company (and any further sub-funds which may be established subsequently) is permitted to invest in derivatives and forward transactions for investment purposes, the Fund may invest in derivatives and forward transactions for hedging purposes only.

River and Mercantile UK Equity Smaller Companies Fund

The investment objective of the Fund is to achieve capital growth.

The Fund will achieve its investment objective by investing in a portfolio of investments which shall primarily consist of UK equities which reside in the bottom 10% of the UK stock market in terms of market capitalisation.

For these purposes UK equities includes, but is not limited to, equities listed in the UK, equities of companies domiciled in the UK and equities of companies which have substantial operating activities in the UK. In addition to equities, the asset classes in which the Fund may invest includes transferable securities, units in collective investment schemes, money market instruments, cash and near cash and deposits to the extent permitted for UCITS schemes pursuant to the rules in COLL and in accordance with the Fund's investment powers as set out in Appendix 1 to this Prospectus. Whilst the Company (and any further sub-funds which may be established subsequently) is permitted to invest in derivatives and forward transactions for investment purposes, the Fund may invest in derivatives and forward transactions for hedging purposes only.

River and Mercantile UK Equity Unconstrained Fund

The investment objective of the Fund is to achieve capital growth.

The Fund will achieve its investment objective through investing in a concentrated portfolio which will primarily consist of UK equities.

The Fund will not be restricted by reference to a benchmark, sector constraints or company size.

For these purposes UK equities includes, but are not limited to, equities listed in the UK, equities of companies domiciled in the UK and equities of companies which have substantial operating activities in the UK. In addition to UK equities the Fund may also invest in overseas securities, and other asset classes including other transferable securities, units in collective investment schemes, money market instruments, cash and near cash and deposits to the extent permitted for UCITS Schemes pursuant to the rules in COLL and in accordance with the Fund's investment powers as set out in Appendix 1 to this Prospectus. Whilst the Company (and any further sub-funds which may be established subsequently) is permitted to invest in derivatives and forward transactions for investment purposes, the Fund may invest in derivatives and forward transactions for hedging purposes only.

Investors should note that the River and Mercantile UK Equity Unconstrained Fund is subject to the investment and borrowing restrictions applicable to UCITS Schemes as set out in COLL, as are all the sub-funds.

River and Mercantile UK Equity Long Term Recovery Fund

The investment objective of the Fund is to achieve capital growth.

The Fund will achieve its investment objective through investing in a portfolio which will primarily consist of UK equities that meet the manager's recovery criteria of a turnaround in company profitability over the longer term.

The Fund will not be restricted by reference to a benchmark, sector constraints or company size.

For these purposes UK equities includes, but are not limited to, equities listed in the UK, equities of companies domiciled in the UK and equities of companies which have substantial operating activities in the UK. In addition to UK equities the Fund may also invest in overseas securities, and other asset classes including other transferable securities, units in collective investment schemes, money market instruments, cash and near cash and deposits to the extent permitted for UCITS Schemes pursuant to the rules in COLL and in accordance with the Fund's investment powers as set out in Appendix 1 to this Prospectus. Whilst the Company (and any further sub-funds which may be established subsequently) is permitted to invest in derivatives and forward transactions for investment purposes, the Fund may invest in derivatives and forward transactions for hedging purposes only.

River and Mercantile UK Equity Income Fund

The investment objective of the Fund is to generate a rising level of income combined with the potential for capital growth.

The Fund will achieve its investment objective through investing in a portfolio which shall primarily consist of UK equities, however, it may also invest in other instruments such as government gilts, corporate fixed income securities and convertibles.

For these purposes UK companies includes, but are not limited to, companies listed in the UK, companies domiciled in the UK and companies which have substantial operating activities in the UK. In addition to equities, the asset classes in which the Fund may also invest includes other transferable securities, units in collective investment schemes, money market instruments, cash and near cash and deposits to the extent permitted for UCITS Schemes pursuant to the rules in COLL and in accordance with the Fund's investment powers as set out in Appendix 1 to this Prospectus. Whilst the Company (and any further sub-funds which may be established subsequently) is permitted to invest in derivatives and forward transactions for investment purposes, the Fund may invest in derivatives and forward transactions for hedging purposes only.

River and Mercantile Global Equity Fund

The investment objective of the Fund is to achieve capital growth.

The Fund will achieve its investment objective through investing in a portfolio that has a balanced risk profile of global equities of established international companies which offer the prospect of long term capital growth.

For these purposes global equities includes equities listed or domiciled in the "Eligible Markets" as detailed in Appendix 2 of this Prospectus. In addition to equities, the asset classes in which the Fund may invest includes transferable securities, units in collective investment schemes, money market instruments, cash and near cash and deposits to the extent permitted for UCITS schemes pursuant to the rules in COLL and in accordance with the Fund's investment powers as set out in Appendix 1 to this Prospectus. Whilst the Company (and any further sub-funds which may be established subsequently) is permitted to invest in derivatives and forward transactions for investment purposes, the Fund may invest in derivatives and forward transactions for hedging purposes only.

River and Mercantile Global Opportunities Fund

The investment objective of the Fund is to achieve capital growth.

The Fund will achieve its investment objective through investing in a concentrated portfolio of global equities of companies which the manager believes represent the most attractive opportunities to achieve above average returns. The Fund will not be restricted by reference to a benchmark, sector constraints or company size.

For these purposes global equities includes equities listed or domiciled in the "Eligible Markets" as detailed in Appendix 2 of this Prospectus. In addition to equities, the asset classes in which the Fund may invest includes transferable securities, units in collective investment schemes, money market instruments, cash and near cash and deposits to the extent permitted for UCITS schemes pursuant to the rules in COLL and in accordance with the Fund's investment powers as set out in Appendix 1 to this Prospectus. Whilst the Company (and any further sub-funds which may be established subsequently) is permitted to invest in derivatives and forward transactions for investment purposes, the Fund may invest in derivatives and forward transactions for hedging purposes only.

River and Mercantile Global High Income Fund

The investment objective of the Fund is to achieve a high and rising level of income with capital growth over the long term.

The Fund will achieve its investment objective through investing in a portfolio which shall primarily consist of global equities, providing an above average yield, however, it may also invest in other instruments such as government bonds, corporate fixed income securities and convertibles.

For these purposes global equities includes equities listed or domiciled in the "Eligible Markets" as detailed in Appendix 2 of this Prospectus. In addition to equities, the asset classes in which the Fund may invest includes transferable securities, units in collective investment schemes, money market instruments, cash and near cash and deposits to the extent permitted for UCITS schemes pursuant to the rules in COLL and in accordance with the Fund's investment powers as set out in Appendix 1 to this Prospectus. Whilst the Company (and any further sub-funds which may be established subsequently) is permitted to invest in

derivatives and forward transactions for investment purposes, the Fund may invest in derivatives and forward transactions for efficient portfolio management purposes only.

Further Funds

Subject to the Company's Instrument of Incorporation and COLL, the ACD may establish additional Funds from time to time

4. RISK FACTORS

Investors should bear in mind that all investment carries risk and in particular should be aware of the following:

- (a) Past performance is not a guide to future performance. The value of shares and the income derived from them can go down as well as up and as a result the investor may not get back the amount originally invested. This can be as a result of market movements and also of variations in the exchange rates between currencies. The ACD's initial charge (as set out on page 25 under the heading "**The Authorised Corporate Director's Charges**") is deducted from an investment at the outset and an equivalent rise in the value of the shares is required before the original investment can be recovered;
- (b) In certain circumstances, for hedging purposes to reduce or eliminate risk arising from fluctuations in interest or exchange rates and in the price of investments, the ACD may enter into certain derivatives transactions, including, without limitation, forward transactions, futures and options. The value of these investments may fluctuate significantly. By holding these types of investments there is a risk of capital depreciation in relation to certain Fund assets. There is also the potential for capital appreciation of such assets. **The ACD does not anticipate that the use of derivatives in this way will have any significant effect on the risk profile of the Funds;**
- (c) The levels of relief from taxation will depend upon individual circumstances. Please note current tax levels and reliefs may change and their value will depend on the investor's individual circumstances;
- (d) The Funds are not "ring-fenced" and in the event of the Company being unable to meet liabilities attributable to any particular Fund out of the assets attributable to such Fund, the excess liabilities may have to be met out of the assets attributable to the other Funds;
- (e) The River and Mercantile UK Equity Unconstrained Fund and the River and Mercantile Global Opportunities Fund invest in concentrated portfolios of equities, and as a result, these Funds may experience a higher degree of volatility than funds which invest in more diverse portfolio of investments; and
- (f) The charges and expenses in respect of the River and Mercantile UK Equity Income Fund and River and Mercantile Global High Income Fund will be charged to capital, this may constrain the capital growth of the Fund.
- (g) Investment by the River and Mercantile Global Equity Fund, the River and Mercantile Global Opportunities Fund, and the River and Mercantile Global High

Income Fund in global equities issued by overseas companies may carry additional risks including exchange rate movements, political and economical upheaval, relative lack of information, relatively low market liquidity and the potential lack of strict financial controls and standards.

- (h) The River and Mercantile Global Equity Fund, the River and Mercantile Global Opportunities Fund, and the River and Mercantile Global High Income Fund may invest in emerging markets. Investments in emerging markets may be more volatile than investments in more developed markets. Emerging markets may have relatively unstable governments, economies based on only a few industries and securities markets that trade only a limited number of securities. Many emerging markets do not have well developed regulatory systems and disclosure standards may be less stringent than those of developed markets. The risks of expropriation, nationalisation and social, political and economic instability are greater in emerging markets than in more developed countries.
- (i) The River and Mercantile Global High Income Fund may hold sub-investment grade bonds. Such bonds have a lower credit rating than investment grade bonds and carry a higher degree of risk.

Typical Investor

The Funds may be marketed to all classes of investor. However, a typical investor will understand and appreciate the risks associated with investing in shares in the Funds and in the case of A Shares may have received advice from an appropriately qualified financial adviser. It is anticipated that retail investors will invest in A Shares and institutional investors will invest in B and Z Shares.

5. THE AUTHORISED CORPORATE DIRECTOR

The authorised corporate director ("**ACD**") of the Company is River and Mercantile Asset Management LLP. The ACD is a limited liability partnership, incorporated in England and Wales on 4th February 2006. The registered and head office of the ACD is 30 Coleman Street, London, EC2R 5AL. This is the address at which notices or other documents may be served on the Company. The ACD is authorised and regulated by the FSA.

The ACD may provide investment services to other clients and funds and to companies in which the Company may invest in accordance with the Regulations.

When managing investments of the Company, the ACD will not be obliged to make use of information which in doing so would be a breach of duty or confidence to any other person or which comes to the notice of an employee or agent of the ACD but properly does not come to the notice of an individual managing the assets of the Company.

The members of River and Mercantile Asset Management LLP are:

- Sir John Beckwith;
- Mark Johnson;
- Simon Wilson;
- James Barham;
- Julian Cripps;

- Hugh Sergeant;
- Richard Staveley;
- Mark Thomas;
- Daniel Hanbury;
- Nick Slater,
- Charles Benett,
- Andrew Bollon,
- Stuart Heath,
- Alex Stanić,
- Alex O'Reilly,
- Alexei Kapkin,
- Tomas Tomasson, and
- River and Mercantile Investment Management Limited.

The ACD provides its services to the Company under the terms of a service agreement (the "**ACD Agreement**"). The ACD Agreement will terminate with immediate effect if the ACD ceases to hold office as such. The ACD's appointment may be terminated by the Company in a general meeting at any time. Otherwise, save by reason of certain events of default as specified in the ACD Agreement, the Company may terminate the ACD's appointment on 12 months' written notice. No such notice shall take effect until the appointment of a successor ACD. The ACD Agreement contains certain limitations upon the liability of the ACD where loss or damage has been caused to the Company, save where loss arises by reason of negligence, default, breach of duty or trust by the ACD. The ACD Agreement contains an indemnity from the Company to the ACD in respect of losses, claims and similar liabilities incurred by the ACD as such, save where such losses, claims and similar liabilities arise from the negligence, default, breach of duty or breach of trust of the ACD.

The ACD has, in accordance with the ACD Agreement, delegated its administration and registrar functions to Bank of New York Mellon (International) Limited.

The ACD is permitted to hold client money in certain circumstances and will usually only do so in order to effect redemptions of shares. To the extent that the ACD does hold client money, any such money will be held in a separate client account in accordance with the FSA's rules.

6. **THE DEPOSITARY**

With effect from 1 April 2009, the depositary is BNY Mellon Trust & Depositary (UK) Limited, whose principal place of business and registered office address is at The Bank of New York Mellon Centre, 160 Queen Victoria Street, London EC4V 4LA.

BNY Mellon Trust & Depositary (UK) Limited is a fully owned subsidiary of The Bank of New York Mellon Corporation (incorporated in the United States of America).

The principal business activity of the BNY Mellon Trust & Depositary (UK) Limited is the provision of global custody and related services, including trustee and depositary services. It is authorised and regulated by the Financial Services Authority.

The Depositary provides its services under the terms of an agreement between the Company and the Depositary (the "**Depositary Agreement**") which may be terminated by 6 months'

notice by either the Company or the Depositary. The Depositary may not retire voluntarily except on the appointment of a new Depositary. Subject to COLL, the Depositary has full power under the Depositary Agreement to delegate (and authorise its delegates to sub-delegate) all or any part of its duties as Depositary. The Depositary is entitled to the fees, charges and expenses as set out in more detail below in the section headed "**The Fees, Charges and Expenses of the Depositary**".

7. **NO LIABILITY TO ACCOUNT**

Neither the ACD, Depositary, Administrator, Registrar or any other person involved with the establishment and/or operation of the Company are liable to account to each other or to the shareholders or former shareholders of the Company for any profits or benefits they may make or receive which are made, derived from or in connection with:

- (a) dealings in the shares of the Company;
- (b) any transaction in the underlying property of the Company; or
- (c) the supply of services to the Company.

8. **SHARES IN THE COMPANY**

Under the Company's Instrument of Incorporation, the Company is permitted to issue A Shares, B Shares and Z Shares in relation to the Funds. Currently B Shares are only available in the River and Mercantile UK Equity High Alpha Fund, the River and Mercantile UK Equity Income Fund, the River and Mercantile Long Term Recovery Fund, the River and Mercantile Global Equity Fund, the River and Mercantile Global Opportunities Fund and the River and Mercantile Global High Income Fund and will be made available to investors in the remaining Funds as required at a later date. The details of the share classes currently available in relation to the Funds are set out below:

Sub-Fund	Share Class
River and Mercantile UK Equity High Alpha Fund	A Shares (Income)
	B Shares (Accumulation)
	Z Shares (Accumulation)
River and Mercantile UK Equity Smaller Companies Fund	A Shares (Income)
	Z Shares (Accumulation)
River and Mercantile UK Equity Unconstrained Fund	A Shares (Income)
	Z Shares (Accumulation)

River and Mercantile UK Equity Long Term Recovery Fund	A Shares (Income)
	B Shares (Income)
	Z Shares (Accumulation)
River and Mercantile UK Equity Income Fund	A Shares (Income)
	B Shares (Income)
River and Mercantile Global Equity Fund	A Shares (Income)
	B Shares (Accumulation)
	Z Shares (Accumulation)
River and Mercantile Global Opportunities Fund	A Shares (Income)
	B Shares (Accumulation)
	Z Shares (Accumulation)
River and Mercantile Global High Income Fund	A Shares (Income)
	B Shares (Income)

Each income share is deemed to represent one undivided unit of entitlement in the property of a Fund. Where both income and accumulation shares are in existence in relation to a Fund, the number of undivided units of entitlement in the property of the Fund represented by each accumulation share increases as income is accumulated.

Any income (net of tax) arising in respect of an income share attributable to a particular Fund shall be determined and distributed as summarised on page 23 under the heading "**Distribution**".

Any income (net of tax) arising in relation to an accumulation share will be credited automatically to capital which will be reflected in the price of such accumulation share.

Where both income and accumulation shares are in existence in relation to a Fund, the income of the Fund is allocated as between income shares and accumulation shares according to the respective units of entitlement in the property of the Fund represented by the accumulation shares and income shares in existence at the end of the relevant accounting period.

The rights attaching to the shares of all classes may be expressed in two denominations and, in each of these classes, the proportion of a larger denomination share represented by a smaller denomination share shall be one thousandth of the larger denomination.

9. REGISTER

A register of shareholders is maintained at the office of the Registrars at BNY Mellon House, Ingrave Road, Brentwood, Essex CM15 8TG where it can be inspected by shareholders during normal office hours.

No certificates will be issued in respect of a holding of shares and should any shareholder require evidence of title to shares the ACD will, upon such proof of identity and the payment of such fee (if any) as the ACD may reasonably require, supply the shareholder with a certified copy of the relevant entry in the register relating to the shareholder's holding of shares.

Shareholders should notify the Registrar in writing of any change to their name or address.

No bearer shares are issued.

10. VALUATIONS

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

Valuations are normally carried out on each dealing day (being each day which is a Business Day). The valuation point for the Funds is 12 noon on each dealing day:

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

The property attributable to a Fund is, for all purposes, valued on the following basis (which is set out in full in the Company's Instrument of Incorporation):

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

All the scheme property (including receivables) is to be included, subject to the following provisions.

- 10.1 Property which is not cash (or other assets dealt with in paragraph 10.2 and 10.3 below) shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:
- (a) units or shares in a collective investment scheme;
 - (i) if a single price for buying and selling units or shares is quoted, at that price; or
 - (ii) if separate buying and selling prices are quoted, at the average of the two prices provided the buying price has been reduced by any initial charge included therein and the selling price has been increased by any exit or redemption charge attributable thereto; or
 - (iii) if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no recent price exists, at a value which, in the opinion of the ACD, is fair and reasonable;
 - (b) exchange-traded derivative contracts:
 - (i) if a single price for buying and selling the exchange-traded derivative contract is quoted, at that price; or
 - (ii) if separate buying and selling prices are quoted, at the average of the two prices;
 - (c) over-the-counter derivative contracts shall be valued in accordance with the method of valuation as shall have been agreed between the ACD and the Depositary;
 - (d) any other investment:
 - (i) if a single price for buying and selling the security is quoted, at that price; or
 - (ii) if separate buying and selling prices are quoted, at the average of the two prices; or
 - (iii) if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if the most recent price available does not reflect the ACD's best estimate of the value, at a value which, in the opinion of the ACD, is fair and reasonable; and
 - (e) property other than that described in (a), (b), (c) and (d) above: at a value which, in the opinion of the ACD, represents a fair and reasonable mid-market price.
- 10.2 Cash and amounts held in current, margin and deposit accounts and in other time-related deposits shall be valued at their nominal values.
- 10.3 In determining the value of the scheme property, all instructions given to issue or cancel shares shall be assumed (unless the contrary is shown) to have been carried out and any cash payment made or received and all consequential action required by

the Regulations or the Instrument of Incorporation shall be assumed (unless the contrary has been shown) to have been taken.

- 10.4 Subject to paragraphs 10.5 and 10.6 below, agreements for the unconditional sale or purchase of property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and, in the opinion of the ACD, their omission shall not materially affect the final net asset amount.
- 10.5 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 10.4.
- 10.6 All agreements are to be included under paragraph 10.4 which are, or ought reasonably to have been, known to the person valuing the property assuming that all other persons in the ACD's employment take all reasonable steps to inform it immediately of the making of any agreement.
- 10.7 Deduct an estimated amount for anticipated tax liabilities (on unrealised capital gains where the liabilities have accrued and are payable out of the property of the Scheme; on realised capital gains in respect of previously completed and current accounting periods; and on income where liabilities have accrued) including (as applicable and without limitation) capital gains tax, income tax, corporation tax, value added tax, stamp duty and stamp duty reserve tax.
- 10.8 Deduct an estimated amount for any liabilities payable out of the scheme property and any tax thereon treating periodic items as accruing from day to day.
- 10.9 Deduct the principal amount of any outstanding borrowings whenever payable and any accrued but unpaid interest on borrowings.
- 10.10 Add an estimated amount for accrued claims for tax of whatever nature which may be recoverable.
- 10.11 Add any other credits or amounts due to be paid into the scheme property.
- 10.12 Add a sum representing any interest or any income accrued due or deemed to have accrued but not received and any stamp duty reserve tax provision anticipated to be received.
- 10.13 Currencies or values in currencies other than base currency or (as the case may be) the designated currency of a sub-fund shall be converted at the relevant valuation point at a rate of exchange that is not likely to result in any material prejudice to the interests of shareholders or potential shareholders.

Each Fund has credited to it the proceeds of all shares attributed to it, together with the assets in which such proceeds are invested or reinvested and all income, earnings, profits, or assets deriving from such investments. All liabilities and expenses attributable to a Fund are charged to it.

The Company is required to allocate (and the ACD may from time to time reallocate) any assets, costs, charges or expenses which are not attributable to a particular Fund against all the Funds in a manner which is fair to the shareholders of the Company generally.

11. PRICES OF SHARES

Shares in the Company are "single priced". This means that subject to any dilution adjustment referred to below and the initial charge (explained on page 25), the price of a share for both buying and selling purposes will be the same and determined by reference to a particular valuation point. The price of a share is calculated at or about the valuation point each dealing day (to at least four significant figures) by:

- taking the value of the property attributable to the relevant Fund and therefore all shares (of the relevant class) in issue (on the basis of the units of entitlement in the property of the Fund attributable to that class at the most recent valuation of the Fund); and
- dividing the result by the number of shares of the relevant class in issue immediately before the valuation concerned.

Publication of Prices

The prices of shares for each class in each Fund will be posted on www.fundlistings.com. Neither the Company nor the ACD are responsible for any errors in publication or for non-publication. The ACD issues and redeems shares on a forward pricing basis, not on the basis of the published prices.

12. DILUTION ADJUSTMENT

The basis on which the Funds' investments are valued for the purposes of calculating the buying and selling price of shares as stipulated in COLL and the Company's Instrument of Incorporation is summarised in section 10 above. The total proceeds of sale of a Fund's investments may be less than, and the total purchase price of a Fund's investments may be more than, the mid-market value used in calculating the share price, due to dealing charges, or through dealing at prices other than the mid-market price, for example. Under certain circumstances (for example, large volumes of deals), this may have an adverse effect on the existing shareholders' interest in a Fund. In order to mitigate this effect, called 'dilution', the ACD has the power to apply a 'dilution adjustment', as defined in COLL, on the issue and/or redemption of shares in a Fund.

The dilution adjustment for the Funds will be calculated by reference to the estimated costs of dealing in the underlying investments of that Fund, including any dealing spreads, commission and transfer taxes. Where a dilution adjustment is applied, the net asset value of the relevant Fund will be adjusted by an amount not exceeding 1%.

The need to apply a dilution adjustment will depend on the volume of sales (shares issued) or redemptions of shares. The ACD may apply a dilution adjustment on the issue and redemption of shares if, in its opinion, the existing shareholders (for shares issues) or remaining shareholders (for redemptions) might otherwise be adversely affected, and if applying a dilution adjustment, so far as practicable, it is fair to all shareholders and potential

shareholders. In particular the dilution adjustment may be applied in the following circumstances:

- (a) where a Fund is in continual decline (i.e. is suffering a net outflow of investments);
- (b) where the ACD anticipates the Fund will be in a period of sustained growth through net inflows of investment;
- (c) on a Fund experiencing net sales or net redemptions on any dealing day equivalent to 2.5% or more, for the size of that Fund;
- (d) in any other case where the ACD is of the opinion that the interests of the shareholders require the imposition of a dilution adjustment.

The ACD will review the dilution adjustment on a quarterly basis, however it may at its discretion, re-evaluate the adjustment in the event of significant market movement. The ACD may alter its current dilution policy by giving shareholders 60 days' notice and amending the Prospectus to reflect the change.

On the occasions that the dilution adjustment is not applied there may be an adverse impact on the total assets of the Fund which may otherwise constrain the future growth of the Fund in question.

It should be noted that as dilution is directly related to the inflows and outflows of monies from the Company, it is not possible to predict accurately whether or not dilution will occur at any particular future point in time, and how frequently the ACD will need to make such a dilution adjustment. Over the last 12 months the ACD has made an adjustment 12 times.

13. **STAMP DUTY RESERVE TAX**

Stamp duty reserve tax ("**SDRT**") is payable on the redemption of a share. Redemptions of shares (redemptions for this purpose includes non-exempt transfers of legal or beneficial ownership of shares) may be liable to SDRT of 0.5% of the market value of the shares redeemed. The SDRT payable in relation to redemptions in a particular Fund is based on the total value of shares redeemed during that week and calculated monthly. The rate of 0.5% payable will be reduced by the proportion of the assets attributable to the relevant Fund which are not liable to SDRT and by the ratio of shares issued divided by shares redeemed. This liability to SDRT may be met in one of the following three ways:

- The ACD may pay the SDRT;
- The ACD may charge the SDRT to the relevant Fund and include it within the calculation of the share price;
- The ACD may charge an SDRT provision to individual Shareholders when transactions in shares take place. An SDRT provision is a charge of such amount or at such rate as is determined by the Administrator for which the ACD or ICVC may become liable pursuant to Schedule 19 of the Finance Act 1999 (or any statutory modification or re-enactment of such act) in respect of a redemption of shares within the meaning of that schedule.

In respect of the Funds, SDRT will be met by the ACD which will, in turn, charge such sum to the relevant Fund which will therefore be included in the calculation of the share price. The charge that will be made is 0.5% of the cancellation price or redemption price of a share. The rate of 0.5% may be reduced if the ACD redeems more shares than it issues or if the Fund has holdings in stocks that are exempt from SDRT.

Once such charge is made to the property of a Fund, the value of the property of the Fund will be reduced. However, the effect of this is unlikely to be significant. The ACD does not currently intend to charge an SDRT provision when transactions in shares take place. Should this intention change in the future, the ACD will notify shareholders as appropriate.

14. ISSUES AND REDEMPTIONS

Requests for the purchase, redemption and exchange of shares are normally dealt with by the issue or cancellation of such shares by the Company. However, in certain circumstances, the ACD may deal with such requests by selling shares to and/or repurchasing them from the applicant as appropriate. In other words, the ACD is entitled to hold shares for its own account and to satisfy requests for the sale of shares from its own holding (this is generally referred to as the ACD dealing from its "box"). The ACD is required to procure the issue or cancellation of shares by the Company where necessary to meet any obligations to sell or redeem shares. Shares will be issued, redeemed, sold or repurchased at the price calculated by reference to the valuation point following receipt of the request (on a forward basis).

The ACD may not sell a share at a higher price, or redeem a share at a lower price from its "box" (in both cases before application of any initial charge or dilution levy, or deduction of SDRT as applicable) than the price notified to the Depositary in respect of the valuation point concerned.

The ACD is under no obligation to account to the Company or to shareholders for any profit it makes on the issue of shares or on the reissue or cancellation of shares which it has redeemed from its "box" and will not do so.

Issue

Applications

Applications for shares linked to either Fund may be made by any person. Dealings are at forward prices i.e. at prices calculated by reference to the next valuation following receipt of the application. Shares to satisfy an application received before the valuation point of the appropriate Fund (see "Valuations" for details of the valuation points) on a dealing day will be issued at a price based on that day's valuation and shares to satisfy an application received after the valuation point, or on a day which is not a dealing day, will be issued at a price based on the valuation made on the next dealing day. Applications for shares issued by the Funds should be received by 11 a.m. to ensure inclusion in the following valuation point.

Initial applications from retail investors made directly to the ACD (i.e. not via an intermediary) must be made by completing an application form and this should be sent with the applicant's cheque or bankers draft to the ACD's administrator at River and Mercantile, BNY Mellon House, Ingrave Road, Brentwood, Essex CM15 8TG. Subsequent applications by retail investors up to a value of £25,000 may be made either by telephoning the Administrator on 0845 603 3618 between 8.30am and 5.30pm on any Business Day or by fax

0870 275 0021 or by completing an application form. Subsequent applications by retail investors over £25,000 must be made by application form with an accompanying cheque or bankers draft. Applications from intermediary and institutional investors may be made either by telephoning the Administrator on 0845 603 3618, or by fax 0870 275 0021 or by application form.

Application forms are available from the ACD or downloaded from the ACD's website (www.riverandmercantile.com). Applications by application form are irrevocable. Subject to its obligations under COLL, the ACD reserves the right to reject any application in whole or in part. In that event application monies or any balance will be returned to the applicant by post at the applicant's risk.

The Company is subject to the UK anti-money laundering regulations and the ACD may in its absolute discretion require verification of identity from any person applying for shares (the "**Applicant**") including, without limitation, any Applicant who:

- (a) tenders payment by way of cheque or banker's draft on an account in the name of a person or persons other than the Applicant; or
- (b) appears to the ACD to be acting on behalf of some other person.

In the former case verification of the identity of the Applicant may be required. In the latter case, verification of the identity of any person on whose behalf the Applicant appears to be acting may be required.

Applications will not be acknowledged but a contract note will be sent on or before the business day next following the relevant dealing day. Certificates will not be issued. Where the total price payable for all shares for which the application is made would include a fraction of one penny it will be rounded up or down to the nearest penny.

If an Applicant defaults in making any payment in money or transfer of property due to the ACD in respect of the sale or issue of shares, the Applicant shall indemnify the ACD and/or the Company (as the case may be) in respect of any loss or cost incurred by either of them as a result of such default and the Company is entitled to make any necessary amendment to the register and the ACD will become entitled to the shares in place of the Applicant (subject, in case of an issue of shares, to the ACD's payment of the purchase price to the Company). The ACD may, at its discretion, delay arranging for the issue of the shares until payment has been received.

In Specie Application

The ACD may, by special arrangement and at its discretion, agree to arrange for the issue of shares in exchange for assets other than cash but only if the Depositary is satisfied that acquisition of the assets in exchange for the shares to be issued is not likely to result in any material prejudice to the interests of shareholders concerned.

Minimum purchase requirements

In respect of shares in the Funds, the minimum value of shares which any one person may purchase initially and the levels of subsequent purchases are set out below:

Share Class	Minimum initial subscription	Minimum subsequent investment
A Shares	£1,000	£500
B Shares	£2,500,000	£25,000
Z Shares	£5,000,000	£50,000

The ACD may, by special arrangement on a case by case basis and at its discretion, agree a lower amount in relation to the minimum transaction sizes outlined above.

Redemption

Shares in the Funds may be redeemed on any dealing day. Dealings are on a forward price basis as explained in the paragraph headed "**Issue**" above. Shares to be redeemed pursuant to a redemption request received before the valuation point of the appropriate Fund on a dealing day will be redeemed at a price based on that day's valuation and shares to be redeemed pursuant to a redemption request received after that time, or on a day which is not a dealing day, will be redeemed at a price based on the valuation made on the next dealing day. Redemption instructions may be given by delivery to the Administrator addressed to River and Mercantile at the following address: BNY Mellon House, Ingrave Road, Brentwood, Essex CM15 8TG or by telephoning the Administrator on 0845 603 3618 between 8.30 am and 5.30 pm on any Business Day. Redemption instructions given by telephone or fax must be confirmed in writing to the Administrator prior to redemption proceeds being remitted. Redemption instructions are irrevocable.

A redemption contract note will be sent on or before the next business day following the relevant dealing day. Where the total consideration for the transaction would include a fraction of one penny it will be rounded up or down to the nearest penny. There may also be deducted, if the consideration is to be remitted abroad, the cost of remitting the proceeds (if any). Redemption proceeds in excess of £15,000 may be paid by CHAPS upon shareholder request. The redemption proceeds will be paid not later than the close of business on the fourth Business Day after the later of the following times:

- (a) the valuation point immediately following the receipt by the ACD of the request to redeem the shares; or
- (b) the time when the ACD has received all duly executed instruments and authorisations which effect (or enable the ACD to effect) transfer of title to the shares.

But neither the Company nor the ACD is required to make payment in respect of a redemption of shares where the money due on the earlier issue of those shares has not yet been received or where the ACD considers it necessary to carry out or complete identification procedures in relation to the holder or another person pursuant to a statutory, regulatory or European Community obligation (such as the UK's Money Laundering Regulations).

In Specie Redemption

Where a shareholder requests redemption of a number of shares, the ACD at its discretion may, by serving a notice of election on the shareholder not later than the close of business on

the second business day following the day of receipt of the request, elect that the shareholder shall not be paid the redemption price of his shares but instead there shall be a transfer to that holder of property of the relevant Fund having the appropriate value. Where such a notice is so served on a shareholder, the shareholder may serve a further notice on the ACD not later than the close of business on the fourth Business Day following the day of receipt by the shareholder of the first mentioned notice requiring the ACD, instead of arranging for a transfer of property, to arrange for a sale of that property and the payment to the shareholder of the net proceeds of that sale. The selection of scheme property to be transferred (or sold) is made by the ACD in consultation with the Depositary, with a view to ensuring that the choice of property is not likely to result in any material prejudice to the interests of Shareholders. The Company may retain out of the property to be transferred (or the proceeds of sale) property or cash of value or amount equivalent to any SDRT to be paid in relation to the cancellation of the shares.

Minimum Redemption and Holding

In respect of each class of share in each Fund, if the redemption request is in respect of some only of the shares held the minimum value of shares which may be the subject of redemption is £500 for the A Shares, £25,000 for the B Shares and £50,000 for the Z Shares (calculated by reference to their current price net of any initial charge). Where the value of an individual holding of shares would, in consequence of a request for redemption/cancellation, fall below £500 for the A Shares, £1,250,000 for the B Shares and £2,500,000 for the Z Shares, such request may be treated as a request for redemption/ cancellation of all the shares of such class held by such shareholder. The value of shares for this purpose is calculated by reference to the current price, net of any initial charge. However the ACD may, by special arrangement on a case by case basis and at its discretion, agree a lower amount in relation to the minimum redemption size.

15. SWITCHING BETWEEN CLASSES/BETWEEN FUNDS

A shareholder is entitled to exchange shares of one class in a Fund for the appropriate number of shares of another class, whether linked to the same or a different Fund. Shareholders are entitled to exchange shares in one Fund for shares in a different Fund. The appropriate number of shares is determined by the following formula:

$$N = \frac{O \times RP}{SP}$$

where N is the number of new shares to be issued, rounded down to the nearest whole number of shares; O is the number of shares of the old class to be exchanged, RP is the price at which one share of the old class can be redeemed and SP is the price at which one share of the new class can be purchased (net of any initial charge), in both cases at the application valuation point (see below). The ACD may adjust the number of new shares to be sold to reflect the effect of dilution (if applicable) and any SDRT or other charges payable on the redemption or sale (as applicable) of the shares concerned.

The right to exchange is subject to the following:

- the ACD and the Depositary are not obliged to give effect to a request for exchange of shares if the value of the shares to be exchanged is less than the minimum permitted transaction (see above) or if it would result in the shareholder holding

shares of any class of less than the minimum holding for that class of share (see above);

- the ACD may decline to permit an exchange into a Fund in respect of which there are no shares in issue, or in any case in which they would be entitled under COLL to refuse to give effect to a request by the shareholder for the redemption of shares of the old class or the issue of shares of the new class.

Exchanges between classes of shares linked to different Funds may be subject to a charge (See "Switching Charge" below).

In no circumstances will a shareholder who exchanges shares in one class of shares for shares in any other class be given a right by law to withdraw from or cancel the transaction.

It should be noted that an exchange of shares in a Fund for shares in any other Fund is treated as a redemption and sale and will, for persons subject to UK taxation, be regarded as a realisation for the purposes of capital gains taxation.

Application

A shareholder wishing to exchange shares should apply in the same way as for a redemption (see above). An exchange to be made pursuant to a request received before the valuation point of the Funds concerned on a day which is a Dealing Day for the Funds (or, if the valuation points on that day differ, before the first to occur) will be effected at prices based on that day's valuation; where a request is received after that time, or on a day which is not a Dealing Day for the Funds, the exchange will be effected at a price based on the valuation made on the next such Dealing Day.

A contract note giving details of the exchange will be sent on or before the next business day following the relevant dealing day.

Shareholders are entitled to transfer their Shares to another person or body. All transfers must be in writing in the form of an instrument of transfer approved by the ACD for this purpose. Completed instruments of transfer must be returned to the ACD in order for the transfer to be registered by the ACD. The ACD may refuse to register a transfer unless any provision for SDRT due has been paid. Please note that gross Shares are available only to certain categories of investors, and that prospective investors in these Shares must complete a Declaration of Eligibility and Undertaking (which may be obtained from the ACD) and return it to the ACD before the gross Shares can be transferred. At present, transfer of title by electronic communication is not accepted.

16. SUSPENSION OF DEALINGS

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 Funds where due to exceptional circumstances it is in the interests of all the Shareholders in the relevant Fund or Funds. The ACD or the Depositary (as appropriate) will immediately inform the FSA 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 FSA and the regulator in each EEA state where the Fund is offered for sale.

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 FSA 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 FSA and the regulator in each EEA state where the relevant Fund is offered for sale.

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 details on its website or 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 FSA 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.

17. MANDATORY REDEMPTION OF SHARES

If the ACD reasonably believes that any shares are owned directly or beneficially in circumstances which:

- (a) constitute a breach of the law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory; or
- (b) may (or may if other shares are acquired or held in like circumstances) result in the Company incurring any liability to taxation or suffering any other adverse consequence (including a requirement to register under any securities or investment or similar laws or governmental regulation of any country or territory)

it may give notice to the holder of such shares requiring him or her to transfer them to a person who is qualified or entitled to own them, or to request the redemption of the shares by the Company. If the holder does not either transfer the shares to a qualified person or establish to the ACD's satisfaction that he or she and any person on whose behalf he or she holds the shares are qualified and entitled to hold and own them, he or she will be deemed on the expiry of a thirty-day period to have requested their redemption.

18. DISTRIBUTION

The annual accounting periods for the Company and of the Funds end on 31 March (the "accounting reference date"). The half-yearly accounting period ends on 30 September (the

"interim accounting reference date"). The annual distribution date is 31 May and the interim distribution date is 30 November.

Distribution statements and tax certificates will be sent to shareholders. A crossed cheque or warrant for the amount of the net distribution will, where applicable, be sent to the registered address and made payable to the order of the shareholder (or, in the case of joint holders, made payable and sent to the registered address of the first named holder on the register) or payments may be made by bank automated credit system at the ACD's discretion.

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

Determination of Distributable Income

As at the end of each annual and interim accounting period, the ACD must arrange for the Depository to transfer the income payable for distribution attributable to the relevant Fund to the distribution account.

In this context, income payable for distribution generally means all sums considered by the ACD, in each case after consultation with the Company's auditors, to be in the nature of income received or receivable for the account of and in respect of the property attributable to the relevant Fund, but excluding any amount (if any) for the time being standing to the credit of the distribution account.

The ACD need not comply with the above provisions if the average of the allocations of income to the shareholders of the relevant Fund would be less than £25 or such other amount agreed between the ACD and the Depository. In that case, such amounts may be carried forward to the next interim accounting period and will be regarded as received at the start of that period. Otherwise, such sums may be credited to capital as determined by the ACD.

On or before each annual or interim income distribution date, the ACD must calculate the amount available for income distribution for the immediately preceding interim accounting period and must inform the Depository of such amount.

The amount available for income distribution is calculated by taking the aggregate of the income property received or receivable for the account of the relevant Fund in respect of the relevant period, deducting the charges and expenses of the Company paid or payable out of the income property in respect of that period and adding the ACD's best estimate of any relief from tax on those charges and expenses. Further adjustments may be made as the ACD considers appropriate (after consultation with the auditors) in relation to taxation and the proportion of the prices received or paid for shares that relate to income (taking account of any provisions in the Instrument of Incorporation constituting the scheme relating to income equalisation), potential income which is unlikely to be received until 12 months after the relevant allocation date, income which should not be accounted for on an accrual basis because of lack of information about how it accrues, any transfer between the income and the capital account (regarding payments from capital or income) and making any other adjustments which the ACD considers appropriate (after consultation with the auditors).

In relation to income shares, on or before each relevant income distribution date, the ACD will instruct the depositary to enable it to distribute the income allocated to income shares among the holders of such shares and the ACD in proportion to the number of such shares held, or treated as held, by them respectively at the end of the relevant period.

The amount of income allocated to accumulation shares becomes part of the capital property and to the extent that shares of any other class (such as income shares) were in issue in relation to the relevant period, the interests of holders of accumulation shares in that amount must be satisfied by an adjustment at the end of the relevant period in the proportion of the scheme property to which the price of an accumulation share is related. This ensures that the price of an accumulation share remains unchanged despite the transfer of income to capital property.

In calculating the amount to be distributed, the ACD must deduct any amounts previously allocated by way of interim allocation of income for that annual accounting period and deduct and carry forward in the income account such amount as is necessary to adjust the allocation of income to the nearest one hundredth of a penny per income share or such lesser fraction as the ACD may determine.

19. INCOME EQUALISATION

19.1 An allocation of income (whether annual or interim) to be made in respect of each share issued or sold by the ACD during an accounting period in respect of which that income allocation is made may include a capital sum ("**income equalisation**") representing the ACD's best estimate of the amount of income included in the price of that share.

19.2 The amount of income equalisation in respect of any share may be the actual amount of income included in the issue price of the share in question or it may be an amount arrived at by taking the aggregate of the ACD's best estimate of the amounts of income included in the share price of shares of that class issued or sold in the annual or interim accounting period in question and dividing that aggregate by the number of those shares and applying the resultant average to each of the shares in question.

20. THE AUTHORISED CORPORATE DIRECTOR'S CHARGES

Initial Charge

The ACD may impose a charge payable by the shareholder on the issue of shares (the "**initial charge**"). This charge is calculated by reference to the issue price of the shares purchased as a percentage of the gross investment (i.e. excluding the initial charge) and is deducted from the amount provided for investment. The current initial charges applicable to shares of each Fund are set out in the table below.

Sub-fund	Share Class	Current Initial Charge
River and Mercantile UK Equity High Alpha Fund	A Shares	5.25%

	B Shares	5.25%
	Z Shares	5.25%
River and Mercantile UK Equity Smaller Companies Fund	A Shares	5.25%
	Z Shares	5.25%
River and Mercantile UK Equity Unconstrained Fund	A Shares	5.25%
	Z Shares	5.25%
River and Mercantile UK Equity Long Term Recovery Fund	A Shares	5.25%
	B Shares	5.25%
	Z Shares	5.25%
River and Mercantile UK Equity Income Fund	A Shares	5.25%
	B Shares	5.25%
River and Mercantile Global Equity Fund	A Shares	5.25%
	B Shares	5.25%
	Z Shares	5.25%
River and Mercantile Global Opportunities Fund	A Shares	5.25%
	B Shares	5.25%
	Z Shares	5.25%
River and Mercantile Global High Income Fund	A Shares	5.25%
	B Shares	5.25%

If at any time the current initial charge applicable to shares of a particular Fund is increased, the ACD is required to give not less than 60 days prior notice in writing to all shareholders before such increase may take effect.

Switching Charge

A switching charge will be payable on an exchange of shares in the Company. The switching charge shall equal the initial charge payable on the shares being purchased.

Periodic Charge

The ACD is entitled to a periodic charge which accrues daily and is payable monthly. This charge is based upon the value of the property of the Funds and accrues daily between each valuation point. The periodic charge is paid to the ACD by way of remuneration for its duties and responsibilities to the Company as ACD. The charge is calculated separately in relation to each class of share linked to a particular Fund as a percentage rate per annum of the total value of the units of entitlement in the property of the Fund represented by the class on the relevant valuation date. The current charges are as follows:

Sub-fund	Share Class	Current Periodic Charge
River and Mercantile UK Equity High Alpha Fund	A Shares	1.5%
	B Shares	0.75%
	Z Shares	0%
River and Mercantile UK Equity Smaller Companies Fund	A Shares	1.5%
	Z Shares	0%
River and Mercantile UK Equity Unconstrained Fund	A Shares	1.75%
	Z Shares	0%
River and Mercantile UK Equity Long Term Recovery Fund	A Shares	1.75%
	B Shares	1%
	Z Shares	0%
River and Mercantile UK Equity Income Fund	A Shares	1.5%
	B Shares	0.75%
River and Mercantile Global Equity Fund	A Shares	1.5%
	B Shares	0.75%
	Z Shares	0%

River and Mercantile Global Opportunities Fund	A Shares	1.75%
	B Shares	1%
	Z Shares	0%
River and Mercantile Global High Income Fund	A Shares	1.5%
	B Shares	0.75%

Such charges exclude Value Added Tax to the extent it is payable. Any increase in the above rates requires not less than 60 days prior notice in writing to the shareholders before such increase may take effect.

The first accrual will be in respect of the period from the day on which the first valuation of the Fund is made to the following month end and is based upon the first valuation point. The periodic charge will cease to be payable (in relation to a Fund) on the date of commencement of its termination, and (in relation to the Company as a whole) on the date of the commencement of its winding up or, if earlier, the date of the termination of the ACD's appointment as such. The amount(s) accruing due on the last relevant valuation date before the event concerned will be adjusted accordingly.

Rebate of Commission and Initial Charges

The ACD may at its sole discretion rebate its initial, or periodic charges in respect of any application for, or holding of, shares. Similarly the Company may rebate or waive its charges in relation to any exchange of shares. A proportion of the initial charge may be rebated to the introducer (the investor's financial intermediary) in the form of a commission payment. The investor should check with the intermediary the amount of commission he or she has received.

21. THE FEES, CHARGES AND EXPENSES OF THE DEPOSITARY

The Depositary receives for its own account a periodic fee which will be accrued daily and payable monthly in respect of each calendar month and is payable as soon as practicable after the month end. The fee is calculated by reference to the value of each Fund on the last valuation day of the preceding month and is payable out of the property attributable to the Fund. The rate of the periodic fee is agreed between the ACD and the Depositary from time to time and the current agreed periodic fee is 0.025% for the first £50 million of the value of each of the Funds per annum and 0.01% thereafter for each Fund, subject to a minimum fee of £5,000 per annum per Fund. This minimum fee is however reduced to £2,500 per annum for a period of 2 years from launch of the Funds or until the Funds reach £10 million in value, whichever is sooner. The first accrual in relation to any new Fund will take place in respect of the period from the day on which the first valuation of that Fund is made to that month end and will be calculated based upon the first valuation point. Any increase will normally only be permitted after 60 days notice has been given to all shareholders.

Separately, the Depositary receives a custody fee which accrues on the same basis as its periodic fee. Custody charges vary from country to country (usually between 0.00% and 2%

per annum) depending on the markets and the value of stock involved. The custody fee is subject to a minimum charge of £7,500 per Fund per annum.

In addition the Depositary also receives transaction charges which vary from country to country (usually between £10 and £300 per transaction) depending on the markets and the value of stock involved and accrue at the time the transactions are effected.

Any increase in the custody fees, transaction charges or minimum fees will normally only be permitted after 60 days' notice has been given to all shareholders.

In addition to the fees and charges payable to the Depositary referred to above, the Depositary is entitled to be reimbursed out of the property attributable to any Fund for expenses incurred in the proper performance of its duties (or the exercise of powers conferred upon it by the OEIC Regulations or COLL) referable to (but not limited to): (i) the maintenance of distribution accounts; (ii) the conversion of foreign currency; (iii) registration of assets in the name of the Depositary or its nominees or agents; (iv) borrowings, stocklending or other permitted transactions; (v) communications with any parties (including facsimile and SWIFT); (vi) taxation matters; (vii) insurance matters; and (viii) dealings in derivatives.

The Depositary will also be reimbursed by the Fund out of the property attributable to the Fund, expenses properly incurred in the performance of, or arranging the performance of, functions conferred on it by the Depositary Agreement, the Regulations or by the general law.

The amount or rate of any of the Depositary's fees and charges referred to above shall (unless otherwise stated) be determined by reference to the scale or tariff or other basis from time to time agreed between the ACD and the Depositary and notified to the ACD by the Depositary.

The Depositary shall be entitled to recover its fees, charges and expenses when the relevant transaction or other dealing is effected or relevant service is provided or as may otherwise be agreed between the Depositary and the Fund or the ACD.

On a winding up of a Fund, the termination of a Fund or the redemption of a class of shares, the Depositary will be entitled to its pro rata fees, charges and expenses to the date of the commencement of the winding up the termination or the redemption (as appropriate) and any additional expenses necessarily realised in settling or receiving any outstanding obligations. No compensation for loss of office is provided for in the agreement with the Depositary.

Any VAT on any fees, charges or expenses payable to the Depositary will be added to such fees, charges or expenses and will be payable by the Fund.

In each such case such expenses and disbursements may also be payable if incurred by any person (including the ACD or an associate or nominee of the Depositary or of the ACD) who has had the relevant duty delegated to it pursuant to COLL by the Depositary.

Expenses not directly attributable to a particular Fund will be allocated between the Funds. In each such case such expenses and disbursements may also be payable if incurred by any person (including the ACD or an associate or nominee of the Depositary or of the ACD) who has had the relevant duty delegated to it pursuant to COLL by the Depositary.

22. OTHER PAYMENTS OF THE COMPANY

The following expenses (being the actual amounts incurred) may also be payable by the Company out of its assets at the discretion of the ACD:

- broker's commissions, fiscal charges and other disbursements which are necessarily incurred in effecting transactions for the Funds;
- interest on and other charges relating to permitted borrowings;
- taxation and other tax related duties payable by the Company;
- any costs incurred in amending the Instrument of Incorporation including the removal of obsolete provisions;
- any costs incurred in respect of any meeting of shareholders including, by way of clarification, meetings convened on a requisition by holders not including the ACD or an associate of the ACD;
- any fees in relation to a unitisation, amalgamation or reconstruction where the property of a body corporate (such as an investment company) or of another collective investment scheme is transferred to the Company in consideration of the issue of shares in the Company to shareholders in that body corporate or to participation in that other scheme, any liability arising after the transfer which, had it arisen before the transfer, could properly have been paid out of that other property provided that the ACD is of the opinion that proper provision was made for meeting such liabilities as were known or could reasonably have been anticipated at the time of the transfer;
- any audit fee and any proper expenses of the auditor;
- any fee and any proper expenses of any professional advisers retained by the Company or by the ACD in relation to the Company or any Fund;
- payments, costs or administrative expenses in relation to the preparation of any simplified prospectus (either in respect of the Company or Fund);
- payments, costs or administrative expenses in relation to the preparation and dissemination of any prospectus (either in respect of the Company or Fund);
- any costs of printing and distributing annual, half yearly and any other reports information provided for shareholders;
- any costs of listing the prices of the Funds in publication and information services selected by the ACD;
- any costs of establishing and authorising the Company, including any application fees payable to the FSA;
- any costs of authorising new Funds of the Company after its initial establishment;
- any fees and expenses in respect of establishing and maintaining the register of shareholders and any sub-register of shareholders;

- any costs incurred in producing and despatching any payment made by the Company;
- any payments permitted under COLL 6.7.15R (payment of liabilities on transfer of assets);
- any costs incurred in taking out and maintaining an insurance policy in relation to the Company;
- the periodic fees of the FSA 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;
- any expense incurred in relation to company secretarial duties including the cost of maintenance of minute books and other documentation required to be maintained by the Company;
- any costs associated with the admission of shares to listings on any stock exchange and with the maintenance of that listing (including, for the avoidance of doubt, the fees levied by the exchange in question as a condition of the admission to listing of the shares and the periodic renewal of that listing), any offer of shares, including the preparation and printing of any prospectus and the creation, conversion and cancellation of shares associated with such prospectus;
- any expense incurred with respect to the publication and circulation of details of the net asset value of the Funds and prices of shares;
- any amount payable to the Company under any indemnity provisions provided for in the Instrument of Incorporation or any agreement to which the Company is party;
- any fees and expenses incurred in respect of fund accounting, pricing and valuation will be payable out of the assets of the funds; and
- any other charges/expenses that may be taken out of the Company's property in accordance with COLL.

VAT on any fees, charges or expenses will be added to such fees, charges or expenses and will be payable by the Company.

Expenses not directly attributable to a particular Fund will be allocated proportionately between all Funds on a pro-rata basis based on net asset value of the Funds, although the ACD has the discretion to allocate such fees and expenses in a manner which it considers fair to shareholders generally.

23. TAXATION

General

The taxation of both the Company and its shareholders is subject to the fiscal law and practice of the UK and of the jurisdictions in which shareholders are resident or otherwise subject to tax. The following summary of the anticipated tax treatment in the UK does not constitute legal or tax advice. Prospective investors should consult their own professional advisers on the tax implications of making an investment in the Company, holding or

disposing of shares and the receipts of distributions. The following summary is based on the taxation law and practice in force at the date of this prospectus, but prospective investors should be aware that the relevant fiscal rules or their interpretation are subject to change.

The Company

The UK tax regime applicable to the Company is primarily set out in section 468A Income and Corporation Taxes Act 1988 and in the Authorised Funds (Tax) Regulations 2006 (SI 2006/964) (the "Tax Regulations").

The Company will be liable to corporation tax on its taxable income, less its expenses of management. Under section 468A of the Income and Corporation Taxes Act 1988, corporation tax will be payable for a financial year at the basic rate of income tax for the tax year beginning in that financial year (currently 20%), sums appropriated in accordance with the terms of this Prospectus (as amended from time to time) for the remuneration of the ACD will be treated as management expenses.

Like other UK companies, the Company will not be subject to corporation tax on dividends from United Kingdom resident companies. Dividends from other OEICs and authorised unit trusts will be received subject to the corporate streaming rules. The portion of such dividends deemed to represent unfranked income will constitute taxable income of the Company. Where foreign tax has been deducted from income from overseas sources, that tax may in some instances be offset against corporation tax payable by the Company under double taxation relief arrangements.

As an OEIC, the Company will benefit from the exemption from corporation tax on chargeable gains in respect of disposals of its investments. The Company will also not be subject to corporation tax on any profits or gains (or be entitled to corporation tax relief for any losses) which it derives from its creditor loan relationships or its derivative contracts, to the extent that those profits, gains or losses are treated as capital in nature. Capital profits, gains or losses for this purpose are those profits, gains or losses arising from an OEIC's creditor loan relationships or derivative contracts which fall to be dealt with under either the heading "net gains/losses on investments during the period" or the heading "other gains/losses" in the OEIC's statement of total return for the accounting period in question.

Dependent upon the nature of the income arising within individual Funds, the total amount shown in the distribution accounts of the Company is available for distribution to shareholders in one of two ways :-

- (a) it may be shown as available for distribution as a dividend; or
- (b) it may be shown as available for distribution as yearly interest.

Each Fund is regarded as a separate OEIC for tax purposes, and the Company as a whole is not so regarded. The Tax Regulations also provide that where an OEIC has different share classes there shall be no discrimination between participants in respect of different classes of shares, and accordingly it is not possible to make different types of distributions to different classes of shares within a Fund.

Shareholders

The following is a general statement of current UK tax law and HM Revenue & Customs' published practice. Such law and practice may alter without prior warning. It does not describe the taxation treatment of shareholders which are subject to specific tax regimes or of persons resident in jurisdictions other than the United Kingdom. Shareholders are advised to consult their professional advisers as to their tax position in all circumstances.

Individuals

An individual shareholder resident in the United Kingdom for tax purposes is liable to income tax on distributions made by the Company.

Dividends paid to individual shareholders resident in the United Kingdom for tax purposes will be treated in the same way as dividends received from a UK resident company and will have attached to them a tax credit equal to 10% of the grossed up dividend. The ability to reclaim a tax credit in relation to dividends has, generally, been withdrawn. The aggregate of the net dividend and the tax credit will be included in the shareholder's total income for tax purposes. Individuals liable to income tax at the basic rate will have no further tax liability. Higher rate tax payers will have a tax liability equal to 25% of the net dividend.

On a disposal of shares in the Company individual shareholders may, depending upon their personal circumstances, have a liability to capital gains tax. Any net gain giving rise to a liability to capital gains tax will be charged to tax at a rate of 18%.

If the investments of any of the Funds were, throughout any distribution period, to consist of more than 60% by market value in "qualifying investments" (see the definition under the heading "Corporate" below), that Fund may distribute its income as yearly interest which would be paid under deduction of income tax at the basic rate, currently 20% (unless the shareholder has made a valid declaration that he is not ordinarily resident in the UK).

In such a situation, UK resident individuals and certain other shareholders liable to UK income tax will be taxable on the sum of their gross interest distributions received during the relevant tax year, but they will be entitled to use the income tax withheld as a credit against their UK income tax liability. Such withholding will satisfy the liability of basic rate tax payers to tax on the income. Higher rate tax payers will have additional tax to pay. If the total income of the shareholder is less than his or her personal allowance, the tax withheld can be the subject of a repayment claim.

It is not the ACD's intention to manage the assets attributable to any of the Funds such that distributions are regarded as interest and tax is withheld.

An exchange of shares in one Fund for shares in any other Fund will be treated as a disposal and acquisition for capital gains tax purposes. The disposal will be subject to capital gains tax as a disposal in its own right. An exception to this rule applies when two Funds merge with a result that one Fund ceases to exist. Usually, in these circumstances shares in the new Fund will be treated as having been acquired at the same time and for the same amount as the shares in the old Fund.

Corporate

Corporate shareholders resident in the United Kingdom for tax purposes will be subject to the corporate streaming rules in relation to any dividends received from the Company. Such dividends are "streamed" into unfranked and franked income depending on the relative proportions of franked and unfranked income comprised in the gross income of the Fund. Any deemed unfranked income will be liable to corporation tax in the hands of any shareholders within the charge to corporation tax (this includes shareholders who are, themselves, either an OEIC or authorised unit trust).

In order to prevent avoidance of the tax regime relating to corporate debt (contained in the Finance Act 1996) by companies investing in an OEIC which in turn invests in debt, if the OEIC at any point in an accounting period fails to satisfy the non-qualifying investments test described below, the holding is treated as if it were a holding of rights under a creditor relationship of the Company in respect of which fair value accounting must be used. Fluctuations in the value of the investments held by the Company in such circumstances will therefore be taxed or relieved on an annual basis. The non-qualifying investments test requires that not more than 60 per cent of the market value of the investments of the OEIC are held in "qualifying investments". "Qualifying investments" for these purposes consist mainly of:

- (i) any money placed at interest;
- (ii) any security –
 - (A) including loan stock or similar security whether of the UK Government or any other government or of any public or local authority in the UK or elsewhere or of any company, and whether secured or unsecured, but
 - (B) excluding shares in the company;
- (iii) any shares in a Building Society; and
- (iv) an entitlement to a share in the investments subject to the trusts of another authorised unit trust or OEIC unless the investments of the authorised unit trust or the OEIC fulfil the 60% qualifying investments requirement stated above.

Any chargeable gains arising to United Kingdom resident corporate shareholders on a disposal of their shares in the Company will be subject to corporation tax.

An exchange of shares in one Fund for shares in another Fund will be treated as a disposal of the shares in the first Fund and a separate acquisition of shares in the second Fund. Any gain arising on a disposal of shares in a Fund will be subject to corporation tax. The exception described above under the heading "individuals" above where two Funds merge also applies to corporate shareholders.

ISAs Shares attributable to the Funds will be eligible for inclusion within a stocks and shares component of an ISA.

General

In the case of accumulation shares, reinvested income is deemed to have been distributed to the shareholder for the purposes of taxation and a tax voucher will be issued to the shareholder to provide the appropriate details for their returns.

Tax-elected funds (“Tefs”)

TEFs and investors in them are taxed as described above in respect of capital gains. The tax treatment of their income is different, however.

TEFs - income

TEFs are entitled to deduct the gross amount of all non-dividend distributions made from their taxable income. This should result in TEFs having no United Kingdom tax liability on their income.

Shareholders - income

Any TEFs that produce distributable income will pay distributions to investors (which will be automatically reinvested in the Fund in the case of accumulation Shares).

Any United Kingdom resident investors who receive distributions (or are deemed to receive them in the case of accumulation Shares) may have to divide them into two (in which case the division will be indicated on the tax voucher). The attribution will depend on the nature of the income arising to the TEF.

TEF distribution (dividend): Any part of a TEF’s income representing dividends or certain other types of property-related income will constitute a TEF distribution (dividend) for United Kingdom tax purposes. It should be treated in the same way as a dividend distribution from a Fund that has not opted for TEF status in the hands of United Kingdom resident investors, as described above under the sub-heading “Income”.

TEF distribution (non-dividend): Any part of a TEF’s income representing other types of income will constitute a TEF distribution (non-dividend) for United Kingdom tax purposes. It will generally be paid after deduction of basic rate income tax and carry an income tax credit. It should be treated in the same way as an interest distribution from a Fund as described above.

Non United Kingdom resident investors will generally be required to treat all distributions from TEFs as dividends with tax credits under their domestic tax systems, depending on their personal circumstances.

24. REPORTS AND ACCOUNTS

The annual accounting period of the Company ends on 31 March, the annual report of the Company (the "**long report**") will be available on or before 31 May and the half-yearly long report on 30 November in each year. Copies of the annual long report and half-yearly long report may be inspected at, and copies obtained free of charge from the ACD at its operating address. These reports may also be inspected at the Depositary's office during normal office hours.

The ACD will also issue a short report in relation to the Company and/or the Funds half yearly and annually. These will be distributed to shareholders before 31 May and 30 November each year.

25. ANNUAL GENERAL MEETING

The OEIC Regulations allow for the Company to dispense with the requirement to hold Annual General Meetings. The ACD has therefore decided the Company will not hold Annual General Meetings. Shareholders will therefore only be entitled to exercise their voting rights at extraordinary general meetings of the Company.

26. VOTING

Entitlement to receive notice of a particular meeting or adjourned meeting and to vote at such a meeting is determined by reference to those persons who are holders of shares in the Company on the date seven days before the notice is sent ("**the cut-off date**"), but excluding any persons who are known not to be holders at the date of the meeting or other relevant date.

At a meeting of shareholders, on a show of hands every holder who (being an individual) is present in person or by proxy or, if a corporation, is present by a properly authorised representative, has one vote. On a poll votes may be given either personally or by proxy and the voting rights attached to a share are such proportion of the total voting rights attached to all shares in issue as the price of the share bears to the aggregate price of shares in issue on the cut-off date. A holder entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way. A vote will be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by the chairman, by the Depositary or by two shareholders present or by proxy.

An instrument appointing a proxy may be in any usual or common form or in any other form approved by the ACD. It should be in writing under the hand of the appointor or his attorney or, if the appointor is a corporation, either under the common seal, executed as a Deed or under the hand of a duly authorised officer or attorney. A person appointed to act as a proxy need not be a holder.

The quorum at a meeting of holders is two shareholders present in person or by proxy or (in the case of a corporation) by a duly authorised representative. If a quorum is not present within half an hour of the time appointed the meeting will (if requisitioned by shareholders) be dissolved and in any other case will be adjourned. If at such adjourned meeting a quorum is not present within 15 minutes from the appointed time, one person entitled to count in a quorum will be a quorum.

A corporation, being a holder, may by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of holders and the person so authorised is entitled to exercise the same powers on behalf of the corporation which he represents as the corporation could exercise if it were an individual holder.

In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority is determined by the order in which the names stand in the register of holders.

The ACD is entitled to attend any meeting but, except in relation to third party shares, is not entitled to vote or be counted in the quorum and any shares it holds are treated as not being in issue for the purpose of such meeting. An associate of the ACD is entitled to attend any meeting and may be counted in the quorum, but may not vote except in relation to third party shares. For this purpose third party shares are shares held on behalf of or jointly with a person who, if himself the registered shareholder, would be entitled to vote, and from whom the ACD or the associate (as relevant) has received voting instructions.

Powers of a Shareholders' Meeting

The ACD must, by way of an extraordinary resolution, (i.e. a resolution notified and proposed as such and passed by a majority of not less than three-quarters of the votes validly cast), obtain prior approval from the shareholders (or, where applicable, class of shareholders) for any proposed change to the Company or any of the Funds which, in accordance with COLL, is a fundamental change. Such a fundamental change is likely to include:-

- certain changes to the investment objective and policy of the Funds;
- the removal of the ACD; and
- any proposal for a scheme of arrangement.

Other provisions of the Company's Instrument of Incorporation and the Prospectus may be changed by the ACD without the sanction of a shareholders' meeting in accordance with the COLL.

27. INVESTMENT AND BORROWING POWERS

The investment and borrowing powers applicable to each of the Funds, are set out in Appendix 1.

28. TRANSFER OF SHARES

A shareholder is entitled (subject to as mentioned below) to transfer shares by an instrument of transfer in any usual or common form or in any other form approved by the ACD. The ACD is not obliged to accept a transfer if it would result in the holder, or the transferee, holding less than the minimum holding of shares of the class in question. The instrument of transfer, duly stamped if it is required to be stamped, must be lodged with the Registrar for registration. The transferor remains the holder until the name of the transferee has been entered in the register.

The Company or the Registrar may require the payment of such reasonable fee as the ACD and the company may agree for the registration of any grant of probate, letters of administration or any other documents relating to or affecting the title to any share.

29. WINDING UP OF THE COMPANY AND TERMINATION OF FUNDS

The Company may be wound up under chapter 7.3 of COLL or as an unregistered company under Part V of the Insolvency Act 1986. Winding up of the Company or termination of a Fund under COLL is only permitted with the approval of the FSA and if a statement has been

lodged with the FSA by the ACD confirming that the Company or the Fund will be able to meet all its liabilities within twelve months of the date of the statement (a "**solvency statement**").

Subject to the foregoing, the Company or the relevant Fund will be wound up or terminated (as appropriate) under COLL:

- if an extraordinary resolution of shareholders of either the Company or the Fund (as appropriate) to that effect is passed; or
- on the date stated in any agreement by the FSA in response to a request from the ACD for the winding up of the Company or a request for the termination of the Fund.

The ACD may request that a Fund be terminated in certain situations such as if, at any time after the first anniversary of the issue of the first shares linked to a Fund the net value of the assets of the Company attributable to such Fund is less than £1 million.

The winding up of the Company or termination of a Fund under COLL is carried out by the ACD which will, as soon as practicable, cause the property of the Company or that property attributable to the relevant Fund to be realised and the liabilities to be met out of the proceeds. Provided that there are sufficient liquid funds available after making provision for the expenses of winding up and the discharge of the liabilities of the Company or the Fund (as the case may be) the ACD may arrange for interim distribution(s) to be made to shareholders. When all liabilities have been met, the balance (net of a provision for any further expenses) will be distributed to shareholders. The distribution made in respect of each Fund will be made to the holders of shares linked to that Fund, in proportion to the units of entitlement in the property of that Fund which their shares represent.

Shareholders will be notified of any proposal to wind up the Company or terminate any of the Funds. On commencement of such winding up or termination the Company will cease to issue and cancel shares and transfers of such shares shall cease to be registered.

On completion of the winding up of the Company will be dissolved and any money (including unclaimed distributions) standing to the account of the Company will be paid into court within one month of dissolution.

30. **OTHER INFORMATION**

Delegation

The ACD and the Depositary, subject to exceptions specified in the COLL, may retain (or arrange for the Company to retain) the services of other persons to assist them in the performance of their respective functions and, in relation to certain functions, the ACD or the Depositary (as applicable) will not be liable for the actions of the persons so appointed provided certain provisions of the COLL apply.

Conflicts of Interest

The Depositary or any associate of the Depositary, or of any Investment Adviser may (subject to COLL) hold money on deposit from, lend money to, or engage in stocklending

transactions in relation to the Company, so long as the services concerned are provided on arm's length terms.

The Depositary, the ACD, or any Investment Adviser or any associate of any of them may sell or deal in the sale of property to the Company or purchase property from the Company provided the applicable provisions of the COLL apply and are observed.

Subject to compliance with COLL the ACD may be party to or interested in any contract, arrangement or transaction to which the Company is a party or in which it is interested. The ACD is entitled in its own discretion to determine the terms of its appointment as such, and consequently to amend the terms of the Service Agreement referred to under "The Authorised Corporate Director" above.

The Depositary, the ACD, or any Investment Adviser or any associate of any of them will not be liable to account to the Company or any other person, including the holders of shares or any of them, for any profit or benefit made or derived from or in connection with:

- (a) their acting as agent for the Company in the sale or purchase of property to or from the Funds; or
- (b) their part in any transaction or the supply of services permitted by the COLL; or
- (c) their dealing in property equivalent to any owned by (or dealt in for the account of) the Company.

Liability and Indemnity

With the exception mentioned below:

- The ACD, the Depositary and the Auditors are each entitled under the Instrument of Incorporation of the Company to be indemnified against any loss, damage or liability incurred by them in or about the execution of their respective powers and duties in relation to the Company; and
- the ACD and the Depositary are, under the terms of their respective agreements with the Company, exempted from any liability for any loss or damage suffered by the Company.

The above provisions will not, however, apply in the case of:

- any liability which would otherwise attach to the ACD or the Auditors in respect of any negligence, default, breach of duty or breach of trust in relation to the Company;
- any liability on the part of the Depositary for any failure to exercise due care and diligence in the discharge of its functions.

31. GENERAL

Any complaint should be referred to the ACD at its registered office. If a complaint cannot be resolved satisfactorily with the ACD it may be referred to the Financial Ombudsman Service, South Quay Plaza, 183 Marsh Wall, London E14 9SR. More details about the Financial Ombudsman Service are available from the ACD.

All notices or documents required to be served on shareholders shall be served by post to the address of such shareholder as evidenced on the register. All documents and remittances are sent at the risk of the shareholder.

The address for service on the Company of notices or other documents required or authorised to be served on it is 30 Coleman Street, London EC2R 5AL.

Shares in the Funds are not listed or dealt in on any investment exchange.

The Financial Services Compensation Scheme Limited has been established under the rules of the FSA as a "rescue fund" for certain clients of firms authorised and regulated by the FSA which have gone out of business. The ACD will supply you with further details of the scheme on written request to its operating address. Alternatively, you can visit the scheme's website at www.fscs.org.uk or by writing to the Financial Services Compensation Scheme, 7th Floor, Lloyds Chambers, Portoken Street, London E1 8BN.

Documents and information available

Copies of the following documents are available for all purchasers of shares on request, free of charge from the ACD at 30 Coleman Street, London EC2R 5AL:

- Latest version of the Prospectus and Simplified Prospectus;
- Latest version of the Instrument of Incorporation which constitutes the Company and the Funds;
- Latest annual and half-yearly long reports applying to each of the Funds; and
- Supplementary information relating to the quantitative limits which apply to the risk management of the Company and the Funds, the methods used for the purposes of such risk management and any recent developments which relate to the risk and yields of the main categories of investment which apply to the Company and Funds.
- The ACD Agreement.

The above documents are also available for inspection on any Business Day during normal business hours at the offices of the ACD.

Genuine diversity of ownership

Shares in the Funds are and will continue to be widely available. The intended categories of investors are retail investors (who should seek independent financial advice before investing in a Fund) and institutional investors. Different Share Classes of a Fund are issued to different types of investors.

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

Provisions to facilitate any future election for tax-elected fund status

The Funds may not have a United Kingdom property business or an overseas property business (as defined for regulation 69Z46 of the Authorised Investment Funds (Tax) Regulations 2006).

No Fund may enter into or be a party to any form of debt, the interest on which is dependent on the results of that Fund or the value of its assets, or where the interest exceeds a normal commercial return on the principal, or where the capital to be repaid exceeds the amount lent or is not reasonably comparable with amounts generally repayable on listed securities (as provided in regulation 69Z47 of the Authorised Investment Funds (Tax) Regulations 2006).

This Prospectus

This Prospectus describes the constitution and operation of the Company at the date of this Prospectus. In the event of any materially significant change in the matters stated herein or any materially significant new matter arising which ought to be stated herein this Prospectus will be revised. Investors should check with the ACD that this is the latest version and that there have been no revisions or updates.

APPENDIX 1

Investment Borrowing Powers

The Company may exercise, in respect of each Fund, the full authority and powers permitted by COLL applicable to a UCITS scheme. However, this is subject to the applicable investment limits and restrictions set out in COLL, the Company's Instrument of Incorporation, this Prospectus and the Fund's investment objective and policy.

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

Transferable securities and Money Market Instruments

The Funds may invest up to 100% of the scheme property in transferable securities and money market instruments which are:

1. admitted to or dealt in on an Eligible Market; or
2. recently issued transferable securities provided that the terms of issue include an undertaking that application will be made to be admitted to an Eligible Market and such admission is secured within a year of issue; or
3. approved money-market instruments not admitted to or dealt in on an Eligible Market provided the issue or issuer is regulated for the purposes of protecting investors and savings and the instrument is issued or guaranteed by any one of the following in accordance with the requirements in COLL:
 - (a) a central authority of an EEA state or, if the EEA State is a federal state, one of the members making up the federation;
 - (b) a regional or local authority of an EEA state;
 - (c) the European Central Bank or a central bank of an EEA state;
 - (d) the European Union or the European Investment Bank;
 - (e) a non-EEA-state or, in the case of a federal state, one of the members making up the federation;
 - (f) a public international body to which one or more EEA states belong; or
 - (g) issued by a body, any securities of which are dealt in on an eligible market; or
 - (h) issued or guaranteed by an establishment which is subject to prudential supervision in accordance with criteria defined by Community law, or

subject to and complies with prudential rules considered by the FSA to be at least as stringent as those laid down by Community law.

The Funds may invest up to 10% of the scheme property in transferable securities and approved money market instruments other than those referred to in (1), (2) or (3) above. Not more than 5% in value of the scheme property attributable to a Fund may consist of transferable securities or approved money market instruments issued by any single body. This limit may be raised to 10% in respect of up to 40% in value of the scheme property attributable to a Fund. Covered Bonds need not be taken into account for the purpose of applying the limit of 40%. The limit of 5% is raised to 25% in value of the scheme property in respect of Covered Bonds, provided that when a Fund invests more than 5% in Covered Bonds issued by a single body, the total value of Covered Bonds held must not exceed 80% in value of the scheme property.

Not more than 20% in value of the scheme property attributable to a Fund is to consist of transferable securities and approved money market instruments issued by the same group.

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.

Transferable securities

The Funds may invest in a transferable security only to the extent that the transferable security fulfils the following criteria:

- (a) the potential loss which the Funds may incur with respect to holding the transferable security is limited to the amount paid for it;
- (b) its liquidity does not compromise the ability of the ACD to comply with its obligation to redeem shares at the request of any qualifying shareholder;
- (c) reliable valuation is available for it as follows:
 - (i) in the case of a transferable security admitted to or dealt in on an Eligible Market, where there are accurate, reliable and regular prices which are either market prices or prices made available by valuation systems independent from issuers;
 - (ii) in the case of a transferable security not admitted to or dealt in on an Eligible Market, where there is a valuation on a periodic basis which is derived from information from the issuer of the transferable security or from competent investment research;
- (d) appropriate information is available for it as follows:
 - (i) in the case of a transferable security admitted to or dealt in on an eligible market, where there is regular, accurate and comprehensive information available to the market on the transferable security or, where relevant, on the portfolio of the transferable security;

- (ii) in the case of a transferable security not admitted to or dealt in on an Eligible Market, where there is regular and accurate information available to the ACD on the transferable security or, where relevant, on the portfolio of the transferable security;
- (e) it is negotiable; and
- (f) its risks are adequately captured by the risk management process of the ACD.

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

- (a) not to compromise the ability of the ACD to comply with its obligation to redeem shares at the request of any qualifying shareholder; and
- (b) to be negotiable.

Closed end funds constituting transferable securities

A unit in a closed end fund shall be taken to be a transferable securities in the event it fulfils the criteria for transferable securities set out above, and either:

- (1) where the closed end fund is constituted as an investment company or a unit trust it is subject to corporate governance mechanisms applied to companies, and where another person carries out asset management activity on its behalf, that person is subject to national regulation for the purposes of investor protection; or
- (2) where the closed end fund is constituted under the law of contract, it is subject to corporate governance mechanism equivalent to those applied to companies, and it is managed by a person who is subject to national regulation for the purposes of investor protection.

Investment in nil and partly paid securities

Not more than 5% in value of the scheme property attributable to a Fund may consist of warrants. Warrants may only be held if it is reasonably foreseeable that the exercise of the rights conferred by the warrants will not contravene COLL. A transferable security or an approved money market instrument on which any sum is unpaid may be held provided that it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by the relevant Fund at the time when the payment is required, without contravening COLL.

Collective investment schemes

Up to 10% of the scheme property attributable to each Fund may consist of units in collective investment schemes.

Not more than 10% in value of the property of a Fund may consist of units or shares in any one collective investment scheme.

A Fund must not invest in units or shares of a collective investment scheme (the "**second scheme**") unless the second scheme satisfies the conditions referred to below and provided that no more than 10% of the value of the scheme property attributed to the Fund is invested in second schemes within categories (b) to (d) below.

- (i) The second scheme must fall within one of the following categories:
 - (a) A scheme which satisfies the conditions necessary for it to enjoy the rights conferred by the UCITS Directive; or
 - (b) A scheme which is recognised under the provisions of section 270 of the Financial Services and Markets Act 2000 (schemes authorised in designated countries or territories); or
 - (c) A scheme which is authorised as a non-UCITS retail scheme (as defined in COLL) and in respect of which the requirements of article 19(1)(e) of the UCITS Directive are met; or
 - (d) A scheme which is authorised in another EEA State (and in respect of which the requirements of article 19(1)(e) of the UCITS Directive are met); or
 - (e) 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 19(1)(e) of the UCITS Directive are met).
- (ii) The second scheme must comply, where relevant, with the COLL provisions regarding investment in other group schemes and associated schemes (referred to below).
- (iii) The second scheme must have terms which prohibit more than 10% in value of the scheme property consisting of units in collective investment schemes.

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

- (a) on investment – if the ACD pays more for the units issued to it than the then prevailing creation price, the full amount of the difference or, if this is not known,

the maximum permitted amount of any charge which may be made by the issuer on the issue of the units; and

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

Cash and near cash

In accordance with COLL, up to 100% of the scheme property attributable to a Fund may consist of cash or near cash to enable:

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

However, the ACD does not anticipate any Fund consisting of more than 10% of cash or near cash at any one time. Liquidity may be at the upper end of, or even exceed this range under certain circumstances such as where large market movements and/or an exceptional number of redemptions are anticipated or the Fund is in receipt of large cash sums upon the creation of shares or realisation of investments.

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

Government and public securities

Up to 100% of the scheme property attributable to a Fund may consist of government and public securities provided no more than 35% in value of the scheme property attributable to such 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.

Derivatives

Whilst the Company may invest in derivatives and forward transactions for investment purposes, the scheme property attributable to the Funds may consist of derivatives or forward transactions for the purposes of efficient portfolio management (including hedging) only. **The ACD does not anticipate that the use of derivatives in this way will have any significant effect on the risk profile of the Funds.**

Efficient portfolio management enables the Funds to invest in derivatives and forward transactions in accordance with COLL using techniques which relate to transferable securities and approved money market instruments and which fulfil the following criteria:

- (a) they are economically appropriate in that they are realised in a cost effective way;

- (b) they are entered into for one or more of the following specific aims;
 - (i) reduction of risk;
 - (ii) reduction of cost;
 - (iii) generation of additional capital or income for the Funds with a risk level that is consistent with the risk profile of the relevant Fund and the risk diversification rules in COLL.

Derivatives transactions must either be in an approved derivative (being a derivative which is dealt in on an eligible derivatives market as set out in Appendix 2) or an over the counter derivative with an approved counterparty, and the transaction must be covered in accordance with COLL. Further derivatives markets may be added to the list in Appendix 2 following consultation with the Depositary in accordance with COLL.

A counterparty to a transaction in an OTC derivative 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 FSA register, or whose home state authorisation, permits it to enter into such transactions as principal off exchange. A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market.

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

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

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

- (a) transferable securities;
- (b) approved money market instruments;
- (c) deposits;
- (d) derivatives;
- (e) units and/or shares in collective investment schemes;
- (f) financial indices;
- (g) interest rates;
- (h) foreign exchange rates; and

- (i) currencies.

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

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

Deposits

Up to 100% of the scheme property attributable to a Fund may consist of deposits (as defined in COLL) but only if it:

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

Not more than 20% in value of the scheme property may consist of deposits with a single body.

Immovable and movable property

It is not intended that the Company should have any interest in any immovable property or tangible movable property. ***Spread – general***

In applying any of the restrictions referred to above, not more than 20% in the value of the scheme property is to consist of any combination of two or more of the following:

- (a) transferable securities (including Covered Bonds) or approved money market instruments issued by; or
- (b) deposits made with; or
- (c) exposures from over the counter derivatives transactions made with;
a single body.

In applying the limit to investment in transferable securities or approved money market instruments issued by any single body certificates representing certain securities are to be treated as equivalent to the underlying security.

The exposure to any one counterparty in an over the counter derivative transaction must not exceed 5% in value of the scheme property. This limit may be raised to 10% where the counterparty is an approved bank as defined in COLL. Exposure in respect of an OTC derivative may be reduced to the extent that collateral is held in respect of it in accordance with COLL.

Concentration

The Company must not at any time hold:

- (a) more than 10% of the transferable securities issued by a body corporate which do not carry rights to vote on any matter at a general meeting of that body;
- (b) more than 10% of the debt securities issued by one issuer;
- (c) more than 25% of the units in a collective investment scheme;
- (d) more than 10% of the approved money market instruments issued by a single body.

Significant Influence

The Company may only acquire transferable securities issued by a body corporate carrying rights to vote (whether or not on substantially all matters) at a general meeting of that body corporate provided that immediately before the acquisition the aggregate number of such securities held by the Company does not allow it to exercise 20% or more of the votes cast at a general meeting of that body and the acquisition will not give the Company such power.

Borrowing

Subject to the Company's Instrument of Incorporation and COLL (as it relates to UCITS schemes), the Company may borrow money for the purposes of achieving the objectives of the Funds on terms that such borrowings are to be repaid out of the scheme property of the relevant Fund. The ACD does not anticipate significant use of this borrowing power. Such borrowing may only be made from an eligible institution or approved bank (as defined in COLL) and must be on a temporary basis only. No period of borrowing may exceed 90 days without the prior consent of the Depositary (which may give such consent only on conditions as appear to the Depositary appropriate to ensure that the borrowing does not cease to be on a temporary basis). The borrowing of a Fund must not, on any business day, exceed 10 per cent of the value of the property of the relevant Fund. As well as applying to borrowing in a conventional manner, the 10 per cent limit applies to any other arrangement designed to achieve a temporary injection of money into the property of the Fund in the expectation that such will be repaid. For example, by way of a combination of derivatives which produces an effect similar to borrowings.

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

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

Risk management

The ACD uses a risk management process which enables it to monitor and measure as frequently as appropriate the risk of a Fund's positions and their impact on the overall risk profile of the Funds.

Before using the risk management process, the ACD will notify the FSA of the details including the methods for estimating risks in derivative and forwards transactions and the types of derivatives and forwards that will be used within the Fund together with their underlying risks and any relevant quantitative limits.

Any material alteration of the above details of the risk management procedures will be notified by the ACD in advance to the FSA.

Stock lending

The Company or the Depositary may enter into a repo contract or a stock lending arrangement of the kind described in section 263B of the Taxation of Chargeable Gains Act 1992 but only if:

- (a) all the terms of the agreement under which securities are to be reacquired by the Depositary for the account of the Company are in a form which is acceptable to the Depositary and are in accordance with good market practice;
- (b) the counterparty is an authorised person or a person authorised by a home state regulator or a person otherwise permitted under COLL; and
- (c) with the exception of stock lending transactions made through Euroclear Bank SA/NV's Securities Lending and Borrowing Programme, collateral is obtained to secure the obligation of the counterparty under the terms referred to in (a) above, and the collateral is acceptable to the Depositary, adequate and sufficiently immediate.

Restrictions on lending of money

None of the money in the scheme property of the Funds may be lent and, for the purposes of this prohibition, money is lent by a Fund if it is paid to a person (a "payee") on the basis that it should be repaid, whether or not by the payee. Acquiring a debenture is not lending for these purposes, nor is the placing of money on deposit or in a current account.

The restriction on lending of money does not prevent 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.

Restrictions on the lending of property other than money

The scheme property of the Company other than money must not be lent by way of deposit or otherwise. Stock lending transactions permitted by COLL are not to be regarded as lending for these purposes. The scheme property of the Company is not permitted to be mortgaged.

The restriction on the lending of property other than money does not prevent the Company or the Depositary at the request of the Company, from lending, depositing, pledging or charging scheme property for margin requirements where transactions in derivatives or forward transactions are used for the account of the Company in accordance with COLL.

General power to accept or underwrite placings

The Company's ability to invest in transferable securities may be used for the purposes of entering into underwriting transactions in accordance with COLL, subject to any restriction in the Instrument of Incorporation. The exposure of the Company to such arrangements must be covered, such that if all possible obligations arising under then had immediately to be met in full, there would be no breach of any limit in COLL.

Guarantees and indemnities

In accordance with COLL the Company or the Depositary are not permitted provide any guarantee or indemnity in respect of the obligation of any person, in addition the scheme property of the Company may not be used to discharge any obligation arising under a guarantee or indemnity with respect to the obligation of any person. The above restrictions do not apply in respect of any indemnity or guarantee for margin requirements in the event the Funds enter into derivative or forward transactions in accordance with COLL, and in respect of certain indemnities permitted under COLL.

APPENDIX 2

Eligible Markets

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

- (a) a "regulated market" as defined in COLL;
- (b) a securities market established in any EEA State (which as at the date of this Prospectus includes the UK, Austria, Belgium, Bulgaria, Cyprus, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Liechtenstein, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia and Slovenia) which is regulated, operates regularly and is open to the public; and
- (c) by way of clarification, the alternative investment market (AIM) of the International Stock Exchange of the United Kingdom and the Republic of Ireland Limited is also an eligible securities market for the purposes of the Company and each of the Funds; and
- (d) the following:

Country	Market / Exchanges
Argentina	Buenos Aires Stock Exchange
Australia	The Australia Stock Exchange Limited
Brazil	Bolsa de Sao Paulo
Canada	The Montreal Stock Exchange The Toronto Stock Exchange
Chile	Santiago Stock Exchange
China	Shanghai Stock Exchange

Columbia	Bolsa de Valores de Columbia
Egypt	Cairo & Alexandria Stock Exchange
Hong Kong	The Hong Kong Stock Exchange
Iceland	Iceland Stock Exchange
India	National Stock Exchange of India Bombay Stock Exchange
Indonesia	Indonesia Stock Exchange
Israel	The Tel Aviv Stock Exchange
Japan	The Tokyo Stock Exchange The Osaka Stock Exchange The Nagoya Stock Exchange The Sapporo Stock Exchange* JASDAQ
Republic of Korea	The Korea Stock Exchange
Malaysia	Kuala Lumpur Stock Exchange
Mexico	The Mexican Stock Exchange
New Zealand	The New Zealand Stock Exchange
Peru	Bolsa de Valores de Lima
Philippines	Philippine Stock Exchange
Russia	Moscow Interbank Currency Exchange Russian Trading System
Singapore	The Singapore Stock Exchange

South Africa	The JSE Limited
Sri Lanka	The Columbo Stock Exchange
Switzerland	SWX Swiss Exchange
Taiwan	The Taiwan Stock Exchange
Thailand	The Stock Exchange of Thailand
Turkey	The Istanbul Stock Exchange
United States	NYSE Euronext NYSE Arca Inc NASDAQ OMX PHLX INC NASDAQ

* Exchange not approved by Depositary until further notice

Derivative Markets

Country	Market
UK	London International Financial Futures and Options Exchange EDX London Stock Exchange

APPENDIX 3

Past Performance of the Fund

River and Mercantile ICVC – performance data

For the following Funds, the performance charts have been calculated on a mid to mid basis in UK sterling, assuming UK basic rate tax and that income has been reinvested. The source of the information on all of the Funds is River and Mercantile Asset Management LLP, Close of Business Prices.

The table shows the performance for the Funds for five complete twelve month periods. For Funds with more than one Share class, the performance information is based on the A (retail) Share class. Past performance is not necessarily a guide to future performance.

Name	Percentage Return 1yr to 31/03/2010	Percentage Return 1yr to 31/03/2009	Percentage Return 1yr to 31/03/2008	Percentage Return 1yr to 31/03/2007	Percentage Return 1yr to 31/03/2006
River and Mercantile UK Equity High Alpha Fund	68.69%	-33.80%	-16.35% ¹	-	-
River and Mercantile UK Equity Smaller Companies Fund	61.99%	-33.31%	-16.39% ²	-	-
River and Mercantile UK Equity Unconstrained Fund	40.11%	-36.26%	-4.95% ³	-	-
River and Mercantile UK Equity Long Term Recovery Fund	81.30% ⁴	-	-	-	-
River and Mercantile UK Equity Income Fund	51.71% ⁵	-	-	-	-
River and Mercantile Global Opportunities Fund	-	-	-	-	-
River and Mercantile Global Equity Fund	-	-	-	-	-
River and Mercantile Global High Income Fund	-	-	-	-	-

The River and Mercantile Global Opportunities Fund, River and Mercantile Global Equity Fund and River and Mercantile Global High Income Fund were all launched after the 30/09/09 and therefore no annual performance is shown.

¹Performance from inception 28/11/06.

²Performance from inception 30/11/06

³Performance from inception 22/03/07

⁴Performance from inception 17/07/08

⁵Performance from inception 03/02/09