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

PROSPECTUS

OF

VT GRAVIS UK LISTED PROPERTY (FEEDER) FUND

(An FCA authorised unit trust)

This document constitutes the Prospectus for VT Gravis UK Listed Property (Feeder) Fund which has been prepared in accordance with the Collective Investment Schemes Sourcebook and Investment Funds Sourcebook.

This Prospectus is dated, and is valid as at, 30 March 2020.

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

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Important Information

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

The Trust is an authorised unit trust. It is a non-UCITS retail scheme as defined in COLL.

Valu-Trac Investment Management Limited, the manager and alternative investment fund manager of the Trust, is the person responsible for the information contained in this Prospectus. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained herein does not contain any untrue or misleading statement or omit any matters required by the Collective Investment Schemes Sourcebook to be included in it. Valu-Trac Investment Management Limited accepts responsibility accordingly.

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

This Prospectus has been issued for the purpose of section 21 of the Financial Services and Markets Act 2000 by Valu-Trac Investment Management Limited.

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

US Persons are not permitted to subscribe for units in the Trust. The units in the Trust have not and will not be registered under the United States Securities Act 1933, the United States Investment Company Act 1940, or the securities laws of any of any of the States of the United States of America and may not be directly or indirectly offered or sold in the United States of America or for the account or benefit of any US Person, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the United States Securities Act 1933, United States Investment Company Act 1940 and similar requirements of such state securities law.

The UK government has enacted legislation enabling it to comply with its obligations in relation to international tax compliance including the United States provisions commonly known as "FATCA" and the Organisation for Economic Co-Operation and Development provisions known as the "CRS". As a result the Manager may need to disclose the name, address, taxpayer identification number and investment information relating to certain investors in the Trust to HM Revenue & Customs, who will in turn exchange this information with their overseas counterparts in relevant jurisdictions.

The extent to which the Manager is able to report to HM Revenue & Customs will depend on each affected Unitholder in the Trust providing the Manager or its delegate with any information that the Manager determines is necessary to satisfy such obligations.

By signing the application form to subscribe for Units, each prospective unitholder is agreeing to provide information upon request to the Manager or its agent. If a unitholder does not provide the necessary information, the Manager will be required to report it to HM Revenue & Customs and may exercise its right to redeem completely the holding of an affected unitholder (at any time upon any or no notice).

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

This Prospectus is based on information, law and practice at the date hereof. The Manager cannot be bound by an out of date prospectus when a new version has been issued and investors should check with Valu-Trac Investment Management Limited that this is the most recently published prospectus.

Units in the Trust are not listed on any investment exchange.

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

Except from the information about itself as Trustee contained in this Prospectus, the Trustee is not a person responsible for the information contained in this Prospectus and accordingly does not accept any responsibility therefore under the COLL Sourcebook or otherwise.

The Manager shall not divulge any confidential information concerning investors unless required to do so by law or regulation or as set out in this Prospectus or the Manager's Privacy Policy (available at www.valu-trac.com or otherwise on request). Unitholders and potential investors acknowledge that their personal data as well as confidential information contained in the application form and arising from the business relationship with the Manager may be stored, modified, processed or used in any other way by the Manager, its agents, delegates, sub-delegates and certain third parties in any country in which the Manager conducts business or has a service provider (even in countries that do not provide the same statutory protection towards investors' personal data deemed equivalent to those prevailing in the European Union) for the purpose of administering and developing the business relationship with the investor. Subject to applicable law, investors may have rights in respect of their personal data, including a right to access and rectification of their personal data and, in some circumstances, a right to object to the processing of their personal data. Further details are set out in the Manager's Privacy Policy.

The Money Laundering Regulations 2017, The Proceeds of Crime Act 2002, The FCA Senior Management Arrangements Systems & Controls Source book and Joint Money Laundering Steering Group guidance notes (which are updated from time to time) state that the Manager must check your identity and the source of the money invested. The checks may include an electronic search of information held about you on the electoral roll and using credit reference agencies. The credit reference agency may check the details you supply against any particulars on any database (public or otherwise) to which they have access and may retain a record of that information although this is only to verify your identity and will not affect your credit rating. They may also use your details in the future to assist other companies for verification purposes. If you apply for units you are giving the Manager permission to ask for this information in line with the Data Protection legislation. If you invest through a financial adviser they must fill an identity verification certificate on your behalf and send it to the Manager with your application.

Target market for MiFID II purposes: The Target Market for MiFID II is set out in Appendix I.

Initial Offer Period:

Prior to the launch date of the Trust there will be an initial offer period in which Shareholder applications will be processed. The initial offer period relating to Units in the Trust will commence at 9am on 1 October 2019 and expire at 11.59am on 31 October 2019 at which time the Trust will launch. However, the initial offer period in respect of the Trust will come to an end prior to that time and date if the Manager reasonably believes that the price that would reflect the current value of the Scheme Property of the Trust would vary by more than 2% from the initial offer price. During the initial offer period, Units will be issued at a price of 100p per Unit (or currency equivalent). Any subscription money received by the Company during the initial offer period will immediately be made available to the ACD for investment in accordance with this Prospectus upon launch.

During an Initial Offer Period, the ACD may require cash settlement before issuing units. The scheme property may also consist of cash and near cash without limitation.

1. DEFINITIONS

"**ACD**" means Valu-Trac Investment Management Limited, as authorised corporate director of the Company of which the PAIF Fund is a sub-fund.

"AIFM" means the legal person appointed on behalf of the Trust and which (through this appointment) is responsible for managing the Trust in accordance with the AIFM Directive and The Alternative Investment Fund Managers Regulations 2013, which is at the date of this prospectus, the Manager.

"AIFM Directive" means the Alternative Investment Fund Managers Directive 2011/61/EU and any other implementing legislation at a UK or EU level.

"**Approved Bank**" means (in relation to a bank account opened by the Trustee):

(a) if the account is opened at a branch in the United Kingdom:

- (i) the Bank of England; or
- (ii) the central bank of a member state of the OECD; or
- (iii) a bank; or
- (iv) a building society; or
- (v) a bank which is supervised by the central bank or other banking regulator of a member state of the OECD; or

(b) if the account is opened elsewhere:

- (i) a bank in (a); or
- (ii) a credit institution established in an EEA State other than in the United Kingdom and duly authorised by the relevant Home State Regulator; or
- (iii) a bank which is regulated in the Isle of Man or the Channel Islands; or
- (iv) a bank supervised by the South African Reserve Bank;

as such definition may be updated in the glossary of definitions in the FCA Handbook from time to time.

"Associate" means any other person whose business or domestic relationship with the Manager or the Manager's associate might reasonably be expected to give rise to a community of interest between them which may involve a conflict of interest in dealings with third parties.

"**Auditor**" means Johnston Carmichael LLP, or such other entity as is appointed to act as auditor to the Trust from time to time.

"**Base Currency**" means, unless otherwise specified in the case of a Fund, pounds sterling.

"**Business Day**" means a day on which the London Stock Exchange is open. If the London Stock Exchange is closed as a result of a holiday or for any other reason, or there is a holiday elsewhere or other reason which impedes the calculation of the fair market value of the Fund's portfolio of securities or a significant portion thereof, the Manager may decide that any business day shall not be construed as such.

"**Class**" or "**Classes**" in relation to Units, means (according to the context) all of the Units related to the Trust or a particular class or classes of Units related to the Trust and in relation to the Shares means (according to the context) all of the Shares of the PAIF Fund or a particular class or classes of Shares of the PAIF Fund.

"**Class Currency**" means the currency in which the Units of a Class are designated.

"**COLL**" refers to the appropriate chapter or rule in the COLL Sourcebook.

"**the COLL Sourcebook**" means the Collective Investment Schemes Sourcebook issued by the FCA (and forming part of the FCA Handbook) as amended from time to time.

"**Company**" means VT Gravis Real Assets ICVC.

"Conversion" means the conversion of Units in one class to Units of another Class and "Convert" shall be construed accordingly;

"**Custodian**" means RBC Investor Services Trust, UK Branch or such other entity as is appointed to act as Custodian.

"**Dealing Day**" means Monday to Friday inclusive when these are Business Days and other days at the Manager's discretion.

"**Depositary**" means NatWest Trustee and Depositary Services Limited, in its capacity as depositary, or such other entity as is appointed to act as depositary.

"**EEA State**" means a member state of the European Union and any other state which is within the European Economic Area.

"**Eligible Institution**" means one of certain eligible institutions as defined in the glossary of definitions to the FCA Handbook.

"**Exchange**" means the exchange of Units for shares in the Company and vice versa, with the agreement of the Manager and ACD of the Company, as appropriate, by way of a redemption and issue of Units and Shares as appropriate.

"**the FCA**" means the Financial Conduct Authority or any other regulatory body which may assume its regulatory responsibilities from time to time.

"**the FCA Handbook**" means the FCA Handbook of Rules and Guidance, as amended from time to time.

"**the Financial Services Register**" means the public record, as required by section 347 of the Financial Services and Markets Act 2000 and as defined in the glossary of definitions to the FCA Handbook.

"FUND" means the investment funds sourcebook which forms part of the FCA Handbook.

"**Hedged Classes**" means a Class in respect of which the ACD employs techniques and instruments with a view to hedging against fluctuations between the Class Currency of the relevant Class and the Base Currency.

"**Home State**" has the meaning given to it in the glossary of definitions to the FCA Handbook.

"**Investment Adviser**" means Gravis Advisory Limited or such other entity (if any) as is appointed to provide investment advice to the Manager from time to time.

"**Manager**" means Valu-Trac Investment Management Limited or such other entity as is appointed to act as the investment manager of the Trust from time to time.

"**MiFID II**" means the Markets in Financial Instruments Directive 2014/65/EU.

"**Net Asset Value**" or "**NAV**" means the value of the Scheme Property of the Trust less the liabilities of the Trust as calculated in accordance with the Trust Deed.

"**PAIF**" means an open-ended investment company which is a Property Authorised Investment Fund, as defined in Part 4A of the Tax Regulations and the Glossary to the FCA Handbook.

"**PAIF Fund**" means VT Gravis UK Listed Property (PAIF) Fund, currently the only sub-fund of the Company, which, at the date of this Prospectus qualifies as a PAIF.

"**Register**" means the register of Unitholders of the Trust.

"**Registrar**" means Valu-Trac Investment Management Limited, or such other entity as is appointed to act as Registrar to the Trust from time to time.

"**Regulations**" means the FCA Handbook (including the COLL Sourcebook and FUND), as amended.

"**Scheme Property**" means the scheme property of the Trust required under the COLL Sourcebook and FUND to be given for safekeeping to the Trustee.

"**SDRT**" means stamp duty reserve tax.

"**Share**" or "**Shares**" means a share or shares in the PAIF Fund (including larger denomination shares, and smaller denomination shares equivalent to one thousandth of a larger denomination share).

"**Tax Regulations**" means the Authorised Investment Funds (Tax) Regulations 2006 (SI

2006/964), as amended from time to time.

"**Trust**" means VT Gravis UK Listed Property (Feeder) Fund.

"**Trust Deed**" means the trust deed constituting the Trust, as amended from time to time.

"**Trustee**" means NatWest Trustee and Depositary Services Limited, or such other entity as is appointed to act as trustee from time to time.

"**Unit**" or "**Units**" a unit or units in the Trust (including fractions of units)

"**Unitholder**" means a holder of registered Units in the Trust.

"**Valuation Point**" means the point on a Dealing Day whether on a periodic basis or for a particular valuation, at which the Manager carries out a valuation of the Scheme Property for the Trust for the purpose of determining the price at which Units of a Class may be issued, cancelled or redeemed. The current Valuation Point is 12 noon London time on each Dealing Day.

"**VAT**" means value added tax.

Words in the singular include the plural, and words in the plural include the singular, and words importing male persons include female persons and words importing female persons include male persons.

Reference to any law or statute shall mean such law or statute as amended to the date of this Prospectus, and shall include any subordinate legislation made pursuant to such law or statute.

2. DETAILS OF THE TRUST

2.1. General information

2.1.1. General

VT Gravis UK Listed Property (Feeder) Fund (the "**Trust**") is a standalone authorised unit trust authorised by the Financial Conduct Authority (PRN:913629) pursuant to an authorisation order dated 17 September 2019 and established by a trust deed dated 24 September 2019. The Trust has an unlimited duration.

The Trust is a non-UCITS retail scheme and is a standalone fund. The Fund will be managed so that it is a feeder fund for the PAIF Fund. The PAIF Fund is an open-ended investment company constituted as a non-UCITS retail scheme and, as at the date of this Prospectus, qualifying as a PAIF.

The Trust is intended to enable companies and other investors who are not eligible or able to invest directly into the PAIF Fund to do so indirectly.

Unitholders are not liable for the debts of the Trust.

A Unitholder is not liable to make any further payment to the Trust after he has paid the price on purchase of the Units.

Historical performance figures, when available, will be set out in Appendix I.

The Manager and AIFM of the Trust is Valu-Trac Investment Management Limited. The Manager is also the manager of certain authorised unit trusts and open-ended investment companies details of which are set out in Appendix IV.

Details of a typical investor in the Trust and historical performance data is set out in Appendix I.

2.1.2. Head Office

The registered office of the Manager is at Level 13 Broadgate Tower, 20 Primrose Street, London, EC2A 2EW and its principal place of business is at Orton, Moray, IV32 7QE.

2.1.3. Address for Service

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

2.1.4. Base Currency

The Base Currency of the Trust is Pounds Sterling.

2.1.5. Marketing in EEA states

In connection with marketing Units in EEA States to other than the United Kingdom, there are currently no special arrangements in place for:

(a) paying in that EEA State amounts distributable to Unitholders resident in that EEA State;

(b) redeeming in that EEA State the Units of Unitholders resident in the EEA State;

(c) inspecting and obtaining copies in that EEA State of the Trust Deed, this Prospectus and the annual and half-yearly report; and

(d) making public the price of Units of each Class.

Accordingly, the provisions applicable to the marketing of the Units in the Trust in the UK shall also apply in these cases.

Units in the Trust may be marketed in other Member States and in countries outside the European Union and European Economic Area, subject to the Regulations, and any regulatory constraints in those countries, if the Manager so decides.

2.1.6. Longer-term investment

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

2.2. The structure of the Trust

2.2.1. General

The Trust is structured as a stand alone unit trust.

The Trust is a non-UCITS retail scheme and will be managed so that it is a feeder fund under COLL. It is intended that the Trust invest into the PAIF Fund.

The eligible securities markets and eligible derivatives markets on which the Trust may invest are set out in Appendix II. A detailed statement of the general investment and borrowing restrictions in respect of the Trust is set out in Appendix III.

2.2.2. Units

The rights represented by Units are those of a beneficial interest under a trust.

Units of different Classes may from time to time be issued in the Trust. The differences between Classes may be the minimum subscription, the minimum holding, the charges to be borne and/or the Class Currency, as detailed in Appendix I. In most cases either income Units or accumulation Units are offered. The Classes currently available are set out in Appendix I.

Further Classes of Unit may be established from time to time by the Manager with the approval of the FCA, the agreement of the Trustee and in accordance with the Trust Deed and the Regulations. On the introduction of any new Class a revised prospectus will be prepared, setting out the details of each Class.

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

Units have no par value and, within each Class, are entitled to participate equally in the profits arising in respect of, and in the proceeds of, the liquidation of the Trust. Units do not carry preferential or pre-emptive rights to acquire further Units.

Where different Classes are in issue, each Class may attract different charges and so monies may be deducted from the Scheme Property attributable to such Classes in unequal proportions. In these circumstances, the proportionate interests of the Classes will be adjusted accordingly. Also, each Class may have its own investment minima or other features, such as restricted access, at the discretion of the Manager.

Unitholders are entitled (subject to certain restrictions) to convert all or part of their Units in a Class for Units of another Class Details of this Conversion facility and the restrictions are set out in paragraph 3.4 "Conversion".

<u>Registered Units</u>

All Units are in registered form. Certificates will not be issued in respect of Units. Ownership of Units will be evidenced by an entry in the Trust's register of Unitholders. No bearer Units may be issued by the Trust.

At least twice per year the Manager will send a statement to each person who holds units or has held units since the previous statement. Where units are jointly held, statements are sent to the first named Unitholder. The statement will describe the current holding(s) of Units at the date of the statement and any transactions in Units since the date of the last statement. Individual statements will also be issued at any time on request by the registered Unitholder.

<u>Larger and smaller denomination Units</u>

Units will be issued in larger and smaller denominations. There are 1,000 smaller denomination Units to each larger denomination Unit. Smaller denomination Units represent what, in other terms, might be called fractions of a larger Unit and have proportionate rights.

Class of Units

The Trust Deed provides for Income and Accumulation Units which can be further classified in accordance with the Trust Deed.

Hedged Class

Where available (in relation to which, see Appendix I), Hedged Classes allow the ACD to use currency hedging transactions to reduce the effect of exchange rate fluctuations between the Class Currency of the Hedged Class and the Base Currency of the. It is intended to hedge between 98%-102% against currency fluctuations. A 100% hedge may not be a perfect hedge and there can be no assurance that the currency hedging employed will fully eliminate the currency exposure to the Class Currency.

Income and accumulation Units

The Trust may issue income and accumulation Units in respect of each Class. Further details of the Units presently available including details of their criteria for subscription and fee structure, are set out in Appendix I.

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

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

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

2.2.3 Currency management transactions and Unit Class hedging

A Class of Units may be designated in a currency other than the Base Currency as detailed in the relevant section of Appendix I of this Prospectus. The Manager may try to mitigate this risk by using financial instruments, such as foreign exchange spot and forward contracts, as a hedge. If the Manager enters into such transactions then they will each be solely attributable to the relevant Class of Units and the gains/losses on and the costs of the relevant financial instruments will accrue solely to the relevant Class of Units. In such circumstances, Unitholders of that Class may be exposed to fluctuations in the Net Asset Value per Unit reflecting the gains/losses on and the costs of the relevant financial instruments and this strategy may limit holders of the relevant Class from benefiting if the Class currency falls against the Base Currency and/or the currency in which the assets of the scheme are denominated. Where the Manager seeks to hedge against currency fluctuations, while not intended, this could result in over-hedged or under-hedged positions due to external factors outside the control of the Company. As noted above, it is intended to hedge between 98%-102% against currency fluctuations. However over-hedged positions will not exceed 105% of the Net Asset Value and hedged positions will be kept under review to ensure that positions in excess of 100% of Net Asset Value will not be carried forward from month to month. To the extent that hedging is successful for a particular Class the performance of the Class is likely to move in line with the performance of the underlying assets with the result that investors in that Class may not gain if the Class currency falls against the Base Currency and/or the currency in which the assets are denominated. Where the Manager intends to enter into such hedging transactions it will be disclosed in the relevant section of Appendix I.

It should be noted that the total return will be hedged with all costs and expenses incurred from the currency hedge transactions being borne on a pro rata basis by all Hedged Classes denominated in the same currency.

The Manager will review the hedging position each Dealing Day and adjust the hedge where relevant if there is a material change to the dealing volume.

Investors should refer to the paragraph under the heading "Unit Currency Designation Risk" and "Hedged Unit Class Risk" in the "Risk Warnings" section for a description of the risks associated with currency transactions.

3. BUYING, REDEEMING AND CONVERTING AND SWITCHING UNITS

The dealing office of the Manager is normally open from 8.30 a.m. to 5.30 p.m. (London time) on each Business Day to receive requests for the purchase, sale and conversion and switching of Units. The Manager may vary these times at its discretion. Requests to deal in Units may be made by sending clear written instructions (or an application form) to the Manager or by telephoning 01343 880 344 (or such other number as published from time to time). The initial purchase must, at the discretion of the Manager, be accompanied by an application form.

In addition, the Manager may from time to time make arrangements to allow Units to be bought or sold on-line or through other communication media (electronic or otherwise).

Telephone calls may be recorded. The Manager may also, at its discretion, introduce further methods of dealing in Units in the future.

In its dealings in Units the Manager is dealing as principal. The Manager does not actively seek to make a profit from dealing in Units as principal but does so in order to facilitate the efficient management of the Trust. The Manager is not accountable to Unitholders or the Trustee for any profit it makes from dealing in Units as principal.

The Manager will make use of the revised ‘delivery versus payment’ (DvP) exemption as set out in the FCA Rules, which provides for a one Business Day window during which money held for the purposes of settling a transaction in Units is not treated as ‘client money’. Specifically, under the DvP exemption, money received by the Manager from an investor, or money due to be paid to an investor by the Manager, need not be treated as client money if: (i) the Manager receives the money from an investor for the subscription of Units and the money is passed to the Trustee for the purpose of creating Units by close of business on the Business Day following receipt of money from the investor; or (ii) the Manager holds the money in the course of redeeming Units provided that the proceeds of that redemption are paid to an investor by close of business on the Business Day following receipt from the Trustee.

Accordingly under the exemption when investors are buying Units the Manager will protect investor money in a client money account if it does not pass the investor's money onto the Trustee by the close of the Business Day following receipt. Similarly when Unitholders sell Units, the Manager will protect their money in a client money account if it does not pass their money to them by the close of the Business Day following receipt from the Trustee.

The Manager may, in certain circumstances permitted by the FCA’s client money rules (for example if the Manager decides to transfer all or part of its business to a third party), transfer any client money held in respect of the business being transferred in accordance with the FCA’s client money rules, to that third party without that investor’s prior consent. On request, the third party must return any balance of client money to the investor as soon as possible. Subject to the FCA’s client money rules, the sums transferred may be held by the third party in accordance with the FCA’s client money rules, otherwise the Manager will exercise all due skill, care and diligence to assess whether the third party has adequate measures in place to protect Unitholder money. The Manager will act at all times in accordance with the prevailing FCA client money rules.

Where the Manager believes that a reliable price cannot be established as at the Valuation Point, dealing may be suspended temporarily. See paragraph 3.12 (Suspension of dealings) for information regarding the possibility of a temporary suspension of dealing.

3.1. Money laundering

As a result of legislation in force in the UK to prevent money laundering, the Manager is responsible for compliance with anti-money laundering regulations. In order to implement these regulations, in certain circumstances investors may be asked to provide proof of identity when buying or redeeming Units. This may involve an electronic check of information. Until satisfactory proof of identity is provided, the Manager reserves the right to refuse to issue Units, pay the proceeds of a redemption of Units, or pay income on Units to the investor. In the case of a purchase of Units where the applicant is not willing or is unable to provide the information requested within a reasonable period, the Manager also reserves the right to sell the Units purchased and return the proceeds to the account from which the subscription was made. These proceeds may be less than the original investment. The Manager can use credit reference agencies (who will record that an enquiry has been made) and/or may check electronic databases. In the case of bodies corporate, trusts and other legal arrangements, it is also required to establish the identity of any trustees or other controllers who have greater than 25% control of the body corporate or property of the trust that are not named on the application. In addition, it is also required to establish the identity of any individuals who have a specified beneficial interest in the Units. In the case of individuals it is required to establish the identity of any individuals who have a specified beneficial interest in the Units that are not named on the application. The applicant retains legal title to the Units and instructions will only be accepted from the applicant. The beneficial owner details are required for anti-money laundering purposes only. The Manager reserves the right to refuse any application to invest without providing any justification for doing so.

3.2. **Buying Units**

3.2.1. Procedure

Units may be bought directly from the Manager or through a professional adviser or other intermediary. In addition, the Manager may from time to time make arrangements to allow Units to be bought through other communication media. For details of dealing charges see paragraph 3.6 below. Application forms may be obtained from the Manager.

Valid applications to purchase Units will be processed at the Unit price calculated, based on the Net Asset Value per Unit (or the relevant proportion of the Net Asset Value), at the next Valuation Point following receipt of the application, except in the case where dealing has been suspended as set out in paragraph 3.12.

The Manager, at its discretion, has the right to cancel a purchase deal if settlement is materially overdue (being more than five Business Days of receipt of an application form or other instruction) and any loss arising on such cancellation shall be the liability of the applicant. The Manager is not obliged to issue Units unless it has received cleared funds from an investor.

A purchase of Units in writing or by telephone or any other communication media made available is a legally binding contract. Applications to purchase, once made are, except in the case where cancellation rights are applied, irrevocable. However, subject to its obligations under the Regulations, the Manager has the right to reject, on reasonable grounds relating to the circumstances of the applicant, any application for Units in whole or part, and in this event the Manager will return any money sent, or the balance of such monies, at the risk of the applicant. Such instructions will only be executed by the Manager once they have been verified and confirmed and the Manager's processing procedure has been satisfactorily completed. Please note that the Manager will not be liable for any losses or lost opportunities which may result from delays or rejections that arise from unclear instructions.

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

Applicants who have received advice may have the right to cancel their application to buy Units at any time during the 14 days after the date on which they receive a contract notice from the Manager. If an applicant decides to cancel the contract, and the value of the investment has fallen at the time the Manager receives the completed cancellation notice, they will not receive a full refund as an amount equal to any fall in value will be deducted from the sum originally invested. The Manager may extend cancellation rights to other investors but is under no obligation to do so.

3.2.2. Documents the buyer will receive

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

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

Settlement is due within four Business Days of the Valuation Point. An order for the purchase of Units will only be deemed to have been accepted by the Manager once it is in receipt of cleared funds for the application. If settlement is not made within a reasonable period, then the Manager has the right to cancel any Units issued in respect of the application. In the event of such a sale or realisation, the Manager shall be entitled to transfer such investments to such persons as it shall specify and, recover any shortfall from that original investor.

The Manager reserves the right to charge interest at 4% above the prevailing Bank of England base rate, on the value of any settlement received later than the 4th Business Day following the Valuation Point.

No interest will be paid on funds held prior to investment. Units that have not been paid for cannot be redeemed.

Settlement must be made by electronic bank transfer to the bank account detailed on the application form.

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

3.2.3. Minimum subscriptions and holdings

The minimum initial subscriptions, subsequent subscriptions and holdings levels for each Class of Unit are set out in Appendix I.

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

If following a redemption, conversion, Exchange or transfer, a holding in any Class of Unit should fall below the minimum holding for that Class, the Manager has the discretion to effect a redemption of that Unitholder's entire holding in that Class of Unit. The Manager may use this discretion at any time. Failure not to do so immediately after such redemption, or transfer does not remove this right.

3.3. Redeeming Units

3.3.1. Procedure

Every Unitholder is entitled on any Dealing Day to redeem its Units, which shall be purchased by the Manager dealing as principal.

Valid instructions to the Manager to redeem Units will be processed at the Unit price calculated, based on the Net Asset Value per Unit, at the next Valuation Point following receipt of the instruction, except in the case where dealing in Units has been suspended as set out in paragraph 3.12.

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

Manager.

For details of dealing charges see paragraph 3.6 below.

3.3.2. Documents a redeeming Unitholder will receive

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

Payment of redemption proceeds will normally be made to the first named Unitholder (at their risk) via bank transfer in accordance with any instruction received (the Manager may recover any bank charge levied on such transfers). Instructions to make payments to third parties (other than intermediaries associated with the redemption) will not normally be accepted.

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

3.3.3. Minimum redemption

Part of a Unitholder’s holding may be redeemed but the Manager reserves the right to refuse a redemption request if the value of the Units to be redeemed is less than the minimum stated in respect of the appropriate Class in question (see Appendix I).

3.3.4 **Deferred redemption of Units**

If requested redemptions of Units on a particular Dealing Day exceed 10% of the Trust's value, redemptions of Units may be deferred to the next Dealing Day. Any such deferral would only be undertaken in such manner as to ensure consistent treatment of all Unitholders who had sought to redeem Units at any Dealing Day at which redemptions were deferred, and so that all deals relating to the earlier Dealing Day were completed before those relating to a later Dealing Day were considered. The intention of the deferred redemption power is to reduce the impact of dilution on the Scheme Property. In times of high levels of redemption, deferred redemption provisions would enable the Manager to protect the interests of continuing Unitholders by allowing it to match the sale of property of the Trust to the level of redemptions of

Units.

3.4. Conversion

Subject to any restrictions on the eligibility of investors for a particular Unit Class, a Unitholder may at any time:

(i) Convert all or some of his Units of one Class for Units in another Class; or

(ii) switch all or some of his Units for shares/units in another fund managed by the Manager.

(ii) Exchange all or some of his units in the Feeder Fund for Shares in the PAIF Fund.

However, investors wishing to Convert into Gross Units (if they are available) must first complete a Declaration of Eligibility and Undertaking which may be obtained from the Manager.

Conversions

Conversions will be effected by the Manager recording the change of Unit Class on the Register of the Trust.

If a Unitholder wishes to Convert Units he should apply to the Manager in the same manner as for a sale as set out below.

Conversions may not be effected at the next Valuation Point and may be held over and processed with Conversion instructions given by other Unitholders. If you would like information about when your Conversion will be processed please contact the Manager on 01343 880 344.

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

There is no fee on Conversions.

The number of Units to be issued in the new Class will be calculated relative to the price of the Units being converted from.

Subject to any restrictions on the eligibility of investors for a particular Unit Class, with the agreement of the Trustee the Manager may effect a mandatory conversion of all or some of a Unitholder's units in one Unit Class for units of another Unit Class if this is in the best interests of Unitholders.

A Unitholder who converts Units in one Class for Units in any other Class in the Trust will not be given a right by law to withdraw from or cancel the transaction.

Switches

Subject to any restrictions on the eligibility of investors for a particular Unit Class, a Unitholder may at any time Switch all or some of his Units of one Class the Trust ("the

Original Units") for shares or units of another class in another fund ("the New Units"). The number of New Units issued will be determined by reference to the respective prices of New Units and Original Units at the Valuation Point applicable at the time the Original Units are redeemed and the New Units are issued.

Telephone switching instructions may be given but Unitholders are required to provide written instructions to the Manager (which, in the case of joint Unitholders, must be signed by all the joint Unitholders) before switching is effected.

The Manager may at its discretion make a charge on the Switching or Conversion of Units between funds or Classes. Any such charge on Switching does not constitute a separate charge payable by a Unitholder, but is rather the application of any redemption charge on the Original Units and any initial charge on the New Units, subject to certain waivers. For details of the charges on Switching currently payable, please see paragraph 3.6.3 “Charges on Conversion and Switching”.

If a partial Switch would result in the Unitholder holding a number of Original Units or New Units of a value which is less than the minimum holding in the Class concerned, the Manager may, if it thinks fit, convert the whole of the applicant’s holding of Original Units to New Units (and make a charge on Switching) or refuse to effect any Switch of the Original Units. Save as otherwise specifically set out, the general provisions on procedures relating to redemption will apply equally to a Switch. Written instructions must be received by the Manager before the Valuation Point on a Dealing Day in the Trust (or funds concerned) to be dealt with at the prices at the Valuation Point on that Dealing Day or at such other Valuation Point as the Manager at the request of the Unitholder giving the relevant instruction may agree. Switching or Conversion requests received after a Valuation Point will be held over until the next day which is a Dealing Day in each of the relevant funds.

The Manager may adjust the number of New Units to be issued to reflect the application of any charge on switching together with any other charges or levies in respect of the application for the New Units or redemption of the Original Units as may be permitted pursuant to the COLL Sourcebook.

Please note that under UK tax law a Switch of Units in the Trust for shares/units in any other fund is treated as a redemption of the Original Units and a purchase of New Units and will, for persons subject to taxation, be a realisation of the Original Units for the purposes of capital gains taxation, which may give rise to a liability to tax, depending upon the Unitholder’s circumstances. However, as noted above, a Conversion of Units in one Class for Units in another Class in the Trust will not normally be treated as a realisation for UK tax purposes.

A Unitholder who Switches Units in the Trust for shares/units in any other fund (or who Switches between Classes of Units) will not be given a right by law to withdraw from or cancel the transaction.

Exchanging between the PAIF Fund and the Trust

The Manager is aware that certain investors who are eligible to invest in the PAIF Fund may be unable to do so for administrative reasons and will, therefore, invest through the Trust. When such investors are in a position to invest directly in the PAIF Fund, such investors will be able to Exchange their holdings of Unit for Shares in the PAIF Fund. The Manager intends to facilitate Exchanges between the Trust and the relevant class of Shares in the PAIF Fund once every three months immediately after the end of each income allocation period for the Trust.

The Exchange would take place when there is minimal accrued income in the relevant class of the PAIF Fund to minimise income tax consequences and it would be with the agreement of the Manager so that the disposal would qualify for capital gains tax rollover relief. The new Shares issued to the investors would therefore have the same acquisition cost and acquisition date for capital gains tax purposes as their original holding of Units.

Exchanges will take place by way of in specie redemptions of Units.

Exchanges may be effected either by contacting the Manager on 01343 880344 or by writing to Valu-Trac Investment Management Limited, Mains of Orton, Orton, Moray, IV32 7QE. Unitholders may be required to complete an Exchange form

3.5. Market timing

The Manager may refuse to accept a new subscription in the Trust or a switch if in the opinion of the Manager, it has reasonable grounds for refusing to accept a subscription or a switch from them. In particular, the Manager may exercise this discretion if it believes the Unitholder has been or intends to engage in market timing.

For these purposes, market timing activities include investment techniques which involve short term trading in and out of shares/units generally to take advantage of variation in the price of Units between the daily valuation points in the Trust. Short term trading of this nature may often be detrimental to long term Unitholders, in particular, the frequency of dealing may lead to additional dealing costs which can affect long term performance.

3.6. Dealing Charges

The price per Unit at which Units are bought, redeemed or switched is the Net Asset Value per Unit. Any initial charge or redemption charge, (or dilution levy or SDRT on a specific deal, if applicable) is payable in addition to the price or deducted from the proceeds and is taken from the gross subscription or redemption monies.

3.6.1. Initial charge

The Manager may impose a charge on the purchase of Units in each Class. The current initial charge, if any, is calculated as a percentage of the amount invested by a potential Unitholder with such percentage being set out in Appendix I. The Manager may waive or discount the initial charge at its discretion,

The initial charge (which is deducted from subscription monies) is payable by the Unitholder to the Manager. The current initial charge (if any) of a Class may only be increased in accordance with the Regulations.

3.6.2. Redemption Charge

The Manager may make a charge on the redemption of Units in each Class. The current redemption charge, if any, is calculated as a percentage of the redemption proceeds with such percentage, in respect of each Class, being set out in Appendix I. The Manager may waive or discount the redemption charge at its discretion.

The redemption charge (which is deducted from redemption proceeds) is payable by the Unitholder to the Trust. The Manager may only introduce or increase a redemption charge in accordance with the Regulations. Also, if such a charge was introduced in respect of a specific Class of Units, it would not apply to Units issued before the date of the introduction (i.e., those not previously subject to a redemption charge).

3.6.3. Charges on Conversion, Switching or Exchanges

On the Switching of Units between Classes in the Trust the Trust may impose a charge. If a redemption charge is payable in respect of the Original Units, this may become payable instead of, or as well as, the then prevailing initial charge for the New Units. The charge on Conversion/Switching is payable by the Unitholder to the Manager.

The Manager's current policy is to only levy a charge on switching that is no more than the excess of the initial charge applicable to New Units over the initial charge applicable to the Original Units as specified in Appendix I. There is currently no charge for converting Units in one Class for units in another class of the Trust or for Exchanges.

3.6.4. Dilution Levy

The actual cost of purchasing, selling or switching underlying investments may deviate from the mid-market value used in calculating its Unit price, due to dealing charges, taxes, and any spread between buying and selling prices of the Trust's underlying investments. These dealing costs could have an adverse effect on the value of the Trust, known as "dilution". In order to mitigate the effect of dilution the Regulations allow the Manager to make a dilution levy on the purchase, redemption or Switch of Units. A dilution levy is a separate charge of such amount or at such rate as is determined by the Manager to be made for the purpose of reducing the effect of dilution. This amount is not retained by the Manager, but is paid into the Trust.

The dilution levy is calculated by reference to the costs of dealing in the underlying investments of the Trust including any dealing spreads, commission and transfer taxes.

The need to charge a dilution levy will depend on the volume of purchases and redemptions. It is not possible to predict accurately whether dilution would occur at any point in time.

The Manager's policy is that it may require a dilution levy on the purchase and redemption of Units if, in its opinion, the existing Unitholders (for purchases) or remaining Unitholders (for redemptions) might otherwise be adversely affected. For example, the dilution levy may be charged in the following circumstances: where the Scheme Property s in continual decline; on the Trust experiencing large levels of net purchases relative to its size; on "large deals" (typically being a purchase or redemption of Units to a size exceeding 5% of the Net Asset Value of the Trust); in any case where the Manager is of the opinion that the interests of existing or remaining Unitholders require the imposition of a dilution levy.

This policy is intended to mitigate the dilutive effect of Unitholder transactions on the future growth of the Trust.

Based on future projections and on its experience of managing the Trust the Manager is unlikely to impose a dilution levy unless it considers that the dealing costs relating to a Unitholder transaction are significant and will have a material impact on the Trust.

It is not possible to predict accurately whether dilution would occur at any point in time. The level of dilution is not fixed and may change from time to time to reflect the underlying market conditions and the composition of the portfolio. If a dilution levy is required then, based on future projections, the estimated rate or amount of such levy will be, up to 3%.

The Manager, in its absolute discretion, may waive or reduce the dilution levy. The Manager may alter its current dilution policy in accordance with the procedure set out in the Regulations.

On the occasions that the dilution levy is not applied, there may be an adverse impact on the total assets of the Trust which may otherwise constrain the future growth of the Trust. It should be noted that, as dilution is directly related to the inflows and outflows of monies from the Trust, it is not possible to predict accurately the exact amount of such a charge in advance on a particular transaction.

3.6.5. Stamp duty reserve tax ("SDRT")

The charging of SDRT (at a rate of 0.5%) on the redemption of units has now been abolished except from in relation to non-pro rata in specie redemptions.

The current policy is that all SDRT costs (if applicable) will be paid out of the Scheme Property and charged to capital and that SDRT will not be recovered from individual Unitholders. However, the Manager reserves the right to require individual Unitholders to pay SDRT whenever it considers that the circumstances have arisen which make such imposition fair to all Unitholders or potential Unitholders. Deductions of any such costs from capital may erode or constrain capital growth.

3.7. Transfers

Unitholders are entitled to transfer their Units to another person or body. All transfers must be in writing in the form of an instrument of transfer approved by the Manager for this purpose. Completed instruments of transfer must be returned to the Manager in order for the transfer to be registered by the Manager. The Manager may refuse to register a transfer unless any provision for SDRT due has been paid.

3.8. **Restrictions and compulsory transfer, Conversion and redemption**

The Manager may from time to time take such action and/or impose such restrictions as it may think necessary for the purpose of ensuring that no Units are acquired or held by any person in breach of the law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory or which would result in the Trust incurring any liability to taxation which the Trust is not able to recoup itself or otherwise suffering (in the Manager's absolute discretion) any other adverse consequence. In this connection, the Manager may, inter alia, reject in its discretion any application for the purchase, redemption, transfer or switching of Units or require the conversion of shares/units in one class to another class.

If it comes to the notice of the Manager that any Units ("affected Units"):

(a) are owned directly or beneficially in breach of any law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory; or

(b) would result in the Trustee as trustee of the Trust incurring any liability to taxation which the Trustee would not be able to recoup itself or suffering any other adverse consequence (including a requirement to register under any securities or investment or similar laws or governmental regulation of any country or territory); or

(c) are held in any manner by virtue of which the Unitholder or Unitholders in question is/are not qualified to hold such Units or if it reasonably believes this to be the case or the holding of such units might cause the Trust or its unitholder a pecuniary or administrative disadvantage or other adverse consequence which the Trust might not otherwise incur or suffer;

(d) are owned by a Unitholder who is registered in a jurisdiction (where the Trust is not registered or recognised by the relevant competent authority) whereby communication with that Unitholder by the Manager, , might constitute a breach of the regulations in that jurisdiction (unless specific action is taken by the Manager to prevent such a communication constituting a breach),

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

A Unitholder who becomes aware that he is holding or owns affected Units shall immediately, unless he has already received a notice as set out above, either transfer all his affected Units to a person qualified to own them or submit a request in writing to the Manager for the redemption, conversion or cancellation of all his affected Units.

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

The Manager can effect compulsory conversions of Units in certain circumstances, including as set out in 3.4.

3.9. Issue of Units in exchange for in specie assets

The Manager may arrange for the Trust to issue Units in exchange for assets other than cash (expected to be shares in the PAIF Fund), but will only do so where the Trustee has taken reasonable care to determine that the Trust's acquisition of those assets in exchange for the Units concerned is not likely to result in any material prejudice to the interests of Unitholders.

The Manager will ensure that the beneficial interest in the assets is transferred to the Trust with effect from the issue of the Units.

3.10. **In specie redemptions**

If a Unitholder requests the redemption of Units the Manager may, where it considers that deal to be substantial in relation to the total size of the Trust or in some way detrimental to the Trust, arrange for scheme property having the appropriate value to be transferred to the Unitholder (an 'in specie transfer'), in place of payment for the Units in cash. Before the redemption is effected, the Manager will give written notice to the Unitholder of the intention to make an in specie transfer. The Scheme Property to be transferred (or, if agreed by the Manager and properly authorised by the Unitholder, the proceeds of sale of such Scheme Property or transfer of scheme property of the PAIF Fund) is subject to stamp duty reserve tax or stamp duty unless the Scheme Property is transferred pro-rata.

3.11. Suspension of dealings in the Trust

The Manager may, with the prior agreement of the Trustee, and must without delay if the Trustee so requires temporarily suspend the issue, cancellation, sale and redemption of Units in the Trust where due to exceptional circumstances it is in the interests of all the Unitholders in the Trust. If the PAIF Fund suspends the issue, cancellation, sale and redemption of all or any Class of its Shares, then the Manager intends that the Trust would follow suit.

The Manager and the Trustee must ensure that the suspension is only allowed to continue for as long as is justified having regard to the interests of Unitholders.

The Manager or the Trustee (as appropriate) will immediately inform the FCA of the suspension and the reasons for it and will follow this up as soon as practicable with written confirmation of the suspension and the reasons for it to the FCA and the regulator in each EEA state where the Trust is offered for sale.

The Manager will notify Unitholders as soon as is practicable after the commencement of the suspension, including details of the exceptional circumstances which have led to the suspension, in a clear, fair and not misleading way and giving Unitholders details of how to find further information about the suspension.

Where such suspension takes place, the Manager will publish details on its website or other general means, sufficient details to keep Unitholders appropriately informed about the suspension, including, if known, its possible duration.

During the suspension none of the obligations in COLL 6.2 (Dealing) will apply but the Manager will comply with as much of COLL 6.3 (Valuation and Pricing) during the period of suspension as is practicable in light of the suspension.

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

The Manager may agree during the suspension to deal in Units in which case all deals accepted during and outstanding prior to the suspension will be undertaken at a price calculated at the first Valuation Point after the restart of dealings in Units. On a resumption of dealings following suspension, the calculation of Unit prices and dealing will take place at the Dealing Day and times stated in this Prospectus.

3.12. Liquidity Management

The Trust is managed so that the liquidity profile is aligned with its requirement to need redemption requests from Unitholders on each Dealing Day. In normal circumstances, redemption requests will be processed as set out in Clause 3.3. However, in exceptional circumstances, if there is insufficient liquidity in the Trust to meet redemption requests, the Manager may need to temporarily suspend dealing in the

Trust (as further described in Clause 3.11)

The Manager may also address temporary liquidity constraints in relation to the Trust by (i) borrowing cash (within the limits of Appendix III) to meet redemptions; or (ii) applying the in specie redemption provisions in Clause 3.10.

The Manager will manage and monitor liquidity risk in accordance with liquidity risk management procedures. The liquidity risk management procedures include the management, implementation and maintaining of appropriate liquidity limits for the Trust and periodic stress testing of the liquidity risk of the Trust under both normal and exceptional liquidity conditions to ensure that anticipated redemption requests can be met.

If the Manager's policy for managing liquidity should change then this will be set out in the annual report.

3.13. Governing law

All deals in Units are governed by the law of England and Wales.

4. VALUATION OF THE COMPANY

4.1. General

The price of a Unit is calculated by reference to the Net Asset Value of the Trust. The Net Asset Value per Unit is currently calculated at 12 noon (London time) (this being the Valuation Point) on each Dealing Day.

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

The Manager will, upon completion of each valuation, notify the Trustee of the price of Units, of each Class and the amount of any dilution levy applicable in respect of any purchase or redemption of Units.

A request for dealing in Units must be received by the Valuation Point on a particular Dealing Day in order to be processed on that Dealing Day. A dealing request received after this time will be held over and processed on the next Dealing Day, using the Net Asset Value per Unit calculated as at the Valuation Point on that next Dealing Day.

4.2. **Calculation of the Net Asset Value**

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

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

4.2.2. Scheme Property which is not cash (or other assets dealt with in paragraph 4.2.3 and 4.2.4 below) shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:

(a) units or shares in a collective investment scheme:

(i) if a single price for buying and redeeming units or shares is quoted, at that price; or

(ii) if separate buying and redemption prices are quoted, at the average of the two prices provided the buying price has been reduced by any initial charge included therein and the redemption price has been increased by any exit or redemption charge attributable thereto; or

(iii) if, in the opinion of the Manager, the price obtained is unreliable or no recent traded price is available or if no recent price exists, at a value which, in the opinion of the Manager, is fair and reasonable;

(b) exchange traded derivative contracts:

(i) if a single price for buying and selling the exchange-traded derivative contract is quoted, at that price; or

(ii) if separate buying and selling prices are quoted, at the average of the two prices;

(c) over-the-counter derivative contracts shall be valued in accordance with the method of valuation as shall have been agreed between the Manager and the Trustee;

(d) any other investment:

(i) if a single price for buying and redeeming the security is quoted, at that price; or

(ii) if separate buying and redemption prices are quoted, at the average of the two prices; or

(iii) if, in the opinion of the Manager, 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 Manager’s best estimate of the value, at a value which, in the opinion of the Manager, is fair and reasonable;

(e) Scheme Property other than that described in paragraphs 4.2.2(a) to 4.3.2(d) above, at a value which, in the opinion of the Manager, is fair and reasonable;

4.2.3. Cash and amounts held in current and deposit and margin accounts and in other time related deposits shall be valued at their nominal values.

4.2.4. In determining the value of the Scheme Property, all instructions given to issue or cancel Units 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 this Trust Deed shall be assumed (unless the contrary has been shown) to have been taken.

4.2.5. Subject to paragraphs 4.2.6 and 4.2.7 below, agreements for the unconditional sale or purchase of Scheme Property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and if, in the opinion of the Manager, their omission will not materially affect the final net asset amount.

4.2.6. Futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under paragraph 4.2.5.

4.2.7. All agreements are to be included under paragraph 4.2.5 which are, or ought reasonably to have been, known to the person valuing the Scheme Property assuming that all other persons in the Manager's employment take all reasonable steps to inform it immediately of the making of any agreement.

4.2.8. Deduct an estimated amount for anticipated tax liabilities (on unrealised capital gains where the liabilities have accrued and are payable out of the property of the Scheme; on realised capital gains in respect of previously completed and current accounting periods; and on income where the liabilities have accrued) including (as applicable and without limitation) capital gains tax, income tax, corporation tax, VAT, stamp duty, SDRT and any foreign taxes or duties.

4.2.9. Deduct an estimated amount for any liabilities payable out of the Scheme Property and any tax or duty thereon, treating periodic items as accruing from day to day.

4.2.10. Deduct the principal amount of any outstanding borrowings whenever repayable and any accrued but unpaid interest on borrowings.

4.2.11. Add an estimated amount for accrued claims for tax of whatever nature which may be recoverable.

4.2.12. Add any other credits or amounts due to be paid into the Scheme Property.

4.2.13. Add a sum representing any interest or any income accrued due or deemed to have accrued but not received and any stamp duty reserve tax provision anticipated to be received.

4.2.14. Currencies or values in currencies other than Sterling shall be converted at the relevant Valuation Point at a rate of exchange that is not likely to result in any material prejudice to the interests of Unitholders or potential Unitholders.

4.3. **Price per Unit**

The price per Unit at which Units are bought or are redeemed is the Net Asset Value per Unit at the Valuation Point. Any initial charge or redemption charge, (or dilution levy or SDRT on a specific deal, if applicable) is payable in addition to the price or deducted from the proceeds and is taken from the gross subscription or redemption monies.

Each allocation of income made at a time when more than one Class is in issue shall be done by reference to the relevant Unitholder's proportionate interest in the income property of the Trust in question calculated in accordance with the Trust Deed.

4.4. Pricing basis

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

4.5. Publication of prices

The prices of all Units are published on the Manager's website (www.valu-trac.com). The prices of Units may also be obtained by calling 01343 880 344 during the Manager's normal business hours.

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

5. RISK FACTORS

Potential investors should consider the following risk factors before investing in the Trust. This list must not be taken to be comprehensive as there may be new risks that arise in the future which could not have been anticipated in advance.

5.1. General

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

Inflation will affect the future buying power of any investment. If the returns on an investment have not beaten the rate of inflation, such investment will have less buying power in the future.

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

When the Manager determines that adverse market conditions exist, the Trust may adopt a temporarily defensive position and invest some or all of its assets in money market instruments and/or bank deposits. In pursuing a temporary defensive strategy, the Trust may forgo potentially more profitable investment strategies and, as a result, may not achieve its stated investment objective.

5.2. Effect of initial charge or redemption charge

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

In particular, where a redemption charge is payable, investors should note that the percentage rate at which the redemption charge is calculated is based on the market value rather than the initial value of the Units. If the market value of the Units has increased the redemption charge will show a corresponding increase.

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

5.3. Dilution

The Trust may suffer a reduction in the value of its Scheme Property due to dealing costs incurred when buying and selling investments. To offset this dilution effect the

Manager may require the payment of a dilution levy in addition to the price of Units when bought or as a deduction when sold.

5.4. **Charges to capital**

Where the investment objective is to treat the generation of income as a higher priority than capital growth, or the generation of income and capital growth have equal priority, or a fund is seeking total returns through a combination of capital growth and income all or part of the Manager's fee (and where appropriate fixed expenses) may be charged against capital instead of against income. The treatment of the Manager's fee (and where appropriate fixed expenses) may increase the amount of income (which may be taxable) available for distribution to Unitholders concerned but will erode capital and may constrain capital growth. It may also have tax implications for certain investors.

5.5. Market Risk

External factors can cause an entire asset class to decline in value. Prices and values of all shares or all bonds could decline at the same time. Some of the recognised exchanges on which the Trust/PAIF Fund may invest may prove to be illiquid or highly volatile from time to time and this may affect the price at which the Trust/the PAIF Fund may liquidate positions to meet repurchase requests or other funding requirements.

5.6. **Suspension of dealings in Units**

Investors are reminded that in certain circumstances their right to redeem Units (including a redemption by way of switching) may be suspended.

5.7. **Currency exchange rates**

Currency fluctuations may adversely affect the value of the PAIF Fund's investments and the income thereon and, depending on an investor's currency of reference, currency fluctuations may adversely affect the value of his investment in Units. Exchange rate changes may also cause the value of underlying overseas investments and any income from them to go down as well as up.

The Net Asset Value per Unit will be computed in the Base Currency, whereas the underlying investments may be acquired in other currencies. The Base Currency value of the investments designated in another currency may rise and fall due to exchange rate fluctuations in respect of the relevant currencies. Adverse movements in currency exchange rates can result in a decrease in return and a loss of capital. It may not be possible or practical to hedge against the consequent currency risk exposure and in certain instances the Manager may consider it desirable not to hedge against such risk. Accordingly, the investments may or may not be fully hedged into the Base Currency. Currency management transactions, while potentially reducing the currency risks to which the Trust & PAIF Fund would otherwise be exposed, involve certain other risks, including the risk of a default by a counterparty.

Where the PAIF Fund engages in foreign exchange transactions which alter the currency exposure characteristics of its investments, the performance of such fund may be strongly influenced by movements in exchange rates as currency positions held by the PAIF Fund may not fully correspond with the securities positions held.

Investors should be aware that any currency hedging process may not give a precise hedge. Furthermore, there is no guarantee that the hedging will be totally successful.

5.8. Unit/Share Currency Designation Risk

Unit Classes may be available which are designated in a currency other than the Base Currency. In such circumstances, adverse exchange rate fluctuations between the Class Currency and the Base Currency, or between the Class Currency and the underlying currency exposures resulting from the underlying investment decisions including the currency management transactions may result in a decrease in return and/or a loss of capital for Unitholders.

Any currency management transactions that are undertaken to control this risk may limit Unitholder of any Unit Class from benefiting from opportunities if there was no currency management transactions and might expose investors to losses. Currency management transactions will expose investors to fluctuations in the Net Asset Value per Unit reflecting the gains/loss on and the costs of the relevant financial instruments.

Where currency management transactions provide exposure to currencies that are different from the Class Currency or the currency exposures arising from the underlying investments, the Trust (or PAIF Fund) will be exposed to the risk that changes in the value of the currencies to which the Trust/PAIF Fund is exposed may not correlate with changes in the value of the currency in which the underlying securities are denominated, which could result in loss on both the currency management transactions and the PAIF Fund's securities.

5.9. Hedged Units class risk

Hedged Classes allow the Manager to use currency hedging transactions to reduce the effect of exchange rate fluctuations between the Class Currency of the Hedged Class and the Base Currency. It is intended to hedge between 98%-102% against currency fluctuations. A 100% hedge may not be a perfect hedge and there can be no assurance that the currency hedging employed will fully eliminate the currency exposure to the Class Currency.

Where there is more than one Hedged Class denominated in the same currency and it is intended to hedge the foreign currency exposure of such Classes against the Base Currency or against the currency or currencies in which the underlying assets of the are, or are expected to be, denominated, the Manager may aggregate the foreign exchange transactions entered into on behalf of such Hedged Classes and apportion the gains/loss on and the costs of the relevant financial instruments pro rata to each such Hedged Class. This may have an adverse effect on other classes in issue.

Although Currency Hedging may be implemented differently for different Classes, the financial instruments used to implement such strategies shall be assets/liabilities of the Trust as a whole. However, the gains/losses on and the costs of the relevant financial instruments will accrue to the relevant Class. It is not intended that any currency exposure of a Class will be combined with or offset with that of any other Class of the Trust. However, the assets and liabilities attributable to a Class are not "ring-fenced" from the liabilities attributable to other Classes. Accordingly, in the event of the Trust being unable to meet liabilities attributable to any Unit Class out of the assets attributable to that Unit Class, the excess liabilities would have to be met out of the assets attributable to the other Unit Classes.

5.10. **Derivatives**

The Manager of the PAIF Fund may employ derivatives with the aim of reducing the risk profile of a fund, reducing costs or generating additional capital or income, in accordance with efficient portfolio management and also for investment purposes. The use of derivatives and forward transactions for investment purposes may increase the risk profile of that PAIF Fund.

To the extent that derivative instruments are utilised for hedging purposes, the risk of loss to the relevant PAIF Fund may be increased where the value of the derivative instrument and the value of the security or position which it is hedging prove to be insufficiently correlated.

Investment in derivatives may result in gains or losses that are greater than the original amount invested.

5.11. **Counterparty and settlement**

The Trust and PAIF Fund will be exposed to a credit risk on parties with whom it trades and will also bear the risk of settlement default.

5.12. Concentration Risk

Funds which invest in a narrow range of investments or in specialised sectors may be more volatile than those with a more broadly diversified portfolio.

5.13. **Tax**

Tax laws currently in place may change in the future which could affect the value of your investments. See the section headed ‘Taxation’ for further details about taxation of the Trust.

5.14. **Inflation and interest rates**

The real value of any returns that an investor may receive from the Trust could be affected by interest rates and inflation over time.

5.15. **Custody**

There may be a risk of loss where the assets of the Trust are held in custody that could result from the insolvency, negligence or fraudulent action of a custodian or sub-custodian.

5.16. **Liquidity**

Depending on the types of assets of the Trust or PAIF Fund invests in there may be occasions where there is an increased risk that a position cannot be liquidated in a timely manner at a reasonable price.

Investments in the PAIF Fund's portfolios may be or become illiquid. This means that, if the need arose, these investments might be difficult to sell and could result in realising less than the value of the investments reflected in the Net Asset Value of the portfolios, which would negatively affect fund performance.

The PAIF Fund may invest in instruments where the volume of transactions may fluctuate significantly depending on market sentiment. There is a risk that investments made by the PAIF Fund may become less liquid in response to market developments or adverse investor perceptions. In extreme market situations, there may be few willing buyers and the investments cannot be readily sold at the desired time or price, and the PAIF Fund may have to accept a lower price to sell the investments or may not be able to sell the investments at all. Trading in particular securities or other instruments may be suspended or restricted by the relevant exchange or by a governmental or supervisory authority and the PAIF Fund may incur a loss as a result. An inability to sell a portfolio position can adversely affect the PAIF Fund's value or prevent the PAIF Fund from being able to take advantage of other investment opportunities.

Liquidity risk also includes the risk that the PAIF Fund will not be able to pay redemption proceeds within an allowable time period because of unusual market conditions, and unusually high volume of redemption requests, or other uncontrollable factors. To meet redemption requests, the PAIF Fund may be forced to sell investments, at an unfavourable time and/or conditions.

5.17. PAIF Status

If the PAIF Fund should breach any of the statutory conditions required for PAIF status, then depending on the nature of the breach and the number of breaches that have occurred, this may result in a corporation tax liability arising or HM Revenue & Customs terminating its PAIF status. Termination of the PAIF Fund's PAIF status would result in distributions paid by the PAIF Fund being treated differently for tax purposes.

5.18. Property Risk

The PAIF Fund may have indirect exposure to property which is less liquid than other asset classes such as bonds or equities..

Property values can go up as well as down and are affected by such factors as political factors, level of interest rates, economic growth, fluctuation in property yields, tenant default, supply and demand for residential property, changes in occupancy practices and changes in landlord and tenant law, planning or other property law. This may have an impact on the value of the investments of the PAIF Fund and it is possible that an investor will not get back all of his investments.

5.19. **Legal and regulatory risks**

Legal and regulatory (including taxation) changes could adversely affect the Trust. Regulation (including taxation) of investment vehicles such as the Trust is subject to change. The effect of any future legal or regulatory (including taxation) change on the Trust is impossible to predict, but could be substantial and have adverse consequences on the rights and returns of Unitholders.

5.20. **Lack of Operating History**

The Trust and PAIF Fund are newly incorporated entities and has no operating history. The past investment performance of the Manager, or their affiliates may not be construed as an indicator of the future results of an investment in the Trust/PAIF Fund.

5.21. Political risk

The value of the Trust and PAIF Fund may be affected by uncertainties such as international political developments, civil conflicts and war, changes in government policies, changes in taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of countries in which investments may be made. For example, assets could be compulsorily re-acquired without adequate compensation.

Events and evolving conditions in certain economies or markets may alter the risks associated with investments in countries or regions that historically were perceived as comparatively stable becoming riskier and more volatile. These risks are magnified in countries in emerging markets.

5.22. Collective Investment Schemes/Funds

The PAIF Fund may invest in other collective investment schemes or funds (including those managed by the Manager). As an investor in another collective investment scheme/fund, it will bear, along with the other investors, its portion of the expenses of the other collective investment scheme/Funds, including the management performance and/or other fees. These fees will be in addition to the management fees and other expenses which the Trust and PAIF Fund bears directly with its own operations.

The PAIF Fund may invest in underling funds which are priced at a premium to their prevailing asset value. The market value of a share in an underlying fund may vary considerably from its net asset value and the PAIF Fund may not be able to realise its investment at their prevailing net asset value.

The investments made by underlying funds will typically comprise assets, including property, which are not quoted and the value of which is inherently subjective and uncertain, particularly where there has been limited transactional activity in the underlying market. Valuations of such assets may not reflect actual realisable values which may adversely impact the net asset value of the underling fund (which in turn may adversely impact the value of the PAIF Fund’s investment.

Any underlying funds in which the PAIF Fund invests may be reliant on third party service providers, including third party investment managers. The PAIF Fund’s performance and returns to its investors may therefore be depend on the performance of the managers of the underlying funds, including their decisions as regard investment decisions, portfolio construction and monitoring, leverage and structuring (including tax structuring) and distribution policy.

The PAIF Fund may invest in underlying funds with no or limited operating history.

5.23. Performance divergence

Unitholders should note that because of the impact of operational cash balances held by the Trust, there may not be an exact match between the investment return from Units and the investment return of the corresponding shares in the PAIF Fund.

5.24. PAIF Fund Expenses

The Trust will invest solely in the PAIF Fund. As with any investment in a collective investment scheme, the Trust will bear, along with other investors, it portion of the expenses of the PAIF Fund.

5.25. Cyber Security

As the use of technology has become more prevalent in the course of business, funds have become more susceptible to operational and financial risks associated with cyber security, including: theft, loss, misuse, improper release, corruption and destruction of, or unauthorised access to, confidential or highly restricted data relating to the Trust and the Unitholders and compromises or failures to systems, networks, devices and applications relating to the operations of the Trust and its service providers. Cyber security risks may result in financial losses to the Trust and the Unitholders; the inability of the Trust to transact business with the Unitholders; delays or mistakes in the calculation of the Net Asset Value or other materials provided to Unitholders; the inability to process transactions with Unitholders or the parties; violations of privacy and other laws,; regulatory fines, penalties and reputational damage; and compliance and remediation costs, legal fees and other expenses. The Trust's service providers (including but not limited to the Manager and the Trustee and their agents), financial intermediaries, companies in which the Trust invests and parties with which the Trust engages in portfolio or other transactions also may be adversely impacted by cyber security risks in their own business, which could result in losses to the Trust or the Unitholders. While measures have been developed which are designed to reduce the risks associated with cyber security, there is no guarantee that those measures will be effective, particularly since the Trust does not directly control the cyber security defences or plans of its service providers, financial intermediaries and companies in which the Trust or PAIF Fund invests or with which it does business.

5.26. Risks associated with the UK leaving the European Union ("Brexit")

In a referendum held on 23 June 2016, the UK voted to leave the European Union (informally known as "Brexit"). The formal process of implementing this decision exists in Article 50 of the Lisbon Treaty.

The political, economic and legal consequences of the referendum vote are not yet known. It is possible investments in the UK may be more difficult to value, to assess for suitability or risk, harder to buy or sell or subject to greater or more frequent rises and falls in value.

In the longer term, there is likely to be a period of uncertainty as the UK seeks to negotiate its exit from the European Union. The UK's laws and regulations concerning funds may in future diverge from those of the European Union. This may lead to changes in the operation of the Trust or the rights of investors or the territories in which the Units of the Trust may be promoted and sold.

6. MANAGEMENT AND ADMINISTRATION

6.1. Regulatory Status

The Manager and the Trustee are authorised and regulated by the Financial Conduct Authority of 12 Endeavour Square, London, E20 1JN.

6.2. Manager and AIFM

6.2.1. General

The Manager and AIFM of the Trust is Valu-Trac Investment Management Limited which is a private company limited by shares incorporated in England and Wales on 3 October 1989 with company number 02428648.

The directors of the Manager are:

- Anne Laing
- Martin Henderson
- Douglas Halley
- Michael Barron

The directors of the Manager and their significant business activities (if any) not connected with the business of the Manager are set out in Appendix IV.

Registered office:	Level 13 Broadgate Tower, 20 Primrose Street, London, EC2A 2EW.
Principal place of business:	Orton, Moray, IV32 7QE.
Share capital:	It has a share capital of £1,673,295 ordinary shares of £1 each issued and paid up.
Ultimate holding company:	Valu-Trac Limited, a company incorporated in Bermuda.

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

Whilst the Manager retains the management function in respect of the Trust it has appointed the Investment Adviser to provide it with advice in relation to the investments of the Funds (as further explained in paragraph 6.4 below). Discretion over the investments made by the Trust remains with the Manager.

6.2.2. Terms of appointment:

The appointment of the Manager has been made by virtue of the Trust Deed between the Trustee and the Manager. .

Pursuant to the Trust Deed, the Manager manages and administers the affairs of the Trust in accordance with the Regulations and this Prospectus..

Details of the fees payable to the Manager are set out in paragraph 7.2 "Charges payable to the Manager" below.

The Manager is the manager or authorised corporate director of certain authorised unit trusts and open-ended investment companies details of which are set out in Appendix IV.

6.3. The Trustee and Depositary

6.3.1. General

NatWest Trustee and Depositary Services Limited is the Trustee and Depositary of the Trust.

The Trustee is incorporated in England as a private limited company. It's registered and head office is at 250 Bishopsgate, London EC2M 4AA. The ultimate holding company of the Trustee is The Royal Bank of Scotland Group plc, which is incorporated in Scotland. The principal business activity of the Trustee is the provision of trustee and depositary services. The Trustee is authorised and regulated by the FCA. It is authorised to carry on investment business in the United Kingdom by virtue of its authorisation and regulation by the regulator.

6.3.2. Duties of the Trustee

The Trustee is responsible for the safekeeping of scheme property, monitoring the cash flows of the Trust, and must ensure that certain processes carried out by the Manager are performed in accordance with the applicable rules and scheme documents.

6.3.3. Conflicts of interest

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

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

Nevertheless, as the Trustee operates independently from the Trust, Unitholders, the Manager and its associated suppliers and the Custodian, the Trustee does not anticipate any conflicts of interest with any of the aforementioned parties.

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

6.3.4. Delegation of safekeeping functions

The Trustee is permitted to delegate (and authorise its delegate to sub-delegate) the safekeeping of Scheme Property.

The Trustee has delegated safekeeping of the Scheme Property to RBC Investor Services Trust, UK Branch (“the Custodian”). In turn, the Custodian has delegated the custody of assets in certain markets in which the Trust may invest to various sub-delegates (“Sub-custodians”).

6.3.5. Updated information

Up-to-date information regarding the Trustee, its duties, its conflicts of interest, the delegation of its safekeeping functions and a list showing the identity of each delegate and sub-delegate will be made available to Unitholders on request.

6.3.6. Terms of appointment

The appointment of the Trustee has been made under the Trust Deed.

Under the Trust Deed, the Trustee is free to render similar services to others the Trustee is subject to a duty not to disclose confidential information.

The powers, duties, rights and obligations of the Trustee under the Trust Deed shall, to the extent of any conflict, be overridden by the FCA Rules.

Under the Trust Deed the Trustee will be liable to the Trust for any loss of financial instruments held in custody or for any liabilities incurred by the Trust as a result of the Trustee’s negligent or intentional failure to fulfil its obligations.

Details of the fees payable to the Trustee are given in paragraph 7.3.

6.4. The Manager and Adviser

As part of its duties as Manager, Valu-Trac Investment Management Limited will provide investment management services to the Trust.

The Manager has appointed Gravis Advisory Limited (by means of an investment advisory agreement) to provide investment advisory services to it in respect of the Trust. The Investment Adviser is an appointed representative of the Manager. The Investment Adviser's principal place of business is at 24 Savile Row, London, W1S 2ES.

The Investment Adviser shall advise the Manager as to the merits of investment opportunities or information relevant to the making of judgements about the merits of investment opportunities and will identify holdings and their relative weightings for consideration and inclusion in the Trust. The advisory agreement may be terminated by either party on not less than six months' written notice or earlier upon the happening of certain specified events.

The Investment Adviser will receive a fee paid by the Manager out of its remuneration received each month from the Trustee.

6.5. The Registrar

The Manager will also act as Registrar with responsibility for maintaining the Register. The Register will be kept at the offices of the Manager, where it can be inspected by Unitholders during normal business hours.

6.6. The Auditors

The auditors of the Trust are Johnston Carmichael LLP whose principal place of business is at Commerce House, South Street, Elgin, IV30 1JE.

The Auditors are responsible for auditing the annual accounts of the Trust and expressing an opinion on certain matters relating to the Trust in the annual report including whether its accounts have been prepared in accordance with applicable accounting standards, the Regulations and the Trust Deed

6.7. Conflicts of Interest

The Manager, the Investment Adviser and other companies within the Manager's or Investment Adviser's group may, from time to time, act as investment manager or advisers to other funds or sub-funds which follow similar investment objectives to those of the Trust/PAIF Fund. It is therefore possible that the Manager and/or the Manager may in the course of its business have potential conflicts of interest with the Trust or that a conflict exists between the Trust and other funds managed by the Manager. Each of the Manager and the Investment Adviser will, however, have regard in such event to its obligations under the Management Agreement and the Investment Advisory Agreement respectively and, in particular, to its obligation to act in the best interests of the Trust so far as practicable, having regard to its obligations to other clients, when undertaking any investment business where potential conflicts of interest may arise. Where a conflict of interest cannot be avoided, the Manager and the Investment Adviser will ensure that the Trust and other collective investment schemes they manage are fairly treated.

The Manager acknowledges that there may be some situations where the organisational or administrative arrangements in place for the management of conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the Trust or its unitholders will be prevented. Should any such situations arise the Manager will disclose these to unitholders in the report and accounts or otherwise in an appropriate format.

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

Details of the Manager's conflicts of interest policy are available on its website at: www.valu-trac.com.

7. FEES AND EXPENSES

7.1. Ongoing

Other costs, charges, fees or expenses, other than the charges made in connection with the subscription and redemption of Units (see paragraph 3.6) payable by a Unitholder or out of Scheme Property are set out in this section.

The Trust may, so far as the COLL Sourcebook and FUND allows, pay out of the Scheme Property all relevant costs, charges, fees and expenses including, but not limited to, the following:

7.1.1. the fees and expenses and other charges (including for the avoidance of doubt any performance fee) payable to the Manager/Adviser, the Registrar/Administrator and the Trustee;

7.1.2. broker's commission, fiscal charges (including stamp duty and/or stamp duty reserve tax) and other disbursements which are necessary to be incurred in effecting transactions for the Trust and normally shown in contract notes, confirmation notes and difference accounts as appropriate;

7.1.3. fees and expenses in respect of establishing and maintaining the register of Unitholders, including any sub-registers and any associated incurred expenses whether they are provided by the Manager, its associates or any other person;

7.1.4. any costs incurred in or about the listing of Units in the Trust on any Stock Exchange, and the creation, conversion and cancellation of Units;

7.1.5. any costs incurred in establishing or maintaining any services or facilities for electronic dealing in Units;

7.1.6. any costs incurred by the Trust in publishing the price of the Units in a national or other newspaper or any other form of media;

7.1.7. any costs incurred in producing and dispatching any payments made by the Trust, or the yearly and half-yearly reports of the Trust;

7.1.8. any fees, expenses or disbursements of any legal or other professional adviser of the Trust or of the Trustee or Manager or Investment Adviser in relation to the Trust;

7.1.9. any costs incurred in taking out and maintaining any insurance policy in relation to the Trust, Trustee and Manager;

7.1.10. any costs incurred in respect of meetings of Unitholders convened for any purpose (including meetings of Unitholders in any particular Class);

7.1.11. any payment permitted by clause 6.7.15R of the COLL Sourcebook;

7.1.12. interest on borrowings and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings;

7.1.13. taxation and duties payable in respect of the Scheme Property or the issue or redemption of Units;

7.1.14. the audit fees of the Auditors (including VAT) and any expenses of the Auditors;

7.1.15. the fees of the FCA, in accordance with FCA's Fee Manual, together with any corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which Units in the Trust are or may be marketed;

7.1.16. any expense incurred in relation to company secretarial duties including the cost of maintenance of minute books and other documentation required to be maintained by the Trust;

7.1.17. any costs incurred in modifying the Trust Deed, Prospectus, KIIDs and other materials of the Trust (including costs in respect of meetings of unitholder convened for the purposes);

7.1.18. any costs incurred in printing reports, accounts, the Trust Deed, Prospectus and KIID of the Trust, and any costs incurred as a result of periodic updates of such documents and any other administrative expenses;

7.1.19. any expense incurred in relation to each dealing transaction of Units of the Trust by way of example, including the cost of telephone, fax, postage and bank charges required to process a dealing transaction;

7.1.20. all fees and expenses of paying agents in countries other than the UK where units in the Trust are registered for retail sale;

7.1.21. the total amount of any cost relating to the authorisation and establishment of the Trust or issue of units;

7.1.22. any other fee, cost, charge or expense otherwise due or permitted to be deducted from the Trust under the Regulations and/or by virtue of a change to the Regulations;

7.1.23. any value added or similar tax relating to any charge or expense set out herein;

7.1.24. expenses properly incurred by the Manager in the performance of its duties as Manager of the Trust, including without limitation any costs incurred in preparing, translating, producing (including printing), distributing and modifying, any Trust Deed any prospectus or key investor information document (apart from the cost of distributing the key investor information document), or reports, accounts, statements, contract notes and other like documentation or any other relevant document required under the Regulations;

7.1.25. such other expenses as the Manager resolves are properly payable out of the Trust's property;

The Manager is also entitled to be paid by the Trust out of the Scheme Property any expenses incurred by the Manager or its delegates of the kinds described above.

VAT will be added to these fees, charges and expenses where appropriate and will be payable by the Trust.

Allocation of expenses

Expenses are allocated between capital and income in accordance with the Regulations. However, the approach for the Trust is set out in Appendix I. **Deducting charges from capital may erode or constrain capital growth.**

Where expenses are deducted in the first instance from income, if and only if this is insufficient, the Manager and Trustee have agreed that all or part of the deductions will be made from capital (save for any charge made in respect of SDRT). If deductions were made from capital, this would result in capital erosion and constrain growth.

The Manager and the Trustee have agreed that the fees payable to the Manager and the Trustee will be apportioned as is set out in Appendix I in respect of each share class.

7.2. Charges payable to the Manager

7.2.1. Annual management charge

In payment for carrying out its management duties and responsibilities the Manager is entitled to take an annual fee as set out in Appendix I. The annual management charge will accrue on a daily basis in arrears by reference to the Net Asset Value of the Trust on the immediately preceding Dealing Day and the amount due for each month is payable on the last Dealing Day of each month. There is no equivalent charge in the Classes into which the Trust invests as a feeder fund.

The current annual management charges for the Trust is set out in Appendix I. The fees payable to the Investment Adviser(s) are payable by the Manager out of its own fee income.

7.2.2. **Expenses**

The Manager is also entitled to all reasonable, properly documented, out of pocket expenses incurred in the performance of its duties as set out above, including stamp duty, stamp duty reserve tax on transactions in shares/units and expenses incurred in effecting regulatory changes to the Trust.

VAT is payable on the charges or expenses mentioned above, where appropriate.

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

The current annual fee payable to the Manager for a Class may only be increased or a new type of remuneration introduced in accordance with the Regulations.

Please note, as the Trust will invest solely in the PAIF Fund (and as with any investment in a collective investment scheme) the Trust will bear, along with other investors, it portion of the expenses of the PAIF Fund.

7.3. Trustee's fee and expenses

The Trustee receives for its own account a periodic fee which will accrue daily and is due monthly on the last Valuation Point in each calendar month in respect of that day and the period since the last Valuation Point in the preceding month and is payable within seven days after the last Valuation Point in each month. The rate of the periodic fee shall be as agreed between the Manager and the Trustee from time to time and is currently £6,000 per annum (plus VAT).

These rates can be varied from time to time in accordance with the Regulations.

In addition to the periodic fee referred to above, the Trustee shall also be entitled to be paid transaction and custody charges in relation to transaction handling and safekeeping of the Scheme Property as follows:

Item	*Range*
Custody charges	0.0% to 0.12%
Transaction charges	£0 to £40 per transaction

Transaction and custody charges vary from country to country depending on the markets and the type of transaction involved. Transaction charges accrue at the time the transactions are effected and are payable as soon as is reasonably practicable, and in any event not later than the last Business Day of the month when such charges arose or as otherwise agreed between the Trustee and the Manager. Custody charges accrue and are payable as agreed from time to time by the Manager, the Trustee and the Custodian.

Where relevant, the Trustee may make a charge for (or otherwise benefit from) providing services in relation to: distributions, the provision of banking services, holding money on deposit, lending money or engaging in stock lending or derivative transactions in relation to the Trust and may purchase or sell or deal in the purchase or sale of Scheme Property, provided always that the services concerned and any such dealing are in accordance with the provisions of the Regulations.

The Trustee will also be entitled to payment and reimbursement of all costs, liabilities and expenses properly incurred in the performance of, or arranging the performance of, functions conferred on it by the Trust Deed, the Regulations or the general law.

On a winding up, redemption or termination of the Trust, the Trustee will be entitled to its pro rata fees, charges and expenses to the date of winding up, redemption or termination (as appropriate) and any additional expenses necessarily realised in settling or receiving any outstanding obligations.

Any value added tax on any fees, charges or expenses payable to the Trustee will be added to such fees, charges or expenses.

Any of the Trustee's fees, charges and expenses described above may be payable to any person (including the Manager or any associate or nominee of the Trustee or of the Manager) who has had the relevant duty delegated to it by the Trustee pursuant to the FCA Rules.

8. TRUST DEED

The Trust Deed is available for inspection at the Manager’s offices at Orton, Moray, IV32 7QE.

9. UNITHOLDER MEETINGS AND VOTING RIGHTS

9.1. Class and Trust Meetings

The provisions below, unless the context otherwise requires, apply to Class meetings as they apply to general meetings of the Trust, but by reference to Units of the Class concerned and the Unitholders and value and prices of such Units.

9.2. Requisitions of meetings

The Manager may requisition a general meeting at any time.

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

9.3. Notice and quorum

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

9.4. Voting rights

At a general meeting, on a show of hands every Unitholder who (being an individual) is present in person or (being a corporation) is present by its representative properly authorised in that regard, has one vote.

On a poll vote, a Unitholder may vote either in person or by proxy. The voting rights attaching to each Unit are such proportion of the voting rights attached to all the Units in issue that the price of the Unit bears to the aggregate price of all the Units in issue at the date seven days before the notice of meeting is sent out, such date to be decided by the Manager.

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

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

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

The Manager may not be counted in the quorum for a meeting and neither the Manager nor any associate (as defined in the COLL Sourcebook) of the Manager is entitled to vote at any meeting except in respect of Units which the Manager or associate holds on behalf of or jointly with a person who, if the registered Unitholder, would be entitled to vote and from whom the Manager or associate has received voting instructions.

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

"Unitholders" in this context means Unitholders on the date seven days before the notice of the relevant meeting was sent out but excludes holders who are known to the Manager not to be Unitholders at the time of the meeting.

9.5. **Variation of Class or Fund rights**

The rights attached to a Class may not be varied without the sanction of an extraordinary resolution passed at a meeting of Unitholders of that Class or otherwise in accordance with the COLL Sourcebook.

10. TAXATION

10.1. General

The information below is a general guide based on current United Kingdom law and HM Revenue & Customs practice, all of which are subject to change. It is not intended to be exhaustive and there may be other tax considerations which may be relevant to prospective investors.

It summarises the tax position of the Trust and of investors who are resident in the United Kingdom for tax purposes and hold Units as investments. The regime for taxation of income and capital gains received by investors depends on the tax law applicable to their particular circumstances and/or the place where the Scheme Property is invested.

Prospective investors who are in any doubt about their tax position, or who may be subject to tax in a jurisdiction other than the United Kingdom, are recommended to take professional advice.

10.2. The Trust

The Trust is generally exempt from United Kingdom tax on capital gains realised on the disposal of its investment in the PAIF Fund.

The Trust will receive income (or be deemed to do so in the case of accumulation Units) from the PAIF Fund. This will be streamed for tax purposes into up to three parts depending on the nature of the income generated by the PAIF Fund

- property income distributions (representing property income received by the PAIF Fund) will be received net of 20% tax and no further corporation tax will be payable by the Trust on them;

- PAIF dividend distributions (representing any dividends received by the PAIF Fund and certain other income) will be exempt from corporation tax; and

- PAIF interest distributions (representing the net amount of all other income received by the PAIF Fund) will be received gross and subject to corporation tax at 20%.

The Trust will pay all distributable income as dividend distributions (or accumulate it in the case of accumulation Units).

10.3. Unitholders

10.3.1. Income

Individuals:

UK taxpayers are entitled to a £2,000 tax free dividend allowance for all taxpayers. For dividend income in excess of this allowance, the applicable tax rate for basic rate taxpayers is 7.5%, the rate for higher rate taxpayers is 32.5% and the rate for additional taxpayers is 38.1%.

Corporate:

Corporation tax payers which receive dividend distributions (or are deemed to do so in the case of accumulation Units) will have to divide them into two for tax purposes if the Trust received any property authorised investment fund dividend distributions, in which case the division will be indicated on the tax voucher. Any part representing dividends received from a company will be treated as dividend income (that is, franked investment income) and no further tax will be due on it. The remainder will be treated as an annual payment after deduction of income tax at the basic rate, and corporate Unitholders may, depending on their circumstances, be liable to tax on the grossed up amount, with the benefit of the 20% income tax credit attached or to reclaim part of the tax credit as shown on the tax voucher.

10.3.2. **Capital gains**

Unitholders who are resident in the United Kingdom for tax purposes may, depending on their personal circumstances, be liable to capital gains tax or, if a corporate Unitholder, corporation tax on gains arising from the redemption, transfer or other disposal of Units (including from Switches, but not from Conversions). A relief from capital gains tax applies to exchanges of Units for units in the PAIF Fund done with the agreement of the Manager.

Part of any increase in value of accumulation Units represents the accumulation of income (including income equalisation but excluding the tax credit). These amounts may be added to the acquisition cost when calculating the capital gain realised on their disposal.

An exchange of Units of the Trust for units/shares in another fund will normally be treated as a disposal for this purpose but exchanges of Units between classes are generally not.

10.3.3. Inheritance tax

Holdings of Units of an individual unitholder may become subject to an inheritance tax liability under the following circumstances. During an individual's lifetime, any transfer of holdings at less than market value may be liable.

Additionally, transfer following the death of the individual may also be liable. The charge to inheritance tax is not restricted to UK individuals. Reliefs and exemptions may apply to reduce or extinguish any liability to inheritance tax. Investors should seek professional advice if they are unclear on the inheritance tax consequences of investing in the Trust.

10.3.4. **Income Equalisation**

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

10.4. Reporting of tax information

The Trust and the Manager are subject to obligations which require them to provide certain information to relevant tax authorities about the Trust, investors and payments made to them.

Under the Automatic Exchange of Information (AEOI) Regime the Company is obliged to share certain information in relation to investors with HMRC which will be shared with other tax authorities. AEOI refers to US Foreign Account Tax Compliant Act ("FATCA") and associated inter-governmental agreements and OECD's Common Reporting Standard ("CRS") as applicable in participating jurisdictions.

Failure to comply with these requirements will subject a Sub-fund to US withholding taxes on certain US-sourced income and gains under FATCA and various penalties as applicable in different participating jurisdictions for being non-compliant with CRS regulations

Unitholders may be asked to provide additional information to the Manager to enable the Trust to satisfy these obligations. Failure to provide requested information under FATCA may subject a Unitholder to liability for any resulting US withholding taxes, US tax information reporting and/or mandatory redemption, transfer or other termination of the Unitholder's interest in the Trust.

To the extent the Trust is subject to withholding tax as a result of:

- a Unitholder failing (or delaying) to provide relevant information to the Manager;
- a Unitholder failing (or delaying) to enter into a direct agreement with the IRS;
- the Trust becoming liable under FATCA or any legislation or regulation to account for tax in any jurisdiction in the event that a Unitholder or beneficial owner of a Unit receives a distribution, payment or redemption, in respect of their Units or disposes (or be deemed to have disposed) of part or all of their Units in any way;

(each a "Chargeable Event"),

the Manager may take any action in relation to a Unitholder's or beneficial owner's holding to ensure that such withholding is economically borne by the relevant Unitholder or beneficial owner, and/or the Manager and/or its delegate or agent shall be entitled to deduct from the payment arising on a Chargeable Event an amount equal to the appropriate tax. The action by the Manager may also include, but is not limited to, removal of a non-compliant Unitholder from the Trust or the Manager or its delegates or agents redeeming or cancelling such number of Units held by the Unitholder or such beneficial owner as are required to meet the amount of tax. Neither the Manager nor its delegate or agent, will be obliged to make any additional payments to the Unitholder or beneficial owner in respect of such withholding or deduction.

Each investor agrees to indemnify the Trust, each Fund and/or the Manager and its delegates/agents for any loss caused by such investor arising to the Trust and/or Manager and/or its delegates/agents by reason of them becoming liable to account for tax in any jurisdiction on the happening of a Chargeable Event.

The foregoing statements are based on UK law and HMRC practice as known at the date of this Prospectus, which is subject to change, and are intended to provide general guidance only. Unitholders and applicants for Units are recommended to consult their professional advisers if they are in any doubt about their tax position.

No liability is accepted by the Manager for such interpretation and all Unitholders should seek independent legal and taxation advice.

11. WINDING UP OF THE TRUST

The Trust will not be wound up except under the COLL Sourcebook.

Where the Trust is to be wound under the COLL Sourcebook, such winding up may only be commenced following approval by the FCA. The FCA may only give such approval if the Manager provides a statement (following an investigation into the affairs of the Trust or Fund) either that the Trust will be able to meet its liabilities within 12 months of the date of the statement or that the Trust will be unable to do so. The Trust may not be wound up under the COLL Sourcebook if there is a vacancy in the position of Manager at the relevant time.

The Trust shall be wound under the COLL Sourcebook:

11.1. if the order declaring the Trust to be an authorised unit trust scheme is revoked;

11.2. if an extraordinary resolution winding up the AUT is passed, provided FCA's prior consent to the resolution has been obtained by the Manager or Trustee;

11.3. if the Manager or the Trustee requests the FCA to revoke the order declaring the Trust to be an authorised unit trust scheme and FCA has agreed (provided no material change in any relevant factor occurs) that on the winding-up of the Trust, FCA will accede to that request;

11.4. on the expiration of any period specified in the Trust Deed as the period at the end of which the Trust is to terminate; or

11.5. on the effective date of a duly approved scheme of arrangement which is to result in the Trust being left with no property.

On the occurrence of any of the above:

11.6. COLL 6.2 (Dealing), COLL 6.3 (Valuation and Pricing) and COLL 5 (Investment and borrowing powers) will cease to apply to the Trust (except in respect of the final calculation);

11.7. the Trustee will cease to issue and cancel Units in the Trust and the Manager shall cease to sell or redeem Units or arrange for the Trust to issue or cancel them for the Trust (except in respect of a final cancellation);

11.8. no transfer of a Unit shall be registered and no other change to the Register of Unitholders shall be made without the sanction of the Manager;

11.9. where the Trust is being wound, the Trust shall cease to carry on its business except in so far as it is beneficial for the winding up of the Trust;

11.10. the corporate status and powers of the Trust and subject to 11.6 to 11.9 above, the powers of the Manager and Trustee shall continue until the Trust is dissolved. The Manager and Trustee must ensure that it keeps Unitholders appropriately informed about the winding up including, if known, its likely duration.

The Trustee shall, as soon as practicable after the winding up commences, realise the assets and meet the liabilities of the Trust and, after paying out or retaining adequate provision for all liabilities properly payable and retaining provision for the costs of winding up make one or more interim distributions out of the proceeds to Unitholders proportionately to their rights to participate in the Scheme Property. Any unclaimed net proceeds or other cash (including unclaimed distribution payments) held by the Trustee after one year from the date on which they became payable must be paid by the Trustee into court (or, in Scotland, as the court may direct), subject to the Trustee having a right to retain any expenses properly incurred by him relating to that payment.

On completion of the winding-up, the Trustee will notify the FCA in writing of that fact and the Trustee or the Manager will request the FCA to revoke the order of authorisation.

12. GENERAL INFORMATION

12.1. Accounting periods

The annual accounting period of the Trust ends each year on 30 November (the accounting reference date). Details of the interim accounting periods are set out in Appendix I.

12.2. Notice to Unitholders

All notices or other documents sent by the Manager to a Unitholder will be sent by normal post (or by email if the Unitholder agrees) to the last address (or email address as appropriate) notified in writing to the Trustee by the Unitholder.

12.3. Income allocations

The interim and final allocation dates in respect of the Trust is set out in Appendix I

In relation to income Units, distributions of income in which income units are issued are paid by bank transfer directly into a Unitholder's bank account on or before the relevant income allocation date in each year as set out in Appendix I.

Distributions for all Share Classes will be paid in the Base Currency (pounds sterling).

For accumulation Units, income will become part of the capital property of the Trust and will be reflected in the price of each such accumulation unit as at the end of the relevant accounting period.

The Trustee may at its option carry out any authentication procedures that it considers appropriate to verify, confirm or clarify unitholder payment instructions relating to dividend payments. This aims to mitigate the risk of error and fraud for the Trust, its agents or Unitholders. Where it has not been possible to complete any authentication procedures to its satisfaction, the Trustee and transfer agent may, at its discretion, delay the processing of payment instructions until authentication procedures have been satisfied, to a date later than the envisaged dividend payment date.

If the Trustee is not satisfied with any verification or confirmation, it may decline to execute the relevant dividend payment until satisfaction is obtained. Neither the Trustee nor Manager shall be held responsible to the Unitholder or anyone if it delays execution or declines to execute dividend payments in these circumstances.

If a distribution made in relation to any income Units remains unclaimed for a period of six years after it has become due, it will be forfeited and will revert to the Trust.

The amount available for distribution in any accounting period is intended to be the entire net income received or deemed to be received from the PAIF Fund. It will be calculated by taking the aggregate of the income received or receivable in respect of that period, and deducting any charges and expenses paid or payable out of income in respect of that accounting period. The Trustee and/or Manager then makes such other adjustments as it considers appropriate (and after consulting the Trust's Auditors as appropriate) in relation to taxation, income equalisation, income unlikely to be received within 12 months following the relevant income allocation date, income which should not be accounted for on an accrual basis because of lack of information as to how it accrues, transfers between the income and capital account and other matters.

12.4. Annual reports

Annual reports of the Trust will be published within four months of each annual accounting period and half yearly reports will be published within two months of each interim accounting period. The report containing the full accounts will be available upon request free of charge.

12.5. Documents of the Trust and the PAIF Fund

The following documents may be inspected free of charge during normal business hours on any Business Day at the offices of the Manager at Orton, Moray, IV32 7QE.

12.5.1. the Prospectus and the prospectus of the PAIF Fund;

12.5.2. the most recent annual and half yearly reports of the Trust;

12.5.3. the instrument of incorporation of the PAIF Fund;

12.5.4. the Trust Deed (and any amending documents); and

12.5.5. the material contracts referred to below.

Unitholders may obtain copies of the above documents from the Manager. The Manager may make a charge at its discretion for copies of documents (apart from the most recent versions of the Prospectus and annual and half yearly reports of the Trust which are available free of charge to anyone who requests).

12.6. Material contracts

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

12.6.1. the Management Agreement between the Trust, and the Manager;

12.6.2. the Investment Advisory Agreement between the Manager and the Investment Adviser; and

12.6.3. the Trust Deed between the Trust, the Trustee and the Manager.

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

12.7. Provision of investment advice

All information concerning the Trust and about investing in Units of the Trust is available from the Manager at Orton, Moray, IV32 7QE. Neither the Manager nor any of its officers, representatives or advisers shall be regarded as giving investment advice and persons requiring such advice should consult a professional financial adviser. All applications for Units are made solely on the basis of the current prospectus of the Trust, and investors should ensure that they have the most up to date version.

12.8. Telephone recordings

Please note that the Manager may record telephone calls for training and monitoring purposes and to confirm investors' instructions.

12.9. Complaints

Complaints may be brought in writing to Valu-Trac Investment Management Limited, Orton, Moray, IV32 7QE or by telephone to 01343 880 344.

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

Financial Ombudsman Service
Exchange Tower
London
E14 9SR

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

12.10. Risk management

The Manager will provide upon the request of a Unitholder further information relating to:

12.10.1. the quantitative limits applying in the risk management of the Trust;

12.10.2. the methods used in relation to 12.10.1; and

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

12.11. Strategy for the exercise of voting rights

The Manager has a strategy for determining when and how voting rights attached to ownership of the Scheme Property are to be exercised for the benefit of the Trust. A summary of this strategy is available from the Manager on request or on the Manager's website at www.valu-trac.com. Voting records and further details of the actions taken on the basis of this strategy in relation to the Trust are available free of charge from the Manager on request.

12.12. Best execution

The Manager's order execution policy sets out the factors which the Manager expects the Managers to consider when effecting transactions and placing orders in relation to the Trust. This policy has been developed in accordance with the Manager's obligations under the Regulations to obtain the best possible result for the Trust.

Details of the order execution policy are available on the Manager's website at www.valu-trac.com.

12.13. Information available to Unitholders

The following information will be made available to Unitholders as part of the Trust's periodic reporting and, as a minimum, in the annual report:

(a) the percentage of the Trust's assets which will be subject to special arrangements arising from their illiquid nature, including an overview of any special arrangements in place, the valuation methodology applied to assets which are subject to such arrangements and how management and performance fees will apply to these assets;

(b) the current risk profile of the Trust, and information on the risk management systems used by the Manager to manage those risks;

(c) the total amount of leverage employed by the Trust calculated in accordance with the gross and commitment methods; and

(d) any material changes to the information above.

It is intended that Unitholders will be notified promptly of any material changes to the liquidity management systems and procedures such as the suspension of redemptions, the deferral of redemptions or similar special liquidity arrangements. It is intended that any changes to the maximum level of leverage which the Trust may employ will be provided to Unitholders without undue delay.

Further information regarding the Trust and the PAIF Fund is available on request to the Manage by writing to Valu-Trac Investment Management Limited, Mains of Orton, Orton, Moray, IV32 7QE.

12.14. Changes to the Trust

Where any changes are proposed to be made to the Trust the Manager will assess, with input from the Trustee, whether the change is fundamental, significant or notifiable in accordance with COLL 4.3. Changes to the Trust's investment objective and investment policy will usually be significant or fundamental, unless those changes are only for clarification purposes and do not result in any change in how the Trust is managed. Certain changes to the Trust may require approval by the FCA in advance.

If the change is regarded as fundamental, Unitholder approval will be required. If a change requires Unitholder approval, this will mean that Unitholders will need to approve the change at a meeting. The procedure for Unitholder meetings is described above at Section 9.

If the change is regarded as significant, not less than 60 days' prior written notice will be given to Unitholders. If the change is regarded as notifiable, Unitholders will receive suitable pre or post event notice of the change.

12.15. Professional liability risks

The Manager covers potential professional liability risks arising from its activities as the Trust's AIFM through additional own funds.

12.16. Fair treatment of investors

Procedures, arrangements and policies have been put in place by the Manager, with appropriate oversight and input from the Trustee, to ensure compliance with the principles of fair treatment of investors. The principles of treating investors fairly include, but are not limited to:

(a) acting in the best interest of the Trust and of the investors;

(b) executing the investment decisions taken for the account of the Trust in accordance with the objectives, the investment policy and the risk profile of the Trust;

(c) ensuring that the interests of any group of investors are not placed above the interests of any other group of investors;

(d) ensuring that fair, correct and transparent pricing models and valuation systems are used for the Trust managed;

(e) preventing undue costs being charged to the company and investors;

(f) taking all reasonable steps to avoid conflicts of interests and, when they cannot be avoided, identifying, managing, monitoring and, where applicable, disclosing those conflicts of interest to prevent them from adversely affecting the interests of investors; and

(g) recognising and dealing with complaints fairly.

From time to time the Manager may afford preferential terms of investment to certain groups of investors. In assessing whether such terms are afforded to an investor, the Manager will ensure that any such concession is not inconsistent with its obligation to act in the overall best interests of the relevant Trust and its investors.

In particular, the Manager will typically exercise its discretion to waive the initial charge or investment minima for investment in a Class for investors that are investing sufficiently large amounts, either initially or are anticipated to do so over time, such as platform service providers, institutional investors including fund of fund investors and fund-link investors. The Manager may also have agreements in place with such groups of investors which result in them paying a reduced annual management charge.

12.17. Genuine diversity of ownership

Units in the Trust and information on the Trust are and will continue to be marketed and made easily and widely available to reach the intended categories of investors and in a manner appropriate to attract those categories of investors. The intended categories of investors are retail and institutional investors. Units in the Trust 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.

12.18. Recognition and Enforcement of Judgements

Council Regulation (EC) No 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (the "Brussels Regulation") sets out a system for the allocation of jurisdiction and for the reciprocal enforcement of judgments between Member States of the European Union. Subject to the Brussels Regulation and the circumstances of a particular claim, holders residing outside of the UK may be able to bring a claim before their local court and have that judgment enforced in the UK.

12.19. Unitholders' rights

Unitholders are entitled to participate in the Trust on the basis set out in this prospectus (as amended from time to time). Sections 12.9 ("Complaints"), 9 ("Unitholder Meetings and Voting Rights"), 12.4 ("Annual Reports") and 12.5 ("Documents of the Trust") of this prospectus set out important rights about Unitholders' participation in the Trust.

Unitholders may have no direct rights against the service providers to the Trust.

The Manager must ensure that this Prospectus does not contain any untrue or misleading statement or omit any matter required to be disclosed in the Prospectus by the FUND Sourcebook or the COLL Sourcebook. To the extent that a Unitholder incurs loss as a consequence of an untrue or misleading statement or omission, the Manager may be liable to compensate that Unitholder subject to the Manager having failed to exercise reasonable care to determine that the statement was true and not misleading or that the omission was appropriate, in accordance with the FCA Handbook.

Unitholders have statutory and other legal rights which include the right to complain and may include the right to cancel an order or seek compensation.

Unitholders who are concerned about their rights in respect of the Trust should seek legal advice.

12.20. Financial Services Compensation Scheme

The Manager is covered by the Financial Services Compensation Scheme. Unitholders may be entitled to compensation from the scheme if the Manager cannot meet its obligations. This depends on the type of business and the circumstances of the claim. Most types of investment businesses are covered for 100% of investments up to £85,000. Further information is available from:

The Financial Services Compensation Scheme
10th Floor
Beaufort House
15 St Botolph Street
London
EC3A 7QU

Tel: 0800 678 1100

Website: www.fscs.org.uk

12.21. Governing law and jurisdiction

The Trustee treats a Unitholder’s participation in the Trust as governed by the law of England and Wales. The Courts of England and Wales will have exclusive jurisdiction to settle any disputes or claims which may arise out of, or in connection with, a Unitholder's participation in the Trust.

APPENDIX I

PART A - TRUST DETAILS

VT GRAVIS UK LISTED PROPERTY (FEEDER) FUND	
Type of Scheme:	NURS scheme
PRN:	913629
Investment Objective & Policy:	The investment objective is to achieve income and capital growth through investment in the VT Gravis UK Listed Property (PAIF) Fund.
Investment Policy:	The Trust will invest all or substantially all of its assets in the Class F shares of the VT Gravis UK Listed Property (PAIF) Fund. To the extent that the Trust is not fully invested in the VT Gravis UK Listed Property (PAIF) Fund, the Trust will hold its remaining assets in cash.
Benchmark:	The Trust does not have a specific benchmark. The performance of the Fund can be measured by considering whether the objective is achieved (i.e. whether there is capital growth over the medium to long term).
Accounting date:	Final: 30 November Interim: Last day of February, 31 May, 31 August
Distribution dates:	Final: by 31 December Interim: by 31 March, 30 June, 30 September
Units Classes:	F (£), F (€) (Hedged), F ($)(Hedged) – Net Income F (£), F (€) (Hedged), F ($)(Hedged) – Net Accumulation
Initial charge:	Class F: 4%*
Redemption Charge:	Nil

Switching Charge:	Nil
Annual Management Charge:	Class F 0.70% (per annum) the above percentages being a percentage of the Net Asset Value attributable to the relevant Class (plus VAT if applicable).
Trustee Fee:	See section 7.3 of the Prospectus
Charges taken from:	Capital *Note: Deducting charges from capital may erode or constrain capital growth.*
Investment minima: **	
Lump sum subscription	Class F: £100
Top-up	Class F: £100
Holding	Class F: £100
Redemption	N/A (provided minimum holding is maintained)
Switching	N/A (provided minimum holding is maintained)
Initial price of Units:	£1
Past Performance:	As the Trust is to launch in 2019, no historical performance data is available prior to this date. NOTE: PAST PERFORMANCE SHOULD NOT BE TAKEN AS A GUIDE TO THE FUTURE. THE VALUE OF INVESTMENTS AND INCOME FROM THEM CAN GO DOWN AS WELL AS UP AND INVESTORS MAY

NOT GET BACK THE AMOUNT ORIGINALLY INVESTED.

Performance Fee: No.

Profile of a Typical Investor/Target Market:

The Trust is available to a wide range of investors seeking to invest for the medium to long term who wish to gain access to a portfolio managed in accordance with a specific investment objective and policy and invest in the PAIF Fund. Investors must be prepared to accept fluctuations in the value of capital including capital loss and accept the risks of investing in equity markets.

Different Classes of Unit may be issued in respect of the Trust. The Classes currently available in respect of the Trust are set out above. The Trust can be marketed to all types of eligible investor subject to the applicable legal and regulatory requirements in the relevant jurisdiction(s). Investors should read the risk warnings set out in this Prospectus before investing.

Type of clients: retail, professional clients and eligible counterparties (subject to the applicable legal and regulatory requirements in the relevant jurisdiction).

Clients' knowledge and experience: investors with at least basic knowledge and experience of funds which are to be managed in accordance with a specific investment objective and policy.

Clients' financial situation with a focus on ability to bear losses: Investors must be prepared to accept fluctuations in the value of capital including capital loss and accept the risks of investing in equity markets, including having the ability to bear 100% capital loss.

Clients' risk tolerance and compatibility of risk/reward profile of the product with the target market: due to the volatility of markets and specific risks of investing in shares in a fund (including those set out in the risk warnings in this Prospectus), investors should have a high risk tolerance. They should be willing to accept price fluctuations in exchange for the opportunity of higher returns.

Clients' objectives and needs: investors should be seeking to invest for the medium to long term who wish to gain access to a portfolio managed in accordance with the specific investment objective and policy of the Trust. Investors will be seeking a fund with moderate risk profile.

Clients' who should not invest: Units in the Trust are deemed incompatible for investors which:

- are looking for full capital protection or full repayment of the amount invested and clients who want a guaranteed return (whether income or capital)
- are fully risk averse/have no risk tolerance
- need a fully guaranteed income of fully predictable return profile

Distribution channel: This product is eligible for all distribution channels (e.g. investment advice, portfolio management, non-advised sales and pure execution services).

****The Manager may waive the minimum levels (and initial charge) at its discretion.**

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

(a) under the gross method is 200%; and

(b) under the commitment method is 200%.

Ongoing Charges

The Investment Adviser has, with the agreement of the Manager, undertaken that if the total OCF of the Trust exceeds 0.70%, the Investment Adviser shall reimburse the Trust for an amount which, when deducted from the operating costs incurred by the Trust during the relevant accounting period, would result in the Trust having a total OCF equal to the stated annual management charge for each class in the relevant accounting period.

Any amount to be reimbursed as stated above may be reimbursed by the Investment Adviser in any one, or a combination of any or all, of the following methods as the Investment Adviser may elect in its absolute discretion:

(a) by repaying to the Manager or the Trustee on behalf of the Trust any fees, charges or other remuneration that the Investment Adviser has received in respect of the relevant accounting period or previous accounting periods in consideration for its services;

(b) by making a cash payment to the Manager or the Trustee on behalf of the Trust as a reimbursement for operating costs incurred by the Trust during the relevant accounting period;

(c) by waiving any fees, charges or other remuneration that the Investment Adviser has accrued in respect of the relevant accounting period or previous accounting periods in consideration for its services as Investment Adviser to the Manager of but in respect of which payment has not been received;

(d) by waiving any fees, charges or other remuneration that the Investment Adviser reasonably expects to accrue in respect of future periods in consideration for its services as the Investment Adviser of the Trust.

The Manager has undertaken to procure that the Trust receives promptly the full benefit of any such reimbursement, payment or waiver.

Any extraordinary cost, one-time expense, nonrecurring charge, underlying fund charge or any other cost, expense, charge or liability suffered or incurred by the Trust in respect of a reasonably unpredictable event or which is unlikely to occur again will not be included in total operating costs for the purpose of calculating the OCF of the Trust for the purposes of the above provisions.

PART B - DETAILS OF THE PAIF FUND

	VT GRAVIS UK LISTED PROPERTY (PAIF) FUND
Type of Scheme:	NURS scheme (PAIF)
PRN:	913627
Investment Objective:	It is intended that the Fund will be a PAIF at all times, and, as such, its investment objective is to carry on Property Investment Business and to manage cash raised from investors for investment in the Property Investment Business. In so doing the objective of the Fund is to provide some capital growth through market cycles (7 years) whilst delivering a periodic income.
Investment Policy:	The Fund seeks to achieve its objective primarily (70% +) by investing in a diversified portfolio of transferable real estate securities such as real estate investment trusts ("REITs") listed on the London Stock Exchange, real estate operating companies ("REOCs"), bonds and equities. The Fund seeks to minimise exposure to the retail property sector. In addition to investing in REITs and REOCs the Fund may also invest in other transferable securities (including convertible securities and rated and unrated debt securities of real estate companies), bonds, collective investment schemes, transferable securities, money market instruments, deposits, cash and near cash. Save as noted above, there is no particular emphasis on any geographical area or industry or economic sector.
Derivatives:	The Fund may hold derivatives only for efficient portfolio management purposes. It is not intended that the use of derivatives for efficient portfolio management purposes will increase the risk profile of the Fund.
Benchmark:	The Fund does not have a specific benchmark. The performance of the Fund can be measured by considering whether the objective is achieved (i.e. whether a periodic income is provided and there is any capital growth over a market cycle of 7 years).
Accounting date:	Final: 30 November Interim: Last day of February, 31 May, 31 August
Distribution dates:	Final: by 31 December Interim: by 31 March, 30 June, 30 September

Shares Classes:[1]	A (£), A (€) (Hedged), A ($)(Hedged) – Net Income A (£), A (€) (Hedged), A ($)(Hedged) – Net Accumulation F (£), F (€) (Hedged), F ($)(Hedged) – Net Income[2] F (£), F (€) (Hedged), F ($)(Hedged) – Net Accumulation[3]

Initial charge[4]:	Class A: 4% Class F: Nil	
Redemption Charge:	Nil	
Switching Charge:	Nil	
Annual Management Charge:	Class A	0.70% (per annum)
	Class F:	0% (per annum)
	the above percentages being a percentage of the Net Asset Value of the Fund attributable to the relevant Class (plus VAT if applicable).	
Depositary Fee:	See section 7.3 of the Prospectus	
Charges taken from:	Capital *Note: Deducting charges from capital may erode or constrain capital growth.*	

Investment minima[5]:	
Lump sum	Class A: £100

[1] Distributions for all Share Classes (whether £, € or $) will be paid in the Base Currency (pounds sterling).
[2] Class F shares are only available to the Feeder Fund or at the ACD's discretion
[3] Class F shares are only available to the Feeder Fund or at the ACD's discretion
[4] The initial charge may be waived at the discretion of the ACD.
[5] The investment minima may be waived at the discretion of the ACD

subscription	Class F: Nil
Top-up	Class A: 100 Class F: Nil
Holding	Class A: £100 Class F: Nil
Redemption	N/A (provided minimum holding is maintained)
Switching	N/A (provided minimum holding is maintained)
Investment Restriction:	VT Gravis UK Listed Property (PAIF) Fund may not invest more than 10% of its value in other collective investment schemes.
Initial price of Shares:	£1
Past Performance:	As the Fund is to launch in November 2019, no historical performance data is available prior to this date. NOTE: PAST PERFORMANCE SHOULD NOT BE TAKEN AS A GUIDE TO THE FUTURE. THE VALUE OF INVESTMENTS AND INCOME FROM THEM CAN GO DOWN AS WELL AS UP AND INVESTORS MAY NOT GET BACK THE AMOUNT ORIGINALLY INVESTED.
Performance Fee:	No.
Profile of a Typical Investor/Target Market:	**The Fund is available to a wide range of investors seeking to invest for the medium to long term who wish to gain access to a portfolio managed in accordance with a specific investment objective and policy. Investors must be prepared to accept fluctuations in the value of capital including capital loss and accept the risks of investing in equity markets.** **Different Classes of Share may be issued in respect of the Fund. The Classes currently available in respect of the Fund are set out above. The Fund can be marketed to all types of eligible investor subject to the applicable legal and regulatory requirements in the relevant jurisdiction(s). Investors should read the risk warnings set out in**

this Prospectus before investing.

Type of clients: retail, professional clients and eligible counterparties (subject to the applicable legal and regulatory requirements in the relevant jurisdiction).

Clients' knowledge and experience: investors with at least basic knowledge and experience of funds which are to be managed in accordance with a specific investment objective and policy.

Clients' financial situation with a focus on ability to bear losses: Investors must be prepared to accept fluctuations in the value of capital including capital loss and accept the risks of investing in equity markets, including having the ability to bear 100% capital loss.

Clients' risk tolerance and compatibility of risk/reward profile of the product with the target market: due to the volatility of markets and specific risks of investing in shares in a fund (including those set out in the risk warnings in this Prospectus), investors should have a high risk tolerance. They should be willing to accept price fluctuations in exchange for the opportunity of higher returns.

Clients' objectives and needs: investors should be seeking to invest for the medium to long term who wish to gain access to a portfolio managed in accordance with the specific investment objective and policy of the Sub-fund. Investors will be seeking a fund with moderate risk profile.

Clients' who should not invest: shares in the Company is deemed incompatible for investors which:

- are looking for full capital protection or full repayment of the amount invested and clients who want a guaranteed return (whether income or capital)
- are fully risk averse/have no risk tolerance
- need a fully guaranteed income of fully predictable return profile

Distribution channel: This product is eligible for all distribution channels (e.g. investment advice, portfolio management, non-advised sales and pure execution services).

****The ACD may waive the minimum levels (and initial charge) at its discretion.**

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

(c) under the gross method is 200%; and

(d) under the commitment method is 200%.

APPENDIX II

ELIGIBLE SECURITIES MARKETS AND ELIGIBLE DERIVATIVES MARKETS

At the Trust is a feeder fund and invests solely in VT Gravis UK Listed Property (PAIF) Fund, it will not ordinarily invest directly on any eligible securities or derivatives markets (but may do so).

APPENDIX III

INVESTMENT AND BORROWING POWERS OF THE TRUST

1. General rules of investment

A. General

The Scheme Property will be invested with the aim of achieving the investment objectives of the Trust but subject to the limits set out in Chapter 5 of COLL ("**COLL 5**") which apply to non-UCITS retail schemes and this Prospectus

In the event of any conflict arising between the rules set out in COLL 5 and this Appendix B of the Prospectus, the rules set out in COLL 5 shall prevail and this Appendix B shall be construed and shall take effect accordingly.

The Trust is a "feeder fund" and is permitted to invest solely in VT Gravis UK Listed Property (PAIF) Fund pursuant to COLL 5.6.7. VT Gravis UK Listed Property (PAIF) Fund is managed with the aim of providing its investment objective and policy, which included a prudent spread of risk.

2. Investment in collective investment schemes

2.1. All of the value of the Scheme Property of the Trust will be invested in Shares in the PAIF Fund (for this paragraph, “the Second Scheme”) provided that the Second Scheme satisfies all of the following conditions

2.1.1. The second scheme must:

(a) satisfy the conditions necessary for it to enjoy the rights conferred by the UCITS Directive; or

(b) be authorised as a non-UCITS retail scheme; or

(c) be a recognised scheme; or

(d) be constituted outside the United Kingdom and the investment and borrowing powers of which are the same or more restrictive than those of a non-UCITS retail scheme; or

(e) be a scheme not falling within paragraphs (a) to (d) above and in respect of which no more than 20% in value of the Scheme Property (aggregated with investment in any transferable securities which are not approved securities) is invested.

Furthermore, the second scheme must be a scheme which operates on the principle of the prudent spread of risk and must be prohibited from investing more than 15 % in value of its property consisting of units or shares in collective investment schemes.

The participants in the second scheme must be entitled to have their units redeemed in accordance with the scheme at a price related to the net value of the property to which the units relate and determined in accordance with the scheme.

As the second scheme is an umbrella, the provisions in the above two paragraphs apply to each sub-fund as if it were a separate scheme.

The Trust may invest in units or shares of a scheme that is managed or operated by (or, if it is an ICVC, has as its authorised corporate director) the Manager of the Trust or by an associate of the Manager provided the conditions in COLL 5.2.16 R (Investment in other group schemes) are complied with.

3. Cash and near cash

3.1. Cash and near cash must not be retained in the Scheme Property except to the extent that this may reasonably be regarded as necessary in order to enable:

3.1.1. the pursuit of the Trust's investment objectives; or

3.1.2. redemption of units; or

3.1.3. efficient management of the Trust in accordance with its investment objectives; or

3.1.4. other purposes which may reasonably be regarded as ancillary to the investment objectives of the Trust.

4. Borrowing powers

4.1. The Trustee may, on the instructions of the Manager and subject to COLL 5.5.5 R (Borrowing limits), borrow money from an Eligible Institution or an Approved Bank for the use of the Trust on terms that the borrowing is to be repayable out of the Scheme Property.

4.2. The Manager must ensure that borrowing does not, on any business day, exceed 10% of the value of the Trust

5. Restrictions on lending of money

5.1. None of the money in the property of the Trust may be lent and, for the purposes of this prohibition, money is lent by the Trustee if it is paid to a person ("the payee") on the basis that it should be repaid, whether or not by the payee.

6. Guarantees and indemnities

6.1. The Trustee must not provide any guarantee or indemnity in respect of the obligation of any person.

6.2. None of the property of the Trust may be used to discharge any obligation arising under a guarantee or indemnity with respect to the obligation of any person.

7. Leverage

7.1. This section explains in what circumstances and how the Manager may use leverage in respect of the Trust where the investment policy of the Trust permits its use of leverage, the different leverage calculation methods and maximum level of leverage permitted.

7.2. Leverage when used in this prospectus means the following sources of leverage can be used when managing the Trust:

7.2.1. cash borrowing, subject to the restrictions set out in paragraph 4 ("Borrowing Powers") of this Annex;

7.3. The Manager is required to calculate and monitor the level of leverage of the Trust, expressed as a ratio between the exposure of the Trust and its Net Asset Value (Exposure/NAV), under both the gross method and the commitment method (so for the Trust with no borrowing or derivative usage the leverage ratio would be 1:1).

7.4. Under the gross method, the exposure of the Trust is calculated as follows:

7.4.1. include the sum of all assets purchased, plus the absolute value of all liabilities;

7.4.2. exclude cash and cash equivalents which are highly liquid investments held in the base currency of the Trust, that are readily convertible to a known amount of cash, are subject to an insignificant risk of change in value and provide a return no greater than the rate of a three month high quality bond;

7.4.3. derivative instruments are converted into the equivalent position in their underlying assets;

7.4.4. exclude cash borrowings that remain in cash or cash equivalents and where the amounts payable are known;

7.4.5. include exposures resulting from the reinvestment of cash borrowings, expressed as the higher of the market value of the investment realised or the total amount of cash borrowed; and

7.4.6. include positions within repurchase or reverse repurchase agreements and securities lending or borrowing or other similar arrangements.

Under the commitment method, the exposure of the Trust is calculated in the same way as under the gross method; however, where "hedging" offsets risk and "netting" eliminates risk, these values are not included.

7.5. The maximum level of leverage which the Trust may employ, calculated in accordance with the gross and commitment methods, is stated in Appendix 1.

7.6. In addition, the total amount of leverage employed by the Trust will be disclosed in the Trust's annual report.

8. General

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

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

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

APPENDIX IV

LIST OF OTHER INTERESTS OF DIRECTORS AND OTHER AUTHORISED COLLECTIVE INVESTMENT SCHEMES OPERATED BY THE MANAGER

Directors of the Manager and their Significant Business Activities Not Connected with the business of the Trust	
Anne Laing	None
Martin Henderson	None
Douglas Halley	None
Michael Barron	None

Authorised collective investment schemes of which the ACD is the authorised corporate director			
Name	**Place of registration**	**Registration number**	**Product Reference**
Alligator Fund ICVC	England and Wales	IC000203	407790
Moray Place Investment Company*	Scotland	IC000934	573760
The Beagle Fund*	England and Wales	IC000789	505177
The Discovery Fund	England and Wales	IC000365	413970
The Mulben Investment Funds	England and Wales	IC000816	516628
The Prestney Fund	England and Wales	IC000175	407766
The Teal Fund	England and Wales	IC000257	227831
The VT Cindabbella Fund	England and Wales	IC001049	714901

The VT Oxeye Funds**	England and Wales	IC001063	743815
Valu-Trac Investment Funds ICVC	Scotland	IC000953	581955
Valu-Trac Proprietary Funds ICVC*	Scotland	IC000986	605631
VT AI-FUNDS ICVC	England and Wales	IC016426	913889
VT AJ Bell ICVC	England and Wales	IC001082	769363
VT Cantab Funds ICVC	England and Wales	IC001114	808050
VT Cape Wrath Focus Fund*	England and Wales	IC001061	741524
VT Chelsea Managed ICVC	England and Wales	IC001085	773989
VT Clear Peak Capital ICVC	England and Wales	IC011866	841768
VT Contra Capital Funds ICVC	England and Wales	IC021606	918272
VT Dominium Holdings ICVC*	England and Wales	IC001093	778841
VT Downing Investor Funds ICVC	England and Wales	IC024590	921279
VT Esprit FS ICVC	England and Wales	IC001105	794635
VT Garraway Investment Funds ICVC	England and Wales	IC000935	573884
VT Garraway Investment Fund Series II	England and Wales	IC000025	188718
VT Garraway Investment Fund Series III	England and Wales	IC000584	472521

VT Garraway Investment Fund Series IV	England and Wales	IC000534	465988
VT Gravis UK Listed Property (Feeder) Fund	England and Wales	Unit Trust	913629
VT Gravis Funds ICVC	England and Wales	IC001055	724240
VT Gravis Real Assets Fund	England and Wales	IC016070	913626
VT Greystone ICVC	England and Wales	IC000403	434235
VT Greystone Cautious Managed ICVC*	England and Wales	IC000407	435265
VT Greystone Conservative Managed ICVC*	England and Wales	IC000533	465365
VT Grosvenor Funds ICVC	England and Wales	IC001077	762880
VT Halo Funds ICVC	England and Wales	IC001018	629070
VT iFunds OEIC	England and Wales	IC000868	536578
VT KMGIM Strategies ICVC	England and Wales	IC016648	914127
VT Munro Smart-Beta Fund	England and Wales	IC000551	467964
VT Plain English Finance Funds ICVC	England and Wales	IC001096	782737
VT Price Value Partners Funds ICVC	England and Wales	IC001033	671132
VT Redlands Fund	England and Wales	IC001043	694999
VT Redlands NURS ICVC*	England and Wales	IC001089	776548

VT Reyker Funds	England and Wales	IC001121	812559
VT RM Funds ICVC	England and Wales	IC001108	800855
VT Rossie House Investment Management Funds ICVC*	England and Wales	IC000991	607962
VT Seneca Investment Funds	England and Wales	IC000342	407990
VT SG Defined Return Assets ICVC	England and Wales	IC001097	784172
VT Smartfund ICVC	England and Wales	IC001012	621247
VT Sorbus Vector Funds ICVC	England and Wales	IC001059	731963
VT Tatton Oak ICVC	England and Wales	IC000737	494501
VT Teviot Funds ICVC	England and Wales	IC001094	780433
VT Thistledown ICVC	England and Wales	IC001011	621244
VT Tyndall Funds ICVC	England and Wales	IC001050	715282
VT Ursus Arctos Funds ICVC	Scotland	IC001004	613236
VT Vanneck Equity Fund	England and Wales	IC001003	613235
VT Vanneck Funds ICVC	England and Wales	IC001112	806954
VT Woodhill Investment Funds ICVC	England and Wales	IC001009	618204

**** denotes a Non-UCITS Retail Scheme***

***** denotes a Qualified Investor Scheme***

APPENDIX V

DIRECTORY

The Trust and Head Office:
Level 13 Broadgate Tower
20 Primrose Street
London
EC2A 2EW

Manager:
Valu-Trac Investment Management Limited
Orton
Moray
IV32 7QE

Trustee and Depositary:
NatWest Trustee and Depositary Services Limited
Drummond House
1 Redheughs Avenue
Edinburgh
EH12 9RH

Investment Adviser:
Gravis Advisory Limited
24 Savile Row
London
W1S 2ES

Auditors:
Johnston Carmichael LLP
Commerce House
South Street
Elgin
IV30 1JE