

**THE OPEN-ENDED INVESTMENT COMPANIES REGULATIONS 2001**

**INSTRUMENT OF INCORPORATION**

**of**

**M&G INVESTMENT FUNDS (11)**

**(an Investment Company with Variable Capital)  
Registered in England and Wales**

**M&G Securities Limited**

**10 November 2010 (as amended by resolution dated 9 August 2012, 31 March 2014 , 15 September 2014, 13 December 2016, 25 May 2017 and 1 December 2017)**

## CONTENTS

Clause		Page Number
1	INTERPRETATION .....	4
2	CONSTITUTION .....	10
3	NAME.....	10
4	OBJECT .....	10
5	CATEGORY OF COMPANY .....	11
6	DESIGNATED PERSON .....	11
7	INVESTMENT IN ASSOCIATED COLLECTIVE INVESTMENT SCHEMES .....	11
8	ELIGIBLE MARKETS .....	11
9	BASE CURRENCY .....	11
10	SHARE CAPITAL AND CLASSES OF SHARE .....	11
11	SUB-FUNDS.....	13
12	ISSUE AND CANCELLATION OF SHARES IN THE COMPANY .....	14
13	IN SPECIE ISSUE AND CANCELLATION.....	15
14	SALE AND REDEMPTION.....	15
15	VALUATION AND PRICING .....	15
16	SWITCH OF SHARES ETC.....	15
17	RESTRICTIONS ON HOLDING SHARES AND COMPULSORY TRANSFER AND REDEMPTION.....	18
18	TITLE TO SHARES .....	20
19	DENOMINATIONS OF SHARES.....	20
20	TRANSFER AND TRANSMISSION OF SHARES .....	20
21	GENERAL MEETINGS.....	21
22	PROCEEDINGS AT GENERAL MEETINGS .....	21
23	VOTING RIGHTS.....	24
24	PROXIES .....	24
25	CORPORATIONS ACTING BY REPRESENTATIVES.....	25
26	DIRECTORS .....	26
27	REMUNERATION AND EXPENSES OF DIRECTORS.....	27
28	MEETINGS AND PROCEEDINGS OF DIRECTORS.....	28
29	INTERESTS OF DIRECTORS .....	29
30	MINUTES OF DIRECTORS' MEETINGS .....	32
31	APPOINTMENT, REMOVAL AND RETIREMENT OF DIRECTORS .....	32
32	AMENDMENTS.....	34
33	THE SEAL .....	34
34	INCOME EQUALISATION .....	34
35	RIGHTS IN SCHEME PROPERTY AND ALLOCATION OF INCOME.....	35
36	INCOME AND DISTRIBUTIONS .....	36
37	CHEQUES ETC.....	37
38	CHARGES AND EXPENSES .....	37
39	DESTRUCTION OF DOCUMENTS .....	37
40	NOTICES .....	38
41	WINDING UP .....	39

42	INDEMNITY.....	39
43	CONFLICT WITH REGULATIONS .....	40
44	GENUINE DIVERSITY OF OWNERSHIP .....	40

**Schedules**

1	Part 1 - Sub- Funds .....	41
2	Part 2 - Determination of Net Asset Value.....	43
3	Part 3 - Allocation of Income and Rights to Participate in the Property of a Sub-Fund .....	46

1. **INTERPRETATION**

1.1 In this Instrument 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 Instrument but not defined herein shall have the same meanings as in the Act or the Regulations (as defined below) (as the case may be) unless the contrary is stated.

**accumulation shares** shares (of whatever Class) in the Company as may be in issue from time to time in respect of which income allocated thereto is credited periodically to capital pursuant to the FCA Rules

**ACD** the authorised corporate director holding office as such from time to time pursuant to the FCA Rules

**Act** the Financial Services and Markets Act 2000

**AIFM Directive or AIFMD** Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision

**AIFM Regulations** the Alternative Investment Fund Managers Regulations 2013 (as amended from time to time)

**base currency** the currency in which the accounts of the Company are to be prepared in accordance with Clause 9 of this Instrument provided that in the context of a sub-fund or the price of a share relating to a sub-fund or a payment in

respect of such a share, reference to base currency shall be treated as a reference to the currency stated in the prospectus as being the currency to be used for the purpose in question in relation to that sub-fund.

**Class**

a particular class of shares in issue from time to time relating to a single sub-fund or in the Company

**Company**

M&G INVESTMENT FUNDS (11)

**Depository**

the person to whom is entrusted the safekeeping of all the scheme property of the Company (other than certain scheme property designated by the FCA Rules) and who has been appointed for this purpose in accordance with the OEIC Regulations

**Directors**

subject to clause 26.2 of this Instrument, the directors of the Company for the time being (including the ACD) or, as the case may be, the directors assembled as a board including any committee of such board

**extraordinary resolution**

a resolution of the Company in an extraordinary general meeting or of a Class meeting or sub-fund meeting (as the case may be) passed by a majority of not less than three-quarters of the votes validly cast (whether on a show of hands or on a poll) for and against the resolution at such meeting

**the FCA**

the Financial Conduct Authority, or any successor body responsible for the

regulation of financial services within the UK

**the FCA Rules**

the rules contained in the Collective Investment Schemes Sourcebook (or "COLL") and the Investment Funds Sourcebook (or "FUND") published by the FCA as part of their Handbook of Rules and Guidance made under the Act which shall, for the avoidance of doubt, not include guidance or evidential requirements contained in the said sourcebooks

**gross paying shares**

shares (of whatever Class) in the Company as may be in issue from time to time and in respect of which income allocated thereto is credited periodically to capital (in the case of accumulation shares) or distributed periodically to the holders thereof (in the case of income shares) but, in either case, in accordance with relevant tax law without any tax being deducted or accounted for by the Company

**income shares**

shares (of whatever Class) in the Company as may be in issue from time to time in respect of which income allocated thereto is distributed periodically to the holders thereof pursuant to the FCA Rules

**in writing**

includes printed, lithographic, photographic, telex, facsimile, electronic mail and any other form of communication, except where the context specifically requires otherwise

or partly in one such form and partly in another

**this Instrument**

this instrument of incorporation, including the Schedule, as amended from time to time

**Net Asset Value**

the value of the scheme property of the Company (or, where the context requires, such part of the scheme property as is attributable to a particular sub-fund) less all the liabilities of the Company (or such liabilities as are attributable to that sub-fund as the case may be) determined in each case in accordance with this Instrument

**net paying shares**

shares (of whatever Class) in the Company as may be in issue from time to time and in respect of which income allocated thereto is credited periodically to capital (in the case of accumulation shares) or distributed periodically to the holders thereof (in the case of income shares) in either case in accordance with relevant tax law net of any tax deducted or accounted for by the Company

**OEIC Regulations**

The Open-Ended Investment Companies Regulations 2001 (SI 2001/1228)

**ordinary resolution**

a resolution of the Company in general meeting or of a Class meeting or sub-fund meeting (as the case may be) passed by a simple majority of the votes validly cast (whether on a show

of hands or on a poll) for and against the resolution at such meeting

**prospectus**

the document from time to time drawn up in accordance with the Regulations containing the matters specified therein and giving information about the constitution, objectives and operation of the Company and the persons responsible for it, including a description of the investment policy, the arrangements for the management of investments and the types of expense which may be deducted from the scheme property

**the Regulations**

the Act, the OEIC Regulations, the AIFMD and the FCA Rules

**scheme property**

the property of the Company, except for tangible moveable property, required under the FCA rules to be given for safekeeping to the Depository

**Seal**

any common seal of the Company in such form as may be adopted by the Directors from time to time

**signed**

includes signed by way of a signature or representation of a signature affixed by a photographic, electronic or mechanical means or any other electronic evidence of assent, except where the context specifically requires otherwise.

**sub-fund**

a sub-fund of the Company being part of the scheme property of the Company which is pooled separately (pursuant to clause 1.1 and Part 1 of



the Schedule) and to which specific assets and liabilities of the Company may be allocated and which is invested in accordance with the investment objective and policy applicable to each sub-fund.

**UCITS**

Undertakings for Collective Investment in Transferable Securities.

- 1.2 Any reference in this Instrument to any statute, statutory provision or regulation shall be construed as including a reference to any modification, amendment, extension, replacement or re-enactment thereof for the time being in force.
- 1.3 In this Instrument, words denoting the singular shall include the plural and vice versa. Words denoting one gender only shall include all genders. Words denoting persons shall include companies or associations or unincorporated bodies of persons.
- 1.4 In this Instrument, the word "may" shall be construed as permissive and the word "shall" shall be construed as imperative.
- 1.5 The word "company" shall (unless the contrary intention is expressed) mean a body corporate including a company within the meaning of the FCA Rules.
- 1.6 Any reference in this Instrument to shares being issued "in respect of" or "relating to" a sub-fund shall be construed as a reference to shares issued by the Company which give the holder thereof rights for the time being to participate in that part of the scheme property comprising the sub-fund in question and the entitlement, subject to Clause 17 and the Regulations, to exchange those rights for rights to participate in that part of the scheme property comprising any other sub-fund of the Company.
- 1.7 Where a sub-fund comprises two or more Classes of shares, at least one of which is denominated in a currency other than the base currency, any Class denominated in the base currency may be described as "U.S. Dollar" in addition to any other description.
- 1.8 The headings used in this Instrument are for convenience only, do not form part of, and shall not affect the construction of, this Instrument.
- 1.9 Any reference in this Instrument to clause numbers shall (unless the contrary intention is expressed) be construed as a reference to clauses of this Instrument.

1.10 Any reference in this Instrument to more than one director or to a board or committee of directors, shall, during such time as the ACD is the sole director, be read and construed as the ACD in the capacity of ACD.

## 2. **CONSTITUTION**

2.1 The head office of the Company is situated in England and Wales.

2.2 The Company is an AIF under the AIFM Regulations and an open-ended investment company with variable share capital under the OEIC Regulations.

2.3 The shareholders are not liable for the debts of the Company. A shareholder is not liable to make any further payment after he has paid the price of his share in the Company and no further liability can be imposed on him in respect of the shares which he holds.

2.4 The assets of a sub-fund belong exclusively to that sub-fund and shall not be used to discharge the liabilities or claims against the Company or any other person or body or any other sub-fund and shall not be available for any such purpose. For the purpose of this clause, liabilities shall be attributed to the constituent sub-funds as provided for in the Regulations.

2.5 The scheme property of the Company or sub-fund (as appropriate) is entrusted to a Depositary for safekeeping (subject to any exceptions permitted by the Regulations).

2.6 Charges or expenses of the Company may be taken out of the scheme property.

## 3. **NAME**

3.1 The name of the Company is M&G INVESTMENT FUNDS (11).

## 4. **OBJECT**

4.1 The object of the Company is to invest the scheme property in transferable securities, units or shares in collective investment schemes, derivative instruments and forward transactions, deposits, money market instruments, cash and near cash, gold, property and warrants in accordance with the FCA Rules applicable to the Company according to the type of authorisation of the Company, with the aim of spreading investment risk and giving its shareholders the benefit of the results of the management of that property.

4.2 Any limitations on investment powers, concentration and spread limits in relation to the above asset types and those asset types currently permitted, are disclosed in the Prospectus.

5. **CATEGORY OF COMPANY**

5.1 The Company is a Non - UCITS retail scheme for the purposes of the FCA Rules and also an umbrella scheme as defined in the Regulations.

6. **DESIGNATED PERSON**

6.1 The person designated for the purposes of paragraph 4 of Schedule 4 to the OEIC Regulations shall be the person who is for the time being the ACD of the Company.

7. **INVESTMENT IN ASSOCIATED COLLECTIVE INVESTMENT SCHEMES**

7.1 The Company may invest in units or shares 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.

8. **ELIGIBLE MARKETS**

8.1 Subject to any restrictions contained in the Regulations or this instrument, the Company has the power to deal on any securities or derivatives market:

8.1.1 which is an eligible securities or derivatives market under the FCA Rules; or

8.1.2 to the extent that the power to do so is conferred by the FCA Rules irrespective of any issue of eligibility.

8.2 The ACD, after consultation with the Depositary and any Directors in addition to the ACD, may choose a market as one which is appropriate for the purpose of dealing in the scheme property.

9. **BASE CURRENCY**

9.1 The accounts of the Company shall be prepared in pounds sterling or such other currency or currencies as may be the lawful currency of the United Kingdom from time to time..

10. **SHARE CAPITAL AND CLASSES OF SHARE**

10.1 The capital of the Company shall be represented by shares of no par value and shall at all times be equal to the Net Asset Value of the Company in base currency.

10.2 The minimum capital of the Company shall be £100 and the maximum capital shall be £250,000,000,000.

- 10.3 The Company may from time to time issue Shares of different Classes in respect of a sub-fund. The rights attaching to each Class of Shares shall be as set out in this Instrument, the Prospectus and in the Regulations.
- 10.4 The Classes of Share which may presently be issued are:
- 10.4.1 Gross Accumulation Shares;
  - 10.4.2 Gross Income Shares;
  - 10.4.3 Net Accumulation Shares;
  - 10.4.4 Net Income Shares;
  - 10.4.5 Limited Issue Accumulation Shares;
  - 10.4.6 Limited Issue Income Share;
  - 10.4.7 Limited Redemption Accumulation Shares;
  - 10.4.8 Limited Redemption Income Shares:
- 10.5 and for the avoidance of doubt each of the above may be further classified as "Retail", "Institutional", "Hedged", using one or more of the letters "A" to "Z" (inclusive and through the use of one or more letters together or in any sequence but, for the avoidance of doubt, where they do not form a word in the English language), the numbers "0" to "9" (inclusive), or the characters "-", "+", "% or "&", or under such other designation as the Directors shall by resolution from time to time decide. In addition, each of the above may be denominated in currencies other than the base currency to form further Classes of Share as the Directors shall by resolution from time to time decide.
- 10.6 The Directors may by resolution from time to time create Classes of share in respect of a sub-fund additional to those set out above. On the creation of any new Class Clause 10.4 and the Prospectus will be updated showing the new Class and the rights attaching to it.
- 10.7 Where a Class is denominated in a currency which is not the base currency, distributions paid on shares on that Class shall, in accordance with the FCA Rules, be in the currency of that Class.
- 10.8 Votes at meetings of the sub-fund of which the Class forms part shall be determined in accordance with the proportionate interests in the sub-fund ascertained in accordance with Part 3 of the Schedule and the FCA Rules.
- 10.9 Where for any purpose not specifically covered by the Regulations or this Instrument it is necessary to convert one currency into another, conversions

shall be made at a rate of exchange decided by the ACD as being a rate that is not likely to result in any material prejudice to the interests of shareholders or potential shareholders.

10.10 The special rights attaching to a Class of shares shall (unless otherwise expressly provided by the conditions of issue of such shares) be deemed not to be varied by:

10.10.1 the creation, allotment or issue of further shares of any Class ranking pari passu therewith;

10.10.2 the switching of shares of any Class into shares of another Class (whether or not the Classes are in different sub-funds);

10.10.3 the creation, allotment, issue or redemption of shares of another Class within the same sub-fund, provided that the interests of that other Class in the sub-fund represent fairly the financial contributions and benefits of shareholders of that Class;

10.10.4 the creation, allotment, issue or redemption of shares of another sub-fund;

10.10.5 the exercise by the Directors of their powers under Clause 11.1.4 or Clause 11.2; or

10.10.6 the passing of any resolution at a meeting of holders of shares in another sub-fund which does not relate to the sub-fund in which the Class is interested.

## 11. **SUB-FUNDS**

11.1 Subject to the Regulations, all consideration received for the account of the Company for the issue of shares in respect of a sub-fund together with the investments in which such consideration is invested or reinvested, and all income, earnings, profits and proceeds thereof and liabilities and expenses relating thereto shall be pooled and kept separate from all other monies, investments, assets, liabilities and expenses of the Company and the following provisions shall apply to each sub-fund:

11.1.1 for each sub-fund the Company shall keep books in which all transactions relating to the relevant sub-fund shall be separately recorded and the assets and the liabilities, income and expenditure attributable to that sub-fund shall be applied or charged to such sub-fund subject to the provisions of this clause;

- 11.1.2 any asset derived from any other asset (whether cash or otherwise) comprised in any sub-fund shall be applied in the books of the Company to the same sub-fund as the asset from which it was derived and any increase or diminution in the value of such asset shall be applied to the relevant sub-fund;
  - 11.1.3 each sub-fund shall be charged with the liabilities, expenses, costs and charges of the Company in respect of or attributable to that sub-fund; and
  - 11.1.4 any assets, liabilities, expenses, costs or charges not attributable to one sub-fund only, and allocated in accordance with the FCA Rules, may be reallocated by the Directors provided that such reallocation shall be done in a manner which is fair to the shareholders of the Company generally.
- 11.2 Any sub-fund shall be terminated subject to and in accordance with the Regulations, by the Directors in their absolute discretion if:
- 11.2.1 one year from the date of the first issue of shares relating to that sub-fund or at any date thereafter the Net Asset Value of the sub-fund is less than £10,000,000 or its equivalent in the base currency of the sub-fund; or
  - 11.2.2 the Directors agree that it is desirable to terminate the sub-fund.
- 11.3 The sub-funds of the Company for the time being constituted and their respective investment objectives are set out in Part 1 of the Schedule to this Instrument.
- 11.4 The Directors may by resolution from time to time create such additional sub-fund or sub-funds with such investment objectives and such restrictions as to geographic area, economic sector, category of transferable security or otherwise, and denominated in such currencies, as the Directors shall from time to time determine. On creation of any such sub-fund or sub-funds a new Part 1 of the Schedule to this Instrument including the specified details of the new sub-fund or sub-funds (as well as those of the other extant sub-funds) shall be substituted for the previous one and shall form part of this Instrument to the exclusion of the previous one.

## 12. **ISSUE AND CANCELLATION OF SHARES IN THE COMPANY**

- 12.1 The ACD will issue or cancel shares in the Company by making a record of the issue or cancellation of such shares and the number of shares in each Class

concerned. Subject to and in accordance with the Regulations, the issue or cancellation of shares may take place through the Company directly.

- 12.2 Subject to the Regulations, the ACD may in its direction vary the terms of investment for an investor or group of investors which may amount to preferential treatment for the purposes of FUND, as disclosed for the purposes of FUND 3.2.2 R.

**13. IN SPECIE ISSUE AND CANCELLATION**

- 13.1 The Depositary may take into or pay out of the scheme property assets other than cash as payment for the issue or cancellation of shares but only if the Depositary has taken reasonable care to ensure that the property concerned would not be likely to result in any material prejudice to the interests of shareholders of the Company.

**14. SALE AND REDEMPTION**

- 14.1 In accordance with the Regulations, the arrangements for and any restrictions that apply to the sale and redemption of shares are set out in the prospectus.

**15. VALUATION AND PRICING**

- 15.1 There shall only be a single price for any shares determined by reference to any particular valuation point and the price of any such share shall be calculated in accordance with the Regulations. Pricing shall be carried out on a forward basis in accordance with the Regulations. The Net Asset Value of the Company and each sub-fund shall be determined and shareholders shall be informed of the applicable Net Asset Value in accordance with the Regulations, and, subject thereto, in accordance with Part 2 of the Schedule to this Instrument and in accordance with the provisions of the prospectus. Subject to the Regulations and in the absence of bad faith, negligence or manifest error, such determination by the ACD shall be definitive.

**16. SWITCH OF SHARES ETC**

- 16.1 Subject to the provisions of this Instrument any shareholder may give notice to the Company in such form as the Directors may from time to time determine ("a switch notice") of his desire to switch all or some of his shares of one Class issued in respect of any sub-fund (the "original shares") for shares of another Class issued in respect of the same sub-fund or for shares issued in respect of a different sub-fund, (the "new shares"). The Directors may refuse to give effect to a switch in any case where they would be entitled by the Regulations to refuse to give effect to a request by the Shareholder for the redemption or cancellation of the original Shares or the issue of new Shares

- 16.2 Upon receipt by the Company of a switch notice, the ACD shall arrange for the Company to cancel (or, at its discretion, the ACD shall itself redeem) the original shares and issue (or, at its discretion, the ACD shall sell to the shareholder) such number of new shares as is arrived at by reference to Clause 16.6 provided that, so far as the Regulations allow and subject to Clause 16.7, the Directors may impose such restrictions as to the Classes for which a switch may be effected and may make a switch subject to such charge, as they shall determine.
- 16.3 Where a switch notice relates to a desired switch of shares between Classes issued in respect of different sub-funds, the Directors shall not impose restrictions as to the Classes of new shares for which a switch may be effected unless the provisions of the prospectus impose a minimum size of holding or dealing or any other relevant restrictions in such other Classes in respect of such different sub-funds or there are reasonable grounds relating to the circumstances of the shareholder concerned for refusing to issue or sell shares of a particular Class to him.
- 16.4 A switch pursuant to Clause 16.1 of the original shares specified in a switch notice shall take place at the first valuation point after the time upon which the switch notice is received or deemed to have been received by the Company or at such other valuation point as the Directors at the request of the shareholder giving the relevant switch notice may determine. Where the switch is between shares of sub-funds that have different valuation points the cancellation or redemption of the original shares shall take place at the next valuation point of the relevant sub-fund following receipt (or deemed receipt) of switch notice by the Company and the issue or sale of new shares shall take place at the next subsequent valuation point of the different sub-fund.
- 16.5 For the purposes of this clause and for the avoidance of doubt, the ACD shall be construed as the shareholder of all shares (other than bearer shares) in the Company which are in issue and in respect of which no other person's name is entered on the register.
- 16.6 Subject to Clauses 16.7 and 17.6 the Directors shall determine the number of new shares to be issued or sold to the shareholder on a switch in accordance with the following formula:

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

where:

N is the number of new shares to be issued or sold (rounded down to the nearest whole number of smaller denomination shares);



- O is the number of original shares specified (or deemed to be specified) in the switch notice which the holder has requested to exchange;
  - CP is the price at which a single original share may be cancelled or redeemed as at the valuation point applicable to the cancellation or redemption as the case may be;
  - ER is 1, where the original shares and the new shares are designated in the same currency and, in any other case, is the exchange rate determined by the Directors in their absolute discretion (subject to the FCA Rules as representing the effective rate of exchange between the two relevant currencies as at the date the switch notice is received (or deemed to have been received) by the Company having adjusted such rate as may be necessary to reflect any costs incurred by the Company in making any transfer of assets as may be required as a consequence of such a switch being effected; and
  - SP is the price at which a single new share may be issued or sold as at the valuation point applicable to the cancellation or redemption as the case may be.
- 16.7 The Directors may adjust the number of new shares to be issued or sold in accordance with Clause 16.2 to reflect the imposition of the switch charge referred to in clause 16.6 together with any other charges or levies in respect of the issue or sale of the new shares or cancellation or redemption of the original shares as may be made without infringement of the Regulations.
- 16.8 Where a switch of shares would, if effected in accordance with the terms of any switch notice, result in a shareholder holding less than the permitted minimum holding (by number or value) of either original shares or new shares as set out in the prospectus of the Company from time to time, then the Directors may (at their discretion) decide either to:
- 16.8.1 treat the shareholder in question as having served a switch notice in respect of their entire holding of original shares; or
  - 16.8.2 refuse to give effect to the switch notice in question.
- 16.9 For the avoidance of doubt:
- 16.9.1 each switch notice shall relate only to the switch of shares of a single Class; and

16.9.2 a switch notice may be given as much in respect of a desired exchange of shares between Classes issued in respect of different sub-funds as an exchange of shares between different Classes issued in respect of the same sub-fund.

**17. RESTRICTIONS ON HOLDING SHARES AND COMPULSORY TRANSFER AND REDEMPTION**

17.1 The ACD may from time to time take such action and impose such restrictions as it thinks necessary for the purpose of ensuring that no shares in the Company are acquired or held by any person in circumstances ("relevant circumstances"):

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

17.1.2 which would (or would if other shares were 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);

17.1.3 and, in this connection, the ACD may, inter alia, reject at its discretion any subscription for, sale or transfer of, shares or any exchange notice given pursuant to Clause 16.1.

17.2 If it comes to the notice of the Directors that any shares ("affected shares") have been acquired or are being held in each case whether beneficially or otherwise in any of the relevant circumstances referred to in clause 17.1 or if they reasonably believe this to be the case the Directors may give notice to the holder of the affected shares requiring the transfer of such shares to a person who is qualified or entitled to own the same or to give a request in writing for the redemption or cancellation of such shares in accordance with the FCA Rules. If any person upon whom such a notice is served pursuant to this clause does not within thirty days after the date of such notice transfer his shares to a person qualified to hold the same, or establish to the satisfaction of the ACD (whose judgement shall be final and binding) that he and any person on whose behalf he holds the affected shares are qualified and entitled to hold the shares, he shall be deemed upon the expiration of that thirty day period to have given a request in writing for the redemption or cancellation (at the discretion of the ACD) of the affected shares pursuant to the FCA Rules.

17.3 A person who becomes aware that he has acquired or holds shares whether beneficially or otherwise ("affected shares") in any of the relevant circumstances

referred to in Clause 17.1 shall forthwith, unless he has already received a notice pursuant to Clause 17.2 either transfer or procure the transfer of all the affected shares to a person qualified to own the same or give a request in writing or procure that a request is so given for the redemption or cancellation of all the affected shares pursuant to the FCA Rules.

- 17.4 When the holder of any shares in any Class fails or ceases for whatever reason to be entitled to receive distributions or have allocations made in respect of his holding of shares in a manner, in terms of the Company making or not making any deduction of United Kingdom tax prior to the distribution or allocation to the holder, as is envisaged for such Class, he shall, without delay, give notice thereof to the Company and the Company shall, upon receipt of such notice, treat the shareholder concerned as if he had served on the Company an exchange notice or notices pursuant to Clause 16.1 requesting exchange of all of the relevant shares owned by such holder for shares of the Class or Classes of shares in the Company which, in the opinion of the ACD, such holder is entitled to hold and most nearly equate to the Class or Classes of shares being exchanged by the shareholder and the provisions of Clauses 16.1 to 16.9 inclusive shall be applied accordingly.
- 17.5 If at any time the Company or the ACD become aware that the holder of any shares that make or intend to make distributions or allocations without any tax being deducted or accounted for by the Company has failed or ceased for whatever reason to be entitled to receive distributions or have allocations made in respect of his holding of such shares without deduction of United Kingdom tax, then the Company shall, without delay, treat the shareholder concerned as if he had served on the Company an exchange notice or notices pursuant to Clause 16.1 requesting exchange of all of the relevant shares owned by such holder for shares of the Class or Classes which, in the opinion of the ACD, such holder is entitled to hold and most nearly equate to the Class or Classes of shares held by that shareholder and the provisions of Clauses 16.1 to 16.9 inclusive shall be applied accordingly.
- 17.6 An amount equal to any tax charge incurred by the Company or for which the Company may be held liable as a result of an exchange pursuant to Clause 16.1 shall be recoverable from the shareholder concerned and may be accounted for in any adjustment made of the number of new shares to be issued pursuant to Clause 16.6.
- 17.7 If at any time the ACD is not entitled to receive distributions or have income allocations made in respect of shares held by it without deduction of United Kingdom tax and has redeemed pursuant to the FCA Rules any shares that make distributions or allocations without any tax being deducted or accounted for by the Company, the ACD shall forthwith following such redemption arrange

for the Company to cancel any such shares or (at its discretion) the ACD shall forthwith sell such shares to a person who is (or appears to the ACD to be) entitled to hold the same.

**18. TITLE TO SHARES**

18.1 Title to shares shall be evidenced by an entry in the register of shareholders, and the Company shall not issue certificates to shareholders. Details of a shareholder's entry on the register are available from the registrar on request.

**19. DENOMINATIONS OF SHARES**

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

**20. TRANSFER AND TRANSMISSION OF SHARES**

20.1 All transfers (including redemptions) of shares shall be effected by transfer in writing in any usual or common form or electronically or orally or in any manner as may be approved by the Directors. The signature on any instrument of transfer may be affixed manually or electronically and may be an actual signature or a facsimile signature or any form of signature approved by the directors. The Directors shall not be bound to enquire as to the genuineness of any signature on an instrument of transfer. The transferor shall remain the holder of the shares concerned until such time as the name of the transferee is entered in the register in respect thereof.

20.2 No instrument of transfer may be given in respect of more than one Class of shares.

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

20.4 Unless the ACD in its discretion decides otherwise, no transfer may result in either the transferor or the transferee holding fewer shares of the Class concerned or shares of such Class having a lesser aggregate value than any number or value as is stated in the Company's prospectus as the minimum number or value of shares of that Class which may be held.

20.5 Any person becoming entitled to a share or shares in consequence of the death or bankruptcy of a shareholder or otherwise by operation of law may, subject as provided below and upon such evidence being produced as may from time to time be lawfully required by the Directors as to his entitlement, either be registered himself as the holder of the share or shares, or elect to have some

person nominated by him registered as the transferee thereof. If the person so becoming entitled elects to be registered himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. If he shall elect to have his nominee registered, he shall signify his election by signing and delivering or sending to the Company an instrument of transfer of such share or shares in favour of his nominee.

20.6 All the limitations, restrictions and provisions of this Instrument relating to the right to transfer and the registration of transfers of shares shall be applicable to any notice or instrument of transfer given or made pursuant to Clause 20.6 as if the death or bankruptcy of the shareholder or other event giving rise to the transmission had not occurred and the notice or instrument of transfer were an instrument of transfer signed by that shareholder.

20.7 A person becoming entitled to a share or shares in consequence of the death or bankruptcy of a shareholder or otherwise by operation of law shall (upon such evidence being produced as may from time to time be lawfully required by the Directors as to his entitlement) be entitled to receive and may give a discharge for any income distributions or other monies payable in respect of the share or shares, but he shall not be entitled in respect of the same to receive notices of or to attend or vote at general meetings of the Company or, save as stated above, to exercise in respect of the share or shares any of the rights or privileges of a shareholder until he shall have become registered as the holder thereof. The Directors may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share or shares in question and if the notice is not complied with within sixty days the Directors may then withhold payment of any income distributions and other monies payable in respect of the same until the requirements of the notice have been complied with. The Company may require the payment to it of such reasonable fees as it may determine for the registration of any confirmation, probate, letters of administration of any other document relating to or affecting the title or any share.

## 21. **GENERAL MEETINGS**

21.1 All general meetings shall be called extraordinary general meetings.

## 22. **PROCEEDINGS AT GENERAL MEETINGS**

22.1 The provisions of this Instrument which relate to proceedings at meetings shall apply equally to Class meetings and sub-fund meetings as they apply to general meetings. A meeting of shareholders duly convened and held shall subject to the Regulations have the power to decide any matter by passing an appropriate Resolution.

- 22.2 Prior to each extraordinary general meeting the Depositary shall nominate an individual to act as chairman and if that person is not present within fifteen minutes (which shall be deemed a reasonable time) after the time appointed for holding the meeting or is not willing to act, the shareholders present shall choose one of their number to be chairman of the meeting.
- 22.3 No business may be transacted at a general meeting unless a quorum is present. The absence of a quorum does not prevent the appointment of a chairman in accordance with this Instrument, which shall not be treated as part of the business of the meeting. The quorum required to conduct business at a general meeting is two shareholders, present in person or by proxy.
- 22.4 If a quorum is not present within fifteen minutes (which shall be deemed to be a reasonable time) after the time fixed for the start of the meeting or if there is no longer a quorum present at any time during the meeting, if convened on the requisition of members, the meeting is dissolved. In any other case it stands adjourned to such other day and time (being not less than seven days after the day and time for the meeting) and place as the chairman decides. If at an adjourned meeting under this Clause 22.4 a quorum is not present within fifteen minutes (which shall be deemed to be a reasonable time) after the time fixed for the start of the meeting, one person entitled to be counted in a quorum shall constitute a quorum and if there is no such person the meeting is dissolved
- 22.5 The chairman of any extraordinary general meeting at which a quorum is present may with the consent of the meeting (and shall if so directed by the meeting) adjourn the meeting from time to time (or without date) and from place to place, but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place. Where a meeting is adjourned without date, the time and place for the adjourned meeting shall be fixed by the Directors. When a meeting is adjourned for thirty days or more or without date, not less than seven days notice of the adjourned meeting shall be given in like manner as in the case of the original meeting.
- 22.6 Subject to Clause 22.5 above, in the case of an adjournment of a meeting at which a quorum is present, it shall not be necessary to give any notice of such an adjournment or of the business to be transacted at the adjourned meeting.
- 22.7 A meeting of shareholders or a sub-fund meeting or a Class meeting (as the case may be) duly convened and held shall have the power by the passing of the appropriate resolution to decide any matter (including, without limitation, the suspension or curtailment of the powers of the Directors), subject to the Regulations and (in the case of sub-fund meetings and Class meetings) subject

also to any rights in relation to that matter which shareholders of other sub-funds or Classes may have.

22.8 The Depositary shall be entitled to appoint a representative to attend and speak on its behalf at each general meeting, sub-fund meeting and Class meeting and shall be entitled to convene such a meeting.

22.9 A resolution put to the vote of a general meeting, Class meeting, or sub-fund meeting must 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:

22.9.1 the chairman of the meeting;

22.9.2 not less than two shareholders; or

22.9.3 the Depositary.

A demand by proxy is deemed to be a demand by the member appointing the proxy. The chairman shall exercise his power to demand a poll if requested to do so by the ACD.

22.10 A demand for a poll may be withdrawn only with the approval of the chairman of the meeting. Unless a poll is required, a declaration by the chairman of the meeting that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book or computer record of proceedings, shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded for or against such resolution. If a poll is required, it shall be taken in such a manner (including the use of ballot papers or electronic or computer voting systems) as the chairman of the meeting may direct and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The chairman of the meeting may (and, if so directed by the meeting, shall) appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll.

22.11 A poll demanded on the choice of the chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken either immediately or at such subsequent time (not being more than thirty days from the date of the meeting) and place and in such manner (including by post) as the chairman may direct. No notice need be given of a poll not taken immediately. The demand for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded.

23. **VOTING RIGHTS**

- 23.1 The entitlement to vote at any general meeting of shareholders or Class meeting or sub-fund meeting attaching to each share is in accordance with the FCA Rules. On a show of hands every shareholder who is present in person has one vote. On a poll votes may be given either personally or by proxy or in any other manner permitted herein. The voting rights attached to each share shall be such proportion of the voting rights attached to all the shares in issue in the Company or sub-fund or of any Class (as the case may be) as the price of the share bears to the aggregate price (s) of all the shares in issue in the Company or such sub-fund or of such Class.
- 23.2 Where a receiver or other person (by whatever name called) has been appointed by any court claiming jurisdiction in that behalf to exercise powers with respect to the property or affairs of any shareholder on the ground (however formulated) of mental disorder, the Directors may in their absolute discretion upon or subject to production of such evidence of the appointment as the Directors may require, permit such receiver or other person on behalf of such shareholder to vote on a poll in person or by proxy at any general meeting, Class meeting or sub-fund meeting or to exercise any right other than the right to vote on a show of hands conferred by ownership of shares in relation to such a meeting.
- 23.3 No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting at which the vote objected to is or may be given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the chairman of the meeting whose decision shall be final and conclusive.

24. **PROXIES**

- 24.1 An instrument appointing a proxy shall be in writing in any usual or common form or in any other form which the Directors may approve and:
- 24.1.1 in the case of an individual shall be signed by the appointor or his attorney; and
- 24.1.2 in the case of a corporation shall be either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation.
- 24.2 The signature on such instrument need not be witnessed. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument appointing the



proxy pursuant to the next following clause, failing which the instrument may be treated as invalid.

24.3 An instrument appointing a proxy must be left at or delivered to such place or one of such places (if any) as may be specified for the purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified, to or at the head office) by the time which is forty-eight hours before the time appointed for the holding of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used and, in default, may be treated as invalid. The instrument appointing a proxy shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates.

24.4 A vote cast by proxy shall not be invalidated by the previous death or bankruptcy of the principal or by other transmission by operation of law of the title to the shares concerned or by the revocation of the appointment of the proxy or of the authority under which the appointment of the proxy was made provided that no intimation in writing of such death, insanity or revocation shall have been received by the Company at the head office by the time which is two hours before the commencement of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) the time appointed for the taking of the poll at which the vote is cast.

## 25. **CORPORATIONS ACTING BY REPRESENTATIVES**

25.1 Any corporation which is a shareholder of the Company may by resolution of the directors or other governing body of such corporation and in respect of any share or shares in the Company of which it is the holder authorise such individual as it thinks fit to act as its representative at any general meeting of the shareholders of the Company or at any Class meeting or at any sub-fund meeting. The individual so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise in respect of such share or shares if it were an individual shareholder of the Company and such corporation shall for the purposes of this Instrument be deemed to be present in person at any such meeting if an individual so authorised is so present.

25.2 Any corporation which is a Director of the Company may by resolution of its directors or other governing body authorise such individual as it thinks fit to act as its representative at any general meeting of the Company, Class meeting, sub-fund meeting or at any meeting of the Directors. The person so authorised shall be entitled to exercise the same powers at such meeting on behalf of such

corporation as the corporation could exercise if it were an individual director and such corporation shall be deemed for the purposes of this Instrument to be present in person at any such meeting if an individual so authorised is so present.

26. **DIRECTORS**

- 26.1 Except as otherwise prescribed by the Regulations, the business of the Company shall be managed by the Directors. They may arrange payment by the Company of all expenses incurred in forming and registering the Company and may exercise all powers of the Company (whether relating to the management of the business of the Company or otherwise) which are not required by the Regulations or this Instrument to be exercised by any other person or by the Company in general meeting. The general powers given by this clause shall not be limited or restricted by any special authority or power given to the Directors by any other clause.
- 26.2 Unless otherwise determined by an ordinary resolution of shareholders the Company shall only have one Director.
- 26.3 If, and for so long as, the ACD is the sole Director of the Company, the ACD shall have authority to exercise all the powers, authorities and discretions expressed in this Instrument to be vested in the Directors generally.
- 26.4 If, and for so long as, there is no ACD acting in respect of the Company, the Directors shall (subject to the FCA Rules) have authority to exercise all the powers, authorities and discretions expressed in this Instrument to be vested in the ACD.
- 26.5 A Director is not required to hold any shares in the Company by way of qualification.
- 26.6 A Director is entitled to attend and speak at any general meeting, at any sub-fund meeting and at any Class meeting.
- 26.7 The Directors may from time to time appoint one or more of their number to be the holder of any office (including, where considered appropriate, the office of chairman or deputy chairman) on such terms and for such period as they may determine and, without prejudice to the terms of any contract entered into in any particular case, may at any time revoke any such appointment.
- 26.8 The appointment of any Director to any office (including that of chairman and deputy chairman) shall automatically determine if he ceases to be a Director but without prejudice to any claim for damages for breach of any contract of service between him and the Company.

- 26.9 No resolution made by the Company in general meeting or by the holders of the shares of any sub-fund or any Class at a sub-fund or Class meeting shall invalidate any prior act of the Directors which would have been valid if such resolution had not been made.
- 26.10 Subject to the FCA Rules, the Directors may appoint agents and delegate any of the powers, authorities and discretions vested in or exercisable by them, with or without power to sub-delegate. Any such appointment or delegation made by the Directors in accordance with FCA Rules may be made upon such terms and subject to such conditions as the Directors may think fit, and the Directors may remove any such appointee, and may revoke or vary such delegation, but no person dealing in good faith and without notice of any such revocation or variation shall be affected by their doing so.
- 26.11 Subject to the FCA Rules, the Directors may by power of attorney appoint any company, firm or person or any fluctuating body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under this Instrument) and for such period and subject to such conditions as they may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Directors may think fit, and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions vested in him.

## **27. REMUNERATION AND EXPENSES OF DIRECTORS**

- 27.1 The Directors shall be entitled to remuneration for their services as Directors. Such remuneration shall (unless otherwise determined by the Directors) be deemed to accrue from day to day and the amount of such remuneration shall (subject to the FCA Rules) be determined by the Directors, and shall be on a periodic, fixed or ad valorem basis.
- 27.2 Any Director who holds any office including that of ACD (and including for this purpose the office of chairman or deputy chairman), or who serves on any committee of the Directors, or who otherwise performs services which, in the opinion of the Directors, are outside the scope of the ordinary duties of a Director, may (subject to the FCA Rules) be paid such fees and charges as are specified from time to time in the prospectus and such extra remuneration by way of salary, commission or otherwise as the Directors may determine.
- 27.3 The Directors may (subject to the FCA Rules) be paid by the Company all travelling, hotel and other expenses properly incurred by them (or, being a corporation, by their duly authorised representative(s)) in connection with their attendance at and return from meetings of the Directors, committees of such

meetings, general meetings of the Company, Class meetings, sub-fund meetings, or otherwise in connection with the business of the Company.

## **28. MEETINGS AND PROCEEDINGS OF DIRECTORS**

- 28.1 The following sub-clauses 28.2 to 28.10 shall not apply at any time when the ACD is the sole Director of the Company and any decision which is required by the Regulations or this Instrument to be taken by the Directors shall, if and for so long as the ACD is the sole director, be valid and effective if made by the ACD.
- 28.2 Subject to the provisions of this Instrument, the Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. At any time any Director may summon a meeting of the Directors by at least seven days' notice in writing. Any Director may waive notice of any meeting (and any such waiver may be retroactive) and any Director who is present at a meeting of the Directors shall be deemed to have waived notice of such meeting.
- 28.3 The quorum necessary for the transaction of the business of the Directors may be fixed from time to time by the Directors and, unless so fixed at any other number, shall be two.
- 28.4 A resolution made by Directors who would (if attending a meeting) comprise a quorum and who are able to communicate (by means of a telephone or otherwise) simultaneously with one another shall be as valid and effectual as if passed at a meeting of the board of Directors duly convened and held. Any or all of the Directors, or members of a committee, can take part in a meeting of the Directors or of a committee by way of a conference telephone or similar equipment designed to allow everybody to take part in the meeting. The meeting shall be treated as being held at the place where the chairman is calling from whether or not two or more Directors are in the same place. All Directors participating in that way shall be counted in the quorum of the meeting and be entitled to vote.
- 28.5 Questions arising at any meeting of the Directors shall be determined by a majority of votes cast. In the case of an equality of votes the chairman of the meeting shall have a second or casting vote.
- 28.6 The continuing Directors or a sole continuing Director may act notwithstanding any vacancy in their number but if and so long as the number of Directors is reduced below the minimum number fixed as the quorum, the continuing Directors or Director may (notwithstanding the provisions of clause 26.3 act for the purpose of filling such vacancies or of calling a general meeting but not for any other purpose. If there are no Directors able or willing to act, then any two

shareholders may summon a general meeting for the purpose of appointing one or more Directors subject to any maximum number provided for in this Instrument.

- 28.7 The Directors may elect a chairman and a deputy chairman from their number and may at any time remove them from office. Unless he is unwilling to do so, the Director (if any) appointed as chairman shall preside at every meeting at which he is present or, failing which, the deputy chairman (if any) shall so preside. If no chairman or deputy chairman shall have been appointed or if at any meeting of the Directors no chairman or deputy chairman shall be present within five minutes after the time appointed for holding the meeting, the Directors present may choose one of their number to be chairman of the meeting.
- 28.8 If at any time there is more than one deputy chairman the right in the absence of the chairman to preside at a meeting of the Directors or of the Company shall be determined as between the deputy chairmen present (if more than one) by seniority in length of appointment or otherwise as resolved by the Directors.
- 28.9 A resolution in writing signed by all the Directors entitled to vote at a meeting of Directors or of all members of a committee of Directors similarly entitled shall be as valid and effective as a resolution duly passed at a meeting of the Directors or (as the case may be) committee of Directors and may consist of several documents in the like form each signed by one or more Directors.
- 28.10 Subject to the FCA Rules, all acts done by the Directors or by any committee or by any person acting as a Director or member of a committee shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any Director or such committee or that any Director was disqualified or had vacated office, be as valid as if every such person or committee had been duly appointed and that every person so acting was qualified and had continued to be a Director and had been entitled to vote.

## 29. **INTERESTS OF DIRECTORS**

- 29.1 Subject to the Regulations and to Clauses 29.2, 29.3 and 29.4 of this Instrument a Director may be party to, or in any way interested in, any contract or arrangement or transaction to which the Company is a party, or in which the Company is in any way interested, and he may hold and be remunerated in respect of any office or place of profit (other than the office of auditor of the Company) under the Company or any other company in which the Company is in any way interested (or any firm of which he is a member) and may act in a professional capacity for the Company or any such other company and be remunerated therefor and in any such case as aforesaid (save as otherwise agreed) he may retain for his own absolute use and benefit all profits and

advantages accruing to him thereunder or in consequence thereof. Subject to the Regulations no such contract, arrangement or transaction shall be avoided on the grounds of any such interest or benefit.

- 29.2 Subject to Clause 29.3, any interest of a kind referred to in the last preceding clause of this Instrument must be declared by the Director who is so interested at the meeting of the Directors at which the question of entering into the contract or arrangement is first taken into consideration. A general notice in writing given to the Directors by any Director to the effect that he is a shareholder, director, employee of, or might for any other reason be regarded as having an interest in relation to, any specified company or firm, and is to be regarded as interested in any contract or arrangement which may thereafter be made with that company or firm, shall (if such Director shall give the same at a meeting of the Directors or shall take reasonable steps to secure that the same is brought up and read at that next meeting of the Directors after it is given) be deemed a sufficient declaration of interest in relation to any contract or arrangement made.
- 29.3 If and for so long as the ACD is the sole Director of the Company the last preceding clause of this Instrument shall have no effect and, in such event, any interest of a kind referred to in Clause 29.1 must be properly recorded and minuted by the ACD as soon as practicable after it becomes so interested. Nothing in this clause shall absolve the ACD from its fiduciary duty to act in the best interests of the Company as a whole.
- 29.4 Notwithstanding the provisions of Clause 29.1 and Clause 29.5, a Director shall not vote at a meeting of the Directors (or of a committee of the Directors) on any resolution concerning a matter in which he has, directly or indirectly, an interest or duty which is material and which conflicts or may conflict with the interests of the Company unless his interest or duty arises only because the case falls within one or more of the following sub-clauses:
- 29.4.1 any proposal concerning the terms of the appointment or re-appointment of a Director as the ACD, or any ratification of the terms of such appointment or re-appointment;
- 29.4.2 any proposal concerning the terms of the appointment or re-appointment of a Director who is an associate of the ACD, or any ratification of the terms of such appointment or re-appointment;
- 29.4.3 any proposal concerning any other company in which he is interested, directly or indirectly, and whether as an officer or shareholder or otherwise howsoever provided that he is not the holder of or beneficially interested in one per cent. or more of the issued shares of any class of such company (or of any third company of which such

company is a subsidiary) or of the voting rights available to members of the relevant company (any such interest being deemed for the purposes of this clause to be a material interest in all circumstances); or

- 29.4.4 any proposal concerning any insurance which the Company is empowered to purchase and/or maintain for the benefit of and against any liability incurred by any Director(s) or persons who include or may include Directors.
- 29.5 If, and for so long as, the ACD is the sole Director of the Company, or at any meeting of the Directors at which the terms of the appointment or re-appointment of the ACD are considered, there is no quorum of Directors present and entitled to vote, the last preceding clause shall have no effect and (for the avoidance of doubt), the ACD shall, subject to the Regulations, be entitled at its own discretion to determine the terms of its appointment or re-appointment as such with the Company notwithstanding its interest therein which terms shall be set out in writing in a contract between the ACD and the Company.
- 29.6 A Director may be counted in the quorum at a meeting of the Directors or committee of the Directors in relation to any resolution on which he is debarred from voting.
- 29.7 Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment) of two or more Directors to offices or employments with the Company or any body corporate in which the Company is interested such proposals may be divided and considered in relation to each Director separately and in such case each of the Directors concerned (if not debarred from voting under Clause 29.4) shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.
- 29.8 If any question shall arise at any time as to the materiality of any interest of a Director (other than the chairman of the meeting in question) or as to the entitlement of any such Director to vote and such question is not resolved by his voluntarily agreeing to abstain from voting such question shall be referred to the chairman of the meeting and his ruling in relation to any other Director shall be final and conclusive except in a case where the nature or extent of the interests of such Director has not been fully and fairly disclosed.
- 29.9 If any question shall arise at any time as to the materiality of the interest of the chairman of the meeting or as to the entitlement of such person to vote or be counted in a quorum and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be decided by resolution of

the Directors or a committee of the Directors (excluding the chairman) whose majority vote shall be final and conclusive.

- 29.10 The Company may by ordinary resolution suspend or relax any provision of this Instrument prohibiting a Director from voting at a meeting of Directors (or of a committee of Directors) or ratify any transaction not duly authorised by reason of a contravention of this Instrument.

### **30. MINUTES OF DIRECTORS' MEETINGS**

- 30.1 The Directors shall cause minutes to be made and kept in permanent form:
- 30.1.1 of all appointments of officers made by the Directors;
  - 30.1.2 of all proceedings at meetings of the Company, Class meetings and sub-fund meetings and at meetings of the Directors and committees of Directors, including the names of the Directors present at each such meeting; and
  - 30.1.3 of all resolutions made by the ACD otherwise than at a meeting and all other matters required by this Instrument to be formally recorded by the ACD.

### **31. APPOINTMENT, REMOVAL AND RETIREMENT OF DIRECTORS**

- 31.1 The Directors shall have power, at any time and from time to time, to appoint any person to be a Director of the Company, either to fill a casual vacancy or as an addition to the existing Directors, but so that the total number of Directors shall not at any time exceed the maximum number, if any, fixed by or pursuant to this Instrument. Any such appointment shall take effect only upon the satisfaction of either of the conditions appearing in Regulation 21(3) of the OEIC Regulations and shall have no effect unless and until either of such conditions shall have been satisfied.
- 31.2 No person (other than the ACD or a person nominated by the Directors) shall be eligible for election to the office of Director at any general meeting unless, not less than seven and not more than forty-two days before the date appointed for the meeting, notice in writing has been left at the head office, signed by a member duly qualified to attend and vote at such meeting, of his intention to propose such person for election, together with notice in writing signed by that person of his willingness to be elected.
- 31.3 A single resolution for the appointment of two or more persons as Directors shall not be put at any general meeting, unless a resolution that it shall be so put has first been agreed to by the meeting without any vote being given against it.



- 31.4 Subject to the provisions of the FCA Rules and Regulation 21 of the OEIC Regulations and notwithstanding any other provision of this Instrument, the office of Director shall be vacated in any of the following events, namely:
- 31.4.1 if, not being a Director who is employed under a contract which precludes resignation, he resigns his office by notice in writing signed by him and left at the head office of the Company or if he offers in writing to resign and the Directors shall resolve to accept such offer; or
  - 31.4.2 if he becomes prohibited by law or regulation (including any provision of the Regulations) from acting as a Director (or, being the ACD, as ACD); or
  - 31.4.3 if he becomes bankrupt, has an interim receiving order made against him or compounds with his creditors generally or applies to the court for an interim order under section 253 Insolvency Act 1986 in connection with a voluntary arrangement under that Act or if, being a body corporate, a receiver or liquidator is appointed other than for the purpose of reconstruction or amalgamation in respect of the Director or a resolution is passed to wind up the Director or if an administrator or administrative receiver is appointed over all or any part of the Director's assets; or
  - 31.4.4 if an order is made anywhere in the world by any court claiming jurisdiction in that behalf on the ground (howsoever formulated) of mental disorder, for his detention or for the appointment of a guardian or receiver or other person (by whatever name called) to exercise powers with respect to his property or affairs; or
  - 31.4.5 if he is absent from meetings of the Directors (or of committees of Directors) continuously for six months without sanction of the Directors and the other Directors resolve that his office be vacated; or
  - 31.4.6 upon the expiry of any period or notice period stated in an agreement for the provision of services between the Company and the Director or if such agreement is summarily terminated in accordance with its terms.
- 31.5 The Company may by ordinary resolution remove any Director before the expiration of his period of office notwithstanding anything in this Instrument or in any agreement between the Company and such Director. Such removal shall take effect only upon the satisfaction of either of the conditions appearing in Regulation 21(3) of the OEIC Regulations and shall be without prejudice to any claim such Director may have for damages for breach of any such agreement.

- 31.6 Notice of the intention to move a resolution under Clause 31.5 must be given to the Company at least 28 days before the meeting at which it is moved.
- 31.7 The Company shall give notice to shareholders of any such resolution at the same time and in the same manner as it gives notice of the meeting or, if that is not practicable, shall give them notice by advertisement in a newspaper having an appropriate circulation at least 14 days before the meeting.
- 31.8 If, after notice of the intention to move such a resolution has been given to the Company, a meeting is called for a date 28 days or less after the notice has been given, the notice is deemed properly given, though not given within the time required.
- 31.9 A vacancy created by the removal of a Director under this section, if not filled at the meeting at which he is removed, may be filled as a casual vacancy.

## 32. **AMENDMENTS**

- 32.1 Amendment may be made to this Instrument by resolution of the Directors to the extent permitted by the Regulations.

## 33. **THE SEAL**

- 33.1 If the Company has a seal the Directors shall provide for the safe custody of the same. The Seal shall not be affixed to any instrument except by the authority of a resolution of the Directors or of a committee of the Directors authorised by the Directors in that behalf. The Directors may from time to time determine whether or not any instrument to which the Seal is affixed shall be signed and the person(s) and/or the number of such persons (if any) who are to sign such instrument. Until otherwise so determined, if at any time the Company shall have only one Director the Seal shall be affixed in the presence of that Director or, if that Director is a body corporate, in the presence of a duly authorised representative of the Director) and, in any other event, the Seal shall be affixed in the presence of two Directors or of one Director and another person duly authorised by the Directors. Any documents or securities sealed with an official seal in use by the Company pursuant to the OEIC Regulations from time to time need not also be signed.

## 34. **INCOME EQUALISATION**

- 34.1 Except where the ACD determines otherwise, the following clause shall apply to the shares in issue in respect of the sub-funds indicated in Part 1 of the Schedule to this Instrument.
- 34.2 An allocation of income (whether annual or interim) to be made in respect of each share to which this clause applies issued by the Company or sold by the

ACD during the accounting period in respect of which that income allocation is made shall:

34.2.1 in the case of net paying shares, be of the same amount as the allocation to be made in respect of the other shares of the same Class issued in respect of the same sub-fund but shall include a capital sum ("income equalisation") representing the ACD's best estimate of the amount of net income and equalisation received or receivable included in the price of that share and calculated in accordance with the following clause; or

34.2.2 in the case of gross paying shares, may be of a lower amount than that allocated in respect of the other shares of the same Class issued in respect of the same sub-fund as the proportion of the allocation attributable to equalisation will have no associated tax amount that may be included in the allocation.

34.3 The amount of income equalisation in respect of any share to which Clause 34.1 applies shall be either:

34.3.1 the actual amount of income and equalisation received or receivable included in the issue price of that share; or

34.3.2 an amount arrived at by taking the aggregate of the amounts of income and equalisation received and receivable included in the price in respect of shares of that Class issued in respect of that sub-fund issued or sold in the annual or interim accounting period in question and dividing that aggregate amount by the number of such shares and applying the resultant average to each of the shares in question.

## 35. **RIGHTS IN SCHEME PROPERTY AND ALLOCATION OF INCOME**

35.1 Subject to Clause 35.2 and 35.3, the interests of the holders of a share shall consist of an undivided unit of entitlement in that part of the scheme property as is comprised in the sub-fund in question and each smaller denomination share, if any, shall represent such proportion of a unit of entitlement as a smaller denomination share bears to a larger denomination share in accordance with Clause 19 of this instrument.

35.2 Subject to Clause 35.3, the provisions of Part 3 of the Schedule to this Instrument shall apply to each allocation of income made in respect of any sub-fund and to calculate the entitlement of each shareholder to participate in the scheme property of the sub-fund at a time when more than one Class of shares is in issue in respect of that sub-fund.

35.3 The Company may adopt a method of calculating the amount of income to be allocated between the shares in issue in respect of any sub-fund which is different to that which appears in Part 3 of the Schedule to this Instrument provided that the Directors are satisfied that such method is fair to shareholders and that it is reasonable to adopt such method in the given circumstances.

36. **INCOME AND DISTRIBUTIONS**

36.1 Any distribution or other monies payable on or in respect of a share may be paid by crossed cheque, warrant or money order and may be remitted by post to the registered address of the shareholder or person entitled to such monies (or, if two or more persons are registered as joint holders of the share or are entitled by virtue of the death or bankruptcy of the holder or otherwise by operation of law, to the registered address of any one of such persons) or to such person and to such address as the shareholder or other such person or persons may direct in writing.

36.2 Any distribution or other monies may also be paid by any other usual or common banking method (including, without limitation, direct credit, bank transfer and electronic funds transfer (a "bank transfer") and to or through such person or such persons as the relevant person may direct in writing.

36.3 Every such cheque, warrant or order shall be made payable to the person to whom it is sent or to such person as the holder or the joint holders or relevant person may direct in writing and the payment of such cheque, warrant or order or the transfer by way of direct credit or bank transfer by the bank so instructed by the Company shall be a good discharge to the Company. The Company shall not be responsible for any loss of any cheque, warrant or order or for any error in any transfer by direct debit or bank transfer which in each case shall be sent or transferred at the risk of the person or persons entitled to the money thereby.

36.4 If two or more persons are registered as joint holders of any share, or are entitled jointly to a share in consequence of the death or bankruptcy of the holder or otherwise by operation of law, any one of them may give an effectual receipt for any distribution or other monies payable or property distributable on or in respect of the share.

36.5 No distribution or other monies payable on or in respect of a share shall bear interest against the Company.

36.6 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.

**37. CHEQUES ETC.**

37.1 All cheques, promissory notes, drafts, bills of exchange and other negotiable or transferable instruments and all receipts for money paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as the Directors shall from time to time by resolution determine.

**38. CHARGES AND EXPENSES**

38.1 Subject to the FCA Rules the charges and expenses of the incorporation and authorisation of the Company or any sub-fund, any offer of shares, the preparation and printing of any prospectus or simplified prospectus issued in connection with such offer and the fees for professional services provided to the Company in connection with such offer shall be borne by the Company from scheme property (unless borne by some other person).

38.2 Subject to the FCA Rules the expenses attributable or deemed to be attributable to a Class or sub-fund in any accounting period may be taken from either the income or the capital property attributable or deemed to be attributable to that Class or sub-fund in accordance with the policy set out in the prospectus.

**39. DESTRUCTION OF DOCUMENTS**

39.1 Subject to the Regulations and to any law, rule or regulation, the Depositary or the Company may destroy:

39.1.1 any share certificate which has been cancelled, at any time after the expiry of one year from the date of cancellation;

39.1.2 any payment mandate (including any variation or cancellation of it) or any notification of change of name or address, at any time after the expiry of six years from the date such mandate, variation, cancellation or notification was recorded by the Company;

39.1.3 any instrument of transfer of shares which has been registered, at any time after the expiry of six years from the date of registration; and

39.1.4 any other document on the basis of which any entry in the register of shareholders is made or cancelled, at any time after the expiry of twelve years from the date an entry in the register of shareholders was first made or cancelled in respect of it.

39.2 It shall conclusively be presumed in favour of the Company that every share certificate so destroyed was a valid certificate duly and properly cancelled and that every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and that every other document destroyed under clause 39.1 was a valid and effective document in accordance with the recorded particulars of it in the books or records of the Company, provided always that the document was destroyed in good faith and without express notice to the Company that the preservation of the document was relevant to a claim.

39.3 Nothing contained in this clause shall be construed as imposing upon the Company any liability in respect of the destruction of any document earlier than as provided in this clause or in any case where the conditions of this clause are not fulfilled. References to this clause to the destruction of any document include references to its disposal in any manner.

#### 40. **NOTICES AND INFORMATION**

40.1 The provisions within the Regulations shall be treated as applying to any notice or document to be given to the Company pursuant to this Instrument.

40.2 A shareholder whose registered address is not within the United Kingdom and who gives to the Company an address within the United Kingdom at which notices may be given to him shall be entitled to have notices given to him at that address. If he has not given such an address the Company shall give notices to him at his address outside the United Kingdom unless its doing so would contravene any applicable laws or regulations.

40.3 A person entitled to a share or shares in consequence of the death or bankruptcy of a shareholder or other operation of law shall, upon such evidence being produced as may from time to time be lawfully required by the Directors as to his entitlement and upon supplying also an address for the service of notices, be entitled to have served upon or delivered to him at such address any notice or document to which the shareholder but for his death, bankruptcy or other event giving rise to the transmission would have been entitled, and service or delivery of such notice or document in such way shall be deemed good service on all persons interested (whether jointly with or claiming through or under him) in the share. Save as aforesaid any notice or document delivered or sent by post to or left at the address of any shareholder in accordance with the FCA Rules shall, notwithstanding the death or bankruptcy of such shareholder or other operation of law and whether or not the Company has notice of such state of affairs, be deemed to have been duly served or delivered in respect of any share registered in the name of such shareholder as sole or joint holder.

- 40.4 In the case of joint shareholders, service of a notice or document on any one is effective service on the other joint shareholders.
- 40.5 If at any time by reason of the suspension or curtailment of postal services within the United Kingdom or any other country or territory, the Company is unable effectively to convene a general meeting, sub-fund meeting or Class meeting by notices sent through the post, such a meeting may be convened by a notice advertised on the same date in at least two leading daily newspapers with appropriate circulation and such notice shall be deemed to have been duly served on all shareholders entitled to receive the same at noon on the day when the advertisement appears. In any such case the Company shall send confirmatory copies of the notice by post if at least seven days prior to the meeting the posting of notices to addresses throughout the United Kingdom or such other country or territory again becomes practicable.
41. The ACD shall make available to investors in the Company the information set out in FUND 3.2.2R before they invest in the Company, as well as any material change thereof.

42. **DEPOSITARY DISCHARGE OF LIABILITY UNDER REGULATION 32(2) OF THE AIFM REGULATIONS**

To the extent permitted by Regulation 32(2) of the AIFM Regulations and any applicable law, rule or regulation, the ACD may authorise a depositary appointed by or in respect of the Company, to discharge itself of liability under Regulation 30(2) of the AIFM Regulations, provided that the conditions set out in Regulation 32(2) of the AIFM Regulations are met.

43. **WINDING UP**

- 43.1 Subject to any special provisions in Clause 10.3 the holders of shares to participate in the property comprised in a sub-fund on a winding up of the Company or on termination of the sub-fund shall be proportionate to the number of units of entitlement in the sub-fund represented by the shares which they hold, determined in accordance with Part 3 of the Schedule to this Instrument.

44. **INDEMNITY**

- 44.1 Every Director, other officer, auditor or Depositary of the Company shall be indemnified by the Company against any liability incurred by him in defending any proceedings (whether civil or criminal) for negligence, default, breach of duty or breach of trust in each case in relation to the Company in which judgement is given in his favour or he is acquitted or in connection with any application under Regulation 63 of the OEIC Regulations in which relief is

granted to him by the Court; and the indemnity shall not apply to any liability to the extent that it is recovered from another person.

44.2 Subject to the Regulations, the Directors may exercise all the powers of the Company to purchase and maintain insurance:

44.2.1 for the benefit of any person who is or was a Director, other officer or auditor of the Company against any liability which may attach to him in respect of any negligence, default, breach of duty or breach of trust of which he may be guilty in relation to the Company; and

44.2.2 for the benefit of any person who is or was the Depositary against any liability for any failure to exercise due care and diligence in the discharge of his functions in respect of the Company.

#### 45. **CONFLICT WITH REGULATIONS**

In the event of any conflict arising between any provision of this Instrument and the Regulations, the Regulations shall prevail and this Instrument shall be construed and shall take effect accordingly.

#### 46. **GENUINE DIVERSITY OF OWNERSHIP**

46.1 Shares in the Company are and will continue to be widely available. The intended categories of investors are retail and institutional investors.

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



## **SCHEDULE 1**

### **Part 1 - Sub- Funds**

#### **Details of the Sub-funds of M&G INVESTMENT FUNDS (11)**

##### **Government and public securities**

In relation to M&G Episode Income Fund and M&G Global Target Return Fund over 35% of the Scheme Property may be invested in transferable securities or approved money-market instruments issued or guaranteed by a single state, local authority or public international body as listed hereafter:

- the Government of the United Kingdom (including the Scottish Administration, the Executive Committee of the Northern Ireland Assembly and the National Assembly of Wales);
- the Governments of Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden;
- the Government of Australia, Canada, Japan, New Zealand, Switzerland, USA;
- the African Development Bank, Asian Development Bank, Eurofima, European Economic Community, European Bank for Reconstruction and Development, European Investment Bank, International Bank for Reconstruction and Development, International Financial Corporation.

##### **Investment in collective investment schemes**

In relation to M&G Episode Income Fund and M&G Global Target Return Fund only up to 10% of the scheme property may be invested in the units/shares of other collective investment schemes.

##### **M&G Episode Income Fund**

Investment objective

The Fund aims to generate a growing level of income over any three-year period. The Fund also aims to provide capital growth of 2-4% over any three-year period.

There is no guarantee that the Fund will achieve its objective over this, or any other, period. The income distributions and the value of your investment may rise and fall and investors may not recoup the original amount they invested.

Type: non-UCITS retail scheme

### **M&G Global Target Return Fund**

Investment objective

The Fund aims to achieve a total return (the combination of income and capital growth) of at least 4%, per annum above the 3-month GBP LIBOR rate, before any charges are taken, in any market conditions and over any three year period. LIBOR is the rate at which banks borrow money from each other.

The Fund aims to achieve this while seeking to minimise the degree to which the value of the Fund fluctuates over time (volatility), while also seeking to limit monthly losses. Managing the Fund in this way reduces its ability to achieve returns significantly above 3-month GBP LIBOR plus 4%.

There is no guarantee that the Fund will achieve a positive return over three years, or any other, period, and investors may not get back the original amount they invested.

Type: non-UCITS retail scheme

## SCHEDULE 2

### Part 2 - Determination of Net Asset Value

1. The value of the scheme property of the Company or sub-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.
2. All the scheme property (including receivables) of the Company (or a Sub-fund) is to be included, subject to the following provisions.
  - 2.1 Property which is not cash (or other assets dealt with in paragraph 3 below) or a contingent liability transaction shall be valued as follows and the prices used shall be (subject as follows) the most recent prices which it is practicable to obtain:
    - 2.1.1 units or shares in a collective investment scheme:
      - 2.1.1.1 if a single price for buying and selling units or shares is quoted, at the most recent such price; or
      - 2.1.1.2 if separate buying and selling prices are quoted, at the average of the two prices provided the buying price has been reduced by any initial charge included therein and the selling price excludes any exit or redemption charge attributable thereto; or
      - 2.1.1.3 if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no recent price exists or if the most recent price available does not reflect the ACD's best estimate of the value of the units or shares, at a value which, in the opinion of the ACD, is fair and reasonable;
    - 2.1.2 exchange-traded derivative contracts:
      - 2.1.2.1 if a single price for buying and selling the exchange-traded derivative contract is quoted, at that price; or,
      - 2.1.2.2 if separate buying and selling prices are quoted, at the average of the two prices; or,
    - 2.1.3 over-the-counter derivative products shall be valued in accordance with the method of valuation as shall have been agreed between the ACD and the Depositary;

- 2.1.4 any other investment:
  - 2.1.4.1 if a single price for buying and selling the security is quoted, at that price; or
  - 2.1.4.2 if separate buying and selling prices are quoted, at the average of those two prices; or
  - 2.1.4.3 if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no price exists or if the most recent price available does not reflect the ACD's best estimate of the value of the securities, at a value which, in the opinion of the ACD, is fair and reasonable;
- 2.1.5 property other than that described in 2.1.1, 2.1.2, 2.1.3 and 2.1.4 above: at a value which, in the opinion of the ACD, represents a fair and reasonable mid-market price.
- 2.2 Cash and amounts held in current and deposit accounts and in other time-related deposits shall normally be valued at their nominal values.
- 2.3 Property which is a contingent liability transaction shall be treated as follows:
  - 2.3.1 if a written option, (and the premium for writing the option has become part of the scheme property), the amount of the net valuation of premium receivable shall be deducted. If the property is an off-exchange derivative the method of valuation shall be agreed between the ACD and Depositary;
  - 2.3.2 if an off-exchange future, it will be included at the net value of closing out in accordance with a valuation method agreed between the ACD and the Depositary;
  - 2.3.3 if any other form of contingent liability transaction, it will be included at the mark to market (whether as a positive or negative value). If the property is an off-exchange derivative, it shall be included at a method of valuation agreed between the ACD and Depositary.
- 2.4 In determining the value of the scheme property, all instructions given to issue or cancel shares shall be assumed (unless the contrary is shown) to have been carried out (and any cash paid or received) and all consequential action required by the Regulations or the Instrument shall be assumed (unless the contrary is shown) to have been taken.

- 2.5 Subject to paragraphs 2.6 and 2.7 below, agreements for the unconditional sale or purchase of property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and, in the opinion of the ACD, their omission will not materially affect the final net asset value amount.
- 2.6 Futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under paragraph 2.5.
- 2.7 All agreements are to be included under paragraph 2.6 which are, or ought reasonably to have been, known to the person valuing the property.
- 2.8 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) at that point in time including (as applicable and without limitation) capital gains tax, income tax, corporation tax, value added tax, stamp duty and any foreign taxes and duties will be deducted.
- 2.9 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 will be deducted.
- 2.10 The principal amount of any outstanding borrowings whenever repayable and any accrued but unpaid interest on borrowings will be deducted.
- 2.11 An estimated amount for accrued claims for repayments of tax of whatever nature to the Company which may be recoverable will be added.
- 2.12 Any other credits or amounts due to be paid into the scheme property will be added.
- 2.13 A sum representing any interest or any income accrued due or deemed to have accrued but not received will be added.
- 2.14 The amount of any adjustment deemed necessary by the ACD to ensure that the Net Asset Value is based on the most recent information and is fair to all shareholders will be added or deducted as appropriate.
- 2.15 Currencies or values in currencies other than the base currency or (as the case may be) the designated currency of a sub-fund shall be converted at the relevant valuation point at a rate of exchange that is not likely to result in any material prejudice to the interests of shareholders or potential shareholders.

## **SCHEDULE 3**

### **Part 3 - Allocation of Income and Rights to Participate in the Property of a Sub-Fund**

1. If there is more than one Class in issue in a sub-fund, the proportionate interests of each Class in the assets and income of the sub-fund shall be ascertained as follows:
  - 1.1 A notional account will be maintained for each Class. Each account will be referred to as a "Proportion Account".
  - 1.2 The word "proportion" in the following paragraphs means the proportion which the balance on a Proportion Account at the relevant time bears to the balance on all the Proportion Accounts of a sub-fund at that time.
  - 1.3 There will be credited to a Proportion Account:
    - 1.3.1 The subscription money (excluding any initial charges or dilution levy) for the issue of shares of the relevant Class;
    - 1.3.2 that Class's proportion of the amount by which the Net Asset Value of the sub-fund exceeds the total subscription money for all shares in the sub-fund;
    - 1.3.3 that Class's proportion of the sub-fund's income received and receivable; and
    - 1.3.4 any notional tax benefit under paragraph 1.5 below.
  - 1.4 There will be debited to a Proportion Account:
    - 1.4.1 the redemption payment for the cancellation of shares of the relevant Class;
    - 1.4.2 that Class's proportion of the amount by which the Net Asset Value of the sub-fund falls short of the total subscription money for all shares in the sub-fund;
    - 1.4.3 all distributions of income (including equalisation) made to shareholders of that Class;
    - 1.4.4 all costs, charges and expenses incurred solely in respect of that Class;

- 1.4.5 that Class's proportion of the costs, charges and expenses incurred in respect of that Class and one or more other Classes in the sub-fund, but not in respect of the sub-fund as a whole;
  - 1.4.6 that Class's proportion of the costs, charges and expenses incurred in respect of or attributable to the sub-fund as a whole; and
  - 1.4.7 any notional tax liability under paragraph 1.5.
- 1.5 Any tax liability in respect of the sub-fund and any tax benefit received or receivable in respect of the sub-fund will be allocated between Classes in order to achieve, so far as possible, the same result as would have been achieved if each Class were itself a sub-fund so as not materially to prejudice any Class. The allocation will be carried out by the ACD after consultation with the auditors.
- 1.6 Where a Class is denominated in a currency which is not the base currency, the balance on the Proportion Account shall be converted into the base currency in order to ascertain the proportions of all Classes. Conversions between currencies shall be at a rate of exchange decided by the ACD as being a rate that is not likely to result in any material prejudice to the interests of shareholders or potential shareholders.
- 1.7 The Proportion Accounts are memorandum accounts maintained for the purpose of calculating proportions. They do not represent debts from the Company to shareholders or the other way round.
2. Each credit and debit to a Proportion Account shall be allocated to that account on the basis of that Class's proportion immediately before the allocation. All such adjustments shall be made as are necessary to ensure that on no occasion on which the proportions are ascertained is any amount counted more than once.
3. The proportionate interest of a class in the assets and income of a sub-fund is its "proportion".
4. When shares are issued thereafter each such share shall represent the same proportionate interest in the property of the relevant sub-fund as each other share of the same category and Class then in issue in respect of that sub-fund.
5. The Company shall allocate the amount available for income allocation (calculated in accordance with the FCA Rules) between the shares in issue relating to the relevant sub-fund according to the respective proportionate interests in the property of the sub-fund represented by the shares in issue at the valuation point in question.