

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

F&C Fund Management Limited, the authorised corporate director of the Company, is the person responsible for the information contained in this Prospectus. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained herein does not contain any untrue or misleading statement or omit any matters required by The Collective Investment Schemes sourcebook to be included in it. F&C Fund Management Limited accepts responsibility accordingly.

**PROSPECTUS
OF
F&C Responsible Investment Funds ICVC
(An open-ended investment company with variable
capital incorporated with limited liability and
registered in England and Wales
under registered number IC 118)**

This document constitutes the Prospectus for the F&C Responsible Investment Funds ICVC which has been prepared in accordance with The Collective Investment Schemes sourcebook.

This Prospectus is dated, and is valid as at 3 January 2018

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

CONTENTS

Clause	Page
DEFINITIONS	5
DETAILS OF THE COMPANY	7
BUYING, REDEEMING AND SWITCHING SHARES.....	9
VALUATION OF THE COMPANY.....	16
RISK FACTORS	18
MANAGEMENT AND ADMINISTRATION.....	23
FEEES AND EXPENSES	30
SHAREHOLDER MEETINGS AND VOTING RIGHTS.....	34
TAXATION.....	35
WINDING UP OF THE COMPANY OR A FUND	37
GENERAL INFORMATION.....	39
APPENDIX I - FUND DETAILS.....	42
APPENDIX II.....	48
APPENDIX III	55
APPENDIX IV	77
APPENDIX V	78
DIRECTORY.....	83

Important Information about this Prospectus

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

This Prospectus has been prepared solely for, and is being made available to investors for the purposes of evaluating an investment in Shares in the Funds. Investors should only consider investing in the Funds if they understand the risks involved including the risk of losing all capital invested.

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

The Shares have not been and will not be registered in the United States of America under any applicable legislation. They may not be offered or sold directly or indirectly in the United States of America, any state of the United States of America, the District of Columbia, or in its territories and possessions or offered or sold to or for the benefit of US Persons (as defined in the Glossary). The Company and the ACD have not been and will not be registered in the United States of America under any applicable legislation.

In order to ensure compliance with the restrictions referred to above, the Company does not accept applications for the purchase or subscription of Shares from any US Person and does not accept requests for transfer of Shares to any person that is a US Person.

Each prospective investor will be required to represent that they are not a US Person and the Shares are not being acquired for the benefit or account of, directly or indirectly, any US Person.

Investors must notify the Administrator if they have moved to the United States or have otherwise become US Persons. Upon such notification, or if the Administrator or ACD determines that there is a reasonable basis for believing that the investor has become a US Person, the investor's account may be frozen and/or compulsorily redeemed and further investments or transfers between Funds will not be accepted. Other rights attaching to the Shares previously purchased will not be affected.

In order to comply with legislation implementing UK obligations under intergovernmental agreements relating to the automatic exchange of information to improve international tax compliance (including United States FATCA) the Company will collect and report information about Shareholders to include information to verify identity and tax status.

When requested to do so by the Company or its agent, Shareholders must provide information to be passed on to HM Revenue & Customs and to any relevant overseas tax authorities.

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

By signing the application form to subscribe for Shares, each affected Shareholder is agreeing to provide such information upon request from the ACD or its delegate. The ACD may exercise its right to completely redeem the holding of an affected Shareholder (at any time upon any or no notice) if he fails to provide the ACD with the information the ACD requests to satisfy its obligations relating to the automatic exchange of information to improve international tax compliance (including United States FATCA) and will be required to report the Shareholder to HM Revenue and Customs.

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

The provisions of the Instrument of Incorporation are binding on each of the Shareholders, who are taken to have notice of the provisions. A copy of the Instrument of Incorporation is available on request from F&C Fund Management Limited.

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

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

This Prospectus is based on information, law and practice as at the date set out on the front cover of this Prospectus. The Company and the ACD cannot be bound by an out of date prospectus when a new version has been issued and investors should check with F&C Fund Management Limited that this is the most recently published prospectus.

This Prospectus has been issued for the purpose of section 21 of the Financial Services and Markets Act 2000 by F&C Fund Management Limited.

This Prospectus is intended for distribution principally in the UK.

Automatic exchange of information for international tax compliance

The UK government has enacted legislation enabling it to comply with its obligations in relation to international tax compliance. The Company is required to collect certain information about Shareholders and their investments to pass to HM Revenue & Customs who may, in turn, pass it on to relevant overseas tax authorities. Please see the Taxation section of this prospectus for further information.

DEFINITIONS

"ACD"	F&C Fund Management Limited, the authorised corporate director and registrar of the Company
"Administrator"	DST Financial Services Europe Ltd
"Approved Bank"	is as defined in the Glossary to the COLL Sourcebook
"business day"	any day when the London Stock Exchange is open for business
"Class" or "Classes"	in relation to Shares, means (according to the context) all of the Shares related to a single Fund or a particular class or classes of Share related to a single Fund
"COLL"	refers to the appropriate chapter or rule in the COLL Sourcebook.
"the COLL Sourcebook"	The Collective Investment Schemes sourcebook issued by the FCA as amended or re-enacted from time to time
"Company"	F&C Responsible Investment Funds
"Custodian"	State Street Bank and Trust Company., the custodian of the Company
"Dealing Day"	any day on which Shares may be bought and sold via the ACD. Should any Dealing Day not be a business day, dealing will take place on the next practicable business day.
"Depository"	State Street Trustees Limited and Depository Company Limited, the depository of the Company
"Director" or "Directors"	the directors of the Company from time to time (including the ACD)
"EEA State"	a member state of the European Union and any other state which is within the European Economic Area
"Eligible Institution"	one of certain eligible institutions as defined in the glossary to the FCA Handbook
"EPM"	efficient portfolio management
"the FCA"	the Financial Conduct Authority
"the FCA Handbook"	the FCA Handbook of Rules and Guidance
"the FCA Rules"	the rules contained in the COLL Sourcebook published as part of the FCA Handbook which shall, for the avoidance of doubt, not include guidance or evidential requirements contained in the said sourcebook
"fraction"	a smaller denomination Share (on the basis that one hundred smaller denomination Shares make one larger denomination Share)
"Fund" or "Funds"	a sub-fund of the Company (being part of the Scheme Property of the Company which is pooled separately) to which specific assets and liabilities of the Company may be allocated and which is invested in accordance with the investment objective applicable to such sub-fund
"Instrument of Incorporation"	the instrument of incorporation of the Company as amended from time to time
"Investment Manager"	F&C Management Limited, the investment manager to the ACD in respect of the Company
"ISA"	an individual savings account under The Individual Savings Account Regulations 1998 (as amended)

"Net Asset Value (NAV)"	the value of the Scheme Property of the Company or of any Fund (as the context may require) less the liabilities of the Company (or of the Fund concerned) as calculated in accordance with the Instrument of Incorporation
"OEIC Regulations"	the Open-Ended Investment Companies Regulations 2001 as amended or re-enacted from time to time
"proportionate interest"	the interest of Shareholders of a Class in the net assets or income of the relevant Fund
"Register"	the register of Shareholders of the Company
"Registrar"	DST Financial Services Europe Ltd
"Regulations"	the OEIC Regulations and the FCA Handbook
"Scheme Property"	the property of the Company required under the COLL Sourcebook to be given for safe-keeping to the Depository
"Share" or "Shares"	a share or shares in the Company (including larger denomination Shares and fractions)
"Shareholder"	a registered holder of Shares in the Company
"Stock Lending"	the permitted lending of scheme property as described in Appendix III
"switch"	the exchange of Shares of one Class or Fund for Shares of another Class or Fund
"valuation point"	the point, whether on a periodic basis or for a particular valuation, at which the ACD carries out a valuation of the Scheme Property for the Company or a Fund (as the case may be) for the purpose of determining the price at which shares may be issued, redeemed or cancelled
"VAT"	value added tax

DETAILS OF THE COMPANY

General

The Company is an open-ended investment company with variable capital incorporated in England and Wales under registered number IC 118 and authorised by the FCA with effect from 8 August 2001 and its Instrument of Incorporation was registered with the Registrar of Companies for England and Wales on 14 August 2001. The Company has been certified by the FCA as complying with the conditions necessary for it to enjoy the rights conferred by the EC Directive on Undertakings for Collective Investment in Transferable Securities. The Company has an unlimited duration.

Shareholders are not liable for the debts of the Company.

Registered and Head Office:

Exchange House, Primrose Street, London EC2A 2NY

Address for Service:

The Registered Office is the address of the place in the United Kingdom for service on the Company of notices or other documents required or authorised to be served on it.

Base Currency:

The base currency of the Company and each Fund is Pounds Sterling.

Share Capital: Maximum £100,000,000,000
Minimum £5,000,000

Shares have no par value. The share capital of the Company will at all times equal the sum of the Net Asset Values of each of the Funds.

Longer term investment

Each of the Funds is designed and managed to support longer-term investment and active trading is discouraged. Information on the typical investor profile for each Fund is set out in Appendix I. Short-term or excessive trading into and out of a Fund may harm performance by disrupting portfolio management strategies and by increasing expenses. The ACD may at its discretion refuse to accept applications to deal in Shares, especially where transactions are deemed disruptive, particularly from possible market timers or investors who, in its opinion, have a pattern of short-term or excessive trading or whose trading has been or may be disruptive to a Fund(s). For these purposes, the ACD may consider an investor's trading history in the Fund(s) or other F&C Fund Management Limited funds and accounts under common ownership or control.

The Structure of the Company

The Funds:

The Company is structured as an umbrella company, in that different Funds may be established from time to time by the ACD with the approval of the FCA. On the introduction of any new Fund or Class, a revised prospectus will be prepared setting out the relevant details of each Fund or Class. Approval by the FCA in this context refers only to approval under the OEIC Regulations 2001 (as amended) and does not in any way indicate or suggest endorsement or approval of the Funds as an investment.

The Company is a UCITS scheme.

The assets of each Fund will be treated as separate from those of every other Fund and will be invested in accordance with the investment objective and investment policy applicable to that Fund. There are currently three Funds available, details of which are given in Appendix I. Each of the Funds is constituted as a UCITS scheme.

Each Fund will at all times be invested so as to render it a qualifying investment for a stocks and shares ISA.

Investment of the assets of each of the Funds must comply with the COLL Sourcebook and the investment objective and policy of the relevant Fund. Details of these investment objectives and policies for each Fund are set out in Appendix I.

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

respect of each category of Fund and the extent to which the Company may employ EPM techniques is set out in Appendix III.

Each Fund has a specific portfolio to which that Fund's assets and liabilities are attributable. Shareholders are not liable for the debts of the Company. The Funds represent segregated portfolios of assets, and, accordingly, the assets of a Fund belong exclusively to that Fund and shall not be used or made available to discharge (directly or indirectly) the liabilities of, or claims against, any other person or body including any other Fund and shall not be available for any such purpose.

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

Please see the risk factor below on "Liabilities of the Company and the Funds".

Shares:

Classes of Share within the Funds

The Share Classes currently available in each Fund are set out in Appendix I with full details of the current investment and holding limits.

Further Classes of Share may be established from time to time by the ACD with the agreement of the Depositary and in accordance with the Instrument of Incorporation and the Regulations.

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

Where a Fund has different Classes, each Class may attract different charges and so monies may be deducted from Classes in unequal proportions. The proportionate interests of the Classes within a Fund will be adjusted to reflect this.

So long as more than one Fund is available Shareholders will be entitled (subject to certain restrictions) to switch all or part of their Shares in a Class or a Fund for Shares in another Class within the same Fund or for Shares of the same or another Class within a different Fund of the Company. Details of this switching facility and the restrictions are set out below.

BUYING, REDEEMING AND SWITCHING SHARES

The dealing office of the ACD is open from 9.00 am until 5.00 pm on each Dealing Day to receive requests for the buying, redemption and switching of Shares.

Buying Shares

Procedure:

Shares may be bought directly from the ACD or through your professional adviser or other intermediary. Any intermediary who recommends an investment in the Company to you may be entitled to receive commission from the ACD.

Shares can be bought either by sending a completed application form to the ACD (F&C Investment Administration Centre, PO BOX 9040, Chelmsford, Essex CM99 2XH) or by telephoning the Dealing line on 0870 601 6083. Application forms may be obtained from the ACD. In addition, the ACD may from time to time make arrangements to allow Shares to be bought through other communication media.

Telephone calls may be recorded by the ACD, its delegates, their duly appointed agents and any of their respective related, associated or affiliated companies for records keeping, security and/or training purposes, please see "Telephone Recordings" further information.

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

The ACD operates procedures to prevent late trading and to monitor transactions to identify and prevent market timing and other activities such as excessive dealing likely adversely to impact the majority of shareholders.

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

Documents the buyer will receive:

A contract note giving details of the number and price of Shares bought will be issued no later than the end of the business day following the later of receipt of the application to buy Shares and the valuation point by reference to which the price is determined, together with, where appropriate, a notice of the applicant's right to cancel.

Apart from business investors or investors who have dealt through an independent intermediary who has instructed the ACD otherwise, an applicant has the right to cancel his/her application to buy Shares at any time during the 14 days after the date on which he/she receives a cancellation notice from the ACD. If an applicant decides to cancel the contract, and the value of the investment has fallen at the time the ACD receives the completed cancellation notice, he/she will not get a full refund; an amount equal to any fall in value will be deducted from the sum originally invested.

Settlement is due on receipt by the buyer of the contract note. An order for the purchase of Shares will only be deemed to have been accepted by the ACD once it is in receipt of cleared funds for the application. If settlement is not made within 4 business days of the deal date, then the ACD has the right to cancel any Shares issued in respect of the application.

Share certificates will not be issued in respect of Shares. Ownership of Shares will be evidenced by an entry on the Register. Statements in respect of periodic distributions on Shares will show the number of Shares held by the recipient. Individual statements of a Shareholder's Shares (or, where Shares are jointly held, the first named holder's) will be issued automatically as at the end of February and 31st August of each year and will also be issued at any time on request by the registered Shareholder.

The Company has the power to issue bearer Shares but there are no present plans to do so.

Regular payment option:

Class 1 Shares of any Fund may be bought through regular monthly payments. To invest in this way, Shareholders will need to complete an application form and direct debit mandate and return it to the ACD before contributions may begin. Monthly contributions may be increased, decreased (subject to maintaining the minimum level of contribution) or stopped at any time by notifying in writing the ACD or such party as the ACD may direct. If, however, payments are not made for more than three months and the Shareholder holds less than the minimum holding for that Class, then the ACD reserves the right to redeem that Shareholder's entire holding in that Class. Contract notes will not be issued to Shareholders investing in this way.

Minimum subscriptions and holdings:

The minimum initial subscriptions, subsequent subscriptions and holdings for each Class of Share in a Fund are given in Appendix I.

The ACD may at its discretion accept subscriptions and/or holdings lower than the minimum amount(s) into any Class of Shares.

If following a redemption a holding in any Class of Share should fall below the minimum holding for that Class, the ACD has a discretion to require redemption of that Shareholder's entire holding in that Class of Share.

Redeeming Shares

Procedure:

Every Shareholder has the right to require that the Company redeem his/her Shares on any Dealing Day unless the value of Shares which a Shareholder wishes to redeem will mean that the Shareholder will hold Shares with a value less than the required minimum holding in the relevant Class, in which case the Shareholder may be required to redeem his/her entire holding in that Class of Share in the relevant Fund.

Requests to redeem Shares may be made to the ACD by telephoning the Dealing line on 0870 601 6083 or in writing to the ACD (F&C Investment Administration Centre, PO BOX 9040, Chelmsford, Essex CM99 2XH). In addition the ACD may from time to time make arrangements to allow Shares to be redeemed through other communication media. Telephone calls may be recorded by the ACD, its delegates, their duly appointed agents and any of their respective related, associated or affiliated companies for records keeping, security and/or training purposes, please see "Telephone Recordings" further information.

Documents a redeeming (other than by regular withdrawal) Shareholder will receive:

A contract note giving details of the number and price of Shares redeemed will be sent to the redeeming Shareholder (or the first named Shareholder, in the case of joint Shareholders) together with (if sufficient written instructions have not already been given) a Form of Redemption for completion and execution by the Shareholder (or, in the case of a joint holding, by all the joint Shareholders) no later than the end of the business day following the later of the request to redeem Shares or the valuation point by reference to which the price is determined. Settlement of the redemption monies will be issued within four business days of the later of (a) receipt by the ACD of the Form of Redemption (or other sufficient written instructions) duly signed and completed by all the relevant Shareholders, together with any other appropriate evidence of title, and (b) the valuation point following receipt by the ACD of the request to redeem.

Minimum redemption:

Part of a Shareholder's holding may be redeemed but the ACD reserves the right to refuse a redemption request if the value of the Shares of any Fund to be redeemed is less than £100 in respect of Class 1 Shares, £25,000 in respect of Class 2 Shares, and £10,000 in respect of Class 3 and Class 4 Shares.

Switching and Conversion

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

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

Switching

A Switch is the exchange of Shares of one Fund for Shares in another Fund.

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

The number of New Shares issued will be determined by reference to the respective prices of New Shares and Original Shares at the Valuation Point applicable at the time the Original Shares are redeemed and the New Shares are issued.

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

The ACD may at its discretion make a charge on the switching of Shares. Any such charge on switching does not constitute a separate charge payable by a Shareholder, but is rather the application of any redemption charge on the Original Shares and any initial charge on the New Shares, subject to certain waivers.

If a partial switch would result in the Shareholder holding a number of Original Shares or New Shares of a value which is less than the minimum holding in the Class concerned, the ACD may, if it thinks fit, convert the whole of the applicant's holding of Original Shares to New Shares (and make a charge on switching on such conversion) or refuse to effect any switch of the Original Shares. Save as otherwise specifically set out, the general provisions on procedures relating to redemption will apply equally to a Switch.

Written instructions must be received by the ACD before the Valuation Point on a Dealing Day in the Fund 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 ACD at the request of the Shareholder giving the relevant instruction may agree. Switching requests received after a Valuation Point will be held over until the next day which is a Dealing Day in each of the relevant Fund or Funds.

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

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

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

Conversion

A Conversion is the exchange of Shares in one Class in a Fund for Shares of another Class in the same Fund.

Conversions will be effected by the ACD recording the change of Class on the Register of the Company. If a Shareholder wishes to convert Shares they should apply to the ACD in the same manner as for a sale. Conversions will usually be effected at the next Valuation Point following receipt of instructions to convert from a Shareholder.

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

Dealing Charges

The price per Share at which Shares are bought or redeemed is the Net Asset Value per Share. Any initial charge or redemption charge is payable in addition to the price.

Initial charge:

The ACD may impose a charge on the purchase of Shares in each Class. The current initial charge as a percentage of the amount invested by a potential Shareholder for each Fund is set out in Appendix I.

The current initial charge of a Class may only be increased in accordance with the Regulations and after the ACD has made available a revised Prospectus showing the new rate of charge and its commencement date.

Redemption Charge:

The ACD may make a charge on the redemption of Shares in each Class. At present no redemption charge is levied.

The ACD may introduce a redemption charge in respect of any Class only in accordance with the Regulations and after it has made available a revised Prospectus to reflect the introduction and the date of its commencement. Any redemption charge introduced will apply only to Shares sold since its introduction but not to Shares previously in issue.

In relation to the imposition of a redemption charge as set out above, where Shares of the Class in question in the relevant Fund have been purchased at different times by a redeeming Shareholder, the Shares to be redeemed shall be deemed to be the Shares purchased first in time by that Shareholder.

A change to the rate or method of calculation of a current redemption charge of a Class which is adverse to Shareholders of that Class may only be made in accordance with the Regulations and after the ACD has made available a revised Prospectus showing the new charge and its commencement date.

Charges on Switching and Conversion:

The Instrument of Incorporation authorises the Company to impose a charge on the Switching of Shares between Funds or on the Conversion of Shares between Classes. No charge is currently payable on Conversions.

In respect of a Switch, if a redemption charge is payable in respect of the Original Shares, this may become payable instead of, or as well as, the then prevailing initial charge for the New Shares. The charge on Switching is payable by the Shareholder to the ACD.

The ACD's current policy is to only levy a charge on Switching between Funds that is no more than the excess of the initial charge applicable to New Shares over the initial charge applicable to the Original Shares.

Other Dealing Information

Dilution:

The basis on which the Company's investments are valued for the purpose of calculating the price of Shares as stipulated in the COLL Sourcebook and the Instrument of Incorporation is summarised below. The actual cost of buying or redeeming a Fund's investments may be higher or lower than the mid-market value used in calculating the Share price - for example, due to dealing charges, or through dealing at prices other than the mid-market price. A Fund may suffer dilution (reduction) in the value of Scheme Property as a result of the costs incurred in dealing in the underlying investments and of any spread between buying and selling prices of these investments. It is not, however, possible to predict accurately whether dilution will occur at any point in time. Under certain circumstances (for example, large volumes of deals) this may have a material adverse effect on the existing/continuing Shareholders' interest in the Fund.

The Company has adopted swinging single pricing to mitigate the effects of dilution. The ACD will determine whether and to what extent each Fund's prices will be adjusted from the mid-price by reference to the volume of net purchases or sales of Shares for that Fund at the valuation point. The ACD reserves the right to make a dilution adjustment on every Dealing Day where the ACD is of the opinion that it is in the best interest of Shareholders to do so. Generally the need to make a dilution adjustment is triggered by aggregate net deals on any one Dealing Day equivalent to at least 2% of the value of Scheme Property Fund although a higher threshold may apply to larger funds. The adjustment to be applied is calculated by reference to the spread and any direct dealing costs based on recent market experience. From historical data, the average dilution adjustment across the ACD's range of funds will be between a 0% to 1% increase or decrease on the mid-market price. Based on historical data, the ACD does not expect to make a dilution adjustment in the case of cash and bond funds where there is no dealing spread or significant dealing costs. Further information on the dilution adjustment in relation to the Fund is available from the ACD on request.

Transfers

Shareholders are entitled to transfer their Shares to another person or body. All transfers must be in writing in the form of an instrument of transfer approved by the ACD for this purpose. Completed instruments of transfer must be returned to the ACD in order for the transfer to be registered by the ACD.

Restrictions and Compulsory Transfer and Redemption

The ACD may from time to time impose such restrictions as it may think necessary for the purpose of ensuring that no Shares are acquired or held by any person in breach of the law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory or which would result in the Company incurring any liability to taxation which the Company is not able to recoup itself or suffering any other adverse consequence. In this connection, the ACD may, inter alia, reject in its discretion any application for the purchase, redemption, transfer or switching of Shares.

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

- (i) 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
- (ii) would result in the Company incurring any liability to taxation which the Company would not be able to recoup itself or suffering any other adverse consequence (including a requirement to register under any securities or investment or similar laws or governmental regulation of any country or territory); or
- (iii) are held in any manner by virtue of which the Shareholder or Shareholders in question is/are not qualified to hold such Shares or if it reasonably believes this to be the case;

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

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

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

US Investors

Due to legal and compliance burdens associated with permitting investments from US residents and US domiciled entities, the Company does not accept applications for the purchase or subscription of shares from any US Person and does not accept requests for transfer to any person that is a US Person.

Each investor will be required to represent that the investors is not a US Person and the shares are not being acquired for the benefit or account of, directly or indirectly, any US Person. For this purpose a US Person is a person who is in either of the following two categories: (a) a person included in the definition of US person under Rule 902 of Regulation S under the 1933 Act, or (b) a person excluded from the definition of Non-United States person as used in the Commodity Futures Trading Commission (CFTC) Rule 4.7. For the avoidance of doubt, a person is excluded from this definition of US Person only if he/she or it does not satisfy any of the definitions of US person in Rule 902 and qualifies as a Non-United States person under CFTC Rule 4.7.

Investors must notify the Administrator if they have moved to the United States or have otherwise become US Persons. Upon such notification, or if the Administrator or ACD determines that there is a reasonable basis for believing that the investor has become a US Person, the investor's account may be frozen and/or compulsorily redeemed and further investments or transfers between funds will not be accepted. Other rights attaching to the shares previously purchased will not be affected.

Issue of Shares in exchange for in specie assets

The ACD may arrange for the Company to issue Shares in exchange for assets other than cash, but will only do so where the Depositary has taken reasonable care to determine that the Company's acquisition of those assets in exchange for the Shares concerned is not likely to result in any material prejudice to the interests of Shareholders or potential Shareholders.

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

The ACD will not issue Shares in any Fund in exchange for assets the holding of which would be inconsistent with the investment objective of that Fund.

In specie redemptions

If a Shareholder requests the redemption of Shares the ACD may, where it considers the deal to be substantial in relation to the total size of the Fund concerned or detrimental to the Fund, or where it would be advantageous to the Fund, arrange, having given prior notice in writing to the Shareholder, that in place of payment for the Shares in cash, the Company transfers property or, if required by the Shareholder, the net proceeds of sale of the relevant property, to the Shareholder. Before the redemption proceeds of the Shares become payable, the ACD must give written notice to the Shareholder that the relevant property or the proceeds of sale of the relevant property will be transferred to that Shareholder so that the Shareholder can acquire the net proceeds of redemption rather than the relevant property if he/she so desires.

The ACD will select the property to be transferred in consultation with the Depositary. They must ensure that the selection is made with a view to achieving no more advantage or disadvantage to the Shareholder requesting the redemption than to the continuing Shareholders.

Money laundering

As a result of legislation in force in the United Kingdom to prevent money laundering, the ACD is responsible for ensuring that transactions in the Company's shares are processed in accordance with the money laundering regulations. In order to implement these procedures, in certain circumstances investors may be asked to provide proof of identity when buying or redeeming Shares. Until satisfactory proof of identity is provided, the ACD reserves the right to refuse to issue Shares, pay the proceeds of a redemption of Shares, or pay income on Shares to the investor.

Automatic exchange of information for international tax compliance

Under UK legislation, the Company is required to collect certain information about Shareholders and their investments to pass to HM Revenue & Customs who may, in turn, pass it on to relevant overseas tax authorities. Please see the Taxation section of this prospectus for further information.

Suspension of dealings in the Company

The ACD may, with the prior agreement of the Depositary, and must without delay if the Depositary

so requires temporarily suspend the issue, cancellation, sale and redemption of Shares in any or all of the Funds where due to exceptional circumstances it is in the interests of all the Shareholders in the relevant Fund or Funds.

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

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

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

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

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

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

This suspension may be restricted to any single Fund, or Class within that Fund. Dealings in Shares in the relevant Fund or Class will commence on the next appropriate Valuation Point following the end of the suspension at the Share price calculated at that Valuation Point.

Governing law

All deals in Shares are governed by English law.

VALUATION OF THE COMPANY

The price of a Share is calculated by reference to the Net Asset Value of the Fund to which it relates. The Net Asset Value per Share of a Fund is currently calculated at 12 noon on each Dealing Day, although the Net Asset Value may be calculated more frequently to reflect any major movements in the underlying stock markets and currencies, or in other special circumstances thought appropriate by the ACD.

The ACD may at any time during a business day carry out an additional valuation if it considers it desirable to do so. The ACD shall inform the Depositary of any decision to carry out such an additional valuation.

The ACD will, upon completion of each valuation, notify the Depositary of the price of Shares, of each Class of each Fund including the amount of any dilution adjustment made in respect of any purchase or redemption of Shares.

Calculation of the Net Asset Value

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

1. All the Scheme Property (including receivables) is to be included, subject to the following provisions.
2. Property which is not cash (or other assets dealt with in paragraph 3 below) or a contingent liability transaction shall be valued as follows and the prices used shall (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 ACD, the price obtained is unreliable or no recent traded price is available or if no recent price exists, at a value which, in the opinion of the ACD, is fair and reasonable;
 - (b) any other transferable security:
 - (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 ACD, the price obtained is unreliable or no recent traded price is available or if no recent price exists, at a value which in the opinion of the ACD, is fair and reasonable;
 - (c) Scheme Property other than that described in (a) and (b) above at a value which, in the opinion of the ACD, represents a fair and reasonable mid-market price.
3. Cash and amounts held in current and deposit accounts and in other time related deposits shall be valued at their nominal values.
4. Property which is a contingent liability transaction shall be treated as follows:
 - (a) if it is a written option (and the premium for writing the option has become part of the Scheme Property), deduct the amount of the net valuation of premium receivable. If the Scheme Property is an off exchange option the method of valuation shall be agreed between the ACD and the Depositary;
 - (b) if it is an off exchange future, include it at the net value of closing out in accordance with a valuation method agreed between the ACD and the Depositary;
 - (c) if it is any other form of contingent liability transaction, include it at the net value of margin on closing out (whether as a positive or negative value). If the Scheme

Property is an off exchange derivative, include it at a valuation method agreed between the ACD and the Depositary.

5. In determining the value of the Scheme Property, all instructions given to issue or cancel Shares shall be assumed to have been carried out (and any cash paid or received) whether or not this is the case.
6. Subject to paragraphs 7 and 8 below, agreements for the unconditional sale or purchase of Scheme Property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and if, in the opinion of the ACD, their omission will not materially affect the final net asset amount.
7. 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 6.
8. All agreements are to be included under paragraph 6 which are, or ought reasonably to have been, known to the person valuing the property.
9. Deduct an estimated amount for anticipated tax liabilities at that point in time including (as applicable and without limitation) capital gains tax, income tax, corporation tax, VAT, stamp duty, and any foreign taxes or duties.
10. Deduct an estimated amount for any liabilities payable out of the Scheme Property and any tax thereon treating periodic items as accruing from day to day.
11. Deduct the principal amount of any outstanding borrowings whenever repayable and any accrued but unpaid interest on borrowings.
12. Add an estimated amount for accrued claims for tax of whatever nature which may be recoverable.
13. Add any other credits or amounts due to be paid into the Scheme Property.
14. Currencies or values in currencies other than Sterling shall be converted at the relevant valuation point at a rate of exchange that is not likely to result in any material prejudice to the interests of Shareholders or potential Shareholders.
15. Add a sum representing any interest or any income accrued due or deemed to have accrued but not received.

Price per Share in each Fund and each Class

The price per Share at which Shares are bought or redeemed is the Net Asset Value per Share. The Net Asset Value per Share is obtained by dividing the proportionate interest of the Class in the Net Assets of the Fund by the number of Shares of that Class. Following the introduction of swinging single pricing the Net Asset Value per share shall be adjusted by reference to the volume of purchases or sales at the valuation point in accordance with the ACD's current policy for swinging single pricing.

Any initial charge or redemption charge is payable in addition to the price.

Pricing basis

The ACD deals on a forward pricing basis. A forward price is the price calculated at the next valuation point after the purchase or redemption is deemed to be accepted by the ACD.

Publication of Prices

The most recent price of certain Shares appear daily in the Financial Times. As the ACD deals on a forward pricing basis, the price that appears in the newspapers will not necessarily be the same as the one at which investors can currently deal. All of the most recent Share prices are available on our website www.bmogam.com or by telephoning 0870 6016183. The ACD does not accept responsibility for the accuracy of the prices published in or for the non-publication of prices by the newspapers for reasons beyond the control of the ACD.

RISK FACTORS

Potential investors should consider the following risk factors before investing in the Company (or, in the case of specific risks applying to specific Funds, in those Funds).

1. **General**

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

2. **Effect of Initial Charge or Redemption Charge**

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

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

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

3. **Dilution**

Investors should note that where a dilution adjustment is not made, the fund in question may incur dilution which may constrain capital growth (see "Other Dealing Information").

4. **Charges to Capital**

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

5. **Suspension of Dealings in Shares**

Investors are reminded that in certain circumstances their right to redeem Shares (including a redemption by way of switching) may be suspended (see "Suspension of dealings in the Company").

6. **Liabilities of the Company and the Funds**

As explained above, where, under the OEIC Regulations, each Fund is a segregated portfolio of assets, those assets can only be used to meet the liabilities of, or claims against, that Fund. Whilst the provisions of the OEIC Regulations provide for segregated liability between the Funds, the concept of segregated liability is relatively new. Accordingly, where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known whether a foreign court would give effect to the segregated liability and cross-investment provisions contained in the OEIC Regulations.

Notwithstanding the above, however, Shareholders are not liable for the debts of the Company. A Shareholder is not liable to make any further payment to the Company after he/she has paid the amount due on the purchase of the Shares.

7. **Currency Exchange Rates**

Currency fluctuations may adversely affect the value of a 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/her investment in Shares and the income receivable.

8. **Constituents of an Index**

Where a constituent of an Index accounts for more than 10% of the Index, the Investment Manager's ability to obtain full exposure is limited by the availability of manufactured securities designed to replicate its investment performance by virtue of COLL Sourcebook.

9. **Investment in Smaller Companies**

Smaller companies' securities may be less liquid than the securities of larger companies as a result of inadequate trading volume or restrictions on trading. Smaller companies may possess greater potential for growth, but can also involve greater risks, such as limited product lines and markets, and financial or managerial resources. Trading in such securities may be subject to more abrupt price movements and greater fluctuations in available liquidity than trading in the securities of larger companies.

10. **Emerging Markets**

Investments in emerging markets may be more volatile than investments in more developed markets. Many emerging markets do not have well developed regulatory systems and disclosure standards may be less stringent than those of developed markets. The risks of expropriation, nationalisation and social, political and economic instability are greater in emerging markets than in more developed markets. The accumulation and disposal of holdings may be more expensive, time consuming and generally more difficult than in more developed markets. Also, due to the lack of liquidity, volatility may be higher. Many emerging markets are small, have low trading volumes, low liquidity and significant price volatility.

Significant changes in the exchange rates of currencies of the countries in which investments are made may occur following investment by the Company in these countries. It may not be possible to undertake currency hedging techniques in respect of these currencies.

Settlement and custody standards may not be as high and supervisory and regulatory authorities may not be as sophisticated. As a result there may be risks that settlement may be delayed and that cash or securities could be disadvantaged.

Emerging markets may restrict the access of foreign investors to securities. As a result, certain equity securities may not be readily available to a Fund, because the maximum permitted number of or investment by foreign shareholders has been reached. Similarly the outward remittance by foreign investors of their share of net profits, capital and dividends may be restricted or require governmental approval. The Company will only invest in markets in which it believes these restrictions to be acceptable. There is however no guarantee that additional restrictions will not be imposed after an investment has been made.

11. **Sub-Investment Grade Bonds**

Such bonds have a lower credit rating than investment grade bonds and so a higher risk of default and carry a higher degree of risk both to the income and capital value of the Fund.

12. **Effective Portfolio Management**

Each Fund is permitted to use derivatives for the purposes of EPM. Further detail on the use of derivatives and forward transactions is set out in the investment and borrowing powers.

The use of derivatives and forward transactions for the purposes of EPM will not increase the risk profile of a Fund any more than investing in the corresponding underlying physical asset. It does however allow the Fund to manage various risks including the following: default risk, market risk, interest rate or duration risk, currency risk and curve risk.

Default risk is the risk that the issuer fails to pay. Market risk is the risk that general market conditions impact the price of the bond owned by the Fund. Interest rate or duration risk is

the risk that the price of a bond is sensitive to a change in its yield. Currency risk is the risk that can arise when bonds are denominated in a currency that is not the base currency of the Fund. Curve risk recognises that the shape of both the credit yield curve and maturity yield curve can change significantly over time.

Efficient portfolio management is used by the Funds to reduce risk and/or costs in the Funds and to produce additional capital or income in the Funds. The Funds may use other techniques, such as stock lending, for efficient portfolio management.

A Fund's ability to use EPM strategies may be limited by market conditions, regulatory limits and tax considerations. Any income or capital generated by efficient portfolio management techniques will be paid to the Funds with the exception of fees paid to the Stock Lending Agent as set out below.

In addition, the ACD may use certain techniques when investing in derivatives in order to manage a Fund's exposure to particular counterparties and in relation to the use of collateral, to reduce overall exposure to OTC derivatives; for example the Fund's may take collateral from counterparties with whom they have an OTC derivative position and use that collateral to net off against the exposure they have to the counterparty under that OTC derivative position, for the purposes of complying with counterparty spread limits.

The Investment Manager maintains a 'Risk Management Process' in respect of the measurement and monitoring of risks attached to financial derivative instrument positions entered into by the Company. This policy document has been sent to the Depositary and to the FCA and is available upon request. The use of the Risk Management Process does not guarantee that the derivative strategies will work in every instance.

13. **Stock lending**

The Funds may also use stock lending as an efficient portfolio management technique to reduce risk and/or costs in the Funds and to produce additional capital.

Stock lending may involve additional risks for the Funds. Under such arrangements, the Funds will have a credit risk exposure to the counterparties used. The extent of this credit risk can be reduced, or eliminated, by receipt of adequate collateral. The Stock Lending Agent shall ensure that sufficient value and quality of collateral is received before or simultaneously with the movement of loaned securities. This will then be held throughout the duration of the loan transaction and only returned once the loaned securities have been received or returned back to the relevant Fund.

The ACD has entered into an agreement with State Street Bank GMBH, London Branch whereby State Street Bank GMBH, London Branch performs stock lending for the Funds. State Street Bank GMBH, London Branch obtains a fee for acting as stock lending agent.

Counterparty Risk is mitigated by State Street Bank GMBH, London Branch only lending stock to counterparties as instructed by the ACD who meet criteria such as minimum credit rating requirements and by requiring counterparties to provide eligible collateral on borrowing stock from the Funds. Each of the Funds may undertake stock lending. As such the necessary disclosures in relation to stock lending have been included in this Prospectus for the purposes of the Securities Financing Transactions Regulation.

Counterparties will normally carry a minimum "A" rating from at least one of Fitch, Moody's and S&P. The counterparties will be entities with legal personality, typically located in OECD jurisdictions and generally limited to the major financial institutions in leading economies. They will be subject to ongoing supervision by a public authority and be financially sound. A counterparty may be an associate of the ACD or the Investment Manager which may give rise to a conflict of interest. For further details on the ACD's conflicts of interest policy please contact the ACD.

Stock lending transactions may, in the event of a default by the counterparty, result in the securities lent being recovered late or only in part. This may result in losses for investors.

The following Funds currently carry out stock lending:

F&C Responsible UK Equity Growth Fund, F&C Responsible UK Income Fund and F&C Responsible Global Equity Fund.

14. **Collateral Management**

In the event of a counterparty default or operational difficulty, securities that are loaned out may not be returned or returned in a timely manner. Should the borrower of securities fail to return the securities lent by a Fund, there is a risk that the collateral received on such transactions may have a market value lower than that of the securities lent, whether due to inaccurate pricing of the collateral, adverse market movements in the value of the collateral, a deterioration in the credit rating of the issuer of the collateral, or the illiquidity of the market in which the collateral is traded. Delays in the return of securities on loan might restrict the Funds ability to complete the sale of securities or to meet redemption requests. A default by the counterparty combined with a fall in the market value of the collateral below that of the value of the securities lent, may result in a reduction in the value of a Fund.

Collateral received will be held within a safekeeping account at the Depository. The Funds will be exposed to the risk of the Depository not being able to fully meet its obligation to return the collateral when required in the case of bankruptcy of the Depository.

15. **Leveraging**

Leverage is where a Fund borrows money in order to meet redemption requests or, through the use of derivatives, for the purpose of buying or selling assets. Where assets are bought or sold using borrowed money this increases the risk that in the case of losses that these are compounded and as a result have a material negative impact on the value of the Fund. Investors should also note that certain derivatives such as forward foreign exchange and complex swaps may be entered into on an Over The Counter (OTC) basis with one or more Eligible Counterparties. Trading in such derivatives results in credit risk exposure to such Eligible Counterparties (i.e. the risk that the Eligible Counterparty to a derivative trade will fail to discharge its obligations under the terms of the trade in respect of a Fund). Where the ACD or an Investment Adviser, on behalf of a Fund, enters into OTC derivatives it may seek to mitigate much of its credit risk to an Eligible Counterparty by receiving collateral from that Eligible Counterparty. To the extent that any OTC derivatives are not fully collateralised, a default by the Eligible Counterparty may result in a reduction in the value of the Fund and thereby a reduction in the value of an investment in the Fund.

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

On 23 June 2016, the UK voted in a referendum to leave the European Union (informally known as "Brexit"). As at the date of this Prospectus, the UK Parliament has not commenced the formal process for leaving required by Article 50 of the Lisbon Treaty. The political, economic and legal consequences of the referendum vote are not yet known and the mechanics of the UK leaving the European Union are unclear.

In the short term, it is likely there will be volatility in the financial markets, particularly those in the UK and Europe but possibly also in the US and Asia. The UK may be less stable than it has been in recent years and investments in the UK may be 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. Changes in currency exchange rates may make it more expensive for the Funds to buy investments that are not denominated in Sterling. Funds may see higher levels of redemption. In the event that the ACD is unable to accurately value the assets of the Funds, or in the event of high levels of redemption, the ACD may use certain liquidity management tools permitted by the FCA Rules, including deferred redemptions, the implementation of fair value pricing or suspension of the Funds.

In the longer term, there is likely to be a period of significant political, regulatory and commercial 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 Funds or the rights of

investors. Depending on the terms of the agreement reached with the European Union, UK funds may or may not be treated as a UCITS and it may or may not be possible for the Funds to be sold to investors in certain European Union countries and possibly other parts of the world in future. To the extent that it is within the control of the ACD, the ACD will endeavour to mitigate the impact on the Funds of the ongoing uncertainty and of any changes to the applicable law and regulation.

MANAGEMENT AND ADMINISTRATION

Regulatory Status

The ACD, the Depositary, the Investment Manager and the Administrator are regulated by the FCA of 25 The North Colonnade, Canary Wharf, London E14 5HS.

Authorised Corporate Director

The ACD is F&C Fund Management Limited which is a company limited by shares incorporated in England and Wales on 29 July 1987.

Registered Office/Head Office: Exchange House, Primrose Street, London EC2A 2NY

Address for Correspondence: F&C, 80 George Street, Edinburgh, EH2 3BU

Ultimate Holding Company: F&C Asset Management plc which is a company limited by shares incorporated in Scotland.

Share Capital:

Issued:	£13,200,000
Paid up:	£13,200,000

Directors: Benjamin Apfel, David Logan, Mandy Mannix, Nigel Parry, David Sloper, Marrack Tonkin Richard Watts and Tina Watts.

All the individual directors are employed by the F&C Asset Management Group.

The ACD is responsible for managing and administering the Company's affairs in compliance with the COLL Sourcebook. The ACD acts as ACD to: F&C Investment Funds ICVC, F&C Investment Funds ICVC II, F&C Investment Funds ICVC III, F&C Fund of Funds ICVC, F&C Money Markets Funds ICVC, F&C MM Lifestyle Investment Funds ICVC, F&C UK Property Fund ICVC, , F&C Multi-Capital Funds ICVC, F&C Institutional Investment Solutions ICVC, F&C Institutional Investment Funds ICVC and F&C Institutional Investment Funds ICVC III and as Manager to the authorised unit trust, F&C High Income Fund.

Terms of Appointment:

The appointment of the ACD has been made under an agreement dated 28 July 2003 between the Company and the ACD ("the ACD Agreement").

The ACD Agreement provides that the appointment of the ACD may be terminated on 12 months' written notice being given to the other by either the ACD or the Company, provided that the notice period does not expire prior to the third anniversary of the ACD Agreement or immediately in certain circumstances, by notice in writing being given by the ACD to the Company, or by the Depositary or the Company to the ACD. Termination cannot take effect until the FCA has approved the change of director.

The ACD is entitled to its pro rata fees and expenses to the date of termination and any additional expenses necessarily incurred in settling or realising any outstanding obligations. No compensation for loss of office is provided for in the agreement. The ACD Agreement provides indemnities to the ACD except in the case of any matter arising as a direct result of its negligence, fraud or wilful default in the performance of its duties and obligations.

The ACD is under no obligation to account to the Depositary or the Shareholders for any profit it makes on the issue or reissue of Shares or cancellation of Shares which it has redeemed. The fees to which the ACD is entitled are set out on pages 29 to 30.

Remuneration Policy

The ACD is required to have a remuneration policy (the "Remuneration Policy") that is in accordance with the requirements of SYSC 19E of the FCA Handbook.

The Remuneration Policy must ensure that the ACD's remuneration practices, for those staff caught by the applicable rules:

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

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

The Remuneration Policy must:

- be in line with the business strategy, objectives, values and interests of:
 - the ACD;
 - the UCITS funds managed by the ACD; and
 - the Shareholders; and
- include measures to avoid conflicts of interest.

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

The Depositary

State Street Trustees Limited is the depositary of the Company. It is a private company limited by shares and incorporated in England and Wales on 24 October 1994.

Registered Office:	20 Churchill Place London E14 5HJ
Head Office and Principal Place of Business:	525 Ferry Road Edinburgh EH5 2AW
Ultimate Holding Company:	State Street Corporation (incorporated in Massachusetts, United States of America)
Principal Business Activity:	Trustee and depositary of regulated collective investment schemes

Terms of Appointment:

The appointment of the Depositary has been made under an agreement dated 16 June 2016 between the Company and the Depositary.

The Depositary Agreement may be terminated by either party on not less than ninety days' notice in writing.

The Depositary Agreement provides indemnities to the Depositary in the discharge of its functions to the extent permitted by the Regulations (except in relation to any cost, expense, charge, loss or liability arising out of the negligence, fraud or wilful default of the Depositary or breach by the Depositary of the OEIC Regulations, the COLL Sourcebook or the Conduct of Business Sourcebook).

The fees to which the Depositary is entitled under the Depositary Agreement are set out below (in Fees and Expenses).

Depositary's Functions:

The Depositary has been entrusted with following main functions:

- ensuring that the sale, issue, repurchase, redemption and cancellation of Shares are carried out in accordance with applicable national law and the Instrument of Incorporation.
- ensuring that the value of Shares is calculated in accordance with applicable national law and the Instrument of Incorporation.
- carrying out the instructions of the ACD or the Company unless they conflict with applicable national law or the Instrument of Incorporation.
- ensuring that in transactions involving the assets of each Fund any consideration is remitted within the usual time limits.
- ensuring that the income of each Fund is applied in accordance with applicable national law and the Instrument of Incorporation.
- monitoring of each Fund's cash and cash flows.
- safe-keeping of the Scheme Property.

Depositary's Liability:

In carrying out its duties the Depositary shall act honestly, fairly, professionally, independently and solely in the interests of each Fund and its Shareholders and to the standard expected of a professional depositary.

In the event of a loss of a financial instrument held in custody, determined in accordance with the UCITS Directive, and in particular Article 18 of the UCITS Regulation, the Depositary shall return financial instruments of identical type or the corresponding amount to the relevant Fund without undue delay.

The Depositary shall not be liable if it can prove that the loss of a financial instrument held in custody has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary pursuant to the UCITS Directive.

In case of a loss of financial instruments held in custody, the Shareholders may invoke the liability of the Depositary directly or indirectly through the ACD or the Fund provided that this does not lead to a duplication of redress or to unequal treatment of the Shareholders.

The Depositary will be liable to a Fund for all other losses suffered by that Fund as a result of the Depositary's negligence, fraud or intentional failure to properly fulfil its obligations pursuant to the UCITS Directive.

The Depositary shall not be liable for consequential or indirect or special damages or losses, arising out of or in connection with the performance or non-performance by the Depositary of its duties and obligations.

Delegation:

The Depositary has full power to delegate the whole or any part of its safe-keeping functions but its liability will not be affected by the fact that it has entrusted to a third party some or all of the assets in its safekeeping. The Depositary's liability shall not be affected by any delegation of its safe-keeping functions under the Depositary Agreement.

Information about the safe-keeping functions which have been delegated and the identification of the relevant delegates and sub-delegates are contained in Appendix V of the Prospectus.

Conflicts of Interest which may arise between the Depositary, the Company or a Fund, the Shareholders or the ACD:

The Depositary is part of an international group of companies and businesses that, in the ordinary course of their business, act simultaneously for a large number of clients, as well as for their own account, which may result in actual or potential conflicts. Conflicts of interest arise where the Depositary or its affiliates engage in activities under the Depositary Agreement or under separate contractual or other arrangements. Such activities may include:

- a) providing nominee, administration, registrar and transfer agency, research, agent securities lending, investment management, financial advice and/or other advisory services to a fund;
- b) engaging in banking, sales and trading transactions including foreign exchange, derivative, principal lending, broking, market making or other financial transactions with a fund either as principal and in the interests of itself, or for other clients.

In connection with the above activities the Depositary or its affiliates:

- a) will seek to profit from such activities and are entitled to receive and retain any profits or compensation in any form and are not bound to disclose to the Company, the nature or amount of any such profits or compensation including any fee, charge, commission, revenue share, spread, mark-up, mark-down, interest, rebate, discount, or other benefit received in connection with any such activities;
- b) may buy, sell, issue, deal with or hold, securities or other financial products or instruments as principal acting in its own interests, the interests of its affiliates or for its other clients;
- c) may trade in the same or opposite direction to the transactions undertaken, including based upon information in its possession that is not available to the Company;
- d) may provide the same or similar services to other clients including competitors of the Company;
- e) may be granted creditors' rights by the Company which it may exercise.

The Company may use an affiliate of the Depositary to execute foreign exchange, spot or swap transactions for the account of a Fund. In such instances the affiliate shall be acting in a principal capacity and not as a broker, agent or fiduciary of the Company. The affiliate will seek to profit from these transactions and is entitled to retain and not disclose any profit to the Company. The affiliate shall enter into such transactions on the terms and conditions agreed with the Company.

Where cash belonging to a Fund is deposited with an affiliate being a bank, a potential conflict arises in relation to the interest (if any) which the affiliate may pay or charge to such account and the fees or other benefits which it may derive from holding such cash as banker and not as trustee.

The ACD may also be a client or counterparty of the Depositary or its affiliates.

Potential conflicts that may arise in the Depositary's use of sub-custodians include four broad categories:

1. conflicts from the sub-custodian selection and asset allocation among multiple sub-custodians influenced by (a) cost factors, including lowest fees charged, fee rebates or similar incentives and (b) broad two-way commercial relationships in which the Depositary may act based on the economic value of the broader relationship, in addition to objective evaluation criteria;
2. sub-custodians, both affiliated and non-affiliated, act for other clients and in their own proprietary interest, which might conflict with clients' interests;

3. sub-custodians, both affiliated and non-affiliated, have only indirect relationships with clients and look to the Depositary as its counterparty, which might create incentive for the Depositary to act in its self-interest, or other clients' interests to the detriment of clients; and
4. sub-custodians may have market-based creditors' rights against client assets that they have an interest in enforcing if not paid for securities transactions.

In carrying out its duties the Depositary shall act honestly, fairly, professionally, independently and solely in the interests of the Company and its Shareholders.

The Depositary has functionally and hierarchically separated the performance of its depositary tasks from its other potentially conflicting tasks. The system of internal controls, the different reporting lines, the allocation of tasks and the management reporting allow potential conflicts of interest and the Depositary issues to be properly identified, managed and monitored. Additionally, in the context of the Depositary's use of sub-custodians, the Depositary imposes contractual restrictions to address some of the potential conflicts and maintains due diligence and oversight of sub-custodians to ensure a high level of client service by those agents. The Depositary further provides frequent reporting on clients' activity and holdings, with the underlying functions subject to internal and external control audits. Finally, the Depositary internally separates the performance of its custodial tasks from its proprietary activity and follows a Standard of Conduct that requires employees to act ethically, fairly and transparently with clients.

Up-to-date information on the Depositary, its duties, any conflicts that may arise, the safe-keeping functions delegated by the depositary, the list of delegates and sub-delegates and any conflicts of interest that may arise from such a delegation will be made available to Shareholders on request.

The Investment Manager

The ACD has appointed the Investment Manager, F&C Management Limited, to provide investment management and advisory services to the ACD.

The Investment Manager's registered office is at Exchange House, Primrose Street, London EC2A 2NY. As with the ACD, the Investment Manager is a member of the F&C Asset Management group.

The principal activity of the Investment Manager is the provision of investment management services. The Investment Manager does not act as a broker fund adviser to the Company.

Terms of Appointment:

The Investment Manager was appointed by an agreement effective from 3 January 2018 between the ACD and the Investment Manager ("the Investment Management Agreement").

Subject to appropriate controls imposed by the ACD, all relevant law and regulation, this Prospectus and the Instrument of Incorporation, the Investment Manager has discretion to take day to day investment decisions and to deal in investments in relation to the investment management of the Company, without prior reference to the ACD.

Under the Investment Management Agreement the ACD provides indemnities to the Investment Manager (except in the case of any matter arising as a direct result of its fraud, negligence, or wilful default). The ACD may be entitled under the indemnities in the ACD Agreement to recover from the Company amounts paid by the ACD under the indemnities in the Investment Advisory Agreement.

The Investment Management Agreement may be terminated on three months' written notice being given to the other by the Investment Manager or the ACD or immediately in certain circumstances.

The Administrator

The ACD has appointed DST Financial Services Europe Ltd of DST House, Basildon, Essex SS15 5FS to act as administrator in respect of the purchase and sale of shares, the issue of contract notes and other associated activities. Fees and expenses payable to DST as Administrator will be paid by the ACD out of its remuneration under the ACD agreement.

DST provides its services under the terms of an administration agreement. The administration agreement may be terminated by either party on not less than six months' notice in writing.

Fund Accounting Services

The ACD has appointed State Street Bank and Trust Company, London Branch to provide certain fund accounting, including unit pricing, services to the Funds. The services agreement dated 24 June 2011 between the ACD, F&C Management Limited and State Street Bank and Trust Company, London Branch is for an initial fixed seven year term.

Stock Lending Agent

The Stock Lending Agent for the Company is State Street Bank GMBH, London Branch. The Stock Lending Agent is an associate of the Depositary.

Subject to appropriate controls imposed by the ACD, all relevant laws, the Regulations, this Prospectus and the Instrument of Incorporation, the Stock Lending Agent has the discretion to take day to day decisions in relation to the stock lending of the Company, without prior reference to the ACD. The terms of the agreement under which securities are to be reacquired by the Company must be in a form which is acceptable to the Depositary.

The Stocklending Agent, whilst an associate of the Depositary, may be remunerated from Scheme Property for these services separate from and in addition to the Depositary's remuneration.

The Auditors

The auditors of the Company are PricewaterhouseCoopers LLP.

The auditor's office is Erskine House, 68-73 Queen Street, Edinburgh EH2 4NH.

Legal Advisers

The Company is advised by Eversheds Sutherland of One Wood Street, London EC2V 7WS.

Register of Shareholders

The Register of Shareholders may be inspected by appointment at the offices of DST Financial Services Europe Ltd, DST House, Basildon, Essex SS15 5FS. Shareholders may obtain a copy of their entry in the register free of charge by writing to the Registrar at DST House.

Conflicts of Interest

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

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

Details of the ACD's conflicts of interest policy are available on its website at: www.bmogam.com.

The Depositary may act as the depositary of other open-ended investment companies and as trustee or custodian of other collective investment schemes. None of the services of the Depositary is to be provided on an exclusive basis to the Company. The Depositary and any of its associates shall be free to provide similar services to (or engage in other activities with) others on such terms as the Depositary (or its associates) may arrange and to retain for its own use and benefit fees or other monies payable for its doing so. The Depositary shall not be deemed to be affected with notice of, or to be under any duty to disclose to the Company, any fact or thing which may come to its notice or the notice of any servant or agent of it in the course of the Depositary rendering similar services to others or in the course of its business in any other capacity or any manner whatsoever otherwise than in the course of carrying out its duties.

Subject to the Regulations and subject to compliance by the Depositary with its obligations under the Depositary Agreement, the Depositary shall not be under any obligation to account to the Company (nor to any person having an interest in the Company) for any profits or benefits made by the Depositary, or by any associate of the Depositary, from or in connection with any transactions entered into by the Depositary or any associate of the Depositary with the Company or the provision of any services to the Company (including accepting deposits from or making loans to or otherwise providing any banking services to the Company) or dealing in property of any description for the account of the Depositary or of any such associate, notwithstanding the fact that property of that description is included in the Scheme Property.

FEES AND EXPENSES

General

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

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

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

The Company may also pay out of the property of the Company charges and expenses incurred by the Company, which will include the following expenses:

1. the fees and expenses payable to the ACD (which will include the fees and expenses payable to the Investment Manager and the Administrator) and to the Depositary (which will include the fees and expenses payable to the Custodian);
2. fees and expenses in respect of establishing and maintaining the Register of Shareholders (and any plan sub-register) and related functions;
3. expenses incurred in acquiring and disposing of investments;
4. expenses incurred in producing, distributing and dispatching income and other payments to Shareholders;
5. fees in respect of the publication and circulation of details of the Net Asset Value and prices;
6. the fees and expenses of the auditors and tax, legal and other professional advisers of the Company;
7. the costs of convening and holding Shareholder meetings and associated documentation (including meetings of Shareholders in any particular Fund, or any particular Class within a Fund);
8. costs incurred in taking out and maintaining any insurance policy in relation to the Company and/or its Directors;
9. expenses incurred in company secretarial duties, including the cost of minute books and other documentation required to be maintained by the Company;
10. the costs of printing and distributing reports, accounts and any prospectuses and any Key Investor Information Documents (including the cost of making available or notifying changes to any Key Investor Information Document) and any costs incurred as a result of periodic updates of or changes to any prospectus or instrument of incorporation;
11. any other administrative expenses;
12. taxation and duties payable by the Company;
13. interest on and charges incurred in borrowings;
14. any amount payable by the Company under any indemnity provisions contained in the Instrument of Incorporation or any agreement with any functionary of the Company;
15. fees of the FCA under the Financial Services and Markets Act 2000 and the corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which Shares are or may lawfully be marketed;
16. any payments otherwise due by virtue of the COLL Sourcebook.

VAT is payable on these charges where appropriate.

References to the Company paying expenses and incurring expenses include expenses paid by and incurred by the ACD on behalf of the Company in connection with the operations of the Company or in the course of its duties and responsibilities as ACD.

Any third party research received in connection with investment advisory services that an Investment Manager or the ACD provides to the Funds will be paid for by the Investment Manager or the ACD, as relevant in relation to each Fund, out of its fees and will not be charged to the Funds.

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

Expenses are allocated between capital and income in accordance with the Regulations.

Charges payable to the ACD

In payment for carrying out its duties and responsibilities the ACD is entitled to take an annual fee out of each Fund, for Class 1 Class 2 and Class 3 Shares of the relevant Net Asset Value of the Fund for each Class. The annual management charge is payable monthly in arrears calculated on a daily basis and payable on the first business day of the following month. The current fees for each Fund (expressed as a percentage per annum of the Net Asset Value of each Fund) are shown in Appendix I.

In addition, the ACD shall be entitled to a registrar's fee of £25.85 per annum as at 1 January 2017 for each holding on the Register and any plan sub-register. This fee is adjusted upwards on 1 January each year by an amount corresponding to the increase in the Retail Price Index since the previous 1 January.

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

VAT is payable on these charges or expenses where appropriate.

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

The current annual fee payable to the ACD for a Class may only be increased in accordance with the Regulations and after the ACD has made available a revised Prospectus showing the new rate of charge and the date of its commencement.

The ACD may only introduce a new category of remuneration for its services payable out of the property in accordance with the Regulations and after it has made available a revised Prospectus showing the new rate of remuneration and to reflect its introduction and the date of its commencement.

Investment Manager's fees

The Investment Manager's fees and expenses (plus any VAT) for providing investment management and investment advisory services will be paid by the ACD out of its remuneration under the ACD Agreement.

Depositary's fee

The Depositary's remuneration, which is payable out of the Fund property, is a periodic charge at such annual percentage of the value of the property of the Company as is set out below, with the Fund being valued and such remuneration accruing and being paid on the same basis as the ACD's periodic charge. Currently, the ACD and the Depositary have agreed that the Depositary's remuneration in respect of each Fund shall be calculated on a sliding scale as follows:

On the first £50 million	0.017%
On the next £50 million	0.015%
On the balance over £100 million	0.012%

The Depositary is permitted to increase its remuneration subject to the agreement of the ACD in accordance with the Regulations and after the ACD had made available a revised Prospectus showing the new rate of remuneration and its commencement date.

The Depositary is also entitled to receive out of the property of the Company remuneration for such services in performing or arranging for the performance of the functions conferred on the Depositary by the Instrument of Incorporation or the COLL Sourcebook. Currently the Depositary does not receive any remuneration or service charges under this paragraph. The introduction of or increase in any such charges is subject to obtaining the requisite consent from Shareholders. Any such charges shall be on terms no less favourable than would be applicable to a comparable customer of the Depositary. Service charges shall accrue when the relevant transaction or other dealing is

effected and shall be paid in arrears on the next following date on which payment of the Depositary's periodic charge is to be made or as soon as practicable thereafter.

Depositary's Expenses

In addition to the remuneration referred to above, the Depositary will be entitled to receive reimbursement for expenses properly incurred by it in the discharge of its duties or exercising any of the powers conferred upon it in relation to the Company, subject to approval by the ACD. The Depositary has appointed State Street Bank and Trust Company as the Custodian of the property of the Company and is entitled to receive reimbursement of the Custodian's fees as an expense of the Fund. State Street Bank and Trust Company's remuneration for acting as Custodian is calculated at an ad valorem rate determined by the territory or country in which the assets of the Fund are held. Currently, the lowest rate is 0.0004% and the highest rate is 0.50%. In addition, the Custodian makes a transaction charge determined by the territory or country in which the transaction is effected. Currently, these transaction charges range from £6 - £105 per transaction. The current rate of the transaction charge and/or custodian charges may only be increased, or a new type of charge introduced, in accordance with the Regulations and after the ACD has revised and made available the Prospectus to reflect the new rate and date of its commencement.

The Depositary is also entitled to be reimbursed out of the property of the Company in respect of remuneration charged by the Custodian for such services, being services delegated to the Custodian by the Depositary in performing or arranging for the performance of the functions conferred on the Depositary by the Instrument of Incorporation or the COLL Sourcebook. Currently the Depositary does not receive any remuneration or service charges under this paragraph. The introduction of or increase in any such charges is subject to obtaining the requisite consent from Shareholders. Any such charges shall be on terms no less favourable than would be applicable to a comparable customer of the Custodian. Service charges shall accrue when the relevant transaction or other dealing is effected and shall be paid in arrears.

The following further expenses may also be paid out of the property of the Company:

- all charges imposed by, and any expenses of, any agents appointed by the Depositary to assist in the discharge of its duties;
 - all charges and expenses incurred in connection with the collection and distribution of income;
 - all charges and expenses incurred in relation to the preparation of the Depositary's annual Report to shareholders; and
 - all charges and expenses incurred in relation to stocklending.
- current rate will be payable in addition to the Depositary's remuneration, the Custodian's remuneration and the above expenses.

Charges in respect of fund accounting and unit pricing services

The cost of third party services is based on a tiered ad valorem fee based on total average monthly net assets of UK authorised funds managed by the ACD and certain transaction charges The annual ad valorem fee rate is:

First £1,500 million	2.75 basis points
Next £1,500 million	2.60 basis points
Next £2,000 million	1.85 basis points
Excess above £5,000 million	0.51 basis points

These charges are payable monthly out of Scheme Property.

Charges payable to the Stock Lending Agent and Stock Lending Administrator

The Stocklending Agent is entitled to receive fees out of the Scheme Property (plus VAT thereon) for its services in relation to Stock lending. The fee is generally calculated as a percentage of the income from Stock lending.

The Stocklending Agent's fees and expenses are paid out of Scheme Property and do not form part of and are not paid from the ACD's or Depositary's fees and expenses.

Stock lending generates additional revenue for the benefit of the relevant Fund. 85% of such revenue will be for the benefit of the relevant Fund with a maximum of 15% being retained by the Stocklending Agent, which includes the direct and indirect costs of running the lending programme and providing the requisite operational and collateral infrastructure, plus the compliance and risk oversight.

Allocation of fees and expenses between Funds

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

SHAREHOLDER MEETINGS AND VOTING RIGHTS

Annual General Meeting

The Company has dispensed with the requirement to hold annual general meetings.

Class and Fund Meetings

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

Requisitions of Meetings

The ACD may requisition a general meeting at any time.

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

Notice and Quorum

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

Voting Rights

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

On a poll vote, a Shareholder may vote either in person or by proxy. The voting rights attaching to each Share are such proportion of the voting rights attached to all the Shares in issue that the price of the Share bears to the aggregate price(s) of all the Shares in issue at the date seven days before the notice of meeting was sent out.

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

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

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

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

Variation of Class rights

The rights attached to a Class or Fund may not be varied without the sanction of an extraordinary resolution passed at a meeting of Shareholders of that Class or Fund.

TAXATION

General

The information below is a general guide based on current UK law and HM Revenue & Customs practice, both of which are subject to change. It summarises the tax position of the Funds and of investors who are UK-resident (except where indicated) and hold Shares as investments. The tax treatment of investors depends on their individual circumstances and may be subject to change in the future. Shareholders or prospective investors who are in any doubt about their tax position, or who may be subject to tax in a jurisdiction other than the UK, are recommended to take professional advice if they are in any doubt about their tax position.

The Funds

Each Fund is treated, for tax purposes, as a separate open-ended investment company.

The Funds are exempt from tax on capital gains on the disposal of investments (including interest-bearing securities and derivatives, but excluding offshore income gains).

The Funds are generally exempt from tax on UK and overseas dividends received. Any other income remaining, after deduction of the Fund's management costs and expenses as well as interest distributions where these are paid, is liable to corporation tax at 20%.

The Funds pay dividend distributions.

Distributions will be paid to Shareholders or accumulated, depending on the class, and Shareholders will be liable to tax on the amount of the distribution in either case.

Taxation of individual Shareholders

Dividend distributions

Dividend distributions paid by the Funds will be treated as if they were dividends paid to their Shareholders. No tax will be deducted from them and they will not have tax credits attached to them.

For Individual Shareholders resident in the UK, the first £5,000 of dividends and dividend distributions received in each tax year will be free of income tax (the dividend allowance). Where an individual's dividends and dividend distributions from all sources exceed the dividend allowance, the excess will be liable to income tax at dividend tax rates reflecting the Shareholder's highest rate of tax. These are 7.5% for basic rate taxpayers, 32.5% for higher rate taxpayers and 38.1% for additional rate taxpayers. Dividends received within a Shareholder's allowance count towards total taxable income and affect the rate of tax due on any dividends received exceeding it.

Capital gains

Individual Shareholders may be liable to capital gains tax when they realise a gain from the redemption, sale or other disposal of Shares, depending on their personal circumstances.

UK-resident individuals are entitled to an annual exempt amount. If an individual's capital gains for a tax year (after deducting any allowable capital losses) are greater than the annual exempt amount the excess will be taxed at 10% for basic rate taxpayers and 20% for higher and additional rate taxpayers.

Income distributions (excluding equalisation) accumulated on accumulation Shares should be deducted when calculating the capital gain. Further information is available in HM Revenue & Customs' Help Sheets for the capital gains tax pages of their tax returns.

Taxation of corporate Shareholders

Dividend distributions

Corporate Shareholders who receive dividend distributions may have to divide them into two (the division will be indicated on the tax voucher). Any part representing income which has been liable to corporation tax in the Fund must be treated by the corporate Shareholder as an annual payment made after deduction of income tax at the basic rate, and corporate Shareholders may be subject to tax on the grossed up amount, with the benefit of a 20% deemed income tax deduction, or be able to reclaim part or all of the deemed tax deducted (excluding any representing foreign tax) as shown on the tax voucher. The remainder (including any part representing dividends received by the Fund from a company) will be treated as dividend income and, consequently, will be exempt from corporation tax.

Chargeable gains

UK-resident corporate Shareholders may be liable for corporation tax in respect of any chargeable gains arising from the redemption, sale or other disposal of Shares in a Fund (except where the loan relationships provisions apply).

In the case of accumulation Shares all income distributions which have been accumulated to Share capital (except equalisation amounts) should be deducted from the gain.

For any period that the holding of a corporate Shareholder comes within the corporate loan relationships rules (see above), then the fair value return on their holding (including distributions) will be charged or relieved as income and not as a chargeable gain.

Taxation of Shareholders – general

Equalisation

The first income distribution to a Shareholder accumulated after buying Shares may include an amount of income equalisation, which will be shown on the tax vouchers. This is effectively a repayment of the income equalisation paid by the Shareholder as part of the purchase price. It is a return of capital and is not taxable. It should, be deducted from the cost of income Shares (but not accumulation Shares) when computing any capital gains.

Shareholders who are not tax-resident in the UK

No UK taxes are deducted from dividend distributions and there is no associated tax credit. Shareholders may be liable to tax on them in their country of tax residence.

Automatic exchange of information for international tax compliance

The Company (or its agent) will collect and report information about Shareholders and their investments, including information to verify their identity and tax residence.

When requested to do so by the Company or its agent, Shareholders must provide information to be passed on to HM Revenue & Customs, and, by them, to any relevant overseas tax authorities. If a Shareholder does not provide the necessary information, the Company will be required to report it to HM Revenue & Customs who will in turn report it to the United States' and certain other tax authorities.

This is required by UK legislation implementing its obligations under various intergovernmental agreements relating to the automatic exchange of information to improve international tax compliance (including the international common reporting standard, the United States provisions commonly known as FATCA, and other intergovernmental agreements for the automatic exchange of information).

WINDING UP OF THE COMPANY OR A FUND

The Company or a Fund will not be wound up except as an unregistered company under Part V of the Insolvency Act 1986 or under Chapter 7.3 of the COLL Sourcebook. A Fund may otherwise only be wound up under the COLL Sourcebook. Where the Company or a Fund is to be wound up 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 ACD provides a statement (following an investigation into the affairs of the Company or Fund as the case may be) either that the Company or a Fund will be able to meet its liabilities within 12 months of the date of the statement or that the Company or Fund will be unable to do so. The Company may not be wound up or a Fund terminated under the COLL Sourcebook if there is a vacancy in the position of ACD at the relevant time.

The Company may be wound up or a Fund must be terminated under the COLL Sourcebook if:

- (a) an extraordinary resolution to that effect is passed by Shareholders; or
- (b) the period (if any) fixed for the duration of the Company or a particular Fund by the Instrument of Incorporation expires, or an event occurs on the occurrence of which the Instrument of Incorporation provides that the Company or a particular Fund is to be wound up (for example, if the share capital of the Company or (in relation to any Fund) the Net Asset Value of the Fund is below its prescribed minimum, or if a change in the laws or regulations of any country means that, in the ACD's opinion, it is desirable to terminate the Fund); or
- (c) the FCA agrees to a request by the ACD for the revocation of the authorisation order in respect of the Company or for the termination of the relevant Fund.

On the occurrence of any of the above:

- (a) COLL 6.2 (Dealing), COLL 6.3 (Valuation and Pricing) and COLL 5 (Investment and borrowing powers) will cease to apply to the Company or the relevant Fund;
- (b) the Company will cease to issue and cancel Shares in the Company or the relevant Fund and the ACD shall cease to sell or redeem Shares or arrange for the Company to issue or cancel them for the Company or the relevant Fund;
- (c) no transfer of a Share shall be registered and no other change to the Register of Shareholders shall be made without the sanction of the ACD;
- (d) where the Company is being wound up or a Fund terminated, the Company or Fund shall cease to carry on its business except in so far as it is beneficial for the winding up of the Company or termination of the Fund;
- (e) the corporate status and powers of the Company and, subject to (a) and (d) above, the powers of the ACD shall continue until the Company is dissolved.

The ACD shall, as soon as practicable after the Company or the Fund falls to be wound up, realise the assets and meet the liabilities of the Company or Fund and, after paying out or retaining adequate provision for all liabilities properly payable and retaining provision for the costs of the winding up or termination, arrange for the Depositary to make one or more interim distributions out of the proceeds to Shareholders proportionately to their rights to participate in the property of the Company or the Fund. In the case of the Company the ACD shall also publish notice of the commencement of the winding up of the Company in the London Gazette. If the ACD has not previously notified shareholders of the proposal to wind up the Company or terminate the Fund, the ACD shall, as soon as practicable after the commencement of winding up of the Company or the termination of the Fund, give written notice of the commencement to Shareholders. When the ACD has caused all of the property to be realised and all of the liabilities of the Company or the particular Fund to be realised, the ACD shall arrange for the Depositary to make a final distribution to Shareholders on or prior to the date on which the final account is sent to Shareholders of any balance remaining in proportion to their holdings in the Company or the particular Fund.

As soon as reasonably practicable after completion of the winding up of the Company or the particular Fund, the ACD shall notify the FCA that the winding up has been completed.

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

Following the completion of a winding up of either the Company or a Fund, the ACD must prepare a final account showing how the winding up took place and how the property was distributed. The auditors of the Company shall make a report in respect of the final account stating their opinion as to whether the final account has been properly prepared. This final account and the auditors' report must be sent to the FCA and to each Shareholder (or the first-named of joint Shareholders) on it within two months of the completion of the winding up or termination.

GENERAL INFORMATION

Accounting Periods

The annual accounting period of the Company ends each year on 31 May (the accounting reference date). The interim accounting period ends each year on 30 November.

Income Allocations

Allocations of income are made in respect of the income available for allocation in each accounting period. Distributions of income for each Fund in which income Shares are issued are paid within two months of the relevant income allocation period or one month in the case of monthly distributions as set out in Appendix I.

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

If a distribution remains unclaimed for a period of six years after it has become due, it will be forfeited and will revert to the relevant Fund (or, if that no longer exists, to the Company).

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

Annual Reports

The annual report of the Company will be published within four months of each annual accounting period and the half yearly report will be published within two months of each interim accounting period and are available on request in writing or by telephoning 0800 085 2752. The annual report and half yearly reports are prepared as both long and short reports. Shareholders will receive copies of the annual and half-yearly short reports on publication.

Documents of the Company

The following documents may be inspected free of charge during normal business hours on any business day at the offices of the ACD at Exchange House, Primrose Street, London EC2A 2NY:

- (a) the most recent annual and half yearly reports of the Company;
- (b) the Instrument of Incorporation (as amended); and
- (c) the material contracts referred to below.

Shareholders may obtain copies of the above documents from the ACD. The ACD may make a charge at its discretion for copies of documents (apart from in relation to the annual and half yearly long reports of the Company which are available free of charge).

Material Contracts

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

- (a) the ACD Agreement; and
- (b) the Depositary Agreement.

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

Provision of Investment Advice

All information concerning the Company and about investing in Shares of the Company is available from the ACD at F&C Investment Administration Centre, PO Box 9040, Chelmsford, Essex CM99 2XH. Neither the ACD nor the Administrator is authorised to give investment advice and persons requiring such advice should consult an independent financial adviser. All applications for Shares are made solely on the basis of the current prospectus of the Company, and investors should ensure that they have the most up to date version.

Telephone Recordings

The ACD may record telephone calls for training and monitoring purposes and to confirm investors' instructions. Recordings will be provided on request for a period of at least five years from the date of such recording, or, where requested by a competent regulatory authority, for a period of seven years, where the ACD can identify the call as coming from the relevant investor. If the ACD is asked to provide a recording of a particular call, the ACD may ask for further information to help it identify the exact call to which the request relates.

Complaints

The ACD has appointed a Complaints Officer to investigate and resolve any complaints which should be addressed to it at PO Box 9040, Chelmsford, Essex CM99 2XH (Telephone 0330 123 3798).

In the event that an unsatisfactory response is provided, you can refer your complaint to the Financial Ombudsman Service at Financial Ombudsman Service, South Quay Plaza, 183 Marsh Wall, London E14 9SR. Making a complaint will not prejudice your rights to commence legal proceedings.

Further information regarding any compensation scheme or any other investor-compensation scheme of which the ACD or any Fund is a member (including, if relevant, membership through a branch) or any alternative arrangement provided, are also available on request. A copy of the ACD's guide to making a complaint is also available upon request.

Risk Management

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

Investor Profile

The funds are intended to provide investment opportunities for investors wishing to obtain exposure through UK registered funds which are consistent with the investment objectives of the Funds contained in the Company.

Indemnity

The Instrument of Incorporation contains provisions indemnifying the Directors, other officers and the Company's auditors or the Depositary against liability in certain circumstances otherwise than in respect of their negligence, default, breach of duty or breach of trust, and indemnifying the Depositary against liability in certain circumstances otherwise than in respect of its failure to exercise due care and diligence in the discharge of its functions in respect of the Company.

Strategy for the exercise of voting rights

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

Best Execution

The ACD must act in the best interests of each Fund when executing decisions to deal on behalf of the relevant Fund. The ACD's order execution policy sets out (i) the systems and controls that have been put in place and (ii) the factors which the ACD expects to consider when effecting transactions and placing orders in relation to the Funds. This policy has been developed in accordance with the ACD's obligations under the Regulations to obtain the best possible result for the Funds.

Details of the order execution policy are available on the ACD's website at www.bmogam.com. If you have any questions regarding the policy please contact the ACD or your professional adviser.

Inducements

When executing orders, or placing orders with other entities for execution, that relate to financial instruments for, or on behalf of, the Funds, the Investment Manager or ACD (as relevant) will not accept and retain any fees, commissions or monetary benefits; or accept any non-monetary benefits, where these are paid or provided by any third party or a person acting on behalf of a third party.

The Investment Manager or ACD will return to each relevant Fund as soon as reasonably possible after receipt any fees, commissions or any monetary benefits paid or provided by any third party or

a person acting on behalf of a third party in relation to the services provided to that fund, and disclose in the annual report the fees, commissions or any monetary benefits transferred to them.

However, the Investment Manager or ACD may accept without disclosure minor non-monetary benefits that are capable of enhancing the quality of service provided to the fund; and of a scale and nature such that they could not be judged to impair their compliance with its duty to act honestly, fairly and professionally in the best interests of each Fund.

APPENDIX I - FUND DETAILS

Details on typical investor profiles

Each Fund is designed to be suitable for any investor, including a retail investor, who is prepared to risk loss of their capital to potentially get higher returns and who plans to stay invested in the relevant Fund for at least 5 years. The target market of the Fund is any investor, including a retail investor, who has read the Key Investor Information Document, wishes to have the investment exposure as set out in the Fund's investment objective and policy, and is comfortable taking on the general and specific risks as set out in "Risk Factors".

Each Fund is appropriate for an investor with basic knowledge, or an informed investor, or an experienced investor. Each Fund may be purchased with or without professional financial advice. Each Fund has been classified as a non-complex investment product so there is no requirement to have prior knowledge or experience of this type of investment before investing.

Each Fund is designed to be used as a standalone solution or form part of a portfolio of investments. The product is not guaranteed and the value of the product can go up or down.

Funds

Name: **F&C Responsible UK Equity Growth Fund**
PRN: **637814**

Investment objective and policy:

The fund provides an investment medium for people who do not regard financial gain as the sole criterion for investment but look to wider issues. Investment is concentrated in UK companies whose products and operations are considered to be of long-term benefit to the community both at home and abroad, with the aim of achieving long-term capital growth and increasing income, with the emphasis on capital growth.

The fund may invest indirectly through other permitted investment vehicles in accordance with its investment powers as set out in the Prospectus.

Income allocation period end: 31 May and 30 November
Initial offer period: 1 day
ISA status: Qualifying investment for stocks and shares ISA
Share Classes and type of Shares: Share Class 1 Shares, income and accumulation
Share Class 2 Shares, income and accumulation
Share Class B Shares, accumulation
Share Class 3 Shares, accumulation
Share Class 4 Shares, income and accumulation

	Share Class 1 Shares	Share Class 2 Shares	Share Class B Shares	Share Class 3 Shares	Share Class 4 Shares*
Initial charge:	5.00	0%	0%	0%	Nil
Annual ACD fee:	1.50%	0.75%	0.5%	0.25%	Nil
Investment minima:					
Lump sum	£1,000	£500,000	£250,000	£50m	£10,000

Holding	£500	£500,000	£250,000	£50m	£10,000
Top-up	£500	£25,000	£100,000	£1,000,000	£10,000
Monthly saving	£50	N/A	N/A	N/A	N/A
Redemption	£100	£10,000	£10,000	£1,000,000	£10,000

Class 4 Shares are only available in respect of:

- (i) internal investments by F&C entities or by funds of F&C entities. The term "F&C entities" includes F&C Asset Management plc, its holding companies, fellow subsidiaries and subsidiaries, and their associates and the term "funds of F&C entities" includes F&C Asset Management plc's own funds and funds managed, operated or otherwise held by F&C entities; and
- (ii) investors who have entered into a separate fee charging arrangement with the ACD.

Shares available from: 22 August 2002.

Investor profile The Fund is intended to provide investment opportunity for investors wishing to obtain exposure to the assets in which the Fund invests. Please refer to the information on typical investor profiles set out above.

If you are not sure if the Fund is suitable for you, please seek investment advice.

Name: F&C Responsible UK Income Fund
PRN: 637815

Investment objective and policy:

Investment is concentrated in UK companies whose products and operations are considered to be of long-term benefit to the community both at home and abroad, and will generally exclude those considered to be involved with harmful products and practices or which trade extensively with oppressive regimes. Securities are chosen with the aim of achieving an above average and increasing income with the prospect of capital growth.

The fund may invest indirectly through other permitted investment vehicles in accordance with its investment powers as set out in the Prospectus.

Income allocation period end: 31 August, 30 November, 28 February, 31 May
Initial offer period: 1 day
ISA status: Qualifying investment for stocks and shares ISA
Share Classes and type of Shares: Share Class 1 Shares, income and accumulation
 Share Class 2 Shares, income and accumulation
 Share Class 4 Shares, income

	Share Class 1 Shares	Share Class 2 Shares	Share Class 4 Shares*
Initial charge:	Current: 5.00	Current: 0%	Current: Nil
Annual ACD fee:	Current: 1.50%	Current: 0.75%	Current: Nil

Investment minima:	Share Class 1 Shares	Share Class 2 Shares	Share Class 4 Shares*
Lump sum	£1,000	£500,000	£10,000
Holding	£500	£500,000	£10,000
Top-up	£500	£25,000	£10,000
Monthly saving	£50	N/A	N/A
Redemption	£100	£10,000	£10,000

Class 4 Shares are only available in respect of:

- (i) internal investments by F&C entities or by funds of F&C entities. The term "F&C entities" includes F&C Asset Management plc, its holding companies, fellow subsidiaries and subsidiaries, and their associates and the term "funds of F&C entities" includes F&C Asset Management plc's own funds and funds managed, operated or otherwise held by F&C entities; and
- (ii) investors who have entered into a separate fee charging arrangement with the ACD.

Shares available from: 22 August 2002.

Investor profile The Fund is intended to provide investment opportunity for investors wishing to obtain exposure to the assets in which the Fund invests. Please refer to the

information on typical investor profiles set out above.

If you are not sure if the Fund is suitable for you, please seek investment advice.

Name: F&C Responsible Global Equity Fund
PRN: 637813

Investment objective and policy:

Investment is concentrated in companies in any market whose products and operations are considered to be making a positive contribution to society and seeks to avoid companies which, on balance, are felt to be harming the world, its people, or its wildlife. The portfolio is chosen with the aim of achieving long-term capital growth.

The fund may invest indirectly through other permitted investment vehicles in accordance with its investment powers as set out in the Prospectus.

Income allocation period end: 30 November and 31 May
Initial offer period: 1 day
ISA status: Qualifying investment for stocks and shares ISA
Share Classes and type of Shares: Share Class 1, income and accumulation
 Share Class 2, income and accumulation
 Share Class 4, income and accumulation
 Share Class B Shares, accumulation

	Share Class 1	Share Class 2	Share Class 4*	Share Class B
Initial charge:	5.00	0%	0%	0%
Annual ACD fee:	1.50%	0.75%	0%	0.5%

Investment minima:	Share Class 1	Share Class 2	Share Class 4	Share Class B
Lump sum	£1,000	£500,000	£10,000	£250,000
Holding	£500	£500,000	£10,000	£250,000
Top-up	£500	£25,000	£10,000	£100,000
Monthly saving	£50	N/A	N/A	N/A
Redemption	£100	£10,000	£10,000	£10,000

Class 4 Shares are only available in respect of:

- (i) internal investments by F&C entities or by funds of F&C entities. The term "F&C entities" includes F&C Asset Management plc, its holding companies, fellow subsidiaries and subsidiaries, and their associates and the term "funds of F&C entities" includes F&C Asset Management plc's own funds and funds managed, operated or otherwise held by F&C entities; and
- (ii) investors who have entered into a separate fee charging arrangement with the ACD.

Shares available from: 22 August 2002.

Investor profile The Fund is intended to provide investment opportunity for investors wishing

to obtain exposure to the assets in which the Fund invests. Please refer to the information on typical investor profiles set out above.

If you are not sure if the Fund is suitable for you, please seek investment advice.

APPENDIX II

ELIGIBLE SECURITIES MARKETS AND ELIGIBLE DERIVATIVES MARKETS

Approved transferable securities and approved derivatives are classified by reference to the eligible securities markets and eligible derivatives markets in this Appendix.

Securities markets established in an EEA State on which transferable securities admitted to official listing in the EEA State are dealt in or traded are eligible securities markets.

Additional eligible securities markets and the eligible derivatives markets available to each Fund are shown below.

New eligible securities markets and eligible derivatives markets for a Fund may only be added to the existing list in accordance with the Regulations and after the ACD has revised the Prospectus to reflect the intended change and the date of its commencement.

Securities	F&C Responsible UK Equity	F&C Responsible UK Income	F&C Responsible Global Equity
Africa			
Johannesburg Securities Exchange			x
Australia & New Zealand			
Australian Stock Exchange			x
New Zealand Stock Exchange (NZSE)			x
Central America			
Mexican Stock Exchange			x
Europe			
Basle Stock Exchange			
Berne Telephone Exchange			
Budapest Stock Exchange			x
Deutsche Neue			
EASDAQ			x
European Nouveau Marche			
Geneva Stock Exchange			
OM Stockholm AB			
Prague Stock Exchange			x
Second Marche of the Paris Stock Exchange			
SWX Swiss Exchange (Basle, Geneva, and Zurich)			x
Warsaw Stock Exchange			x
Zurich Stock Exchange			
International			
International Securities Market Association			
Japan			
Fukuoka Stock Exchange			x
Hiroshima Stock Exchange			
JASDAQ			
Kyoto Stock Exchange			x
Nagoya Stock Exchange			x
Niiigata Stock Exchange			
Osaka Stock Exchange			x
Sapporo Stock Exchange			x
Tokyo Over-the-Counter			x
Tokyo Stock Exchange			x
Latin America			
Buenos Aires Stock Exchange			x
Chile Electronic Stock Exchange			
Lima Stock Exchange			x
Rio de Janeiro Stock Exchange			x
Santiago Stock Exchange			
Sao Paulo Stock Exchange			x
Near East			

	F&C Responsible UK Equity	F&C Responsible UK Income	F&C Responsible Global Equity
Securities			
Cairo Stock Exchange			
Istanbul Stock Exchange			x
Tel Aviv Stock Exchange			
North America			
American Stock Exchange			x
Boston Stock Exchange			x
Chicago Stock Exchange (CHX)			x
Cincinnati Stock Exchange			x
Midwest Stock Exchange			
Montreal Stock Exchange			
NASDAQ			x
NASDAQ & OTC markets regulated by NASD Association of Securities Dealers including Tace			
New York Stock Exchange			x
Pacific Stock Exchange			x
Philadelphia Stock Exchange			x
The Canadian Ventures Exchange			
Toronto Stock Exchange			
TSX Ventures Exchange			
Winnipeg Stock Exchange			
USA Government Securities			
Pacific, Asia & China			
Colombo Stock Market			
Hong Kong Exchange			
Hong Kong Exchanges (HKEx)			x
India National Stock Exchange			
Jakarta Stock exchange			x
Korea Stock Exchange			x
KOSDAQ Stock Exchange			x
Kuala Lumpur Stock Exchange			
Philippines Stock Exchange			
Shanghai Stock Exchange			
Shenzhen Stock Exchange			
Singapore Exchange (SGX)			x
Stock Exchange of Thailand			x
Taiwan Stock Exchange (TSEC)			x
UK			
Grey Book Market			
The Alternative Investment Market	x	x	x
Tradepoint			

Eligible Derivatives Markets

		F&C Responsible UK Equity Growth Fund	F&C Responsible UK Income Fund	F&C Responsible Global Equity Fund
Australia	Sydney Futures Exchange ("SFE")			
Canada	Toronto Stock Exchange		λ	
Denmark	Copenhagen Stock Exchange			
Finland	Finnish Options Market ("FOEX")		λ	
France	Marché à Terme International de France		λ	
	Marché des Options Négociables de Paris		λ	
Germany	EUREX		λ	
	German Futures Exchange			
Hong Kong	Hong Kong Exchanges ("HKEx")		λ	
Ireland	Irish Futures and Options Exchange		λ	
Japan	Osaka Securities Exchange			
	Tokyo Stock Exchange			
	Tokyo International Financial Futures Exchange ("TIFFE")			
Netherlands	EOE Financiele Termijnmarkt		λ	
	Financiele Termijnmarkt		λ	
Singapore	Singapore International Monetary Exchange ("SIMEX")		λ	
South Africa	South African Futures Exchange ("SAFEX")			
Sweden	OM Stockholm Stock Exchange		λ	

Switzerland	SOFFEX		λ	
United Kingdom	Euronext LIFFE	λ	λ	
	London Securities & Derivatives Exchange		λ	
United States	Chicago Board Option Exchange		λ	
	New York Futures Exchange		λ	
	Chicago Mercantile Exchange		λ	
	Chicago Board of Trade			
	Pacific Stock Exchange			
	Philadelphia Stock Exchange			

DERIVATIVE USAGE

In order to assist counterparties assess the credit risk associated with F&C open-ended portfolios F&C Fund Management Limited has compiled a list of the types of derivative contracts available for use by its funds. The list is published in the prospectuses of its open-ended funds however it is subject to amendment and the most recent copy is available on request from F&C Fund Management Limited.

The list applies to all funds according to the classification noted and the use, if any, of such contracts will be subject to the investment objective and policy of the fund concerned and the regulations.

Investors should note that no funds included in this prospectus are classified as Alternative Investment Fund(s). The list may be amended without notice and the inclusion of a contract as available to a type of fund does not mean that any particular fund will or should use that instrument.

		Equity Funds	Fixed Income Funds	Alternative Investment Funds
	Bond Futures (ETD)		x	x
	Equity Futures (ETD) Commodity Futures	x		x
	(ETD) Interest Rate Options			
	(ETD)		x	x
	Index Options (ETD)	x		x
	Equity Options (ETD) Commodity Futures	x		x
	(ETD)			x
	Options (OTC)	x	x	x
	Warrants (delta)	x		x
	Warrants		x	x
	Interest Rate Swaps		x	x
	Inflation Linked Swaps		x	x

Credit Default Swaps		x	x
Equity Swaps Collateral Debt	x		x
Obligations		x	x
Credit Linked Notes		x	x
Contract for Difference	x		x
Swaptions		x	x
Interest Rate Collars		x	x
Interest Rate Caps		x	x
Interest Rate Floors		x	x
Floortions		x	x
Captions		x	x
Total Return Swaps	x	x	x
REPOS		x	x
Reverse REPOS		x	x
Exchange Traded Funds	x	x	x
FRAs		x	x
Currency Options			x
Currency Futures		x	x
Currency Swaps		x	x
Forward FX	x	x	x
Dividend Swaps Options on Dividend			x
Swaps Options on Correlation			x
Swaps			x
Correlation Swaps Options on Variance			x

APPENDIX III

INVESTMENT AND BORROWING POWERS

The property of each Fund will be invested with the aim of achieving the investment objective of that Fund but subject to the limits on investment set out in this Prospectus and in Chapter 5 of the COLL Sourcebook (COLL 5.2 to COLL 5.5) that are applicable to UCITS Schemes. These limits apply to the Fund (unless otherwise indicated) as summarised below:

1. General rules of investment

- 1.1 The Instrument of Incorporation permits the ACD to utilise the investment and borrowing powers permitted by a UCITS scheme which complies with Chapter 5 of COLL. The ACD manages the Funds in accordance with the investment and borrowing powers set out below.
- 1.2 The Scheme Property of each Fund will be invested with the aim of achieving the investment objective of the Fund but subject to the limits set out in Chapter 5 of the COLL. These limits apply to each Fund as summarised below.
- 1.3 The ACD's investment policy may mean that at times, where it is considered appropriate, the property of the Fund will not be fully invested and that prudent levels of liquidity will be maintained.

2. Prudent spread of risk

- 2.1 The ACD must ensure that, taking account of the investment objectives and policy of the Fund, the scheme property of the Fund aims to provide a prudent spread of risk.

3. Transferable Securities

- 3.1 A transferable security is an investment falling within article 76 (Shares etc), article 77 (Instruments creating or acknowledging indebtedness), article 78 (Government and public securities), article 79 (Instruments giving entitlement to investments) and article 80 (Certificates representing certain securities) of the Regulated Activities Order.
- 3.2 An investment is not a transferable security if the title to it cannot be transferred, or can be transferred only with the consent of a third party.
- 3.3 In applying paragraph 3.2 to an investment which is issued by a body corporate, and which is an investment falling within articles 76 (Shares, etc) or 77 (Instruments creating or acknowledging indebtedness) of the Regulated Activities Order, the need for any consent on the part of the body corporate or any members or debenture holders of it may be ignored.
- 3.4 An investment is not a transferable security unless the liability of the holder of it to contribute to the debts of the issuer is limited to any amount for the time being unpaid by the holder of it in respect of the investment.
- 3.5 A Fund may invest in a transferable security only to the extent that the transferable security fulfils the following criteria:
 - 3.5.1 the potential loss which the Fund may incur with respect to holding the transferable security is limited to the amount paid for it;
 - 3.5.2 its liquidity does not compromise the ability of the ACD to comply with its obligation to redeem Shares at the request of any qualifying Shareholder under the COLL Sourcebook;
 - 3.5.3 reliable valuation is available for it as follows:
 - (a) in the case of a transferable security admitted to or dealt in on an eligible market, where there are accurate, reliable and regular prices

which are either market prices or prices made available by valuation systems independent from issuers;

- (b) in the case of a transferable security not admitted to or dealt in on an eligible market, where there is a valuation on a periodic basis which is derived from information from the issuer of the transferable security or from competent investment research;

3.5.4 appropriate information is available for it as follows:

- (a) in the case of a transferable security admitted to or dealt in on an eligible market, where there is regular, accurate and comprehensive information available to the market on the transferable security or, where relevant, on the portfolio of the transferable security;
- (b) in the case of a transferable security not admitted to or dealt in on an eligible market, where there is regular and accurate information available to the ACD on the transferable security or, where relevant, on the portfolio of the transferable security;
- (c) it is negotiable; and
- (d) its risks are adequately captured by the risk management process of the ACD.

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

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

3.6.2 to be negotiable.

3.7 No more than 5% of the Scheme Property of a Fund may be invested in warrants, in which case, the net asset value of that Fund may, at times, be highly volatile.

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

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

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

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

3.8.4 where the closed end fund is constituted under the law of contract:

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

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

3.9 A Fund may invest in any other investment which shall be taken to be a transferable security for the purposes of investment by a Fund provided the investment:

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

- 3.9.2 is backed by or linked to the performance of other assets, which may differ from those in which a Fund can invest.
- 3.10 Where an investment in paragraph 3.9 contains an embedded derivative component (as described in paragraph 13 (Derivatives: general) below) the requirements of this section with respect to derivatives and forwards will apply to that component.
- 4. UCITS schemes – general**
- 4.1 Subject to the investment objectives and policy of a Fund, the Scheme Property of a Fund must, except where otherwise provided in COLL 5 only consist of any or all of:
- 4.1.1 transferable securities;
 - 4.1.2 approved money market instruments;
 - 4.1.3 permitted units or shares in permitted collective investment schemes;
 - 4.1.4 permitted derivatives and forward transactions; and
 - 4.1.5 permitted deposits.
- 4.2 Transferable securities and money market instruments held within a Fund must be:
- 4.2.1 admitted to or dealt on an eligible market as described below; or
 - 4.2.2 dealt in on a market in an EEA State which is regulated, operates regularly and is open to the public; or
 - 4.2.3 admitted to or dealt in on an eligible market which has been designated an eligible market by the ACD in consultation with the Depositary (as described below); or
 - 4.2.4 a money-market instrument within COLL 5.2.10 AR(1) (is as described in paragraph 10 of investment in “Approved Money Market Instruments” below); or
 - 4.2.5 recently issued transferable securities provided that:
 - 4.2.6 the terms of issue include an undertaking that application will be made to be admitted to an eligible market; and
 - 4.2.7 such admission is secured within a year of issue.
- 4.3 Not more than 10% in value of the Scheme Property of a Fund may consist of transferable securities, which do not fall within paragraph 4.2 or of approved money market instruments, which do not fall within COLL 5.2.10 AR(1) (i.e. as described in paragraph 10 of investment in “Approved Money Market Instruments” below).
- 4.4 The requirements on spread of investments generally and in relation to investment in government and public securities do not apply during any period in which it is not reasonably practical to comply, provided that the requirement to maintain prudent spread of risk in paragraph 2.1 of this Appendix is complied with.
- 5. Eligible markets regime: purpose**
- 5.1 To protect investors the markets on which investments of the Fund are dealt in or traded on should be of an adequate quality (“eligible”) at the time of acquisition of the investment and until it is sold.
- 5.2 Where a market ceases to be eligible, investments on that market cease to be approved securities. The 10% restriction on investing in non approved securities applies and exceeding

this limit because a market ceases to be eligible will generally be regarded as an inadvertent breach.

- 5.3 A market is eligible for the purposes of the rules if it is:
- 5.3.1 a regulated market as defined in the FCA Handbook; or
 - 5.3.2 a market in an EEA State which is regulated, operates regularly and is open to the public.
- 5.4 A market not falling within paragraph 5.3 is eligible for the purposes of Chapter 5 of the FCA Rules if:
- 5.4.1 the ACD, after consultation and notification with the Depositary, decides that market is appropriate for investment of, or dealing in, the scheme property;
 - 5.4.2 the market is included in a list in the prospectus; and
 - 5.4.3 the Depositary has taken reasonable care to determine that:
 - (a) adequate custody arrangements can be provided for the investment dealt in on that market; and
 - (b) all reasonable steps have been taken by the ACD in deciding whether that market is eligible.
- 5.5 In paragraph 5.4, a market must not be considered appropriate unless it is regulated, operates regularly, is recognised, is open to the public, is adequately liquid and has adequate arrangements for unimpeded transmission of income and capital to or for the order of investors.
6. **Spread: general**
- 6.1 This rule on spread does not apply to government and public securities.
- 6.2 For the purposes of this requirement companies included in the same group for the purposes of consolidated accounts as defined in accordance with Directive 83/349/EEC or in the same group in accordance with international accounting standards are regarded as a single body.
- 6.3 Not more than 5% in the value of the Scheme Property of a Fund is to consist of deposits with a single body except in the case of the Custodian when this limit is raised to 20%.
- 6.4 Not more than 5% in value of the Scheme Property of a Fund is to consist of transferable securities (or certificates representing such securities) or approved money market instruments issued by any single body, except that the limit of 5% is raised to 10% in respect of up to 40% in value of the Scheme Property of a Fund (covered bonds need not be taken into account for the purposes of applying the limit of 40%).
- 6.5 The limit of 5% is raised to 25% in value of the Scheme Property of a Fund in respect of covered bonds provided that when a Fund invests more than 5% in covered bonds issued by a single body, the total value of covered bonds held must not exceed 80% in value of the Scheme Property.
- 6.6 The exposure to any one counterparty in an OTC derivative transaction must not exceed 5% in value of the Scheme Property of a Fund. This limit is raised to 10% where the counterparty is an Approved Bank.
- 6.7 Not more than 20% in value of the Scheme Property is to consist of the units or shares of any one collective investment scheme.

- 6.8 Not more than 20% in value of the Scheme Property may consist of transferable securities and approved money market instruments issued by the same group.
- 6.9 In applying the limits in paragraphs 6.3, 6.4 and 6.6 not more than 20% in value of the Scheme Property of a Fund is to consist of any combination of two or more of the following:
- 6.9.1 transferable securities (including covered bonds) or approved money market instruments issued by; or
 - 6.9.2 deposits made with; or
 - 6.9.3 exposures from OTC derivatives transactions made with a single body.

7. **Counterparty risk and issuer concentration**

- 7.1 The ACD must ensure that counterparty risk arising from an OTC derivative is subject to the limits set out in paragraphs 6.6 and 6.9 above.
- 7.2 When calculating the exposure of a Fund to a counterparty in accordance with the limits in paragraph 6.6 the ACD must use the positive mark-to-market value of the OTC derivative contract with that counterparty.
- 7.3 The ACD may net the OTC derivative positions of a Fund with the same counterparty, provided they are able legally to enforce netting agreements with the counterparty on behalf of the Fund.
- 7.4 The netting agreements in paragraph 7.3 above are permissible only with respect to OTC derivatives with the same counterparty and not in relation to any other exposures the Fund may have with that same counterparty.
- 7.5 The ACD may reduce the exposure of scheme property to a counterparty of an OTC derivative through the receipt of collateral. Collateral received must be sufficiently liquid so that it can be sold quickly at a price that is close to its pre-sale valuation.
- 7.6 The ACD must take collateral into account in calculating exposure to counterparty risk in accordance with the limits in paragraph 6.6 when it passes collateral to an OTC counterparty on behalf of a Fund.
- 7.7 Collateral passed in accordance with paragraph 7.6 may be taken into account on a net basis only if the ACD is able legally to enforce netting arrangements with this counterparty on behalf of that Fund.
- 7.8 In relation to the exposure arising from OTC derivatives as referred to in paragraph 6.6 the ACD must include any exposure to OTC derivative counterparty risk in the calculation.
- 7.9 The ACD must calculate the issuer concentration limits referred to in paragraph 6.6 on the basis of the underlying exposure created through the use of OTC derivatives pursuant to the commitment approach.

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

- 8.1 The following section applies in respect of a transferable security or an approved money-market instrument ("such securities") that is issued by:
- 8.1.1 an EEA State;
 - 8.1.2 a local authority of an EEA State;
 - 8.1.3 a non-EEA State; or

- 8.1.4 a public international body to which one or more EEA States belong.
- 8.2 Where no more than 35% in value of the Scheme Property of a Fund is invested in such securities issued by any one body, there is no limit on the amount which may be invested in such securities or in any one issue.
- 8.3 The Company or any Fund may invest more than 35% in value of the Scheme Property of a Fund in such securities issued by any one body provided that:
 - 8.3.1 the ACD has before any such investment is made consulted with the Depositary and as a result considers that the issuer of such securities is one which is appropriate in accordance with the investment objectives of the authorised Fund;
 - 8.3.2 no more than 30% in value of the Scheme Property consists of such securities of any one issue;
 - 8.3.3 the Scheme Property of a Fund includes such securities issued by that or another issuer, of at least six different issues;
 - 8.3.4 the disclosures in the Prospectus required by the FCA have been made.
- 8.4 The rules in paragraph 8.3 are intended to apply to the following Funds and accordingly more than 35% of the scheme property of each of the Funds is or may be invested in such securities.
- 8.5 In the case of the Strategic Bond Fund more than 35% of the property of the Fund may be invested in such securities issued by or on behalf of or guaranteed by the Government of the United Kingdom (including the Scottish Administration, the Executive Committee of the Northern Ireland Assembly, the National Assembly of Wales), Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Japan, Liechtenstein, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland and United States or by one of the following international organisations: Asian Development Bank (ADB), Council of Europe Development Bank, Deutsche Ausgleichsbank (DTA), Eurofima, European Bank for Reconciliation and Development (EBRD), European Investment Bank (EIB), Inter-American Development Bank (IADB), International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), Kreditanstalt für Wiederaufbau (KfW), LCR Finance plc, and the Nordic Investment Bank (NIB). Government and other public securities will be regarded as being of a different issue if, notwithstanding that they are issued by the same body, they are issued on different terms, whether as to repayment dates, interest rates or otherwise

9. **Investment in collective investment schemes**

- 9.1 Up to 10% of the value of the Scheme Property may be invested in units or shares in other collective investment schemes ("Second Scheme") provided that Second Scheme satisfies all of the following conditions and no more than 30% of the value of the Scheme Property is invested in Second Schemes within paragraph 9.2.2 to 9.2.5.
- 9.2 The Second Scheme must:
 - 9.2.1 satisfy the conditions necessary for it to enjoy the rights conferred by the UCITS Directive; or
 - 9.2.2 be recognised under the provisions of s.270 of the Financial Services and Markets Act 2000; or
 - 9.2.3 be authorised as a non-UCITS retail scheme (provided that the requirements of Article 50(1)(e) of the UCITS Directive are met; or

- 9.2.4 be authorised in another EEA State provided the requirements of Article 50(1)(e) of the UCITS Directive are met; or
- 9.2.5 be authorised by the competent authority of an OECD member country (other than another EEA state) which has:
 - 9.2.5.1 signed the IOSCO Multilateral Memorandum of Understanding; and
 - 9.2.5.2 approved the scheme's management company.
- 9.3 The Second Scheme has terms which prohibit more than 10% in value of the scheme property consisting of units or shares in collective investment schemes.
- 9.4 Investment may only be made in other collective investment schemes managed by the ACD or an associate of the ACD if the Prospectus of the investing Fund clearly states that it may enter into such investments and the rules on double charging contained in the COLL Sourcebook are complied with.
- 9.5 The Scheme Property attributable to a Fund may include Shares in another Fund of the Company (a "Second Fund") subject to the requirements of paragraph 9.6 below.
- 9.6 Funds in the Company may invest in a Second Fund provided that:
 - 9.6.1 the Second Fund does not hold Shares in any other Fund of the Company;
 - 9.6.2 the requirements set out in paragraph 9.9 and 9.10 below are complied with; and
 - 9.6.3 the investing or disposing Fund must not be a feeder UCITS to the Second Fund.
- 9.7 Where the Second Scheme is an umbrella, the provisions in paragraphs 9.3 and 9.4 apply to each sub-fund as if it were a separate scheme.
- 9.8 The Funds may, subject to the limit set out in 9.1 above, invest in collective investment schemes managed or operated by, or whose authorised corporate director is, the ACD of the Funds or one of its associates.
- 9.9 Investments may only be made in a Second Fund or other collective investment scheme managed by the ACD or an Associate of the ACD if the rules on double charging contained in the COLL Sourcebook are complied with.
- 9.10 Where a Fund of the Company invests in or disposes of Shares in a Second Fund or units or shares in another collective investment scheme which is managed or operated by the ACD or an Associate of the ACD, the ACD must pay to that Fund by the close of business on the fourth business day the amount of any preliminary charge in respect of a purchase, and in the case of a sale any charge made for the disposal.
- 9.11 Investment may only be made in other collective investment schemes managed or operated by, or whose authorised corporate director is, the ACD of the Funds or one of its associates if the rules on double charging contained in the COLL Sourcebook are complied with.
- 10. **Investment in nil and partly paid securities**
- 10.1 A transferable security or an approved money market instrument on which any sum is unpaid falls within a power of investment only if it is reasonably foreseeable that the amount of any

existing and potential call for any sum unpaid could be paid by the Fund, at the time when payment is required, without contravening the rules of COLL 5.

11. **Investment in approved money market instruments**

- 11.1 A Fund may invest in approved money market instruments which are money market instruments normally dealt in on the money market, are liquid and whose value can be accurately determined at any time.
- 11.2 A money-market instrument shall be regarded as normally dealt in on the money market if it:
- 11.2.1 has a maturity at issuance of up to and including 397 days;
 - 11.2.2 has a residual maturity of up to and including 397 days;
 - 11.2.3 undergoes regular yield adjustments in line with money market conditions at least every 397 days; or
 - 11.2.4 has a risk profile, including credit and interest rate risks, corresponding to that of an instrument which has a maturity as set out in 11.2.1 or 11.2.2 or is subject to yield adjustments as set out in 11.2.3.
- 11.3 A money-market instrument shall be regarded as liquid if it can be sold at limited cost in an adequately short time frame, taking into account the obligation of the ACD to redeem Shares at the request of any qualifying Shareholder.
- 11.4 A money-market instrument shall be regarded as having a value which can be accurately determined at any time if accurate and reliable valuations systems, which fulfil the following criteria, are available:
- (a) enabling the ACD to calculate a net asset value in accordance with the value at which the instrument held in the Fund could be exchanged between knowledgeable willing parties in an arm's length transaction; and
 - (b) based either on market data or on valuation models including systems based on amortised costs.
 - (c) A money-market instrument that is normally dealt in on the money market and is admitted to or dealt in on an eligible market shall be presumed to be liquid and have a value which can be accurately determined at any time unless there is information available to the ACD that would lead to a different determination.
- 11.5 In addition to instruments admitted to or dealt in on an eligible market, a Fund may invest in an approved money-market instrument provided it fulfils the following requirements:
- (a) the issue or the issuer is regulated for the purpose of protecting investors and savings; and
 - (b) the instrument is issued or guaranteed in accordance with paragraph 11.7 below.
- 11.6 The issue or the issuer of a money-market instrument, other than one dealt in on an eligible market, shall be regarded as regulated for the purpose of protecting investors and savings if:

- (a) the instrument is an approved money-market instrument;
- (b) appropriate information is available for the instrument (including information which allows an appropriate assessment of the credit risks related to investment in it), in accordance with paragraphs 11.9, 11.10 and 11.11 below; and
- (c) the instrument is freely transferable.

11.7 A Fund may invest in an approved money-market instrument if it is:

- (a) issued or guaranteed by any one of the following:
 - (i) a central authority of an EEA State or, if the EEA State is a federal state, one of the members making up the federation;
 - (ii) a regional or local authority of an EEA State;
 - (iii) the European Central Bank or a central bank of an EEA State;
 - (iv) the European Union or the European Investment Bank;
 - (v) a non-EEA State or, in the case of a federal state, one of the members making up the federation;
 - (vi) a public international body to which one or more EEA States belong; or
- (b) issued by a body, any securities of which are dealt in on an eligible market; or
- (c) issued or guaranteed by an establishment which is:
 - (i) subject to prudential supervision in accordance with criteria defined by European Community law; or
 - (ii) subject to and complies with prudential rules considered by the FCA to be at least as stringent as those laid down by European Community law.

11.8 An establishment shall be considered to satisfy the requirement in paragraph 11.7 C(ii) if it is subject to and complies with prudential rules, and fulfils one or more of the following criteria:

- (a) it is located in the European Economic Area;
- (b) it is located in an OECD country belonging to the Group of Ten;
- (c) it has at least investment grade rating;
- (d) on the basis of an in-depth analysis of the issuer, it can be demonstrated that the prudential rules applicable to that issuer are at least as stringent as those laid down by European Community law.

11.9 In the case of an approved money-market instrument within paragraphs 11.7 and 11.8 above or issued by a body of the type referred to in COLL 5.2.10EG, or which is issued by an authority within paragraph 11.7(a)(ii) or a public international body within paragraph

11.7(a)(vi)(a) but is not guaranteed by a central authority within 11.7(a)(i), the following information must be available:

- (a) information on both the issue or the issuance programme, and the legal and financial situation of the issuer prior to the issue of the instrument, verified by appropriately qualified third parties not subject to instructions from the issuer;
- (b) updates of that information on a regular basis and whenever a significant event occurs; and
- (c) available and reliable statistics on the issue or the issuance programme.

11.10 In the case of an approved money-market instrument issued or guaranteed by an establishment within paragraph 11.7(c), the following information must be available:

- (i) information on the issue or the issuance programme or on the legal and financial situation of the issuer prior to the issue of the instrument;
- (ii) updates of that information on a regular basis and whenever a significant event occurs; and
- (iii) available and reliable statistics on the issue or the issuance programme, or other data enabling an appropriate assessment of the credit risks related to investment in those instruments.

11.11 In the case of an approved money-market instrument:

- (a) within paragraphs 11.7(a)(i), 11.7(a)(iv) or 11.7(a)(v); or
- (b) which is issued by an authority within paragraph 11.7(a)(ii) or a public international body within paragraph 11.7(a)(vi) and is guaranteed by a central authority within paragraph 11.7(a)(i);
- (c) information must be available on the issue or the issuance programme, or on the legal and financial situation of the issuer prior to the issue of the instrument.

12. **Efficient Portfolio Management**

12.1 The Company may use its property to enter into transactions for the purposes of EPM to the full extent permitted by the Regulations.

12.2 Permitted EPM transactions (excluding stocklending arrangements) are transactions in derivatives (i.e. options, futures, forward transactions or contracts for differences) dealt in or traded on an eligible derivatives market; off-exchange futures, options or contracts for differences resembling options; or synthetic futures in certain circumstances. Eligible derivatives markets are those which the ACD, after consultation with the Depositary, has decided are appropriate for the purpose of investment of or dealing in the property with regard to the relevant criteria set out in the COLL Sourcebook and the formal guidance on eligible markets issued by the FCA as amended from time to time.

12.3 An investment is not a derivative if it is a transferable security.

12.4 The eligible derivatives markets for each Fund are set out in Appendix II.

12.5 New eligible derivatives markets for a Fund may be added to the existing list only in accordance with the Regulations and after the ACD has revised the Prospectus to reflect the intended change and the date of its commencement.

12.6 Any forward transactions must be with an approved counterparty (Eligible Institutions, money market institutions etc). A derivatives or forward transaction which would or could lead to delivery of property to the Depositary in respect of the Company may be entered into only if such property can be held by the Company, and the ACD reasonably believes that delivery of the property pursuant to the transaction will not lead to a breach of the COLL Sourcebook.

12.7 EPM transactions may be used as follows:

12.7.1 A transaction must be reasonably believed by the ACD to be economically appropriate to the efficient portfolio management of the Company. This means that, for transactions undertaken to reduce risk or cost (or both), the transaction alone or in combination will diminish a risk or cost of a kind or level which it is sensible to reduce.

12.7.2 The purpose of an EPM transaction for the Company must be to achieve one of the following in respect of the Company:

(a) Reduction of risk. This allows for example the use of the technique of cross-currency hedging in order to switch all or part of the property away from a currency the ACD considers unduly prone to risk, to another currency. This aim also permits the use of tactical asset allocation.

(b) Reduction of cost. The aims of reduction of risk or cost, together or separately, for example, allows the ACD on a temporary basis to use the technique of tactical asset allocation. Tactical asset allocation permits the ACD to undertake a switch in exposure by use of derivatives, rather than through the sale and purchase of the property. If a transaction for the Company relates to the acquisition or potential acquisition of transferable securities, the ACD must intend that the Company should invest in transferable securities within a reasonable time and the ACD must thereafter ensure that, unless the position has itself been closed out, that intention is realised within that reasonable time.

(c) The generation of additional capital or income for the Company (so called "enhancement strategies") with an acceptably low level of risk. There is an acceptably low level of risk in any case where the ACD has taken reasonable care to determine that the Company is certain (or certain barring events which are not reasonably foreseeable) to derive a benefit. The generation of additional capital or income may arise out of taking advantage of price imperfections or from the receipt of a premium for writing covered call or covered put options (even if the benefit is obtained at the expense of the chance of yet greater benefit) or pursuant to stocklending arrangements as permitted by the COLL Sourcebook (see below).

The relevant purpose must relate to Scheme Property or property (whether precisely identified or not) which is to be or is proposed to be acquired for the Company or anticipated cash receipts of the Company, if due to be received at some time and likely to be received within one month.

12.7.3 Each EPM transaction must be fully covered "individually" by scheme property of the right kind (i.e. in the case of exposure in terms of property, appropriate transferable securities or other property; and, in the case of exposure in terms of money, cash, "near cash", borrowed cash or transferable securities which can be easily sold to realise the appropriate cash). It must also be covered "globally"

(i.e. after providing cover for existing EPM transactions there is adequate cover for another transaction within the Scheme Property).

12.8 Property and cash can be used only once for cover and, unless the ACD reasonably believes it is obtainable in time to meet the obligation for which cover is required, Scheme Property is not available for cover if it is the subject of a stocklending arrangement. The lending transaction in a back to back currency borrowing transaction does not require cover.

13. **Derivatives: general**

13.1 **The Funds may only use derivatives for the purposes of Efficient Portfolio Management.**

13.2 A transaction in derivatives or a forward transaction must not be effected for a Fund unless the transaction is of a kind specified in paragraph 14 (Permitted transactions (derivatives and forwards)) below, and the transaction is covered, as required by paragraph 27 (Cover for investment in derivatives and forward transactions) of this Appendix.

13.3 Where a Fund invests in derivatives, the exposure to the underlying assets must not exceed the limits set out in the COLL Sourcebook in relation to spread (COLL 5.2.11R Spread: general, COLL 5.2.12R Spread: government and public securities) except for index based derivatives where the rules below apply.

13.4 Where a transferable security or approved money market instrument embeds a derivative, this must be taken into account for the purposes of complying with this section.

13.5 A transferable security or an approved money-market instrument will embed a derivative if it contains a component which fulfils the following criteria:

(a) by virtue of that component some or all of the cash flows that otherwise would be required by the transferable security or approved money-market instrument which functions as host contract can be modified according to a specified interest rate, financial instrument price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, and therefore vary in a way similar to a stand-alone derivative;

(b) its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and

(c) it has a significant impact on the risk profile and pricing of the transferable security or approved money-market instrument.

13.6 A transferable security or an approved money-market instrument does not embed a derivative where it contains a component which is contractually transferable independently of the transferable security or the approved money-market instrument. That component shall be deemed to be a separate instrument.

13.7 Where a Fund invests in an index based derivative, provided the relevant index falls within COLL 5.2.20AR (Financial Indices underlying derivatives) the underlying constituents of the index do not have to be taken into account for the purposes of COLL 5.2.11R and COLL 5.2.12R.

13.8 In the context of this Prospectus, "efficient portfolio management" means the use of derivatives (which are reasonably regarded by the ACD as economically appropriate and are fully covered) in order to achieve a reduction in certain relevant risks, a reduction of costs, or to generate additional capital or income for the Funds with no, or an acceptably low level of risk.

13.9 The Funds will be able to use derivatives for the purpose of meeting the investment objectives and policies of the Funds as well as for efficient portfolio management purposes.

13.10 Where the ACD invests in derivatives and forward transactions in the pursuit of a Fund's objectives and policies, the net asset value of that Fund may at times be volatile (in the absence of compensating investment techniques). A Fund may have volatility over and above the general market volatility of the markets of the Fund's underlying investments owing to the use of the derivatives and/or forward transactions in the pursuit of its objectives. The use of derivatives and forward transactions in the pursuit of a Fund's objective may cause its risk profile to change, this may be material.

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

14.1 A transaction in a derivative must be:

14.1.1 in an approved derivative; or

14.1.2 be one which complies with paragraph 18 (OTC transactions in derivatives) of this Appendix.

14.2 A transaction in a derivative must have the underlying consisting of any one or more of the following to which the scheme is dedicated: transferable securities, approved money market instruments permitted under paragraph 11 (Investment in approved money market instruments), deposits, permitted derivatives under this paragraph, collective investment scheme units or shares permitted under paragraph 9 (Investment in collective investment schemes), financial indices which satisfy the criteria set out in COLL 5.2.20, interest rates, foreign exchange rates, and currencies.

14.3 A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market.

14.4 A transaction in a derivative must not cause a Fund to diverge from its investment objectives as stated in the Instrument constituting the scheme and the most recently published version of this Prospectus.

14.5 A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more, transferable securities, money market instruments, units or shares in collective investment schemes, or derivatives, provided that a sale is not to be considered as uncovered if the conditions in paragraph 13.2 are satisfied.

14.6 Any forward transaction must be with an Eligible Institution or an Approved Bank.

15. **Financial indices underlying derivatives**

15.1 The financial indices referred to in 14.2 are those which satisfy the following criteria:

(a) the index is sufficiently diversified;

(b) the index represents an adequate benchmark for the market to which it refers; and

(c) the index is published in an appropriate manner.

15.2 A financial index is sufficiently diversified if:

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

- (b) where it is composed of assets in which a Fund is permitted to invest, its composition is at least diversified in accordance with the requirements with respect to spread and concentration set out in this section; and
 - (c) where it is composed of assets in which a Fund cannot invest, it is diversified in a way which is equivalent to the diversification achieved by the requirements with respect to spread and concentration set out in this section.
- 15.3 A financial index represents an adequate benchmark for the market to which it refers if:
- (a) it measures the performance of a representative group of underlyings in a relevant and appropriate way;
 - (b) it is revised or rebalanced periodically to ensure that it continues to reflect the markets to which it refers, following criteria which are publicly available; and
 - (c) the underlyings are sufficiently liquid, allowing users to replicate it if necessary.
- 15.4 A financial index is published in an appropriate manner if:
- (a) its publication process relies on sound procedures to collect prices, and calculate and subsequently publish the index value, including pricing procedures for components where a market price is not available; and
 - (b) material information on matters such as index calculation, rebalancing methodologies, index changes or any operational difficulties in providing timely or accurate information is provided on a wide and timely basis.
- 15.5 Where the composition of underlyings of a transaction in a derivative does not satisfy the requirements for a financial index, the underlyings for that transaction shall where they satisfy the requirements with respect to other underlyings pursuant to paragraph 15.2, be regarded as a combination of those underlyings.
- 16. Transactions for the purchase of property**
- 16.1 A derivative or forward transaction which will or could lead to the delivery of property for the account of the Company may be entered into only if that property can be held for the account of the Company, and the ACD having taken reasonable care determines that delivery of the property under the transaction will not occur or will not lead to a breach of the rules in the COLL Sourcebook.
- 17. Requirement to cover sales**
- 17.1 No agreement by or on behalf of the Company to dispose of property or rights may be made unless the obligation to make the disposal and any other similar obligation could immediately be honoured by the Company by delivery of property or the assignment (or, in Scotland, assignation) of rights, and the property and rights above are owned by the Company at the time of the agreement. This requirement does not apply to a deposit.
- 18. OTC transactions in derivatives**
- 18.1 Any transaction in an OTC derivative under paragraph 14.1 must be:
- 18.1.1 in a future or an option or a contract for differences;

- 18.1.2 with an approved counterparty; A counterparty to a transaction in derivatives is approved only if the counterparty is an Eligible Institution or an Approved Bank; or a person whose permission (including any requirements or limitations), as published in the FCA Register or whose Home State authorisation, permits it to enter into the transaction as principal off-exchange;
- 18.1.3 on approved terms. The terms of the transaction in derivatives are approved only if, the ACD
 - 18.1.3.1 carried out at least daily a reliable and verifiable valuation in respect of that transaction corresponding to its fair value and which does not rely only on market quotations by the counterparty; and
 - 18.1.3.2 can enter into one or more further transactions to sell, liquidate or close out that transaction at any time, at its fair value; and
- 18.1.4 capable of reliable valuation; a transaction in derivatives is capable of reliable valuation only if the ACD having taken reasonable care determines that, throughout the life of the derivative (if the transaction is entered into), it will be able to value the investment concerned with reasonable accuracy:
 - 18.1.4.1 on the basis of an up-to-date market value which the ACD and the Depositary have agreed is reliable; or
 - 18.1.4.2 if the value referred to in 18.1.4.1 is not available, on the basis of a pricing model which the ACD and the Depositary have agreed uses an adequate recognised methodology; and
- 18.1.5 subject to verifiable valuation: a transaction in derivatives is subject to verifiable valuation only if, throughout the life of the derivative (if the transaction is entered into) verification of the valuation is carried out by:
 - 18.1.5.1 an appropriate third party which is independent from the counterparty of the derivative at an adequate frequency and in such a way that the ACD is able to check it; or
 - 18.1.5.2 a department within the ACD which is independent from the department in charge of managing the Fund and which is adequately equipped for such a purpose.
- 18.2 For the purposes of this paragraph, "Fair value" is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction.

19. **Valuation of OTC derivatives**

- 19.1 For the purposes of paragraph 18.1.3, the ACD must:
 - 19.1.1 establish, implement and maintain arrangements and procedures which ensure appropriate, transparent and fair valuation of the exposures of a Fund to OTC derivatives; and
 - 19.1.2 ensure that the fair value of OTC derivatives is subject to adequate, accurate and independent assessment.

19.2 Where the arrangements and procedures referred to in paragraph 19.1 involve the performance of certain activities by third parties, the ACD must comply with the requirements in SYSC 8.1.13 R (Additional requirements for a management company) and COLL 6.6A.4 R (4) to (6) (Due diligence requirements of AFMs of UCITS schemes).

19.3 The arrangements and procedures referred to in this rule must be:

19.3.1 adequate and proportionate to the nature and complexity of the OTC derivative concerned; and

19.3.2 adequately documented.

20. **Risk management**

20.1 The ACD uses a risk management process, enabling it to monitor and measure at any time the risk of a Fund's positions and their contribution to the overall risk profile of a Fund.

20.2 The following details of the risk management process must be regularly notified by the ACD to the FCA and at least on an annual basis:

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

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

21. **Daily calculation of global exposure**

21.1 The ACD must calculate the global exposure of a Fund on at least a daily basis.

21.2 For the purposes of this section, exposure must be calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions.

22. **Calculation of global exposure**

22.1 The ACD must calculate the global exposure of any Fund it manages either as:

22.1.1 the incremental exposure and leverage generated through the use of derivatives and forward transactions (including embedded derivatives) which may not exceed 100% of the net value of the scheme property of a Fund, by way of the commitment approach; or

22.1.2 the market risk of the scheme property of a Fund, by way of the value at risk approach.

22.2 The ACD must ensure that the method selected above is appropriate, taking into account:

22.2.1 the investment strategy pursued by the Fund;

22.2.2 the types and complexities of the derivatives and forward transactions used; and

22.2.3 the proportion of the scheme property comprising derivatives and forward transactions.

22.3 Where a Fund employs techniques and instruments including repo contracts or stock lending transactions in accordance with paragraph 25 (Stock lending) in order to generate additional leverage or exposure to market risk, the ACD must take those transactions into consideration when calculating global exposure.

22.4 For the purposes of paragraph 22.1, value at risk means a measure of the maximum expected loss at a given confidence level over the specific time period.

23. **Commitment approach**

23.1 Where the ACD uses the commitment approach for the calculation of global exposure, it must:

23.1.1 ensure that it applies this approach to all derivative and forward transactions (including embedded derivatives as referred to in paragraph 13 (Derivatives: general)), whether used as part of the Fund's general investment policy, for the purposes of risk reduction or for the purposes of efficient portfolio management in accordance with paragraph 25 (Stock lending); and

23.1.2 convert each derivative or forward transaction into the market value of an equivalent position in the underlying asset of that derivative or forward (standard commitment approach).

23.2 The ACD may apply other calculation methods which are equivalent to the standard commitment approach.

23.3 For the commitment approach, the ACD may take account of netting and hedging arrangements when calculating global exposure of a Fund, where these arrangements do not disregard obvious and material risks and result in a clear reduction in risk exposure.

23.4 Where the use of derivatives or forward transactions does not generate incremental exposure for the Fund, the underlying exposure need not be included in the commitment calculation.

23.5 Where the commitment approach is used, temporary borrowing arrangements entered into on behalf of the Fund need not form part of the global exposure calculation.

24. **Investments in deposits**

24.1 The Fund may invest in deposits only with an Approved Bank and which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months.

25. **Stock lending**

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

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

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

- 25.4 The Company or the Depositary at the request of Company may enter into a stock lending arrangement of the kind described in section 263B of the Taxation of Chargeable Gains Act 1992 (without extension by section 263C), but only if:
- 25.4.1 all the terms of the agreement under which securities are to be reacquired by the Depositary for the account of the Fund, are in a form which is acceptable to the Depositary and are in accordance with good market practice;
 - 25.4.1.1 the counterparty is:
 - 25.4.1.2 an authorised person; or
 - 25.4.1.3 a person authorised by a Home State regulator; or
 - 25.4.1.4 a person registered as a broker-dealer with the Securities and Exchange Commission of the United States of America; or
 - 25.4.1.5 a bank, or a branch of a bank, supervised and authorised to deal in investments as principal, with respect to OTC derivatives by at least one of the following federal banking supervisory authorities of the United States of America:
 - (a) the Office of the Comptroller of the Currency;
 - (b) the Federal Deposit Insurance Corporation;
 - (c) the Board of Governors of the Federal Reserve System; and
 - (d) the Office of Thrift Supervision, and
 - 25.4.2 collateral is obtained to secure the obligation of the counterparty under the terms referred to in paragraph 25.4.1 and the collateral is:
 - 25.4.3 acceptable to the depositary;
 - 25.4.4 adequate; and
 - 25.4.5 sufficiently immediate.
- 25.5 The counterparty for the purpose of paragraph 25.1 is the person who is obliged under the agreement referred to in paragraph 25.4.1 to transfer to the depositary the securities transferred by the depositary under the stock lending arrangement or securities of the same kind.
- 25.6 Paragraph 25.4.2 does not apply to a stock lending transaction made through Euroclear Bank SA/NV's Securities Lending and Borrowing Programme.
- 25.7 The counterparties of stock transactions will be highly-rated financial institutions specialised in this type of transaction and approved by the Investment Manager. Counterparties are selected taking into account criteria which include legal status, country of origin and minimum credit ratings. Counterparties will normally carry a minimum "A" rating from at least one of Fitch, Moody's and S&P. The counterparties will be entities with legal personality, typically located in OECD jurisdictions and generally limited to the major financial institutions in leading economies. They will be subject to ongoing supervision by a public authority and be financially sound. Eligible collateral types are approved by the Investment Manager and may consist of UK gilts, certificates of deposit, treasury bills, sovereign debt, euro sterling bonds

and equities. Valuations are carried out daily and a margin is applied to collateral transactions so that, depending on the combination of securities on loan and the type of collateral received, the value of collateral required will generally range from 102.5% to 110% of the value of securities on loan. However market volatility increases the risk that collateral received on such transactions may have a market value lower than that of the stock lent. If this scenario coincided with a counterparty default this could result in a reduction in the value of a fund, however in normal circumstances the Stock Lending Agent's indemnity would cover any shortfall arising.

- 25.8 The Depositary must ensure that the value of the collateral at all times is at least equal to the value of the securities transferred by the Depositary. This duty may be regarded as satisfied in respect of collateral the validity of which is about to expire or has expired where the Depositary takes reasonable care to determine that sufficient collateral will again be transferred at the latest by the close of business on the day of expiry.
- 25.9 Any agreement for transfer at a future date of securities or of collateral (or of the equivalent of either) may be regarded, for the purposes of valuation under the COLL Sourcebook, as an unconditional agreement for the sale or transfer of property, whether or not the property is part of the property of the Fund.
- 25.10 The maximum proportion of the assets under management of each of the Funds which can be subject to stock lending is 75%.
- 25.11 The expected maximum proportion of the assets under management of each of the Funds that, in practice, could be subject to stock lending is 75%. However, the maximum amount of any single stock held that can be on loan at one time depends on the nature of the stock, and could be up to 50%. This reflects the ACD's internal policy, with full transparency in place by way of daily reporting received from the Stocklending Agent.

26. **Schemes replicating an index**

- 26.1 A Fund may invest up to 20% in value of the Scheme Property in shares and debentures which are issued by the same body where the stated investment policy is to replicate the composition of a relevant index as defined below.
- 26.2 The 20% limit can be raised for a particular Fund up to 35% in value of the Scheme Property, but only in respect of one body and where justified by exceptional market conditions.
- 26.3 In the case of a Fund replicating an index the Scheme Property of a Fund need not consist of the exact composition and weighting of the underlying in the relevant index where deviation from this is expedient for reasons of poor liquidity or excessive cost to the scheme in trading in an underlying investment.
- 26.4 The indices referred to above are those which satisfy the following criteria:
- 26.4.1 the composition is sufficiently diversified;
 - 26.4.2 the index is a representative benchmark for the market to which it refers; and
 - 26.4.3 the index is published in an appropriate manner.

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

- 27.1 A Fund may invest in derivatives and forward transactions as long as the exposure to which the Fund is committed by that transaction itself is suitably covered from within its Scheme Property of a Fund. Exposure will include any initial outlay in respect of that transaction.
- 27.2 Cover ensures that a Fund is not exposed to the risk of loss of property, including money, to an extent greater than the net value of the Scheme Property. Therefore, a Fund must hold Scheme Property sufficient in value or amount to match the exposure arising from a

derivative obligation to which the Fund is committed. Detailed requirements for cover of a Fund are set out below.

- 27.3 A future is to be regarded as an obligation to which the Fund is committed (in that, unless closed out, the future will require something to be delivered, or accepted and paid for; a written option as an obligation to which the scheme is committed (in that it gives the right of potential exercise to another thereby creating exposure); and a bought option as a right (in that the purchaser can, but need not, exercise the right to require the writer to deliver and accept and pay for something).
- 27.4 Cover used in respect of one transaction in derivatives or forward transaction must not be used for cover in respect of another transaction in derivatives or a forward transaction.
- 27.5 A transaction in derivatives or forward transaction is to be entered into only if the maximum exposure, in terms of the principal or notional principal created by the transaction to which the scheme is or may be committed by another person is covered globally.
- 27.6 Exposure is covered globally if adequate cover from within the Scheme Property is available to meet the scheme's total exposure, taking into account the value of the underlying assets, any reasonably foreseeable market movement, counterparty risk, and the time available to liquidate any positions.
- 27.7 Cash not yet received into the Scheme Property but due to be received within one month is available as cover.
- 27.8 Property the subject of a stock lending transaction is only available for cover if the ACD has taken reasonable care to determine that it is obtainable (by return or re-acquisition) in time to meet the obligation for which cover is required.
- 27.9 The global exposure relating to derivatives may not exceed the net value of the Scheme Property.

28. **Cover and Borrowing**

- 28.1 Cash obtained from borrowing, and borrowing which the ACD reasonably regards an Eligible Institution or an Approved Bank to be committed to provide, is available for cover under paragraph 27 of this Appendix as long as the normal limits on borrowing (see below) are observed.
- 28.2 Where, for the purposes of this paragraph the Company borrows an amount of currency from an Eligible Institution or an Approved Bank; and keeps an amount in another currency, at least equal to such borrowing for the time on deposit with the lender (or his agent or nominee), then this applies as if the borrowed currency, and not the deposited currency, were part of the Scheme Property, and the normal limits on borrowing under paragraph 32 (Borrowing powers) of this Appendix do not apply to that borrowing.

29. **Cash and near cash**

- 29.1 Cash and near cash must not be retained in the Scheme Property of a Fund except to the extent that, where this may reasonably be regarded as necessary in order to enable:
 - 29.1.1 the redemption of units or shares; or
 - 29.1.2 efficient management of the Fund in accordance with its investment objective; or
 - 29.1.3 other purposes which may reasonably be regarded as ancillary to the investment objective of the Fund.
- 29.2 During the period of the initial offer the Scheme Property may consist of cash and near cash without limitation.

30. **General**

- 30.1 It is envisaged that the Funds will normally be fully invested but there may be times that it is appropriate not to be fully invested when the ACD reasonably regards this as necessary in order to enable the redemption of units or shares, efficient management of the Fund or any one purpose which may reasonably be regarded as ancillary to the investment objective of the Fund.
- 30.2 No Fund may invest in the Shares of another Fund of the Company.
- 30.3 Where a Fund invests in or disposes of units or shares in another collective investment scheme which is managed or operated by the ACD or an associate of the ACD, the ACD must pay to the Fund by the close of business on the fourth business day the amount of any preliminary charge in respect of a purchase, and in the case of a sale, any charge made for the disposal.
- 30.4 A potential breach of any of these limits does not prevent the exercise of rights conferred by investments held by the Fund but, in the event of a consequent breach, the ACD must then take such steps as are necessary to restore compliance with the investment limits as soon as practicable having regard to the interests of Shareholders.

31. **Underwriting**

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

32. **Borrowing powers**

- 32.1 The ACD may, on the instructions of the Fund and subject to the COLL Sourcebook, borrow money from an Eligible Institution or an Approved Bank for the use of the Fund on terms that the borrowing is to be repayable out of the Scheme Property.
- 32.2 Borrowing must be on a temporary basis, must not be persistent, and in any event must not exceed three months without prior consent of the Depositary, which may be given only on such conditions as appear appropriate to the Depositary to ensure that the borrowing does not cease to be on a temporary basis.
- 32.3 The ACD must ensure that borrowing does not, on any business day, exceed 10% of the value of the Fund.
- 32.4 These borrowing restrictions do not apply to "back to back" borrowing for currency hedging purposes (i.e. borrowing permitted in order to reduce or eliminate risk arising by reason of fluctuations in exchange rates).

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

- 33.1 Scheme Property other than money must not be lent by way of deposit or otherwise.
- 33.2 Transactions permitted by paragraph 25 (Stock lending) are not to be regarded as lending for the purposes of paragraph 33.1.
- 33.3 Nothing in this paragraph prevents the Depositary at the request of the ACD from lending, depositing, pledging or charging Scheme Property for margin requirements where transactions in derivatives or forward transactions are used for the account of the Company in accordance with COLL 5.

34. **Restrictions on lending of money**

- 34.1 None of the money in the Scheme Property may be lent and, for the purposes of this paragraph, money is lent by the Fund if it is paid to a person ("the payee") on the basis that it should be repaid, whether or not by the payee.

34.2 Acquiring a debenture is not lending for the purposes of paragraph 34.1, nor is the placing of money on deposit or in a current account.

35. **Guarantees and indemnities**

35.1 The Depositary, for the account of a Fund, must not provide any guarantees or indemnity in respect of the obligation of any person.

35.2 Scheme Property may not be used to discharge any obligation arising under a guarantee or indemnity with respect to the obligation of any person.

35.3 Paragraphs 35.1 and 35.2 do not apply to any indemnity or guarantee given for margin requirements where derivatives or forward transactions are being used or an indemnity given to a person winding up a body corporate or other scheme in circumstances where share assets are becoming part of the Scheme Property by way of unitisation.

36. **Concentration**

36.1 A UCITS Scheme:

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

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

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

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

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

36.1.4 must not acquire more than 10% of the money market instruments issued by any single body;

36.1.5 need not comply with the limits in paragraphs 36.1.2, 36.1.3 and 36.1.4 of this Appendix if, at the time of the acquisition, the net amount in issue of the relevant investment cannot be calculated.

APPENDIX IV

PAST PERFORMANCE

FUND NAME	30/06/2016 TO 30/06/2017	30/06/2015 TO 30/06/2016	30/06/2014 TO 30/06/2015	30/06/2013 TO 30/06/2014	30/06/2012 TO 30/06/2013
F&C Responsible Global Equity 1 Acc	24.56	9.06	16.37	3.63	23.45
F&C Responsible UK Equity Growth 1 Inc	24.21	-4.30	10.49	14.10	21.44
F&C Responsible UK Income 1 Inc	18.26	-2.91	10.92	12.04	20.74

Total return on mid to mid-price basis with no allowance for initial charges. Past performance is not necessarily a guide to future performance.

APPENDIX V

The Depositary has delegated those safekeeping duties set out in Article 22(5)(a) of the UCITS Directive to State Street Bank and Trust Company with registered office at Copley Place, 100 Huntington Avenue, Boston, Massachusetts 02116, USA, with an office at 20 Churchill Place, Canary Wharf, London E14 5HJ, UK, whom it has appointed as its global sub-custodian.

At the date of this prospectus State Street Bank and Trust Company as global sub-custodian has appointed local sub-custodians within the State Street Global Custody Network as listed below. An up-to-date version of this list may be obtained from the ACD on request.

Market	Sub-custodian
Albania	Raiffeisen Bank sh.a.
Argentina	Citibank, N.A., Buenos Aires
Australia	The Hongkong and Shanghai Banking Corporation Limited
Austria	Deutsche Bank AG UniCredit Bank Austria AG
Bahrain	HSBC Bank Middle East Limited (as delegate of The Hongkong and Shanghai Banking Corporation Limited)
Bangladesh	Standard Chartered Bank
Belgium	Deutsche Bank AG, Netherlands (operating through its Amsterdam branch with support from its Brussels branch)
Benin	via Standard Chartered Bank Côte d'Ivoire S.A., Abidjan, Ivory Coast
Bermuda	HSBC Bank Bermuda Limited
Federation of Bosnia and Herzegovina	UniCredit Bank d.d.
Botswana	Standard Chartered Bank Botswana Limited
Brazil	Citibank, N.A.
Bulgaria	Citibank Europe plc, Bulgaria Branch UniCredit Bulbank AD
Burkina Faso	via Standard Chartered Bank Côte d'Ivoire S.A., Abidjan, Ivory Coast
Canada	State Street Trust Company Canada
Chile	Banco Itaú Chile S.A.
People's Republic of China	HSBC Bank (China) Company Limited (as delegate of The Hongkong and Shanghai Banking Corporation Limited) China Construction Bank Corporation (for A-share market only) Citibank N.A. (for Shanghai – Hong Kong Stock Connect market only) The Hongkong and Shanghai Banking Corporation Limited (for Shanghai – Hong Kong Stock Connect market only) Standard Chartered Bank (Hong Kong) Limited (for Shanghai – Hong Kong Stock Connect market)
Colombia	Cititrust Colombia S.A. Sociedad Fiduciaria

Costa Rica	Banco BCT S.A.
Croatia	Privredna Banka Zagreb d.d.
	Zagrebacka Banka d.d.
Cyprus	BNP Paribas Securities Services, S.C.A., Greece (operating through its Athens branch)
Czech Republic	Československá obchodní banka, a.s.
	UniCredit Bank Czech Republic and Slovakia, a.s.
Denmark	Nordea Bank AB (publ), Sweden (operating through its subsidiary, Nordea Bank Danmark A/S)
	Skandinaviska Enskilda Banken AB (publ), Sweden (operating through its Copenhagen branch)
Egypt	HSBC Bank Egypt S.A.E. (as delegate of The Hongkong and Shanghai Banking Corporation Limited)
Estonia	AS SEB Pank
Finland	Nordea Bank AB (publ), Sweden (operating through its subsidiary, Nordea Bank Finland Plc.)
	Skandinaviska Enskilda Banken AB (publ), Sweden (operating through its Helsinki branch)
France	Deutsche Bank AG, Netherlands (operating through its Amsterdam branch with support from its Paris branch)
Republic of Georgia	JSC Bank of Georgia
Germany	State Street Bank GmbH
	Deutsche Bank AG
Ghana	Standard Chartered Bank Ghana Limited
Greece	BNP Paribas Securities Services, S.C.A.
Guinea-Bissau	via Standard Chartered Bank Côte d'Ivoire S.A., Abidjan, Ivory Coast
Hong Kong	Standard Chartered Bank (Hong Kong) Limited
Hungary	Citibank Europe plc Magyarországi Fióktelepe
	UniCredit Bank Hungary Zrt.
Iceland	Landsbankinn hf.
India	Deutsche Bank AG
	The Hongkong and Shanghai Banking Corporation Limited
Indonesia	Deutsche Bank AG
Ireland	State Street Bank and Trust Company, United Kingdom branch
Israel	Bank Hapoalim B.M.
Italy	Deutsche Bank S.p.A.
	Intesa Sanpaolo S.p.A.
Ivory Coast	Standard Chartered Bank Côte d'Ivoire S.A.

Jamaica	Scotia Investments Jamaica Limited
Japan	Mizuho Bank, Limited The Hongkong and Shanghai Banking Corporation Limited
Jordan	Standard Chartered Bank
Kazakhstan	JSC Citibank Kazakhstan
Kenya	Standard Chartered Bank Kenya Limited
Republic of Korea	Deutsche Bank AG The Hongkong and Shanghai Banking Corporation Limited
Kuwait	HSBC Bank Middle East Limited (as delegate of The Hongkong and Shanghai Banking Corporation Limited)
Latvia	AS SEB banka
Lithuania	AB SEB bankas
Luxembourg	Clearstream Banking S.A., Luxembourg
Malawi	Standard Bank Limited
Malaysia	Deutsche Bank (Malaysia) Berhad Standard Chartered Bank Malaysia Berhad
Mali	via Standard Chartered Bank Côte d'Ivoire S.A., Abidjan, Ivory Coast
Mauritius	The Hongkong and Shanghai Banking Corporation Limited
Mexico	Banco Nacional de México, S.A.
Morocco	Citibank Maghreb
Namibia	Standard Bank Namibia Limited
Netherlands	Deutsche Bank AG
New Zealand	The Hongkong and Shanghai Banking Corporation Limited
Niger	via Standard Chartered Bank Côte d'Ivoire S.A., Abidjan, Ivory Coast
Nigeria	Stanbic IBTC Bank Plc.
Norway	Nordea Bank AB (publ), Sweden (operating through its subsidiary, Nordea Bank Norge ASA) Skandinaviska Enskilda Banken AB (publ), Sweden (operating through its Oslo branch)
Oman	HSBC Bank Oman S.A.O.G. (as delegate of The Hongkong and Shanghai Banking Corporation Limited)
Pakistan	Deutsche Bank AG
Panama	Citibank, N.A.
Peru	Citibank del Perú, S.A.
Philippines	Deutsche Bank AG

Poland	Bank Handlowy w Warszawie S.A. Bank Polska Kasa Opieki S.A
Portugal	Deutsche Bank AG, Netherlands (operating through its Amsterdam branch with support from its Lisbon branch)
Puerto Rico	Citibank N.A.
Qatar	HSBC Bank Middle East Limited (as delegate of The Hongkong and Shanghai Banking Corporation Limited)
Romania	Citibank Europe plc, Dublin – Romania Branch
Russia	AO Citibank
Saudi Arabia	HSBC Saudi Arabia Limited (as delegate of The Hongkong and Shanghai Banking Corporation Limited)
Senegal	via Standard Chartered Bank Côte d’Ivoire S.A., Abidjan, Ivory Coast
Serbia	UniCredit Bank Serbia JSC
Singapore	Citibank N.A. United Overseas Bank Limited
Slovak Republic	UniCredit Bank Czech Republic and Slovakia, a.s.
Slovenia	UniCredit Banka Slovenija d.d.
South Africa	FirstRand Bank Limited Standard Bank of South Africa Limited
Spain	Deutsche Bank S.A.E.
Sri Lanka	The Hongkong and Shanghai Banking Corporation Limited
Republic of Srpska	UniCredit Bank d.d.
Swaziland	Standard Bank Swaziland Limited
Sweden	Nordea Bank AB (publ) Skandinaviska Enskilda Banken AB (publ)
Switzerland	Credit Suisse AG UBS Switzerland AG
Taiwan – R.O.C.	Deutsche Bank AG Standard Chartered Bank (Taiwan) Limited
Tanzania	Standard Chartered Bank (Tanzania) Limited
Thailand	Standard Chartered Bank (Thai) Public Company Limited
Togo	via Standard Chartered Bank Côte d’Ivoire S.A., Abidjan, Ivory Coast
Tunisia	Union Internationale de Banques
Turkey	Citibank, A.Ş. Deutsche Bank A.Ş.
Ukraine	PJSC Citibank
United Arab Emirates	HSBC Bank Middle East Limited (as delegate of The Hongkong and Shanghai Banking Corporation Limited)

Dubai Market	Financial	
United Arab Emirates Dubai International Financial Center	Arab	HSBC Bank Middle East Limited (as delegate of The Hongkong and Shanghai Banking Corporation Limited)
United Arab Emirates Abu Dhabi	Arab	HSBC Bank Middle East Limited (as delegate of The Hongkong and Shanghai Banking Corporation Limited)
United Kingdom		State Street Bank and Trust Company, United Kingdom branch
United States		State Street Bank and Trust Company, Boston
Uruguay		Banco Itaú Uruguay S.A.
Vietnam		HSBC Bank (Vietnam) Limited (as delegate of The Hongkong and Shanghai Banking Corporation Limited)
Zambia		Standard Chartered Bank Zambia Plc.
Zimbabwe		Stanbic Bank Zimbabwe Limited (as delegate of Standard Bank of South Africa Limited)

DIRECTORY

ACD and The Company:

Administration and Registration:

F&C Administration Centre
PO Box 9040
Chelmsford
Essex CM99 2XH

ACD Head and Registered Office:

F&C Fund Management Limited
Exchange House
Primrose Street
London
EC2A 2NY

Depository:

State Street Trustees Limited
20 Churchill Place
London E14 5HJ

Investment Manager:

F&C Management Limited
Exchange House
Primrose Street
London
EC2A 2NY

Fund Accounting Services:

State Street Bank and Trust Company, London Branch
20 Churchill Place
London E14 5HJ

Legal Advisers:

Eversheds Sutherland
One Wood Street
London EC2V 7WS

Auditors:

PricewaterhouseCoopers LLP
Erskine House
68-73 Queen Street
Edinburgh
EH2 4NH