

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

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

PROSPECTUS

OF

DMS Sequel Investment Funds ICVC II

**(An open-ended investment company
incorporated with limited liability and
registered in England and Wales
under registered number IC000460 and PRN 452929)**

This document constitutes the Prospectus for **DMS Sequel Investment Funds ICVC II** which has been prepared in accordance with the Collective Investment Schemes Sourcebook.

This Prospectus is dated and is valid as at 7 February 2020.

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

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No person has been authorised by the Company 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. The delivery of this Prospectus (whether or not accompanied by any reports) or the issue of Shares shall not, under any circumstances, create any implication that the affairs of the Company have not changed since the date hereof.

This Prospectus is intended for distribution in the United Kingdom. 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 under the United States Securities Act of 1933, as amended. They may not be offered or sold in the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia or offered or sold to US Persons. The Company has not been and will not be registered under the United States Investment Company Act of 1940, as amended. The ACD has not been registered under the United States Investment Managers Act of 1940. Shares in the Company are not available for investment by US Persons.

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 and a copy of the Instrument of Incorporation is available on request from DMS Investment Management Services (UK) Limited.

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

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

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.

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

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

By signing the application form to subscribe for Shares, each prospective Shareholder is agreeing to provide information upon request to the ACD or its agent. If a Shareholder does not provide the necessary information, the ACD will be required to report it to HM Revenue & Customs.

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

1. **DEFINITIONS**

"ACD"	DMS Investment Management Services (UK) Limited , the Authorised Corporate Director of the Company;
"ACD Agreement"	an agreement between the Company and the ACD;
"Act"	the Financial Services and Markets Act 2000;
"Administrator"	CACEIS Bank UK Branch or such other entity as is appointed to act as the Administrator to the Company from time to time;
"Approved Bank"	(in relation to a bank account opened by the Company): (a) if the account is opened at a branch in the United Kingdom: (i) the Bank of England; or (ii) the central bank of a member state of the OECD; or (iii) a bank; or (iv) a building society; or (v) a bank which is supervised by the central bank or other banking regulator of a member state of the OECD; or (b) if the account is opened elsewhere: (i) a bank in (a); or (ii) a credit institution established in an EEA State other than in the United Kingdom and duly authorised by the relevant Home State Regulator; or (iii) a bank which is regulated in the Isle of Man or the Channel Islands; or (iv) a bank supervised by the South African Reserve Bank;
"Auditor"	Grant Thornton UK LLP, or such other entity as is appointed to act as Auditor to the Company from time to time;

"Business Day"	a Dealing Day;
"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 from time to time;
"Company"	DMS Sequel Investment Funds ICVC II;
"Conversion"	the conversion of Shares in one Class in a Fund to Shares of another Class in the same Fund and "Convert" shall be construed accordingly;
"Dealing Day"	Monday to Friday excluding UK public and bank holidays or any day on which the London Stock Exchange is not open for the normal full duration of its trading hours;
"Depository"	CACEIS Bank UK Branch or such other entity as is appointed to act as Depository;
"EEA State"	a member state of the European Union and any other state which is within the European Economic Area;
"Efficient Portfolio Management" or "EPM"	as defined in paragraph 20 of Appendix III;
"the FCA"	the Financial Conduct Authority or any other regulatory body which may assume its regulatory responsibilities from time to time;
"the FCA Handbook"	the FCA Handbook of Rules and Guidance, as amended from time to time;
"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 as detailed in Appendix I and amended from time to time;
"Investment Adviser"	Sequel Investments Limited, as the Investment Adviser to the ACD in respect of the DMS Sequel Cautious Income Strategy

	Fund, DMS Sequel Global Target Income Strategy Fund, DMS Sequel Cautious Target Return Strategy Fund, DMS Sequel Balanced Target Return Strategy Fund and DMS Sequel Growth Target Return Strategy Fund;
“Investment Manager”	Seneca Investment Managers Limited, as the Investment Manager in respect of the Funds;
“ISA”	an individual savings account under The Individual Savings Account Regulations 1998 (as amended);
“Net Asset Value” or “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;
“Register”	the register of Shareholders of the Company;
“Registrar”	DMS Investment Management Services (UK) Limited or such other entity as is appointed to act as the Registrar to the Company from time to time;
“Regulations”	the OEIC Regulations and the FCA Handbook (including the COLL Sourcebook);
“Scheme Property”	the scheme property of the Company required under the COLL Sourcebook to be given for safekeeping to the Depositary;
“Share” or “Shares”	a share or shares in the Company (including larger denomination shares, and smaller denomination shares equivalent to one thousandth of a larger denomination share);
“Shareholder”	a holder of registered Shares in the Company;
“Sponsor”	Sequel Investments Limited, the Sponsor of the Company;
“Switch”	the exchange of Shares of one Class in a Fund for Shares in a Class in another Fund of the Company or (as the context may require) the act of so exchanging and “Switching” shall be construed accordingly;
“Transfer Agent”	

FNZ TA Services Limited, or such other entity as is appointed to act as the Transfer Agent to the Company from time to time;

“UCITS Directive”

a Council Directive of 20 December 1985 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (as amended);

“UCITS Scheme”

a collective investment scheme authorised by the FCA which complies with the conditions necessary for it to enjoy the rights conferred by the UCITS Directive;

“US Persons”

a person who falls within the definition of “US Person” as defined in rule 902 of regulation S of the United States Securities Act 1933;

“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 of a Class may be issued, cancelled or redeemed. For details of the Valuation Point of a Fund please see Appendix I; and

“VAT”

value added tax.

2. DETAILS OF THE COMPANY

2.1 General

2.1.1 DMS Sequel Investment Funds ICVC II (the “Company”) is an investment company with variable capital incorporated in England and Wales under registered number IC000460 and authorised by the FCA with effect from 8 August 2006. The Company has an unlimited duration. The Company is a UCITS Scheme as defined in COLL and also an umbrella company for the purposes of the OEIC Regulations.

Shareholders are not liable for the debts of the Company. All communications in relation to this Prospectus shall be in English.

The ACD is also the authorised corporate director of certain other open-ended investment companies details of which are set out in Appendix IV.

2.1.2 Head Office

The head office of the Company is at 2nd Floor, 20-22 Bedford Row, Holborn, London WC1R 4EB.

2.1.3 **Address for Service**

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

2.1.4 **Base Currency**

The base currency of the Company and each Fund is pounds sterling.

2.1.5 **Share Capital**

Maximum £100,000,000,000

Minimum £1

Shares have no par value. The Share capital of the Company at all times equals the sum of the net asset values of each of the Funds.

Shares in the Company may be marketed in other EEA States and in countries outside the European Union and European Economic Area, subject to the Regulations, and any regulatory constraints in those countries, if the ACD so decides.

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

2.2 **The Structure of the Company**

2.2.1 **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. Please note that 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 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. 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 the Funds, including their investment objectives and policies, 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 type of Fund is set out in Appendix III.

Each Fund has a specific portfolio to which that Fund's assets and liabilities are attributable. So far as the Shareholders are concerned, each Fund is treated as a separate entity.

The Funds are 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 the Company and any other Fund and shall not be available for any such purpose.

Subject to the above, each Fund will be charged with the liabilities, expenses, costs and charges of the Company attributable to that Fund, and within each Fund charges will be allocated between Classes in accordance with the terms of issue of Shares of those Classes. Any assets, liabilities, expenses, costs or charges not attributable to a particular 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.

2.2.2 Shares

Classes of Shares within the Funds

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

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

Further Classes of Share may be established from time to time by the ACD with the approval of the FCA, the agreement of the Depositary and in accordance with the Instrument of Incorporation. On the introduction of any new Fund or Class, either a revised prospectus or a supplemental prospectus will be prepared, setting out the details of each Fund or Class.

The base currency for each new Class of Shares will be determined at the date of creation and set out in the prospectus issued in respect of the new Class of Shares.

The Company is permitted to offer a regular savings facility and a regular capital withdrawal facility.

The net proceeds from subscriptions to a Fund will be invested in the specific pool of assets constituting that Fund. The Company will maintain for each current Fund a separate pool of assets, each invested for the exclusive benefit of the relevant Fund. The Company as a whole will be responsible for all obligations, whichever Fund such liabilities are attributable to, unless otherwise agreed with specific creditors.

To the extent that any Scheme Property of the Company, or any assets to be received as part of the Scheme Property, or any costs, charges or expenses to be paid out of the Scheme Property, are not attributable to one Fund only, the

ACD will allocate such Scheme Property, assets, costs, charges or expenses between Funds in a manner which is fair to all Shareholders of the Company.

Shares in the Company are not currently listed on any investment exchange.

The Company may issue Institutional Shares and Retail Shares, which may be denominated in pounds sterling (GBP). Each of these Shares may be available as both income and accumulation Shares in respect of each Fund. Further details of the Share Classes that may be issued and their criteria for subscription in respect of each Fund are set out in Appendix I. Details of which of the Share Classes are presently available in each Fund are set out in Appendix I.

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

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

The Instrument of Incorporation allows gross income and gross accumulation Shares to be issued as well as net income and net accumulation Shares. Net Shares are Shares in respect of which income allocated to them is distributed periodically to the relevant Shareholders (in the case of income Shares) or credited periodically to capital (in the case of accumulation Shares), in either case in accordance with relevant tax law, net of any tax deducted or accounted for by the Company. Gross Shares are income or accumulation Shares where, in accordance with relevant tax law, distribution or allocation of income is made without any tax being deducted or accounted for by the Company. The Funds issue only gross Shares. All references in this Prospectus are to gross Shares unless otherwise stated.

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

Shareholders are entitled (subject to certain restrictions) to (i) Convert all or part of their Shares in a Class for Shares of another Class within the same Fund or (ii) Switch all or part of their Shares in a Fund for Share of another Fund of the Company. Details of this Conversion and Switching facility and the restrictions are set out in paragraph 3.55 "Conversions and Switching".

3. BUYING, REDEEMING, CONVERTING AND SWITCHING SHARES

3.1 General

The ACD will accept instructions to purchase, redeem or exchange Shares in writing by post, eFax or scanned copy of the completed application by email (or by electronic messaging where there is a prior agreement in place with the ACD as further detailed below). For the initial subscription the original application will be required to follow by post. The dealing office is normally open from 9.00am to 5.00pm on any business day.

All dealings are at forward prices, such that instructions accepted on a Business Day prior to 12 noon will be priced at the 12 noon Valuation Point on the same day, instructions received after 12 noon on any Business Day will be priced at the 12 noon Valuation Point on the next Business Day.

Dealing instructions for all Funds, should be sent to DMS Investment Management Services (UK) Limited, c/o Transfer Agent, whose contact details are set out at Appendix VI.

Investors, with the agreement of the ACD, may buy or sell Shares via electronic messaging services such as EMX or SWIFT. Instructions to redeem Shares via such electronic methods constitute renunciation of Shares.

The ACD may accept instructions to effect a transfer or renunciation of title to Shares on the basis of an authority communicated by electronic means where there is a prior agreement between the ACD and the person making the communication as to (i) the electronic media by which such communications may be delivered; and (ii) how such communications will be identified as conveying the necessary authority. The ACD can request an assurance from any person who may give such authority on behalf of the Shareholder that they have obtained the required appointment in writing from the Shareholder.

3.2 **Manager's box**

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

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

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

3.3 **Buying Shares**

3.3.1 **Procedure**

Shares may be bought directly from the ACD or through a professional adviser or other intermediary. For details of dealing charges see paragraph 3.66 below. Application forms may be obtained from the ACD or the Transfer Agent.

Subject to its obligations under COLL, the ACD reserves the right to reject any application in whole or in part. In that event application monies or any balance will be returned to the applicant by bank transfer at the applicant's risk.

The ACD, at its discretion, has the right to cancel a purchase deal if settlement is materially overdue and any loss arising on such cancellation shall be the liability of the applicant. For postal applications payment in full must accompany the instruction. At the ACD's discretion, payment for large purchases of Shares may be made by telegraphic transfer.

A purchase of Shares by post, e Fax or email, or any other communication media made available is a legally binding contract. Applications to purchase, once made are, except in the case where cancellation rights are applied, irrevocable. However, subject to its obligations under the Regulations, the ACD has the right to reject, on reasonable grounds relating to the circumstances of the applicant, any application for Shares in whole or part, and in this event the ACD will return any money sent, or the balance of such monies, at the risk of the applicant.

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

Applicants who have received advice may have the right to cancel their application to buy Shares at any time during the 14 days after the date on which they receive a cancellation notice from the ACD. In the case of Investors who have received advice investing through the Regular Savings Plan, they may also have a right to cancel their application to buy Shares in respect of their initial subscription (but not for subsequent contributions under the plan) at any time during the 14 days after the date on which they receive a cancellation notice from the ACD. The ACD may extend cancellation rights to other investors but is under no obligation to do so. If an applicant decides to cancel the contract, and the value of the investment has fallen at the time the ACD receives the completed cancellation notice, they will not receive a full refund as an amount equal to any fall in value will be deducted from the sum originally invested.

Settlement is due within four business days of the Valuation Point. An order for the purchase of Shares will only be deemed to have been accepted by the ACD once it is in receipt of cleared funds for the application. If settlement is not made within a reasonable period, then the ACD has the right to cancel any Shares issued in respect of the application. In such cases, the ACD may charge the applicant for any resulting loss incurred by the ACD.

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

3.3.2 **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.

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.

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

3.3.3 **Minimum subscriptions and holdings**

The minimum initial subscription, subsequent subscription and holding levels for each Class of Share in a Fund are set out in Appendix I.

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

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

3.3.4 **Regular Savings**

A regular savings plan is available for some Classes of Shares. Details of the relevant Classes are set out in Appendix I. To invest in this way, Shareholders must complete and return to the ACD the relevant plan application form and direct debit form before contributions may begin.

Payments must be made via bank transfer and received prior to the due settlement date. Monthly contributions may be increased, decreased (subject to maintaining the minimum level of contribution) or stopped at any time by notifying such party as the ACD may direct. If, however, payments are not made into the Regular Savings Plan for more than twelve 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. Confirmations will not be issued to Shareholders investing through a Regular Savings Plan.

Contributions to the plan will normally be collected on a monthly basis usually on day of each month (or the next following Dealing Day) specified in Appendix I with Shares being allocated at the Share price ruling at the next following Valuation Point (subject to any applicable initial charge).

For Shares purchased through the Regular Savings Plan, the minimum monthly investment is stated in Appendix I.

Statements detailing all Share transactions will be sent out to all monthly savers at least on a six monthly basis.

3.4 **Redeeming Shares**

3.4.1 **Procedure**

Every Shareholder is entitled on any Dealing Day to redeem its Shares.

Valid instructions to the ACD to redeem Shares in a Fund will be processed at the Share price calculated, based on the Net Asset Value per Share, at the next Valuation Point following receipt of the instruction, except in the case where dealing in a Fund has been suspended.

The ACD will accept instructions to redeem Shares in the same manner as set out in paragraph 3.1 above. Email or eFax instructions must be confirmed in writing to the Transfer Agent prior to redemption proceeds being remitted. The contact details of the Transfer Agent for redemption instructions are at Appendix VI.

3.4.2 **Documents a redeeming Shareholder will receive**

A redemption contract note will be sent on or before the next business day following the relevant Dealing Day. Where the total consideration for the transaction would include a fraction of one penny it will be rounded up or down to the nearest penny.

Payment of redemption proceeds will normally be made by bank transfer to the first named Shareholder (at their risk), the ACD may recover any bank charge levied on such transfers. There may also be deducted, if the consideration is to be remitted abroad, the cost of remitting the proceeds (if any). . Instructions to make payments to third parties (other than intermediaries associated with the redemption) will not normally be accepted.

Such payment will be made not later than the close of business on the fourth Business Day after the later of the following times:

- 3.4.2.1 the Valuation Point immediately following the receipt by the ACD of the request to redeem the Shares; or
- 3.4.2.2 the time when the ACD has received all duly executed instruments and authorisations which effect (or enable the ACD to effect) transfer of title to the Shares.

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

3.4.3 **Minimum redemption**

Part of a Shareholder's holding may be redeemed but the ACD reserves the right to refuse a redemption request if the value of the Shares of any Fund to be redeemed is less than the minimum stated in respect of the appropriate Class in the Fund in question (see Appendix I). However the ACD may, by special arrangement and at its discretion, agree on an individual basis a lower amount in relation to the minimum redemption size.

3.4.4 **Regular withdrawal facility**

Shareholders may make regular capital withdrawals from the Funds (except in the case of the DMS Sequel Cautious Target Return Strategy Fund, DMS Sequel Balanced Target Return Strategy Fund and DMS Sequel Growth Target Return Strategy Fund), provided that the minimum holding requirements in respect of each Class are complied with. Shareholders should note that these payments constitute a withdrawal of capital and may erode capital growth of the relevant Fund(s).

3.5 **Conversions and Switching**

Subject to any restrictions on the eligibility of investors for a particular Share Class, a Shareholder in a Fund may i) Convert all or part of his Shares in one Class for another Class of Shares in the same Fund ii) Switch all or some of his Shares of one Class or Fund (the "Original Shares") for Shares of another Fund (the "New Shares") in the Company.

Conversions

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, he should apply to the ACD in the same manner as for a redemption as set out at 3.44.

Conversions will not be treated as a disposal for capital gains tax purposes. There shall be no charge payable on a Conversion.

Switches

The ACD may at its discretion make a charge on Switching. Any such charge on Switching does not constitute a separate charge payable by a Shareholder, but is rather the application of any redemption charge on the Original Shares and any initial charge on the New Shares, subject to certain waivers. For details of the charges on Switching currently payable, please see paragraph 3.6.3 "Charges on Switching".

If a partial Switch would result in the Shareholder holding a number of Original Shares or New Shares of a value which is less than the minimum holding in the Class concerned, the ACD may, if it thinks fit, 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.

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.

Please note that under UK tax law a Switch 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 Converts between Classes of Shares) will not be given a right by law to withdraw from or cancel the transaction.

3.6 Dealing Charges

The price per Share at which Shares are bought, redeemed or Switched is the Net Asset Value per Share. Any initial charge, or redemption charge, is deducted from the gross subscription or the proceeds of the redemption monies.

3.6.1 Initial Charge

The ACD may impose a charge payable by the Shareholder on the issue of Shares (the "initial charge"). This charge is calculated by reference to the issue price of the Shares purchased and is expressed as a percentage of the amount invested. The current initial charges applicable to Shares of each Fund are set out in Appendix I. The ACD may waive or discount the initial charge.

If at any time the current initial charge applicable to Shares of a particular Fund is increased, the ACD is required to give not less than 60 days prior notice in writing to all Shareholders before such increase may take effect. The ACD is also required to revise the Prospectus to reflect the new current rate and the date of its commencement.

3.6.2 Redemption Charge

The ACD may make a charge on the redemption of Shares in each Class. Please see Appendix I for details of which Funds apply a redemption charge.

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

There is currently no charge for redeeming Shares in any of the Classes.

3.6.3 Charges on Switching

The ACD has agreed that no charge will currently be made on a Switch of Shares in the Company.

If at any time a Switching charge is to be introduced the ACD is required to give not less than 60 days prior notice in writing to all Shareholders before such increase may take effect. The ACD is also required to revise the Prospectus to reflect the new current rate and the date of its commencement.

There shall be no charge payable on a Conversion of Shares in the Company.

3.6.4 **Dilution Levy**

Where the Company buys or sells underlying investments in response to a request for the issue or redemption of Shares, it will generally incur a cost, made up of dealing costs and any spread between the buying and selling prices of the investments concerned, which will not be reflected in the amount paid by or to the Shareholder. This effect is referred to as "dilution". It is not possible to predict accurately whether dilution will occur at any point in time.

With a view to reducing this cost (which, if material, disadvantages continuing Shareholders and could adversely affect the future growth of a particular Fund) the ACD is entitled to require payment of a "dilution levy" to be added to the issue price or deducted from the redemption price of Shares as appropriate. This levy is paid directly into the relevant Fund and it is intended to reduce the effect of dilution on the future growth of the Fund.

The ACD will normally charge a dilution levy of up to 0.5% of the price of the Share attributable to the Fund where:

- 3.6.4.1 the underlying transaction is a "large deal";
- 3.6.4.2 where a series of unrelated or related transactions on a Dealing Day when added together amount to a "large deal".
- 3.6.4.3 For these purposes, a "large deal" is a sale or purchase (or series of sales or purchases) with a gross value equal to or exceeding 5% of the total Fund value.

Historically the ACD has applied a dilution levy of up to 0.5% of the value of the deal for all large deals.

On occasions where the dilution levy is not applied, there may be an adverse impact on the future growth of the Fund.

3.7 **Money laundering and International Automatic Exchange of Information**

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

In order to comply with the legislation implementing the UK's obligations under various intergovernmental agreements relating to the automatic exchange of information to improve international tax compliance (including the United States provisions commonly known as FATCA), the ACD (or its agent) will collect and report information about Shareholders and their investments where required for this purpose, including information to verify their identity and tax status.

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

3.8 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. Completed instruments of transfer can be sent via eFax or email (including a scanned copy of the completed form) to the Transfer Agent before the Valuation Point on the relevant Dealing Day with the originals to follow. The transferor remains the holder until the name of the transferee has been entered in the register.

The ACD is not obliged to accept a transfer if it would result in the holder, or the transferee, holding less than the minimum holdings of Shares of the Class in question.

The ACD may require the payment of such reasonable fee as the ACD may determine for the registration of any grant of probate, letters of administration or any other documents relating to or affecting the title to any Share.

Please note that gross Shares are available only to certain categories of investors, and that prospective investors in these Shares must complete a Declaration of Eligibility and Undertaking (which may be obtained from the ACD) and return it to the ACD before the gross Shares can be transferred. At present, transfer of title by electronic communication is not accepted.

3.9 Compulsory Transfer and Redemption

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

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

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

3.10 Issue of Shares in exchange for in specie assets

The ACD may, by special arrangement and at its discretion, agree to arrange for the issue of Shares in exchange for assets other than cash but only if the Depositary is satisfied that acquisition of the assets in exchange for the Shares to be issued is not

likely to result in any material prejudice to the interests of Shareholders of the Fund concerned.

3.11 In specie redemptions

Where a Shareholder requests redemption of a number of Shares, the ACD at its discretion may, by serving a notice of election on the Shareholder not later than the close of business on the second Business Day following the day of receipt of the request, elect that the Shareholder shall not be paid the redemption price of his Shares but instead there shall be a transfer to that holder of property of the relevant Fund having the appropriate value. Where such a notice is so served on a Shareholder, the Shareholder may serve a further notice on the ACD not later than the close of business on the fourth Business Day following the day of receipt by the Shareholder of the first mentioned notice requiring the ACD, instead of arranging for a transfer of property, to arrange for a sale of that property and the payment to the Shareholder of the net proceeds of that sale. The Depositary must take reasonable care to ensure that the property concerned would not be likely to result in any material prejudice to the interests of Shareholders.

3.12 Suspension of dealings in the Company or a Fund

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

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

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

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

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

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

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

3.13 **Deferred redemption**

In times of high levels of redemption in Shares of DMS Sequel Cautious Target Return Strategy Fund, DMS Sequel Balanced Target Return Strategy Fund and DMS Sequel Growth Target Return Strategy Fund only, the ACD may permit deferral of redemptions to the next Valuation Point where the total value of the redemptions requested together represent over 10% of the Fund's net asset value. In these circumstances, redemption requests up to the 10% level will be met on a pro rata basis and all requests above that level will be deferred until the next Valuation Point. Such deferred redemptions shall be met in priority to that day's redemption requests.

3.14 **Market timing and late trading policy**

The ACD may refuse to accept a new subscription, or a Switch from another Fund or a Conversion if it has reasonable grounds for refusing to accept a subscription or a Switch or a Conversion. In particular, the ACD may exercise this discretion if it believes the Shareholder has been or intends to engage in market timing activities.

For these purposes, market timing activities include investment techniques which involve short term trading in and out of Shares generally to take advantage of variation in the price of Shares between the Valuation Point of the Company. Short term trading of this nature may often be detrimental to long term Shareholders, in particular the frequency of dealing may lead to additional dealing costs which can affect long term performance.

Late Trading is not permitted. "Late Trading" is defined as the acceptance of a subscription, redemption or Switch order received after the Fund's applicable Valuation Point for that Dealing Day. As such, orders will not be accepted using the price established at the Valuation Point for that Dealing Day if orders are received after that time. Late Trading will not include a situation in which the ACD is satisfied that orders which are received after the Valuation Point have been made by investors before then (e.g. where the transmission of an order has been delayed for technical reasons).

3.15 **Governing law**

All deals in Shares are governed by English law.

4. **VALUATION OF THE COMPANY**

4.1 **General**

There is only a single price for Shares. 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 on each Dealing Day at the Valuation Point of the Fund. For details of the Valuation Point of a Fund please see Appendix I.

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

Valuations will not be made during a period of suspension of dealings (see "Suspension of dealings in the Company or a Fund" at 3.122 above).

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

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

4.2 **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.

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

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

4.2.2.1 units or shares in a collective investment scheme:

- (a) if a single price for buying and selling units or shares is quoted, at that price; or
- (b) if separate buying and selling prices are quoted, at the average of the two prices provided the buying price has been reduced by any initial charge included therein and the selling price has been increased by any exit or redemption charge attributable thereto; or
- (c) if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no recent price exists, at a value which, in the opinion of the ACD, is fair and reasonable;

4.2.2.2 exchange-traded derivative contracts:

- (a) if a single price for buying and selling the exchange-traded derivative contract is quoted, at that price; or
- (b) if separate buying and selling prices are quoted, at the average of the two prices;

4.2.2.3 over-the-counter derivative contracts shall be valued in accordance with the method of valuation as shall have been agreed between the ACD and the Depositary;

4.2.2.4 any other investment:

- (a) if a single price for buying and selling the security is quoted, at that price; or
- (b) if separate buying and selling prices are quoted, at the average of the two prices; or
- (c) if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if the most recent price available does not reflect the ACD's best estimate of the value, at a value which, in the opinion of the ACD, is fair and reasonable;

4.2.2.5 property other than that described in 4.2.2.1-4.2.2.4 above:

at a value which, in the opinion of the ACD, represents a fair and reasonable mid-market price.

- 4.2.3 Cash and amounts held in current and deposit accounts and in other time-related deposits shall be valued at their nominal values.
- 4.2.4 In determining the value of the Scheme Property, all instructions given to issue or cancel Shares shall be assumed (unless the contrary is shown) to have been carried out and any cash payment made or received and all consequential action required by the Regulations or this Instrument of Incorporation shall be assumed (unless the contrary has been shown) to have been taken.
- 4.2.5 Subject to paragraphs 4.2.6 and 4.2.7 below, agreements for the unconditional sale or purchase of property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and, in the opinion of the ACD, their omission shall not materially affect the final net asset amount.
- 4.2.6 Futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under paragraph 4.2.5.
- 4.2.7 All agreements are to be included under paragraph 4.2.5 which are, or ought reasonably to have been, known to the person valuing the property assuming that all other persons in the ACD's employment take all reasonable steps to inform it immediately of the making of any agreement.
- 4.2.8 Deduct an estimated amount for anticipated tax liabilities on unrealised capital gains where the liabilities have accrued and are payable out of the property of the scheme, on realised capital gains in respect of previously completed and current accounting periods and on income where liabilities have accrued including (as applicable and without limitation) capital gains tax, income tax, corporation tax and advance corporation tax, value added tax, stamp taxes and foreign transfer and financial transaction taxes.
- 4.2.9 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.

- 4.2.10 Deduct the principal amount of any outstanding borrowings whenever payable and any accrued but unpaid interest on borrowings.
- 4.2.11 Add an estimated amount for accrued claims for tax of whatever nature which may be recoverable.
- 4.2.12 Add any other credits or amounts due to be paid into the Scheme Property.
- 4.2.13 Add a sum representing any interest or any income accrued due or deemed to have accrued but not received.
- 4.2.14 Currencies or values in currencies other than base currency or (as the case may be) the designated currency of a Fund shall be converted at the relevant Valuation Point at a rate of exchange that is not likely to result in any material prejudice to the interests of Shareholders or

4.3 **Price per Share in each Fund and each Class**

The price per Share at which Shares are bought or are redeemed is the Net Asset Value per Share. There will be a single price per Share. Any initial charge, or redemption charge is payable in addition to the price or deducted from the proceeds and is taken from the gross subscription or redemption monies.

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

4.4 **Fair value pricing**

Where the ACD has reasonable grounds to believe that:

- 4.4.1 no reliable price exists for a security (including a unit/share in a collective investment scheme) at a Valuation Point; or
- 4.4.2 the most recent price available does not reflect the ACD's best estimate of the value of the security (including a unit/share in a collective investment scheme) at the Valuation Point;

it can value an investment at a price which, in its opinion, reflects a fair and reasonable price for that investment (the fair value price).

4.5 **Pricing basis**

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

4.6 **Publication of prices**

The prices of Shares for each Class in each Fund will be posted on www.dmsgovernance.com. Prices can also be obtained by telephoning the Transfer Agent on +44 (0) 330 024 0785.

The ACD may also, at its sole discretion, decide to publish certain Share prices on third party websites or in publications but the ACD does not accept responsibility for the accuracy of the prices published in, or for the non-publication of prices by, these sources for reasons beyond the control of the ACD.

5. **RISK FACTORS**

Potential investors should consider the below risk factors before investing in the Company (or, in the case of specific risks applying to specific Funds, in those Funds). This list must not be taken to be comprehensive as there may be new risks that arise in the future which could not have been anticipated in advance. Also, the risk factors listed will apply to different Funds to different degrees, and for a given Fund this degree could increase or reduce through time.

5.1 **Past performance**

Past performance is not a guide to the future. The value of Shares and the income derived from them can go down as well as up and as a result the investor may not get back the amount originally invested. This can be as a result of market movements and also of variations in the exchange rates between currencies. The ACD's initial charge is deducted from an investment at the outset and an equivalent rise in the value of the Shares is required before the original investment can be recovered.

5.2 **Taxation**

The levels of relief from taxation will depend upon individual circumstances. Please note current tax levels and relief's may change and their value will depend on the investor's individual circumstances.

5.3 **Income**

The levels of income generated by the Funds will fluctuate and are not guaranteed.

5.4 **Charges attributable to the Funds**

Charges and expenses attributable to the Funds may be treated as capital charges and accordingly the imposition of such charges may constrain the capital growth of the Funds.

5.5 **Regular capital withdrawal payments**

Shareholders should note that payments under the terms of the regular capital withdrawal facility payments constitute a withdrawal of capital and may erode capital growth of the relevant Fund(s) if the amount withdrawn exceeds the growth and income earned by the Fund(s).

5.6 **Investing in other collective investment schemes**

The Funds may be invested principally, except DMS Sequel Global Target Income Strategy Fund and DMS Sequel Cautious Income Strategy Fund, in units in other collective investment schemes and therefore a substantial proportion of those Funds' assets may be invested in other collective investment schemes. The maximum level of annual management fees that may be charged by an investee collective investment scheme to the Company will be 2%. If the Company is invested in other collective investment schemes managed or operated by (or, in the case of an ICVC, whose

authorise corporate director is) the ACD, or an associate of the ACD then there will not be a charge in respect of the second scheme where such charges are levied for the issue and redemption of Shares.

There are risks associated with investing in investment fund vehicles including that the relevant fund could be terminated, fees and charges could change, the manager and/or trustee could be replaced.

Like other collective investment schemes established for the pooling of investments and the efficient management of those investments on behalf of a significant number of participants, there is a risk that in the event that the value of funds under management in a Fund is not of sufficient size, or if there is a large reduction in value over a short period of time, that the anticipated levels of efficiency may be adversely affected. The ACD has strategies and policies that are designed to reduce this risk. While the ACD cannot guarantee that this risk will be eliminated, the ACD will use its powers (for example its power to impose a dilution levy on redemptions in the event that a Fund were to reduce substantially in size) for the purpose of maintaining fair treatment of all Shareholders.

5.7 Efficient Portfolio Management

In certain circumstances, including for the purposes of Efficient Portfolio Management, the Investment Manager may enter into certain derivatives transactions, including, without limitation, forward transactions, futures and options. The value of these investments may fluctuate significantly. By holding these types of investments there is a risk of capital depreciation in relation to certain Fund assets. There is also the potential for capital appreciation of such assets.

5.8 Derivatives

Subject to the investment policy of a Fund, the Investment Manager may be permitted to enter into OTC derivatives for investment purposes and/or for Efficient Portfolio Management. In the event that the counterparty to the OTC derivative transaction was to fail to deliver on its promises under the transaction, the Fund would not be able to achieve its objectives. Under COLL the ACD is permitted to use such products, provided certain risk mitigation techniques such as collateral are used. However, the potential will still exist for a shortfall due to counterparty failures.

The DMS Sequel Global Target Income Strategy Fund, DMS Sequel Cautious Income Strategy Fund, DMS Sequel Cautious Target Return Strategy Fund, DMS Sequel Balanced Target Return Strategy Fund, DMS Sequel Growth Target Return Strategy Fund may also, upon providing 60 days' notice to the Shareholders, invest in derivatives and forward transactions for investment purposes.

COLL Sourcebook also permits a Fund to use derivatives to effectively short sell (agree to deliver the relevant asset without holding it in the scheme) under certain conditions. If a Fund uses derivatives to create short exposure, while there is the potential for a gain to be made when the underlying securities are falling in value there is also the risk of loss when the underlying is rising in value. The implication of such exposure is that the Fund's performance will be less closely related to the performance of the type of assets in which it will ordinarily invest.

5.9 Counterparty risk

The ACD may enter into collateral arrangements with counterparties in respect of derivative transactions undertaken on behalf of the Funds. Whilst the use of such collateral arrangements is required to comply with the investment and borrowing

powers applicable to UCITS schemes in COLL in respect of the use of collateral, investors should note that under the terms of such arrangements the counterparties in question will rank ahead of the Company's Shareholders as creditors to the Scheme Property in the event of default.

The Funds may be subject to the risk that a settlement in a transfer system does not take place as expected because a counterparty does not pay or deliver on time as expected.

5.10 Investing in overseas securities

Investments made by the Funds into overseas securities may not be traded in sterling and movements in exchange rates may cause the value of an investment to rise and fall.

5.11 Performance of the Funds

There will be a variation in the performance between different Funds with similar objectives due to the different assets selected. Funds will also diverge from their benchmarks depending on these selections. There is no guarantee of the performance of your investment.

5.12 Investment in concentrated portfolio of assets

Where the Funds invest in a concentrated portfolio of assets, short-term volatility could be relatively high which means that should a particular investment decline in value or is adversely affected, it may have a more pronounced effect of that within a Fund with a large number of investments.

5.13 Liquidity

Depending on the types of assets the Funds invest in, there may be occasions where there is an increased risk that a position cannot be liquidated in a timely manner at a reasonable price. This will usually occur where the Funds have invested in shares in smaller companies or in emerging markets for example, where the shares are traded less frequently.

5.14 Specified Return

Although the DMS Sequel Cautious Target Return Strategy Fund, the DMS Sequel Balanced Target Return Strategy Fund and the DMS Sequel Growth Target Strategy Return Strategy Fund seek to achieve a specified return over the full investment cycle, this objective may not be achieved and a Fund may experience negative returns. Investors should not interpret the Funds' investment objectives as an implication that the target return is guaranteed.

5.15 Laws and regulations

If a government or regulator introduces new laws and or regulations, this may have a negative effect on the value of securities or funds that the Funds invests in.

5.16 Economic, technological, political or legislative conditions

Economic, technological, political or legislative conditions and even market sentiment can (and do) change and this can mean that changes in the value of investment markets can affect the value of the investments in a Fund.

5.17 **Inflation risk**

Inflation will, over time, reduce the value of your investments in real terms.

5.18 **Liabilities of the Company and the Funds**

Whilst the provisions of the OEIC Regulations provide for segregated liability between Funds, the concept of segregated liability is relatively new. Accordingly, where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known whether a foreign court would give effect to the segregated liability and cross-investment provisions contained in the OEIC Regulations. Therefore, it is not possible to be certain whether the assets of a Fund will always be completely insulated from the liabilities of another Fund of the Company in every circumstance.

6. MANAGEMENT AND ADMINISTRATION

6.1 Regulatory Status

The ACD and the Investment Manager are authorised and regulated by the FCA of 12 Endeavour Square, London E20 1JN.

The Depositary is authorised in the UK by the Prudential Regulation Authority ("PRA") and the Financial Conduct Authority ("FCA"). Details about the extent of the Depositary's authorisation and regulation by the Financial Conduct Authority are available from the Depositary on request.

6.2 Authorised Corporate Director and the Investment Manager

6.2.1 General

The ACD is DMS Investment Management Services (UK) Limited which is a private company limited by shares incorporated in England and Wales on 7 January 1999. The ACD is authorised and regulated by the FCA.

The directors of the ACD are:

C T Finch (Chief Executive)
B Primrose
G L Brooks
S Chaudhri
S J Anderson

Registered Office and Head Office: 2nd Floor, 20-22 Bedford Row, Holborn, London WC1R 4EB

Share Capital: Share Capital £1,341,684 issued and fully paid

The ACD is the authorised corporate director of certain open-ended investment companies details of which are set out in Appendix IV.

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

The ACD has, pursuant to the ACD Agreement, delegated the performance of a number of functions in relation to the Funds as follows:

- 6.2.1.1 CACEIS Bank, UK Branch, performs fund accounting and other administration, functions for all Funds; FNZ TA Services Limited perform transfer agency and registration functions for all Funds;
- 6.2.1.2 Seneca Investment Managers Limited performs the investment management function with respect to all of the Funds; and
- 6.2.1.3 Sequel Investments Limited provides investment advisory services to all Funds.

6.2.2 **Terms of Appointment:**

The appointment of the ACD has been made under the terms of a service agreement between the Company and the ACD, as amended from time to time, (the "ACD Agreement").

The ACD Agreement will terminate with immediate effect if the ACD ceases to hold office as such. The ACD's appointment may be terminated by the Company in a general meeting at any time after the third anniversary of the date of the ACD Agreement by giving not less than 12 months notice. Otherwise, the Depositary may terminate the ACD Agreement at any time on certain events of default as specified in the ACD Agreement. No such notice shall take effect until the appointment of a successor ACD. The ACD Agreement contains certain limitations upon the liability of the ACD where loss or damage has been caused to the Company, save where loss arises as a direct result of negligence, fraud, wilful default by the ACD. The ACD Agreement contains an indemnity from the Company to the ACD in respect of losses, claims and similar liabilities incurred by the ACD as such, save where such losses, claims and similar liabilities arise from the fraud, negligence, wilful default, breach of duty or bad faith of the ACD or to the extent that the liability is recovered from another person other than the ACD's insurers. Copies of the ACD agreement are available on request from the ACD.

6.3 **The Depositary**

6.3.1 General and key duties

- 6.3.1.1 Under the terms of a Depositary Agreement, CACEIS Bank, acting through its London Branch (the "Depositary") has been appointed as depositary of the Funds' assets and assets of the Funds have been entrusted to the Depositary for safekeeping.
- 6.3.1.2 The key duties of the Depositary consist of:
- (i) cash monitoring and verifying the Funds' cash flows;
 - (ii) safekeeping of the Scheme Property;
 - (iii) ensuring that the sale, issue, re-purchase, redemption, cancellation and valuation of Shares are carried out in accordance with the Instrument of Incorporation constituting the Company, the Prospectus, and applicable law, rules and regulations;
 - (iv) ensuring that in transactions involving Scheme Property any consideration is remitted to the Funds within the usual time limits;
 - (v) ensuring that the Funds' income is applied in accordance with Instrument of Incorporation constituting the Company, the Prospectus, applicable law, rules and regulations; and
 - (vi) carrying out instructions from the ACD unless they conflict with the Instrument of Incorporation, the Prospectus, or applicable law, rules and regulations.

6.3.2 Information about the Depositary

- 6.3.2.1 CACEIS Bank is incorporated under the laws of France having its registered office located at 1-3, place Valhubert, 75013 Paris, France. CACEIS Bank is registered with the French Register of Trade and Companies under number 692024722. It is an authorised credit institution supervised by the European Central Bank ("ECB") and the Autorité de Contrôle Prudential et de Résolution ("ACPR").
- 6.3.2.2 In the UK, CACEIS Bank conducts its business through its UK Branch, with the offices being at Broadwalk House 5 Appold Street, London, EC2A 2DA. The UK Branch is authorised by the Prudential Regulation Authority ("PRA") and the Financial Conduct Authority. ("FCA"). Further details are available from the Depositary on request.

6.3.3 Liability of the Depositary

- 6.3.3.1 As a general rule the Depositary is liable for any losses suffered as a result of the Depositary's negligent or intentional failure to properly fulfil its obligations except that it will not be liable for any loss where:
- (i) the event which has led to the loss is not the result of any act or omission of the Depositary or of such third party;
 - (ii) the Depositary could not have reasonably prevented the occurrence of the event which led to the loss despite adopting all precautions incumbent on a diligent depositary as reflected in common industry practice; and
 - (iii) despite rigorous and comprehensive due diligence, the Depositary could not have prevented the loss.
- 6.3.3.2 However, in the case of loss of a financial instrument by the Depositary, or by a third party, the Depositary is under an obligation to return a financial instrument of identical type or corresponding amount without undue delay unless it can prove that the loss arose as a result of an external event beyond the Depositary's reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary.

6.3.4 Delegation of safekeeping function

- 6.3.4.1 Under the terms of the Depositary Agreement the Depositary has the power to delegate its safekeeping functions.
- 6.3.4.2 As a general rule, whenever the Depositary delegates any of its custody functions to a delegate, the Depositary will remain liable for any losses suffered as a result of an act or omission of the delegate as if such loss had arisen as a result of an act or omission of the Depositary. The use of securities settlement systems, does not constitute a delegation by the Depositary of its functions.
- 6.3.4.3 As at the date of this Prospectus, the Depositary has entered into written agreements delegating the performance of its safekeeping function in respect of certain of the Funds' assets to the following delegates: listed in Appendix VII.

6.3.5 Conflicts of interest

- 6.3.5.1 From time to time conflicts may arise from the appointment by the Depositary of any of its delegates out of which may arise a conflict of interest with the Funds. All delegates of the Depositary are required to manage any such conflict having regard to the FCA Handbook and their duties to the Depositary and the ACD.
- 6.3.5.2 There may also be conflicts arising between the Depositary and the Funds, Shareholders and the ACD. The Depositary is prohibited from carrying out any activities with regard to the Funds unless:
- 6.3.5.3 The Depositary has properly identified any such potential conflicts of interest;
- 6.3.5.4 The Depositary has functionally and hierarchically separated the performance of its depositary tasks from its other potentially conflicting tasks; and
- 6.3.5.5 The potential conflicts of interest are properly managed, monitored and disclosed to the investors of the Funds.

6.3.6 Reuse of Scheme Property by the Depositary

- 6.3.6.1 Under the Depositary Agreement the Depositary has agreed that it, and any person to whom it delegates custody functions, may not reuse any of the Funds' assets with which it has been entrusted.
- 6.3.6.2 Reuse will be permitted in respect of the Funds' assets where:
 - (i) The reuse is carried out for the account of a Fund;
 - (ii) The Depositary acts on the instructions of the ACD on behalf of a Fund; and
 - (iii) The ACD warrants that:
 - (a) the reuse of Scheme Property is for the benefit of the Funds;
 - (b) the arrangement is appropriate with a view to generating additional income for the Funds with an acceptable level of risk;
 - (c) the transaction is covered by high quality and liquid collateral received by the Funds under a title transfer arrangement; and
 - (d) the market value of which shall, at all times, amount to at least the market value of the re-used assets plus a premium.

6.3.7 Terms of the Depositary Agreement

- 6.3.7.1 The appointment of the Depositary has been made under an agreement between the Funds, the ACD and the Depositary (the "Depositary Agreement").

- 6.3.7.2 The Depositary Agreement may be terminated by not less than 3 months' written notice provided that no such notice shall take effect until the appointment of a successor to the Depositary.
- 6.3.7.3 To the extent permitted by the FCA Handbook, the Funds and the ACD will jointly and severally indemnify the Depositary (or its associates) against losses, costs, damages, taxes and expenses incurred by it (or its associates) for any loss suffered in the failure to perform its obligations or arising from or in connection with the Depositary's appointment or performance under the Depositary Agreement, except in the case of any liability for a failure to exercise due skill, care and diligence in the discharge of its functions.
- 6.3.7.4 The Depositary is entitled to receive remuneration out of the Scheme Property for its services, as explained in paragraph 7.4 "Depositary's fee and expenses" below.
- 6.3.7.5 Shareholders may request an up to date statement regarding any of the information set out above from the ACD.

6.4 **The Investment Manager**

The ACD is responsible for the function of managing the investment and reinvestment of the assets of the Funds. The ACD has appointed the Investment Manager, Seneca Investment Managers Limited, to provide advisory services to the ACD. The Investment Manager's registered office is at 10th Floor, Horton House, Exchange Flags, Liverpool, L2 3YL. The Investment Manager's principal activity is the provision of investment management services.

Pursuant to an agreement between the ACD and the Investment Manager, the Investment Manager provides general discretionary investment management services in respect of all Funds. The Investment Manager has the authority to make decisions on behalf of the ACD in relation to the Funds' investments subject always to the provisions of the Instrument of Incorporation of the Company, this Prospectus, the Regulations and the investment objectives and policies of the Funds. Subject to instances where the agreement may be terminated with immediate effect in the interests of the Shareholders, this agreement may be terminated by either party giving the other no less than 6 months' written notice.

The principal activity of the Investment Manager is the provision of portfolio management services. Any third party research received in connection with investment management services that the Investment Manager provides to the Funds will be paid for by the Investment Manager out of the fee it receives for its discretionary investment management services from the ACD.

6.5 **The Sponsor and Investment Adviser**

The ACD works closely with the Sponsor on the manufacture, design, structuring and pricing of the Company and it is actively involved in the day to day operation of the Company. Whilst the ACD remains at all times responsible for the Company on a legal and regulatory basis, the Sponsor's consent is required before certain changes can be made to the Company. For example, any changes to be made to the investment objective and policies of the Funds (unless these are required by the FCA) or any material change to the Instrument of Incorporation or this Prospectus. The Sponsor's role in relation to the Company will involve it in providing the assistance to the ACD including in the following ways:

- 6.5.1 recommendation and, in association with the ACD, selection and monitoring of service providers to the Company;
- 6.5.2 analysis and review of the Investment Manager's performance;
- 6.5.3 assistance with management of the investment committee process and meetings
- 6.5.4 strategic guidance to the ACD on the proposition, structure, pricing and investment objectives of the Funds;
- 6.5.5 taking responsibility for the economic viability of the Funds (including the bearing of related risks);
- 6.5.6 design of Fund literature and website; and
- 6.5.7 recommendation and, in association with the ACD, selection, oversight and liaison of and with the distributor of the Funds.

The ACD has appointed the Sponsor as the investment adviser to the ACD in relation to all Funds. Pursuant to an agreement between Sequel Investments Limited, Foster Denovo Limited and the ACD, Sequel Investments Limited is an appointed representative of Foster Denovo Limited providing investment advisory services to the ACD in respect of all Funds. The investment advisory services provided include:

- 6.5.8 production, review and maintenance of long term strategic asset allocation models for all Funds; and
- 6.5.9 analysis and review of investment managers tactical decisions outside strategic model for all Funds.

Subject to instances where the agreement may be terminated with immediate effect in the interests of the Shareholders, this investment advisory arrangement may be terminated by either party giving the other no less than 3 months' written notice.

6.6 **The Administrator and the Transfer Agent**

On behalf of the Company the ACD has appointed CACEIS Bank, as the Administrator to provide fund accounting and other administration services to the Company. CACEIS conducts this business from its UK Branch at Broadwalk House 5 Appold Street, London, EC2A 2DA. In the UK, CACEIS and its UK Branch are authorised by the Prudential Regulation Authority ("PRA") and the Financial Conduct Authority. ("FCA").

CACEIS Bank is incorporated under the laws of France having its registered office located at 1-3, place Valhubert, 75013 Paris, France. CACEIS Bank is registered with the French Register of Trade and Companies under number 692024722. CACEIS Bank is an authorised credit institution supervised by the European Central Bank ("ECB") and the Autorité de Contrôle Prudential et de Resolution ("ACPR").

On behalf of the Company the ACD has appointed FNZ TA Services Limited to provide transfer agency services to the Company. The registered office of the Transfer Agent is Suite 1, 3rd Floor, 11-12 St. James's Square, London SW1Y 4LB.

6.7 **The Registrar**

The ACD also acts as the Registrar to the Company. The Register is kept at the ACD's offices at 2nd Floor, 20-22 Bedford Row, Holborn, London WC1R 4EB.

The Register of Shareholders will be maintained by the Transfer Agent at the following address: Level 5, 67 Lombard Street, London EC3V 9LJ and may be inspected at that address or the ACD's offices during normal business hours by any Shareholder or any Shareholder's duly authorised agent.

The plan register, where applicable (being a record of persons who subscribe for Shares through Individual Savings Accounts (ISAs)) can be inspected at the office of the Registrar.

Shareholders should notify the ACD c/o Transfer Agent in writing any change to their name or address.

6.8 The Auditors

The auditors of the Company are Grant Thornton UK LLP of 30 Finsbury Square, London EC2A 1AG.

6.9 Legal Advisers

The Company is advised by Eversheds Sutherland (International) LLP of 1 Wood Street, London EC2V 7WS.

6.10 Conflicts of Interest

The Depositary or any associate of the Depositary, or of the Investment Manager may (subject to COLL) hold money on deposit from, lend money to, or engage in stock lending transactions in relation to the Company, so long as the services concerned are provided on arm's length terms.

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

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

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

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

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

The ACD has written policies and procedures in place to monitor and prevent or manage conflicts of interest in the context of delegations of certain of its functions. To the extent any actual conflicts of interest are determined to have arisen, the ACD will effectively prevent or manage such conflicts to minimise any potential detrimental impact on the Funds and will take steps to prevent such conflicts from reoccurring. 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 an appropriate format.

7. FEES AND EXPENSES

7.1 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 Company.

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

All fees, costs, charges or expenses payable by a Shareholder or out of the property of the Company or each Fund (as the case may be) are set out in this section 7. The Company or each Fund (as the case may be) may, so far as the COLL Sourcebook allows, also pay out of the property of the Company or each Fund (as the case may be) all relevant fees, costs, charges and expenses incurred by the Company or each Fund (as the case may be), which will include the following:

- 7.1.1 broker's commissions, fiscal charges and other disbursements which are necessarily incurred in effecting transactions for the Funds;
- 7.1.2 interest on and other charges relating to permitted borrowings;
- 7.1.3 taxation and other duties payable by the Company;
- 7.1.4 any costs incurred in amending the Instrument of Incorporation including the removal of obsolete provisions;
- 7.1.5 any costs incurred in respect of any meeting of Shareholders including, by way of clarification, meetings convened on a requisition by holders not including the ACD or an associate of the ACD;
- 7.1.6 any fees in relation to a unitisation, amalgamation or reconstruction where the property of a body corporate (such as an investment company) or of another collective investment scheme is transferred to the Company in consideration of the issue of Shares in the Company to Shareholders in that body corporate or to participation in that other scheme, any liability arising after the transfer which, had it arisen before the transfer, could properly have been paid out of that other property provided that the ACD is of the opinion that proper provision was made for meeting such liabilities as were known or could reasonably have been anticipated at the time of the transfer;
- 7.1.7 except for DMS Sequel Global Target Income Strategy Fund and DMS Sequel Cautious Income Strategy Fund share classes A and B, the expenses incurred for the provision to the ACD in relation to the Company of information and data services, including computer terminals, and independent risk management systems;
- 7.1.8 any audit fee and any proper expenses of the Auditor;
- 7.1.9 any fee and any proper expenses of any professional advisers retained by the Company or by the ACD in relation to the Company or any Fund;
- 7.1.10 payments, costs or administrative expenses in relation to the preparation of any key investor information documents (either in respect of the Company or Fund);

- 7.1.11 payments, costs or administrative expenses in relation to the preparation and dissemination of any prospectus (either in respect of the Company or Fund) (with the exception of the costs of disseminating the key investor information documents);
- 7.1.12 any costs of printing and distributing annual, half yearly and any other reports information provided for Shareholders;
- 7.1.13 any costs of listing the prices of the Funds in publication and information services selected by the ACD;
- 7.1.14 any costs of establishing the Company;
- 7.1.15 any costs of authorising new Funds of the Company after its initial establishment;
- 7.1.16 any fees and expenses in respect of establishing and maintaining the register of Shareholders and any sub-register of Shareholders;
- 7.1.17 any costs incurred in producing and despatching any payment made by the Company;
- 7.1.18 any payments permitted under COLL 6.7.15R;
- 7.1.19 any costs incurred in taking out and maintaining an insurance policy in relation to the Company;
- 7.1.20 the periodic fees of the FCA together with any corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which Shares in the Company are or may be marketed;
- 7.1.21 any expense incurred in relation to company secretarial duties including the cost of maintenance of minute books and other documentation required to be maintained by the Company;
- 7.1.22 any costs associated with the admission of Shares to listings on any stock exchange and with the maintenance of that listing (including, for the avoidance of doubt, the fees levied by the exchange in question as a condition of the admission to listing of the Shares and the periodic renewal of that listing), any offer of Shares, including the preparation and printing of any prospectus and the creation, Conversion and cancellation of Shares associated with such prospectus;
- 7.1.23 any expense incurred with respect to the publication and circulation of details of the Net Asset Value of the Funds;
- 7.1.24 any amount payable to the Company under any indemnity provisions provided for in the Instrument of Incorporation or any agreement to which the Company is party; and
- 7.1.25 any other charges/expenses that may be taken out of the Company's property in accordance with COLL.

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

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

7.2 Charges payable to the ACD

In payment for carrying out its duties and responsibilities the ACD is entitled to take periodic charge out of each Fund. The periodic charge based upon the Net Asset Value of the Funds accruing daily between each Valuation Point and payable monthly in arrears. The charge is calculated separately in relation to each Class of Share linked to a particular Fund as a percentage rate per annum of the total value of units of entitlement in the property of the Fund represented by the Class on the relevant valuation date. The current management charge for each Fund is set out in Appendix I.

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

If any VAT should be payable on these charges, the ACD may also take payment for it.

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 fees may be charged against capital instead of against income as set out in Appendix I. This will only be done with the approval of the Depositary. 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.

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 Company may reimburse the ACD certain expenses incurred by it. These expenses may include payment for the provision of accounting, registration and other administrative services.

7.3 Increase in the charges payable to the ACD

Any increase of the annual management charge by the ACD will be carried out in accordance with the Regulations.

7.4 Depositary's fees and expenses

The Depositary receives a periodic fee for depositary services to the Funds. The fee is based upon the value of the property of the Funds accruing daily between each Valuation Point and payable monthly out of the property attributable to each Fund. The periodic fees are subject to review on an annual basis. The current depositary fee for each Fund is set out in Appendix I.

Custody and transaction fees incurred by the Funds are also payable to the Depositary out of the property attributable to each Fund. The Custodian is CACEIS Bank, UK Branch Transaction charges for the Funds currently range between £5 and 35 per transaction, according to market location. Transaction charges accrue at the time transactions are effected and are payable as soon as is reasonably practicable, as agreed between the Depositary and the ACD.

In addition to the fees and charges payable, the Depositary is entitled to be reimbursed for expenses incurred in the proper performance of its duties (or the exercise of powers conferred upon it by the OEIC Regulations or COLL) referable to (but not limited to): (i) custody of assets (including overseas custody services); (ii) the acquisition holding and disposal of property; (iii) the collection of dividends, interest and any other income; (iv) the maintenance of distribution accounts; (v) the conversion of foreign currency; (vi) registration of assets in the name of the Depositary or its nominees or agents; (vii) borrowings, stock lending or other permitted transactions; (viii) communications with any parties (including, facsimile and SWIFT); (ix) taxation matters; (x) insurance matters; and (xi) dealings in derivatives.

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

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

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

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

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

Expenses not directly attributable to a particular Fund will be allocated between Funds, fairly, as agreed between the Depositary and the ACD. Such expenses and disbursements will be payable whether incurred by the Depositary, the ACD or an associate or nominee of the Depositary or of the ACD who has had the relevant duty delegated to it pursuant to COLL by the Depositary.

7.5 Investment Manager's fee

The Investment Manager receives a periodic charge for its services in relation to each Fund based upon the Net Asset Value of the Funds accruing daily between each Valuation Point and payable monthly in arrears out of the Scheme Property attributable to the Fund. The current investment management charges for each Fund are set out in Appendix I.

7.6 Investment Adviser's fees

For all Funds save the DMS Sequel Cautious Income Strategy Fund Class A and B and the DMS Sequel Global Target Income Strategy Fund Class A and B, the Investment Adviser receives a periodic charge for its services based upon the value of the property of those Funds accruing daily between each Valuation Point and payable monthly out

of the property attributable to the Funds. The periodic charge is payable by the Company from the Scheme Property attributable to those Funds and is paid to the Investment Adviser by way of remuneration for its services to those Funds. The current investment advisory charges for each Fund are set out in Appendix I.

7.7 Administrator's fees

The fees of Administrator for administration and fund accounting services in relation to the Funds are met from the annual management charge of the ACD.

7.8 Sponsor

Save for the Investment Adviser's fee, all payments to the Sponsor, of any remainder left from the ACD's annual charge once it has paid any other fees it has agreed to pay out of its charge, are made by the ACD at its own expense, and it is not paid directly out of the Scheme Property of the Funds.

7.9 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.

7.10 Policy on allocation of charges

Each Fund's policy regarding the allocation of charges to either income or capital or both is set out at Appendix I. For those Funds that attribute charges to capital, this may constrain the capital growth of the Fund.

8. SHAREHOLDER MEETINGS AND VOTING RIGHTS

8.1 Class and Fund Meetings

The Company does not hold Annual General 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.

8.2 Requisitions of Meetings

The ACD may requisition a general meeting at any time.

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

8.3 Notice and Quorum

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

8.4 Voting Rights

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

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

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

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

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

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

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

8.5 Powers of a Shareholders' Meeting

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

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

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

8.6 Class rights

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.

9. TAXATION

9.1 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 and hold Shares as investments (except where otherwise indicated). Please note that the tax treatment of investors depends on their individual circumstances and may be subject to change in the future. Prospective investors who are in any doubt about their tax position, or who may be subject to tax in a country other than the UK, are recommended to take professional advice.

9.2 The Funds

Each Fund will be treated as a separate entity for UK tax purposes. The Funds are generally exempt from UK tax on capital gains realised on the disposal of investments (including interest-paying securities and derivatives but excluding non-reporting offshore funds) held within them.

Dividends from both UK and non-UK companies are generally exempt from tax when received by a Fund. The Funds will each be subject to corporation tax at 20% on most other types of income but after deducting allowable management expenses and any interest distributions. Where a Fund suffers foreign tax on income received, this will generally be a cost to the Fund but in some cases may be deducted from any UK tax due on that income.

The Funds will make dividend distributions except where over 60% of a Fund's property has been invested throughout the distribution period in interest-paying investments, in which case it may make interest distributions.

9.3 Shareholders

9.3.1 Income - Equity Funds

For individual shareholders resident in the UK, the first £5,000 of dividends and dividend distributions received in the 2017/18 tax year and £2,000 received in each subsequent tax year will be free of income tax (the dividend allowance). Where a Shareholder's dividends and dividend distributions from all sources exceed the dividend allowance, the excess will be liable to income tax at dividend tax rates which depend upon the Shareholder's marginal rate of tax. Dividend tax rates are 7.5% for basic rate taxpayers, 32.5% for higher rate taxpayers and 38.1% for additional rate taxpayers. Dividend distributions received within the allowance will still count towards total taxable income and so may still affect the rate of tax paid on amounts received in excess of the allowance. There is no longer any tax credit attached to dividend distributions.

Corporate Shareholders who are UK tax resident and 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 subject to corporation tax in the Fund will be received as an annual payment after deduction of income tax at the basic rate, and corporate Shareholders may be liable to tax on the grossed up amount with the benefit of the deemed 20% tax credit or entitled to reclaim some or all of deemed tax credit 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 no further tax will be due on it.

Non-UK resident Shareholders will generally not be liable to UK tax on the dividend distribution.

9.3.2 **Income - Bond Funds**

From 6 April 2017, all interest distributions are made gross (ie no tax is deducted from any interest distributions). As a result, where individuals' interest distributions (together with their other interest income) exceed their personal savings allowances then they will be liable to pay income tax at their marginal rates (20% for basic rate, 40% for higher rate and 45% for additional rate taxpayers) on the excess amount.

Since 6 April 2016, individual UK taxpayers have been entitled to a personal savings allowance in each tax year. For basic rate taxpayers, the first £1,000 of interest distributions (and interest) is free of tax. For higher rate taxpayers, the allowance is £500, and for additional rate taxpayers the amount is nil. Where an individual UK resident Shareholder receives total interest and interest distributions in excess of their savings allowance then basic rate taxpayer will be liable to income tax at the 20% basic rate. Higher rate taxpayers will be liable on an excess of 40%. Additional rate taxpayers will be liable on the distribution at 45%.

Shareholders liable to corporation tax invested in a Bond Fund must account for their holdings in them, including any distributions received, in accordance with the loan relationships regime as described under the heading "Gains" below.

Non-UK resident Shareholders will generally not be liable to UK tax on the interest distribution.

9.4 **Reporting requirements**

In order to comply with the legislation implementing the United Kingdom's obligations under various intergovernmental agreements relating to the automatic exchange of information to improve international tax compliance (including the United States provisions commonly known as FATCA), the ACD (or its agent) will collect and report information about Shareholders and their investments where required for this purpose, including information to verify their identity and tax status.

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

9.5 **Income equalisation**

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

9.6 **Gains**

Shareholders who are resident in the UK for tax purposes may, depending on their personal circumstances, be liable to capital gains tax on gains arising on the sale or other disposal of Shares (but not on Switches between Classes within a Fund).

Part of any increase in value of accumulation Shares represents accumulated income (including income equalisation). These amounts may be added to the allowable cost when calculating the capital gain realised on their disposal.

Individual Shareholders will find further information in the HM Revenue & Customs Help Sheets for the capital gains tax pages of their tax returns.

Corporate Shareholders subject to corporation tax invested in a Bond Fund (or in any Equity Fund where over 60% of its property has been invested at any time in the corporate Shareholder's accounting period in interest-paying or economically-equivalent investments) must treat their Shareholding as a creditor relationship under the loan relationships rules and apply fair value accounting. Consequently, the fair value return on the holding will be charged or relieved as income, and not as a chargeable gain.

9.7 **Stamp duty reserve tax**

Stamp duty reserve tax on management dealings in units in authorised investment funds was abolished with effect from 1 April 2014.

10. **WINDING UP OF THE COMPANY OR TERMINATION OF 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 the COLL Sourcebook. A Fund may otherwise only be terminated under the COLL Sourcebook.

Where the Company is to be wound up or a Fund is to be terminated under the COLL Sourcebook, such winding up or termination may only be commenced following approval by the FCA. The FCA may only give such approval if the ACD provides a statement (following an investigation into the affairs of the Company or the Fund as the case may be) either that the Company or the Fund will be able to meet its liabilities within 12 months of the date of the statement or that the Company or the 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 shall be wound up or a Fund must be terminated under the COLL Sourcebook:

- 10.1.1 if an extraordinary resolution to that effect is passed by Shareholders; or
- 10.1.2 when the period (if any) fixed for the duration of the Company or a particular Fund by the Instrument of Incorporation expires, or any event occurs on the occurrence of which the Instrument of Incorporation provides that the Company or a particular Fund is to be wound up or terminated (for example, if the Share capital of the Company or (in relation to any Fund) the Net Asset Value of the Fund is below £1 million, or if a change in the laws or regulations of any country means that, in the ACD's opinion, it is desirable to terminate the Fund; or

- 10.1.3 on the date stated in any agreement by the FCA to a request by the ACD for the revocation of the authorisation order in respect of the Company or for the termination of the relevant Fund; or
- 10.1.4 on the effective date of a duly approved scheme of arrangement which is to result in the Fund ceasing to hold any Scheme Property; or
- 10.1.5 in the case of a Fund on the effective date of a duly approved scheme of arrangement which is to result in the Fund ceasing to hold any Scheme Property; or
- 10.1.6 on the date when all the Funds fall within I above or have otherwise ceased to hold any Scheme Property, notwithstanding the Scheme may have assets and liabilities that are not attributable to any particular Fund.

On the occurrence of any of the above:

- 10.1.7 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;
- 10.1.8 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;
- 10.1.9 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;
- 10.1.10 where the Company is being wound up or a Fund terminated, the Company or the Fund shall cease to carry on its business except in so far as it is beneficial for the winding up of the Company or for the termination of the Fund;
- 10.1.11 the corporate status and powers of the Company and subject to the above listed issues, the powers of the Depositary 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 or terminated, realise the assets and meet the liabilities of the Company or the Fund and, after paying out or retaining adequate provision for all liabilities properly payable and retaining provision for the costs of the winding up or the termination, arrange for the Depositary to make one or more interim distributions out of the proceeds to Shareholders proportionately to their rights to participate in the Scheme Property. If the ACD has not previously notified Shareholders of the proposal to wind up the Company or terminate the 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 Scheme 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 of the termination of the particular Fund, the Depositary shall notify the FCA that the winding up or termination has been completed.

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

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

11. **GENERAL INFORMATION**

11.1 **Accounting Periods**

The annual accounting period of the Company ends each year on 31 August (the accounting reference date) with an interim accounting period ending on the last day of February (the interim accounting reference date).

11.2 **Income allocations and distributions**

The income allocation dates and distribution dates for each Fund are set out in Appendix I. For each of the Funds income is allocated in respect of the income available at each accounting date.

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

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

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

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

The amount available for income distribution is calculated by taking the aggregate of the income property received or receivable for the account of the relevant Fund in respect of the relevant period, deducting the charges and expenses of the Company paid or payable out of the income property in respect of that period and adding the ACD's best estimate of any relief from tax on those charges and expenses. Further adjustments may be made as the ACD considers appropriate (after consultation with the auditors) in relation to taxation and the proportion of the prices received or paid for shares that relate to income (taking account of any provisions in the Instrument

of Incorporation constituting the scheme relating to income equalisation), potential income which is unlikely to be received until 12 months after the relevant allocation date, income which should not be accounted for on an accrual basis because of lack of information about how it accrues, any transfer between the income and the capital account (regarding payments from capital or income) and making any other adjustments which the ACD considers appropriate (after consultation with the auditors).

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

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

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

11.3 Income Equalisation

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

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

11.4 Annual Reports

The annual report of the Company will be published four months after appropriate annual accounting period and half-yearly reports will be published two months after the end of the appropriate half-yearly accounting period each year. Long reports are available free of charge on request from the ACD or on the DMS website www.dmsgovernance.com.

11.5 Documents of the Company

The following documents may be inspected free of charge during normal business hours on any business day at the offices of the ACD at 2nd Floor, 20-22 Bedford Row, Holborn, London WC1R 4EB:

- 11.5.1 the most recent annual and half yearly reports of the Company;
- 11.5.2 the Prospectus;
- 11.5.3 the Instrument of Incorporation (and any amending documents);
- 11.5.4 the key investor document and supplemental information document;
- 11.5.5 the material contracts referred to below; and
- 11.5.6 Supplementary information relating to the quantitative limits which apply to the risk management of the Company and the Funds, the methods used for the purposes of such risk management and any recent developments which relate to the risk of the main categories of investment which apply to the Company and Funds (known as the Risk Management Policy).

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

11.6 **Material Contracts**

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

- 11.6.1 the ACD Agreement between the Company and the ACD; and
- 11.6.2 the Depositary Agreement between the Company the Depositary and the ACD.

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

11.7 **Provision of Investment Advice**

All information concerning the Company and about investing in Shares of the Company is available from the ACD. The ACD is not authorised to give investment advice and persons requiring such advice should consult a professional 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.

11.8 **Telephone Recordings**

Please note that the ACD, its delegates, their duly appointed agents and any of their respective related, associated or affiliated companies may record telephone calls for record keeping, security 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 we can identify the call coming from you. If you ask us to send you a recording of a particular call, we may ask for further information to help us identify the exact call to which your request relates.

11.9 **Complaints**

Any complaint should be referred to the ACD at its registered office. If a complaint cannot be resolved satisfactorily with the ACD it may be referred to the Financial Ombudsman Service, Exchange Tower, Harbour Exchange, London E14 9SR.

More details about the Financial Ombudsman Service are available from the ACD. Making a complaint will not prejudice your rights to commence legal proceedings.

11.11 Commission

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 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 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.

The Investment Manager may, however, accept without disclosure minor non-monetary benefits that are capable of enhancing the quality of service provided to the relevant 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.

11.10 Liability and Indemnity

With the exception mentioned below:

11.10.1 The ACD, the Depositary and the Auditors are each entitled under the Instrument of Incorporation of the Company to be indemnified against any loss, damage or liability incurred by them in or about the execution of their respective powers and duties in relation to the Company; and

11.10.2 the ACD and the Depositary are, under the terms of their respective agreements with the Company, exempted from any liability for any loss or damage suffered by the Company.

11.11 Strategy for the exercise of voting rights

The ACD has a strategy for determining when and how voting rights attached to ownership of property of a Fund are to be exercised for the benefit of that Fund. A summary of this strategy is available from the ACD on request. Details of the actions taken on the basis of this strategy in relation to each Fund are available from the ACD on request.

11.12 Best execution

The ACD and Investment Manager must act in the best interests of each Fund when executing decisions to deal on behalf of the relevant Fund. The ACD's best execution policy sets out (i) the systems and controls that have been put in place and (ii) the basis upon which the ACD will effect transactions and place orders in relation to the Company whilst complying with its obligations under the handbook of rules issued by the FCA to obtain the best possible outcome for each transaction undertaken on behalf of the company. Details of the best execution policy are available from the ACD on request. If you have any questions regarding the policy please contact the ACD or your professional adviser.

11.13 **Rebate of Periodic and Initial Charges**

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

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

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

11.14 **No liability to account**

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

11.14.1 dealings in the Shares of the Company;

11.14.2 any transaction in the underlying property of the Company; or

11.14.3 the supply of services to the Company.

11.15 **Notices**

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

11.16 **Collateral management**

To the extent the Funds enter into arrangements involving the receipt of collateral, the ACD will have in place a collateral management policy in compliance with the requirements of the ESMA Guidelines on ETFs and other UCITS issues which will define eligible types of collateral which the Funds may receive to mitigate counterparty exposure and other applicable risks (including any applicable haircuts).

11.17 **Remuneration Policy**

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

- consistent with and promote sound and effective risk management;
- do not encourage risk taking and are consistent with the risk profile of the Funds;
- do not impair the ACD's compliance with its duty to act in the best interest of the Funds;

- and include fixed and variable components of remuneration including salaries and discretionary pension benefits.

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

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

- the ACD;
- the Funds it manages; and
- the investors; 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 will be available on the ACD's website www.dmsgovernance.com. A paper copy of the information provided on this website is available free of charge following a request to the ACD.

11.18 **Data Protection**

The use of personal data is covered by the ACD's registration as a "data controller" under the General Data Protection Regulation 2016. Any personal data provided by the Shareholders is on a contractual basis and will be used to enable the ACD to provide the services as set out in this Prospectus.

Shareholder personal data will be stored and processed by computer systems within the UK so that the ACD can provide the services required. Such information may be passed on to third party service providers and other counterparties, such as Depositary, Auditors, Legal Advisors, used by the ACD in relation to provision of the services to the Company; where these third party providers and other counterparties may be outside of the EEA or international organisations, the ACD will ensure that all overseas transfers are subject to appropriate safeguards such as data encryption and applicable data protection laws or enforceable contracts.

Primarily the Shareholder personal data will be held by the ACD and the Transfer Agent and will be subject to data processing. The ACD and the Transfer Agent will keep the personal data for up to 7 years after the relevant Fund has ended, or up to 7 years after the earlier end of the relevant Fund's contractual relationship with the ACD, for regulatory and legal purposes.

Shareholder personal data may be disclosed to external parties such as the Fund's Sponsor, the Fund's authorised distributors or the ACD's group companies and affiliates as necessary for the provision of enhanced Shareholders' related services and (subject to the application of the local laws/and or regulations) be used outside the United Kingdom and may therefore be potentially subject to the scrutiny of regulatory and tax authorities outside the United Kingdom. A full list of the Fund's Sponsors, authorised distributors and the ACD's group companies and affiliates is available from the ACD on request.

Shareholders may contact the ACD in writing to Transfer Agent Services, DMS Investment Management Services (UK) Limited, 2nd Floor, 20-22 Bedford Row, Holborn, London WC1R 4EB or by calling +44 (0) 203 997 2460 to correct their personal data or, obtain a copy of their personal data held by the ACD, object to the processing, request

restriction of processing, exercise their right to data portability, request an erasure or request information pertaining to automated decision making. Shareholders should note that so the ACD can fulfil their contractual obligation, Shareholders' personal data cannot be deleted for up to 7 years after the relevant Fund has ended, or up to 7 years after the earlier end of the relevant Fund's contractual relationship with the ACD.

To assist in confirming a potential shareholder's identity, the ACD may make searches with credit reference agency, SmartCheck, giving required categories of shareholder's personal data (this is name, address, NI number), who will supply the ACD with credit information, as well as information from other sources such as the UK electoral register. Some of the data transfers to the credit reference agency will be overseas. The ACD has a regulatory obligation and a legitimate interest to conduct these searches. The ACD will retain any detail information where required only to the point necessary to make decision.

If you have a complaint you may write to the Head of Compliance, DMS Investment Management Services (UK) Limited, 2nd Floor, 20-22 Bedford Row, Holborn, London WC1R 4EB or call +44 (0) 203 997 2460. If we are unable to resolve your complaint pertaining to your data, you can lodge a complaint with the Information Commissioner here at www.ico.org.uk.

For further information on the ACD's arrangements relating to personal data protection, please refer to the Privacy Policy published on the ACD's website www.dmsgovernance.com.

APPENDIX I

FUND DETAILS

Name: DMS Sequel Global Target Income Strategy Fund (previously known as the HC Sequel Global Target Income Strategy Fund)

PRN: 633174

Type of Fund: UCITS Scheme

Investment objective: The investment objective of the Fund is to provide a stable income (of 4% per annum) and capital growth over the medium term, and it aims to achieve a return over the full investment cycle (not being less than 5 years) of 5% over the return that could be expected from long term cash deposits. Capital in the Fund is at risk and there is no guarantee that the investment objective will be achieved over this or any other time period.

Investment policy: The Fund will seek to achieve its investment objective predominantly by investing directly and indirectly in UK and overseas equities, fixed interest securities, money market instruments, units or shares in collective investment schemes, cash and near cash. The Fund's allocation between these asset classes will be dependent on the Investment Manager's view on market conditions. However, over the longer term, it is expected that there will be a higher weighting in equities over any other asset class. The Fund may be expected to have a relatively high degree of volatility. The Fund may also invest, at the Investment Manager's discretion, in other transferable securities and/or close-ended collective investment schemes which may have exposure to alternatives such as commodities, loans, hedge funds, private equity and property or use alternative strategies. The Fund may use derivatives for the purpose of Efficient Portfolio Management.

Policy on derivatives: Subject to 60 days' notice to you, the Fund may use derivatives (which are instruments whose value is linked to the rise and fall in value of other assets) for investment purposes. This would be in addition to the current usage where the Fund may use derivatives for efficient portfolio management (i.e. to generate additional capital or income, to reduce risk and to protect the value of the Fund).

The Fund's investment powers in relation to derivatives and warrants means that for regulatory purposes it will be regarded as a high volatility fund. However, the Investment Manager's use of derivative techniques and investment in warrants will have the overall intention of

reducing the volatility of returns, reflecting the investment policy for the Company generally.

Target Benchmark:	Return from long term cash deposits plus 5%			
Explanation of Target Benchmark:	The Fund aims to achieve a total return in excess of the Target Benchmark over the full investment cycle (not less than 5 years). Of these returns 4% per annum is expected in income terms and any excess in capital appreciation terms.			
	Long term cash deposits is represented by the Bank of England 1 Year Fixed Rate Bond IUMWTFA + 5%.			
Final accounting date:	31 August			
Interim accounting date:	Last day of February			
Income allocation date:	Last business day of each month			
Income distribution dates:	Last business day of each month (in arrears)			
Valuation Point:	12 noon on a Dealing Day			
Dealing frequency:	Daily on a Dealing Day			
Classes of Shares:	Class A Class B Institutional Class Retail Class			
Types of Shares:	Accumulation only for Class A and B Income only for Institutional Class and Retail Class			
Currency of denomination:	Pounds sterling			
	Class A	Class B	Institutional Class	Retail Class
Initial charge:	2.00%	5.00%	0.00%	0.50%
Annual Management Charge:	1.00%	1.50%	0.35%	0.50%

Investment Manager's fee*: 0.35% (save for Institutional Class, which is 0.30%). Currently the ACD has in place arrangements whereby the ACD rebates the cost of the Investment Manager's fee for Class A and Class B from the AMC.

Investment Adviser's fee: 0.00% 0.00% 0.25% 0.30%

Other Charges:

Depository's fee: 0.02% per annum.

Custody fee: Range between 0.005% and 0.05% per annum.

Allocation of charges	Capital	Income
AMC, investment manager's fee:	100%	No
Ongoing Operating Costs:	100%	No
Depository:	100%	No
Custody:	100%	No
Portfolio transaction costs:	100%	No

Investment minima**:	Class A	Class B	Institutional	Retail
Minimum initial investment:	£50,000	£4,000	£500,000	£1,000
Minimum subsequent investment:	£10,000	£1,000	£50,000	£500
Regular savings plan:	N/A	£50 per month (with direct debits collected on the 6 th day of each month or the next Business Day if the 6 th is not a Business Day)	N/A	£100 per month (with direct debits collected on the 15 th day of each month or the next Business Day if the 15 th is not a Business Day)
Minimum holding:	£10,000	£1,000	£500,000	£1,000
Minimum redemption:	£10,000	£1,000	£500,000	£1,000
ISA status:	Qualifying investment for stocks and shares component			

Equalisation:

Yes

*The Investment Management's fee rates are applicable from 21st March 2018 save in respect of the DMS Sequel Global Target Income Strategy Fund and DMS Sequel Cautious Income Strategy Fund where the Investment Management's fee shall be Nil until the earlier of the combined net assets value of those sub-funds exceeding £20 million or 30th June 2019.

**The ACD may, by special arrangement and at its discretion, agree on an individual basis a lower amount in relation to minimum transaction sizes.

Name:	DMS Sequel Cautious Income Strategy Fund (previously known as the HC Sequel Cautious Income Strategy Fund)
PRN:	633175
Type of Fund:	UCITS Scheme
Investment objective:	The investment objective of the Fund is to provide a combination of income and capital growth over the medium to long term.
Investment policy:	The Fund will achieve this by investing in a diversified portfolio of assets including, but not limited to, transferable securities (including but not limited to shares in property companies), fixed interest securities, units or shares in collective investment schemes (including but not limited to regulated collective investment schemes whose investments include shares in property companies) and money market instruments. The Fund's investment in equities may also include some exposure to overseas markets, although the core focus will be in the UK market. The Investment Manager will invest the Fund on a cautious basis with the intention that the Fund will maintain a low risk and low volatility profile.
Policy on derivatives:	<p>Subject to 60 days' notice to you, the Fund may use derivatives (which are instruments whose value is linked to the rise and fall in value of other assets) for investment purposes. This would be in addition to the current usage where the Fund may use derivatives for efficient portfolio management (i.e. to generate additional capital or income, to reduce risk and to protect the value of the Fund).</p> <p>The Fund's investment powers in relation to derivatives and warrants means that for regulatory purposes it will be regarded as a high volatility fund. However, the Investment Manager's use of derivative techniques and investment in warrants will have the overall intention of reducing the volatility of returns, reflecting the investment policy for the Company generally.</p>
Final accounting date:	31 August
Interim accounting date:	Last day of February
Income allocation dates:	Last business day of each month
Income distribution dates*:	Last business day of each month (in arrears)
Valuation Point:	12 noon on a Dealing Day

Dealing frequency:	Daily on a Dealing Day			
Classes of Shares:	Class A Class B Institutional Class Retail Class			
Types of Shares:	Income and accumulation for Class A and Class B Income only for Institutional Class and Retail Class			
Currency of denomination:	Pounds sterling			
Initial charge:	Class A	Class B	Institutional Class	Retail Class
	2.00%	5.00%	0.00%	0.50%
Management Charges:				
Annual Management Charge:	1.00%	1.50%	0.35%	0.50%
Investment Manager's fee**:	0.35% (save for Institutional Class, which is 0.30%). Currently the ACD has in place arrangements whereby the ACD rebates the cost of the Investment Manager's fee for Class A and Class B from the AMC.			
Investment Adviser's fee:	0.00%	0.00%	0.25%	0.30%
Other Charges:				
Depository's fee:	0.02% per annum.			
Custody fee:	Range between 0.005% and 0.05% per annum.			

Allocation of charges	Capital	Income
AMC, investment manager's fee:	100%	No
Ongoing Operating Costs:	100%	No
Depository:	100%	No
Custody:	100%	No
Portfolio transaction costs:	100%	No

Investment minima***:	Class A	Class B	Institutional	Retail
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Minimum initial investment:	£50,000	£4,000	£500,000	£1,000
Minimum subsequent investment:	£10,000	£1,000	£50,000	£500
Regular savings plan:	N/A	£50 per month (with direct debits collected on the 6 th day of each month or the next Business Day if the 6 th is not a Business Day)	n/a	£100 per month (with direct debits collected on the 15 th day of each month or the next Business Day if the 15 th is not a Business Day)
Minimum holding:	£10,000	£1,000	£500,000	£1,000
Minimum redemption:	£10,000	£1,000	£50,000	£1,000
ISA status:	Qualifying investment for stocks and shares component			
Equalisation:	Yes			

*As far as possible, income will be paid/accumulated in equal amounts for eleven months with a balance payment being made at the end of September within one month of the annual accounting reference date.

**The Investment Management's fee rates are applicable from 21st March 2018 save in respect of the DMS Sequel Global Target Income Strategy Fund and DMS Sequel Cautious Income Strategy Fund where the Investment Management's fee shall be Nil until the earlier of the combined net assets value of those sub-funds exceeding £20 million or 30th June 2019.

***The ACD may, by special arrangement and at its discretion, agree on an individual basis a lower amount in relation to minimum transaction sizes.

Name:	DMS Sequel Cautious Target Return Strategy Fund
PRN:	(previously known as the HC Sequel Cautious Target Return Strategy Fund) 633177
Type of Fund:	UCITS Scheme
Investment objective:	The investment objective of the Fund is to achieve relatively stable returns over the medium term, with the potential for some long-term capital growth over the full investment cycle (not being less than 5 years) of 2% in excess of the return that could be expected from long term cash deposits.

Investment policy:

The Fund will seek to achieve its investment objective predominantly by gaining exposure to fixed interest securities, UK and overseas equities, money market instruments, cash and near cash. The Fund's allocation between these asset classes will be dependent on the Investment Manager's view on market conditions.

To achieve this exposure, it is anticipated that the Fund may be almost wholly invested through collective investment schemes. As the Fund grows in size, it is intended that the Fund will invest less in collective investment schemes and instead invest to a greater extent or wholly directly (where permitted) into the asset classes set out above.

The Fund may also invest directly or indirectly at the Investment Manager's discretion, in other transferable securities and collective investment schemes which may have exposure to alternatives such as commodities, loans, hedge funds, private equity and property.

The Fund may use derivatives for the purpose of Efficient Portfolio Management.

Target Benchmark:**Explanation of Target Benchmark:**

Although the Fund seeks to achieve a return over the full investment cycle (not being less than 5 years) of 2% over the return that could be expected from long term cash deposits, this is not guaranteed; the objective may not be achieved, the Fund may experience negative returns and capital invested in the Fund is at risk.

Return from long term cash deposits plus 2%.

The Fund aims to achieve relatively stable returns over the medium term, with the potential for some long-term capital growth over the full investment cycle (not being less than 5 years) of 2% in excess of the return that could be expected from long term cash deposits.

Long term cash deposits is represented by the Bank of England 1 Year Fixed Rate Bond IUMWTFA + 2%.

Final accounting date:

31 August

Interim accounting date:

Last day of February

Income allocation date:

31 August

Valuation Point:

12 noon on a Dealing Day

Dealing frequency:

Daily on a Dealing Day

Classes of Shares:	Institutional Class Retail Class Standard Class C Standard Class D Standard Class E Standard Class F Standard Class G Standard Class H Standard Class I
Types of Shares:	Accumulation only
Currency of denomination:	Pounds sterling
Initial charge:	Institutional Class – 0.00% Retail Class – 0.50% Standard Classes C, D, E, F, G, H and I – 5.00%
Management Charges:	
Annual Management Charge:	Institutional Class – 0.35% Retail Class – 0.50% Standard Class C – 0.55% Standard Class D – 0.75% Standard Class E – 1.00% Standard Class F – 1.10% Standard Class G – 1.25% Standard Class H – 1.35% Standard Class I – 1.50%
Investment Manager’s fee*:	0.35% (save for Institutional Class, which is 0.30%)
Investment Adviser’s fee:	0.30% (save for Institutional Class, which is 0.25%)
Other Charges:	
Depository’s fee:	0.02% per annum.
Custody fee:	Range between 0.005% and 0.05% per annum.

Allocation of charges	Capital	Income
AMC, investment manager’s and investment adviser’s fee:	No	100%
Ongoing Operating Costs:	No	100%

Depositary:	No	100%	
Custody:	No	100%	
Portfolio transaction costs:	100%	No	
Investment minima**:	Institutional Class	Retail Class	Standard Class C, D, E, F, G, H and I
Minimum initial investment:	£500,000	£1,000	£1,000
Minimum subsequent investment:	£50,000	£500	£500
Regular savings plan***:	N/A	£100 per month (with direct debits collected on the 15 th day of each month or the next Business Day if the 15 th is not a Business Day)	£100 per month (with direct debits collected on the 15 th day of each month or the next Business Day if the 15 th is not a Business Day)***
Minimum holding:	£500,000	£1,000	£1,000
Minimum redemption:	£500,000	£1,000	£1,000
ISA status:	Qualifying investment for stocks and shares component		
Equalisation:	Yes		

*The Investment Management's fee rates are applicable from 21st March 2018.

**The ACD may, by special arrangement and at its discretion, agree on an individual basis a lower amount in relation to minimum transaction sizes.

***The regular savings plan for these Classes is only open for investment by existing Shareholders in those Classes.

Name: DMS Sequel Balanced Target Return Strategy Fund
PRN: (previously known as the HC Sequel Balanced Target Return Strategy Fund)

633178

Type of Fund: UCITS Scheme

Investment objective: The investment objective of the Fund is to provide a balance of income and capital growth over the medium to long term and aims to achieve a return over the full investment cycle (not being less than 5 years) of 3.5% in excess of the return that could be expected from long term cash deposits.

Investment policy: The Fund will seek to achieve its investment objective predominantly by gaining exposure to UK and overseas equities, fixed interest securities, money market instruments, cash and near cash. The Fund's allocation between these asset classes will be dependent on the Investment Manager's view on market conditions.

To achieve this exposure, it is anticipated that the Fund may be almost wholly invested through collective investment schemes. As the Fund grows in size, it is intended that the Fund will invest less in collective investment schemes and instead invest to a greater extent or wholly directly (where permitted) into the asset classes set out above.

The Fund may also invest directly or indirectly at the Investment Manager's discretion, in other transferable securities and collective investment schemes which may have exposure to alternatives such as commodities, loans, hedge funds, private equity and property.

The Fund may use derivatives for the purpose of Efficient Portfolio Management.

Target Benchmark: Although the Fund seeks to achieve a return over the full investment cycle (not being less than 5 years) of 3.5% over the return that could be expected from long term cash deposits, this is not guaranteed; the objective may not be achieved, the Fund may experience negative returns and capital invested in the Fund is at risk.

Explanation of Target Benchmark:

Return from long term cash deposits plus 3.5%

The Fund aims to achieve a return over the full investment cycle (not being less than 5 years) of 3.5% in excess of the return that could be expected from long term cash deposits.

Long term cash deposits is represented by the Bank of England 1 Year Fixed Rate Bond IUMWTFA + 3.5%.

Final accounting date:	31 August
Interim accounting date:	Last day of February
Income allocation date:	31 August
Valuation Point:	12 noon on a Dealing Day
Dealing frequency:	Daily on a Dealing Day
Classes of Shares:	Institutional Class Retail Class Standard Class C Standard Class D Standard Class E Standard Class F Standard Class G Standard Class H Standard Class I
Types of Shares:	Accumulation only
Currency of denomination:	Pounds sterling
Initial charge:	Institutional Class – 0.00% Retail Class – 0.50% Standard Classes C, D, E, F, G, H and I - 5.00%
Management Charges:	
Annual Management Charge:	Institutional Class – 0.35% Retail Class – 0.50% Standard Class C – 0.55% Standard Class D – 0.75% Standard Class E – 1.00% Standard Class F – 1.10% Standard Class G – 1.25% Standard Class H – 1.35% Standard Class I – 1.50%
Investment Manager's fee*:	0.35% (save for Institutional Class which is 0.30%)

Investment Adviser's fee: 0.30% (save for Institutional Class which is 0.25%)

Other Charges:

Depository's fee: 0.02% per annum.

Custody fee: Range between 0.005% and 0.05% per annum.

Allocation of charges

AMC, investment manager's and investment adviser's fee:

Capital

No

Income

100%

Ongoing Operating Costs:

No

100%

Depository:

No

100%

Custody:

No

100%

Portfolio transaction costs:

100%

No

Investment minima:**

Institutional Class

Retail Class

Standard Class C, D, E, F, G, H and I

Minimum initial investment:

£500,000

£1,000

£1,000

Minimum subsequent investment:

£50,000

£500

£500

Regular savings plan*:**

N/A

£100 per month (with direct debits collected on the 15th day of each month or the next Business Day if the 15th is not a Business Day)

£100 per month (with direct debits collected on the 15th day of each month or the next Business Day if the 15th is not a Business Day)***

Minimum holding:

£500,000

£1,000

£1,000

Minimum redemption:

£500,000

£1,000

£1,000

ISA status:

Qualifying investment for stocks and shares component

Equalisation:

Yes

*The Investment Management's fee rates are applicable from 21st March 2018.

**The ACD may, by special arrangement and at its discretion, agree on an individual basis a lower amount in relation to minimum transaction sizes.

***The regular savings plan for these Classes is only open for investment by existing Shareholders in those Classes.

Name: DMS Sequel Growth Target Return Strategy Fund
PRN: (previously known as the HC Sequel Growth Target Return Strategy Fund)

633179

Type of Fund: UCITS Scheme

Investment objective: The investment objective of the Fund is to provide long term capital growth and aims to achieve a return over the full investment cycle (not being less than 5 years) of 5% over the return that could be expected from long term cash deposits.

Investment policy: The Fund will seek to achieve its investment objective predominantly by gaining exposure to UK and overseas equities, fixed interest securities, money market instruments, cash and near cash. The Fund's allocation between these asset classes will be dependent on the Investment Manager's view on market conditions. However, over the longer term, there will be a higher weighting in equities over any other asset class. The Fund may be expected to have a relatively high degree of volatility.

To achieve this exposure, it is anticipated that the Fund may be almost wholly invested through collective investment schemes. As the Fund grows in size, it is intended that the Fund will invest less in collective investment schemes and instead invest to a greater extent or wholly directly (where permitted) into the asset classes set out above.

The Fund may also invest directly or indirectly at the Investment Managers discretion, in other transferable securities and collective investment schemes which may have exposure to alternatives such as commodities, loans, hedge funds, private equity and property.

The Fund may use derivatives for the purpose of Efficient Portfolio Management.

Target Benchmark:

Explanation of Target Benchmark:

Although the Fund seeks to achieve a return over the full investment cycle (not being less than 5 years) of 5% over the return that could be expected from long term cash deposits, this is not guaranteed; the objective may not be achieved, the Fund may experience negative returns and capital invested in the Fund is at risk.

Return from long term cash deposits plus 5%

The Fund aims to achieve a return over the full investment cycle (not being less than 5 years) of 5% over the return that could be expected from long term cash deposits.

Long term cash deposits is represented by the Bank of England 1 Year Fixed Rate Bond IUMWTFA + 5%.

Final accounting date:	31 August
Interim accounting date:	Last day of February
Income allocation date:	31 August
Valuation Point:	12 noon on a Dealing Day
Dealing frequency:	Daily on a Dealing Day
Classes of Shares:	Institutional Class Retail Class Standard Class C Standard Class D Standard Class E Standard Class F Standard Class G Standard Class H Standard Class I
Types of Shares:	Accumulation only
Currency of denomination:	Pounds sterling
Initial charge:	Institutional Class – 0.00% Retail Class – 0.50% Standard Classes C, D, E, F, G, H and I - 5.00%
Management Charges:	
Annual Management Charge:	Institutional Class – 0.35% Retail Class – 0.50% Standard Class C – 0.55% Standard Class D – 0.75% Standard Class E – 1.00% Standard Class F – 1.10% Standard Class G – 1.25% Standard Class H – 1.35% Standard Class I – 1.50%
Investment Manager's fee*:	0.35% (save for Institutional Class which is 0.30%)

Investment Adviser's fee: 0.30% (save for Institutional Class which is 0.25%)

Other Charges:

Depository's fee: 0.02% per annum.

Custody fee: Range between 0.005% and 0.05% per annum.

Allocation of charges	Capital	Income	
AMC, investment manager's and investment adviser's fee:	No		100%
Ongoing Operating Costs:	No		100%
Depository:	No		100%
Custody:	No		100%
Portfolio transaction costs:	100%		No
Investment minima**:	Institutional Class	Retail Class	Standard Class C, D, E, F, G, H and I
Minimum initial investment:	£500,000	£1,000	£1,000
Minimum subsequent investment:	£50,000	£500	£500
Regular savings plan***:	N/A	£100 per month (with direct debits collected on the 15 th day of each month or the next Business Day if the 15 th is not a Business Day)	£100 per month (with direct debits collected on the 15 th day of each month or the next Business Day if the 15 th is not a Business Day)***
Minimum holding:	£500,000	£1,000	£1,000
Minimum redemption:	£500,000	£1,000	£1,000
ISA status:	Qualifying investment for stocks and shares component		
Equalisation:	Yes		

*The Investment Management's fee rates are applicable from 21st March 2018.

**The ACD may, by special arrangement and at its discretion, agree on an individual basis a lower amount in relation to minimum transaction sizes.

***The regular savings plan for these Classes is only open for investment by existing Shareholders in those Classes.

APPENDIX II

ELIGIBLE SECURITIES MARKETS AND ELIGIBLE DERIVATIVES MARKETS

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

- a "regulated market" as defined in COLL;
- a securities market established in any EEA State (which as at the date of this Prospectus includes the UK, Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Spain, Sweden, Slovakia and Slovenia) which is regulated, operates regularly and is open to the public; or
- the principal or only market established under the rules of any of the following investment exchanges:

Country	Market
Australia	The Australian Stock Exchange Limited
Canada	The Montreal Stock Exchange Toronto SE TSX Venture Exchange
The Channel Islands	The Channel Islands Stock Exchange, LBG
Hong Kong	The Hong Kong Stock Exchange
Japan	The Tokyo Stock Exchange The Osaka Securities Exchange The Nagoya Stock Exchange The OTC Market JASDAQ
Philippines	The Philippines Stock Exchange
Republic of Korea	The Korea Exchange
Mexico	The Mexican Stock Exchange
Singapore	Singapore Exchange
South Africa	JSE Securities Exchange
Switzerland	SWX Swiss Exchange SWX Europe
Taiwan	The Taiwan Stock Exchange The Gre Tai Securities Market
The United States of America	New York Stock Exchange NYSE MKT LLC NASDAQ OMX BM National Stock Exchange Chicago Stock Exchange NYSE Arca Philadelphia Stock Exchange

	The NASDAQ Stock Market
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The alternative investment market (AIM) of the International Stock Exchange of the United Kingdom and the Republic of Ireland Limited is also an eligible securities market for the purposes of the Company and each of the Funds.

The Funds may also invest in the following eligible derivatives markets (in addition to any other derivatives markets established in the EEA states):

Country	Market
Austria	Weiner Borse
Australia	Sydney Futures Exchange
Belgium	Eurolist Brussels
Canada	Montreal Futures Exchange
Denmark	Copenhagen Stock Exchange A/S
Europe	EUREX
Finland	Helsinki Exchange
France	Eurolist Paris
Hong Kong	Hong Kong Futures Exchange
Ireland	Irish Stock Exchange
Italy	Futures Market for Government Securities (MIF)
Japan	Osaka Securities Exchange Tokyo International Financial Futures Exchange Tokyo Stock Exchange
Netherlands	Eurolist Amsterdam
New Zealand	New Zealand Futures Exchange
Singapore	Singapore Exchange
South Africa	JSE Securities Exchange The South African Futures Exchange (SAFEX) Yield "X"
Spain	MEFF
Sweden	Stockholmbarsen
Switzerland	SWX
United Kingdom	EDX Euronext - LIFFE

Country	Market
United States	American Stock Exchange (AMEX) Chicago Board of Trade (GLOBEX) Chicago Board of Options Exchange (CBOE) Chicago Mercantile Exchange International Securities Exchange (ISE) Kansas City Board of Trade New York Futures Exchange New York Mercantile Exchange (NYMEX) Pacific Stock Exchange Philadelphia Board of Trade Philadelphia Stock Exchange

APPENDIX III
INVESTMENT AND BORROWING POWERS OF THE COMPANY

1. General

- 1.1 The Scheme Property of each Fund will be invested with the aim of achieving the investment objective of that Fund but subject to the limits set out in the Fund's investment policy and the limits set out in Chapter 5 of the COLL Sourcebook ("COLL 5"), the Company's Instrument of Incorporation and this Prospectus.
- 1.2 The Funds will not maintain an interest in immovable property or tangible movable property.
- 1.3 From time to time and in particular during periods of uncertain or volatile markets, the Investment Manager may choose to hold a substantial proportion of the Scheme Property of the Funds in money market instruments and/or cash deposits.

2. Prudent Spread of Risk

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

3. Cover

- 3.1 Where the COLL Sourcebook allows a transaction to be entered into or an investment to be retained only (for example, investment in nil and partly paid securities and the general power to accept or underwrite) if possible obligations arising out of the investment transactions or out of the retention would not cause any breach of any limits in COLL 5, it must be assumed that the maximum possible liability of the Fund under any other of those rules has also to be provided for.
- 3.2 Where a rule in the COLL Sourcebook permits an investment transaction to be entered into or an investment to be retained only if that investment transaction, or the retention, or other similar transactions, are covered:
 - 3.2.1 it must be assumed that in applying any of those rules, the Fund must also simultaneously satisfy any other obligation relating to cover; and
 - 3.2.2 no element of cover must be used more than once.

4. UCITS Schemes - General

- 4.1 Subject to the investment objective and policy of the Fund, the Scheme Property 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 in collective investments schemes;
 - 4.1.4 permitted derivatives and forward transactions; and
 - 4.1.5 permitted deposits.

4.2 The requirements on spread of investments generally do not apply until the expiry of a period of six months after the date of effect of the authorisation order in respect of a Fund (or on which the initial offer commenced if later) provided that the requirement to maintain prudent spread of risk in paragraph 2 of this Appendix is complied with.

5. **Transferable Securities**

5.1 A transferable security is an investment falling within article 76 (Shares etc), article 77 (Instruments creating or acknowledging indebtedness), article 77A (alternative debentures), 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.

5.2 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.

5.3 In applying paragraph 5.2 of this Appendix to an investment which is issued by a body corporate, and which is an investment falling within articles 76 (Shares, etc), 77 (Instruments creating or acknowledging indebtedness), or article 77A (alternative debentures) 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.

5.4 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.

5.5 A Fund may invest in a transferable security only to the extent that the transferable security fulfils the following criteria:

5.5.1 the potential loss which a Fund may incur with respect to holding the transferable security is limited to the amount paid for it;

5.5.2 its liquidity does not compromise the ability of the ACD to comply with its obligation to redeem Shares at the request of any qualifying Shareholder under the FCA Handbook;

5.5.3 reliable valuation is available for it as follows:

5.5.3.1 in the case of a transferable security admitted to or dealt in on an eligible market, where there are accurate, reliable and regular prices which are either market prices or prices made available by valuation systems independent from issuers;

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

5.5.4 appropriate information is available for it as follows:

5.5.4.1 in the case of a transferable security admitted to or dealt in on an eligible market, where there is regular, accurate and comprehensive information available to the market on the transferable security or, where relevant, on the portfolio of the transferable security;

- 5.5.4.2 in the case of a transferable security not admitted to or dealt in on an eligible market, where there is regular and accurate information available to the ACD on the transferable security or, where relevant, on the portfolio of the transferable security;
 - 5.5.5 it is negotiable; and
 - 5.5.6 its risks are adequately captured by the risk management process of the ACD.
- 5.6 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:
- 5.6.1 not to compromise the ability of the ACD to comply with its obligation to redeem Shares at the request of any qualifying Shareholder; and
 - 5.6.2 to be negotiable.
- 5.7 No more than 5% of the Scheme Property of a Fund may be invested in warrants.
- 6. Closed End Funds Constituting Transferable Securities**
- 6.1 A unit or a share in a closed end fund shall be taken to be a transferable security for the purposes of investment by a Fund, provided it fulfils the criteria for transferable securities set out in paragraph 5.5 and either:
- 6.1.1 where the closed end fund is constituted as an investment company or a unit trust:
 - 6.1.1.1 it is subject to corporate governance mechanisms applied to companies; and
 - 6.1.1.2 where another person carries out asset management activity on its behalf, that person is subject to national regulation for the purpose of investor protection; or
 - 6.1.2 Where the closed end fund is constituted under the law of contract:
 - 6.1.2.1 it is subject to corporate governance mechanisms equivalent to those applied to companies; and
 - 6.1.2.2 it is managed by a person who is subject to national regulation for the purpose of investor protection.
- 7. Transferable Securities Linked to Other Assets**
- 7.1 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:
- 7.1.1 fulfils the criteria for transferable securities set out in 5.5 above; and
 - 7.1.2 is backed by or linked to the performance of other assets, which may differ from those in which a Fund can invest.

7.2 Where an investment in 7.1 contains an embedded derivative component, the requirements of this section with respect to derivatives and forwards will apply to that component.

8. Approved Money-Market Instruments

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

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

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

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

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

8.2.4 has a risk profile, including credit and interest rate risks, corresponding to that of an instrument which has a maturity as set out in 8.2.1 or 8.2.2 or is subject to yield adjustments as set out in 8.2.3.

8.3 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.

8.4 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:

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

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

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

9. Transferable Securities and Money-Market Instruments Generally to be Admitted or Dealt in on an Eligible Market

9.1 Transferable securities and approved money-market instruments held within a Fund must be:

9.1.1 admitted to or dealt in on an eligible market as described in 10.3.1; or

9.1.2 dealt in on an eligible market as described in 10.3.2; or

9.1.3 admitted to or dealt in on an eligible market as described in 10.4; or

- 9.1.4 for an approved money-market instrument not admitted to or dealt in on an eligible market, within 11.1; or
- 9.1.5 recently issued transferable securities provided that:
 - 9.1.5.1 the terms of issue include an undertaking that application will be made to be admitted to an eligible market; and
 - 9.1.5.2 such admission is secured within a year of issue.
- 9.2 However, a Fund may invest no more than 10% of its Scheme Property in transferable securities and approved money-market instruments other than those referred to in 9.1.

10. **Eligible Markets Regime: Purpose and Requirements**

- 10.1 To protect investors the markets on which investments of a 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.
- 10.2 Where a market ceases to be eligible, investments on that market cease to be approved securities. The 10% restriction in 9.2 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.
- 10.3 A market is eligible for the purposes of the rules if it is:
 - 10.3.1 a regulated market as defined in the FCA Handbook; or
 - 10.3.2 a market in an EEA State which is regulated, operates regularly and is open to the public; or
 - 10.3.3 a market falling in paragraph 10.4 of this Appendix.
- 10.4 A market falling within paragraph 10.3.3 of this Appendix is eligible for the purposes of COLL 5 if:
 - 10.4.1 the ACD, after consultation and notification with the Depositary, decides that market is appropriate for investment of, or dealing in, the Scheme Property;
 - 10.4.2 the market is included in a list in the Prospectus; and
 - 10.4.3 the Depositary has taken reasonable care to determine that:
 - 10.4.3.1 adequate custody arrangements can be provided for the investment dealt in on that market; and
 - 10.4.3.2 all reasonable steps have been taken by the ACD in deciding whether that market is eligible.
- 10.5 In paragraph 10.4.1 a market must not be considered appropriate unless it is regulated, operates regularly, is recognised by an overseas regulator, is open to the public, is adequately liquid and has adequate arrangements for unimpeded transmission of income and capital to or for the order of Shareholders.
- 10.6 The Eligible Markets for the Funds are set out in Appendix II.

11. **Money-Market Instruments with a Regulated Issuer**

11.1 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:

11.1.1 the issue or the issuer is regulated for the purpose of protecting Shareholders and savings; and

11.1.2 the instrument is issued or guaranteed in accordance with paragraph 12 (Issuers and guarantors of money-market instruments) below.

11.2 The issue or the issuer of a money-market instrument, other than one dealt in on an eligible market, shall be regarded as regulated for the purpose of protecting Shareholders and savings if:

11.2.1 the instrument is an approved money-market instrument;

11.2.2 appropriate information is available for the instrument (including information which allows an appropriate assessment of the credit risks related to investment in it), in accordance with paragraph 13 (Appropriate information for money-market instruments) below; and

11.2.3 the instrument is freely transferable.

12. **Issuers and Guarantors of Money-Market Instruments**

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

12.1.1 issued or guaranteed by any one of the following:

12.1.1.1 a central authority of an EEA State or, if the EEA State is a federal state, one of the members making up the federation;

12.1.1.2 a regional or local authority of an EEA State;

12.1.1.3 the European Central Bank or a central bank of an EEA State;

12.1.1.4 the European Union or the European Investment Bank;

12.1.1.5 a non-EEA State or, in the case of a federal state, one of the members making up the federation;

12.1.1.6 a public international body to which one or more EEA States belong; or

12.1.1.7 issued by a body, any securities of which are dealt in on an eligible market; or

12.1.2 issued or guaranteed by an establishment which is:

12.1.2.1 subject to prudential supervision in accordance with criteria defined by European Community law; or

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

- 12.2 An establishment shall be considered to satisfy the requirement in 12.1.2 if it is subject to and complies with prudential rules, and fulfils one or more of the following criteria:
- 12.2.1 it is located in the European Economic Area;
 - 12.2.2 it is located in an OECD country belonging to the Group of Ten;
 - 12.2.3 it has at least investment grade rating;
 - 12.2.4 on the basis of an in-depth analysis of the issuer, it can be demonstrated that the prudential rules applicable to that issuer are at least as stringent as those laid down by European Community law.

13. **Appropriate Information for Money-Market Instruments**

- 13.1 In the case of an approved money-market instrument within 12.1.2 or issued by a body of the type referred to in COLL 5.2.10EG, or which is issued by an authority within 12.1.1.2 or a public international body within 12.1.1.6 but is not guaranteed by a central authority within 12.1.1.1, the following information must be available:
- 13.1.1 information on both the issue or the issuance programme, and the legal and financial situation of the issuer prior to the issue of the instrument, verified by appropriately qualified third parties not subject to instructions from the issuer;
 - 13.1.2 updates of that information on a regular basis and whenever a significant event occurs; and
 - 13.1.3 available and reliable statistics on the issue or the issuance programme.
- 13.2 In the case of an approved money-market instrument issued or guaranteed by an establishment within 12.1.2, the following information must be available:
- 13.2.1 information on the issue or the issuance programme or on the legal and financial situation of the issuer prior to the issue of the instrument;
 - 13.2.2 updates of that information on a regular basis and whenever a significant event occurs; and
 - 13.2.3 available and reliable statistics on the issue or the issuance programme, or other data enabling an appropriate assessment of the credit risks related to investment in those instruments.
- 13.3 In the case of an approved money-market instrument:
- 13.3.1 within 12.1.1.1, 12.1.1.4 or 12.1.1.5; or
 - 13.3.2 which is issued by an authority within 12.1.1.2 or a public international body within 12.1.1.6 and is guaranteed by a central authority within 12.1.1.1;
- information must be available on the issue or the issuance programme, or on the legal and financial situation of the issuer prior to the issue of the instrument.

14. **Spread: General**

- 14.1 This rule on spread does not apply in respect of a transferable security or an approved money-market instrument to which COLL 5.2.12R (Spread: government and public securities) applies.
- 14.2 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.
- 14.3 Not more than 20% in the value of the Scheme Property of a Fund is to consist of deposits with a single body.
- 14.4 Not more than 5% in value of the Scheme Property of a Fund is to consist of transferable securities or approved money-market instruments issued by any single body, except that the limit of 5% is raised to 10% in respect of up to 40% in value of the Scheme Property (covered bonds need not be taken into account for the purposes of applying the limit of 40%). For these purposes certificates representing certain securities are treated as equivalent to the underlying security.
- 14.5 The limit of 5% in 14.4 is raised to 25% in value of the Scheme Property in respect of covered bonds provided that when a Fund invests more than 5% in covered bonds issued by a single body, the total value of covered bonds held must not exceed 80% in value of the Scheme Property.
- 14.6 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.
- 14.7 Not more than 20% in value of the Scheme Property of a Fund is to consist of transferable securities and approved money-market instruments issued by the same group.
- 14.8 The COLL Sourcebook provides that not more than 20% in value of the Scheme Property of a sub-fund is to consist of the units of any one collective investment scheme. In accordance with 17.1, none of the Funds can invest up to this limit.
- 14.9 The COLL Sourcebook provides that in applying the limits in 14.3, 14.4 and 14.6 and subject to 14.5, 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:
- 14.9.1 transferable securities (including covered bonds) or approved money-market instruments issued by; or
 - 14.9.2 deposits made with; or
 - 14.9.3 exposures from OTC derivatives transactions made with;
- a single body.

15. **Counterparty Risk and Issuer Concentration**

- 15.1 The ACD must ensure that counterparty risk arising from an OTC derivative is subject to the limits set out in paragraphs 14.6 and 14.9 above.

- 15.2 When calculating the exposure of a Fund to a counterparty in accordance with the limits in paragraph 14.6 the ACD must use the positive mark-to-market value of the OTC derivative contract with that counterparty.
- 15.3 An 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.
- 15.4 The netting agreements in paragraph 15.3 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.
- 15.5 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.
- 15.6 The ACD must take collateral into account in calculating exposure to counterparty risk in accordance with the limits in paragraph 14.6 when it passes collateral to an OTC counterparty on behalf of a Fund.
- 15.7 Collateral passed in accordance with paragraph 15.6 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.
- 15.8 The ACD must calculate the issuer concentration limits referred to in paragraph 14.6 on the basis of the underlying exposure created through the use of OTC derivatives pursuant to the commitment approach.
- 15.9 In relation to the exposure arising from OTC derivatives as referred to in paragraph 14.6 the ACD must include any exposure to OTC derivative counterparty risk in the calculation.

16. **Spread: Government and Public Securities**

- 16.1 This rule applies in respect of a transferable security or an approved money-market instrument ("such securities") that is issued by:
 - 16.1.1 an EEA State;
 - 16.1.2 a local authority of an EEA State;
 - 16.1.3 a non-EEA State; or
 - 16.1.4 a public international body to which one of more EEA States belong.
- 16.2 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.
- 16.3 The Company or a Fund may invest more than 35% in value of the Scheme Property in such securities issued by any one body provided that:
 - 16.3.1 the ACD has before any such investment is made consulted with the Depository and as a result considers that the issuer of such securities is one which is appropriate in accordance with the investment objectives of the relevant Fund;

- 16.3.2 no more than 30% in value of the Scheme Property consists of such securities of any one issue;
- 16.3.3 the Scheme Property includes such securities issued by that or another issuer, of at least six different issues;
- 16.3.4 the disclosures required by the FCA have been made.
- 16.4 **The Funds do not currently invest more than 35% of their Scheme Property in such securities issued by any one body.**
- 16.5 Notwithstanding 14.1 and subject to 16.2 and 16.3 above, in applying the 20% limit in paragraph 14.9 with respect to a single body, such securities issued by that body shall be taken into account.

17. **Investment in Collective Investment Schemes**

- 17.1 Up to 100% of the value of the Scheme Property of a Fund may be invested in units or shares in other collective investment schemes ("Second Scheme") and provided not more than 20% in value of the property of a Fund may consist of units or shares in any one Second scheme. A Fund must not invest in units or shares of a Second Scheme unless the Second Scheme satisfies all of the conditions below at 17.1.1 and provided that no more than 30% of the value of the Scheme Property attributed to the Fund is invested in second schemes within categories 17.1.1.2 to 17.1.1.4 below.

17.1.1 The Second Scheme must:

- 17.1.1.1 satisfy the conditions necessary for it to enjoy the rights conferred by the UCITS Directive; or
- 17.1.1.2 be recognised under the provisions of s.270 of the Financial Services and Markets Act 2000; or
- 17.1.1.3 be authorised as a non-UCITS retail scheme (provided the requirements of Article 50(1)(e) of the UCITS Directive are met);
- 17.1.1.4 be authorised in another EEA State provided the requirements of Article 50(1)(e) of the UCITS Directive are met; or
- 17.1.1.5 be authorised by the competent authority of an OECD member country (other than another EEA State) which has:
 - (a) signed the IOSCO Multilateral Memorandum of Understanding; and
 - (b) approved the Second Scheme's management company, rules and depositary/custody arrangements;
 - (c) (provided the requirements of article 50(1)(e) of the UCITS Directive are met).

- 17.1.2 The Second Scheme has terms which prohibit it from having more than 10% in value of the Scheme Property consisting of units in collective investment schemes. Where the Second Scheme is an umbrella, the provisions in this

paragraph 17.1.2 and paragraph 17.1.3 and paragraph 14 (Spread: general) apply to each Fund as if it were a separate scheme.

- 17.1.3 Investment may only be made in other collective investment schemes managed by the ACD or an Associate of the ACD if the Fund's Prospectus clearly states that it may enter into such investments and the rules on double charging contained in the COLL Sourcebook are complied with.
- 17.1.4 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 17.1.5 below.
- 17.1.5 Funds in the Company may invest in a Second Fund provided that:
 - 17.1.5.1 the Second Fund does not hold Shares in any other Fund of the Company;
 - 17.1.5.2 the requirements set out in paragraphs 17.3 and 17.4 below are complied with; and
 - 17.1.5.3 the investing or disposing Fund must not be a feeder UCITS to the Second Fund.
- 17.2 The Funds may, subject to the limit set out in 17.1 above, invest in collective investment schemes managed or operated by, or whose authorised corporate director is, the ACD or one of its Associates.
- 17.3 Investment may only be made in a Second Fund or other collective investment schemes managed by the ACD or an Associate of the ACD if the rules on double charging contained in the COLL Sourcebook are complied with.
- 17.4 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.

18. **Investment in Nil and Partly Paid Securities**

A transferable security or an approved money-market instrument on which any sum is unpaid falls within a power of investment only if it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by a Fund, at the time when payment is required, without contravening the rules in COLL 5.

19. **Derivatives: General**

- 19.1 **The DMS Sequel Global Target Income Strategy Fund and the DMS Sequel Cautious Income Strategy Fund may, subject to 60 days notice to Shareholders, employ derivatives in the pursuit of the investment objectives as stated in this Prospectus and in accordance with its risk management policy. It is not intended that the use of derivatives in this way will cause the net asset value of the Funds to have high volatility or otherwise cause their existing risk profile to change.**

- 19.2 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 21 (Permitted transactions

(derivatives and forwards)) below, and the transaction is covered, as required by paragraph 33 (Cover for investment in derivatives and forward transactions) of this Appendix.

- 19.3 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.
- 19.4 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.
- 19.5 A transferable security or an approved money-market instrument will embed a derivative if it contains a component which fulfils the following criteria:
- 19.5.1 by virtue of that component some or all of the cash flows that otherwise would be required by the transferable security or approved money-market instrument which functions as host contract can be modified according to a specified interest rate, financial instrument price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, and therefore vary in a way similar to a stand-alone derivative;
 - 19.5.2 its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and
 - 19.5.3 it has a significant impact on the risk profile and pricing of the transferable security or approved money-market instrument.
- 19.6 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.
- 19.7 Where a Fund invests in an index based derivative, provided the relevant index falls within paragraph 22 (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 (Spread: general) and COLL 5.2.12R (Spread: government and public securities).

20. **Efficient Portfolio Management**

- 20.1 Each of the Funds may enter into derivative and forward transactions for the purposes of hedging. Any income or capital generated by EPM (out of direct or indirect costs) will be paid to the relevant Fund. The following requirements must be satisfied when entering into a transaction for hedging purposes, namely:
- 20.1.1 the transaction must be economically appropriate in that they are realised in a cost effective way;
 - 20.1.2 they are entered into for one or more of the following specific aims:
 - 20.1.2.1 reduction of risk;
 - 20.1.2.2 reduction of cost; and

- 20.1.2.3 generation of additional capital or income with a risk level which is consistent with the risk profile of the scheme and risk diversification rules in COLL.
- 20.2 A transaction which is regarded as speculative will not be permitted.
- 20.3 A derivatives or forward transaction which would or could lead to delivery of property to the Depositary may be entered into only if such property can be held by the Fund and the ACD has taken reasonable care to determine that delivery of the property pursuant to the transaction will not lead to a breach of the relevant provisions in COLL.
- 20.4 Where a transaction is entered into for hedging purposes and relates to the actual or potential acquisition of transferable securities, the ACD must intend that the Fund should invest in such transferable securities within a reasonable time and the ACD must ensure that, unless the position has itself been closed out, that intention is realised within such time.
- 21. **Permitted Transactions (Derivatives and Forwards)**
 - 21.1 A transaction in a derivative must be in an approved derivative; or be one which complies with paragraph 25 (OTC transactions in derivatives).
 - 21.2 A transaction in a derivative must have the underlying consisting of any one or more of the following to which a Fund is dedicated:
 - 21.2.1 transferable securities;
 - 21.2.2 approved money-market instruments permitted under paragraphs 9.1.1 to 9.1.4;
 - 21.2.3 deposits and permitted derivatives under this paragraph;
 - 21.2.4 collective investment scheme units permitted under paragraph 17 (Investment in collective investment schemes);
 - 21.2.5 financial indices which satisfy the criteria set out in paragraph 22 (Financial indices underlying derivatives);
 - 21.2.6 interest rates;
 - 21.2.7 foreign exchange rates; and
 - 21.2.8 currencies.
 - 21.3 A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market.
 - 21.4 A transaction in a derivative must not cause a Fund to diverge from its investment objectives as stated in the Instrument of Incorporation and the most recently published version of this Prospectus.
 - 21.5 A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more, transferable securities, approved money-market instruments, units in collective investment schemes, or derivatives.
 - 21.6 Any forward transaction must be with an Eligible Institution or an Approved Bank.
 - 21.7 A derivative includes an investment which fulfils the following criteria:

- 21.7.1 it allows transfer of the credit risk of the underlying independently from the other risks associated with that underlying;
 - 21.7.2 it does not result in the delivery or the transfer of assets other than those referred to in COLL 5.2.6AR, including cash;
 - 21.7.3 in the case of an OTC derivative, it complies with the requirements in paragraph 25; and
 - 21.7.4 its risks are adequately captured by the risk management process of the ACD and by its internal control mechanisms in the case of risk asymmetry of information between the ACD and the counterparty to the derivative resulting from the potential access of the counterparty to non-public information on persons whose assets are used as the underlying by that derivative.
- 21.8 A Fund may not undertake transactions in derivatives on commodities.

22. **Financial Indices Underlying Derivatives**

- 22.1 The financial indices referred to in 21.2 are those which satisfy the following criteria:
- 22.1.1 the index is sufficiently diversified;
 - 22.1.2 the index represents an adequate benchmark for the market to which it refers;
 - 22.1.3 the index is published in an appropriate manner; and
 - 22.1.4 otherwise complies with the requirements of the ESMA Guidelines on ETFs and other UCITS Issues (ESMA/2012/832EN).
- 22.2 A financial index is sufficiently diversified if:
- 22.2.1 it is composed in such a way that price movements or trading activities regarding one component do not unduly influence the performance of the whole index;
 - 22.2.2 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 Appendix; and
 - 22.2.3 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 Appendix.
- 22.3 A financial index represents an adequate benchmark for the market to which it refers if:
- 22.3.1 it measures the performance of a representative group of underlyings in a relevant and appropriate way;
 - 22.3.2 it is revised or rebalanced periodically to ensure that it continues to reflect the markets to which it refers, following criteria which are publicly available; and

- 22.3.3 the underlyings are sufficiently liquid, allowing users to replicate it if necessary.
- 22.4 A financial index is published in an appropriate manner if:
 - 22.4.1 its publication process relies on sound procedures to collect prices, and calculate and subsequently publish the index value, including pricing procedures for components where a market price is not available; and
 - 22.4.2 material information on matters such as index calculation, rebalancing methodologies, index changes or any operational difficulties in providing timely or accurate information is provided on a wide and timely basis.
- 22.5 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 21.2, be regarded as a combination of those underlyings.

23. **Transactions for the Purchase of Property**

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

24. **Requirement to Cover Sales**

No agreement by or on behalf of a Fund 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 that Fund by delivery of property or the assignment (or, in Scotland, assignation) of rights, and the property and rights above are owned by a Fund at the time of the agreement. This requirement does not apply to a deposit.

25. **OTC Transactions in Derivatives**

- 25.1 Any transaction in an OTC derivative under paragraph 21.1 must be:
 - 25.1.1 in a future or an option or a contract for differences;
 - 25.1.2 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 Financial Services Register or whose Home State authorisation, permits it to enter into the transaction as principal off-exchange;
 - 25.1.3 on approved terms; the terms of the transaction in derivatives are approved only if, the ACD: carries out, at least daily, a reliable and verifiable valuation in respect of that transaction corresponding to its fair value and which does not rely only on market quotations by the counterparty and can enter into one or more further transaction to sell, liquidate or close out that transaction at any time, at a fair value; and
 - 25.1.4 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:

- 25.1.4.1 on the basis of an up-to-date market value which the ACD and the Depositary have agreed is reliable; or
 - 25.1.4.2 if the value referred to in 25.1.4.1 is not available, on the basis of a pricing model which the ACD and the Depositary have agreed uses an adequate recognised methodology; and
- 25.1.5 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:
- 25.1.5.1 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
 - 25.1.5.2 a department within the ACD which is independent from the department in charge of managing a Fund and which is adequately equipped for such a purpose.
- 25.2 For the purposes of paragraph 25.1.3, "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.

26. **Valuation of OTC Derivatives**

- 26.1 For the purposes of paragraph 25.1.3 the ACD must:
- 26.1.1 establish, implement and maintain arrangements and procedures which ensure appropriate, transparent and fair valuation of the exposures of a Fund to OTC derivatives; and
 - 26.1.2 ensure that the fair value of OTC derivatives is subject to adequate, accurate and independent assessment.
- 26.2 Where the arrangements and procedures referred to in paragraph 26.1 above 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).
- 26.3 The arrangements and procedures referred to in 26.1 must be:
- 26.3.1 adequate and proportionate to the nature and complexity of the OTC derivative concerned; and
 - 26.3.2 adequately documented.

27. **Risk Management**

- 27.1 The ACD uses a risk management process in accordance with COLL 6.12 (Risk management policy and risk measurement), as reviewed by the Depositary and filed with the FCA, 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 the Fund. The following details of the risk management process must be regularly notified to the FCA and at least on an annual basis:

- 27.1.1 a true and fair view of the types of derivatives and forward transactions to be used within the Fund together with their underlying risks and any relevant quantitative limits.
- 27.1.2 the methods for estimating risks in derivative and forward transactions.
- 27.2 The ACD must notify the FCA in advance of any material alteration to the details above.
- 28. **Investments in Deposits**

A 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.
- 29. **Significant Influence**
 - 29.1 The Company must not acquire transferable securities issued by a body corporate and carrying rights to vote (whether or not on substantially all matters) at a general meeting of that body corporate if:
 - 29.1.1 immediately before the acquisition, the aggregate of any such securities held by the Company gives the Company power significantly to influence the conduct of business of that body corporate; or
 - 29.1.2 the acquisition gives the Company that power.
 - 29.2 For the purposes of paragraph 29.1, the Company is to be taken to have power significantly to influence the conduct of business of a body corporate if it can, because of the transferable securities held by it, exercise or control the exercise of 20% or more of the voting rights in that body corporate (disregarding for this purpose any temporary suspension of voting rights in respect of the transferable securities of that body corporate).
- 30. **Concentration**
 - 30.1 The Company:
 - 30.1.1 must not acquire transferable securities other than debt securities which:
 - 30.1.1.1 do not carry a right to vote on any matter at a general meeting of the body corporate that issued them; and
 - 30.1.1.2 represent more than 10% of these securities issued by that body corporate;
 - 30.1.2 must not acquire more than 10% of the debt securities issued by any single issuing body;
 - 30.1.3 must not acquire more than 25% of the units in a collective investment scheme;
 - 30.1.4 must not acquire more than 10% of the approved money-market instruments issued by any single body; and
 - 30.1.5 need not comply with the limits in paragraphs 30.1.2, 30.1.3 and 30.1.4 of this Appendix if, at the time of the acquisition, the net amount in issue of the relevant investment cannot be calculated.

31. Derivative Exposure

- 31.1 The Funds may invest in derivatives and forward transactions as long as the exposure to which a Fund is committed by that transaction itself is suitably covered from within its Scheme Property. Exposure will include any initial outlay in respect of that transaction.
- 31.2 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 that Fund is committed. Paragraph 32 (Cover for investment in derivatives and forward transactions) below sets out detailed requirements for cover of that Fund.
- 31.3 A future is to be regarded as an obligation to which a Fund is committed (in that, unless closed out, the future will require something to be delivered, or accepted and paid for); a written option as an obligation to which a Fund is committed (in that it gives the right of potential exercise to another thereby creating exposure); and a bought option as a right (in that the purchaser can, but need not, exercise the right to require the writer to deliver and accept and pay for something).
- 31.4 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.

32. Cover for Investment in Derivatives and Forward Transactions

- 32.1 A Fund may invest in derivatives and forward transactions as part of its investment policy provided:
 - 32.1.1 its global exposure relating to derivatives and forward transactions held in the Fund does not exceed the net value of the Scheme Property; and
 - 32.1.2 its global exposure to the underlying assets does not exceed in aggregate the investment limits laid down in paragraph 14 above.

33. Cover and Borrowing

- 33.1 Cash obtained from borrowing, and borrowing which the ACD reasonably regards an Eligible Institution or an Approved Bank to be committed to provide, is not available for cover under paragraph 32 (Cover for investment in derivatives and forward transactions) except where 33.2 below applies.
- 33.2 Where, for the purposes of this paragraph a Fund borrows an amount of currency from an Eligible Institution or an Approved Bank; and keeps an amount in another currency, at least equal to such borrowing for the time being in 33.1 on deposit with the lender (or his agent or nominee), then this paragraph 33.2 applies as if the borrowed currency, and not the deposited currency, were part of the Scheme Property.

34. Calculation of Global Exposure

- 34.1 The ACD must calculate the global exposure of a Fund on at least a daily basis.
- 34.2 The ACD must calculate the global exposure of any Fund it manages either as:
 - 34.2.1 the incremental exposure and leverage generated through the use of derivatives and forward transactions (including embedded derivatives as

referred to in paragraph 19 (Derivatives: general), which may not exceed 100% of the net value of the Scheme Property; or

- 34.2.2 the market risk of the Scheme Property.
- 34.3 For the purposes of this section exposure must be calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions.
- 34.4 The ACD must calculate the global exposure of a Fund by using:
 - 34.4.1 commitment approach; or
 - 34.4.2 the value at risk approach.
- 34.5 The ACD must ensure that the method selected above is appropriate, taking into account:
 - 34.5.1 the investment strategy pursued by the Fund;
 - 34.5.2 types and complexities of the derivatives and forward transactions used; and
 - 34.5.3 the proportion of the Scheme Property comprising derivatives and forward transactions.
- 34.6 Where a Fund employs techniques and instruments including repo contracts or stock lending transactions in accordance with paragraph 43 (Stock lending) in order to generate additional leverage or exposure to market risk, the authorised fund manager must take those transactions into consideration when calculating global exposure.

35. **Cash and Near Cash**

- 35.1 Cash and near cash must not be retained in the Scheme Property of the Funds except to the extent that, where this may reasonably be regarded as necessary in order to enable:
 - 35.1.1 the pursuit of a Fund's investment objectives; or
 - 35.1.2 redemption of Shares; or
 - 35.1.3 efficient management of a Fund in accordance with its investment objectives; or
 - 35.1.4 other purposes which may reasonably be regarded as ancillary to the investment objectives of a Fund.
- 35.2 During the period of the initial offer the Scheme Property of the Funds may consist of cash and near cash without limitation.

36. **General**

- 36.1 It is envisaged that a Fund will normally be fully invested but there may be times that it is appropriate not to be fully invested when the ACD reasonably regards this as necessary in pursuit of the investment objective and policy, redemption of Shares, efficient management of a Fund or any one purpose which may reasonably be regarded as ancillary to the investment objectives of a Fund.

- 36.2 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 a 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.
- 36.3 A potential breach of any of these limits does not prevent the exercise of rights conferred by investments held by a 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.
- 36.4 The COLL Sourcebook permits the ACD to 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 with respect to OTC derivatives; for example a Fund may take collateral from counterparties with whom they have an OTC derivative position and use that collateral to net off against the exposure they have to the counterparty under that OTC derivative position, for the purposes of complying with counterparty spread limits. The COLL Sourcebook also permits a Fund to use derivatives to effectively short sell (agree to deliver the relevant asset without holding it in a Fund) under certain conditions.

37. **Underwriting**

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

38. **General Power to Borrow**

- 38.1 The Company may, on the instructions of the Investment Manager and subject to the COLL Sourcebook, borrow money from an Eligible Institution or an Approved Bank for the use of a Fund on terms that the borrowing is to be repayable out of the Scheme Property.
- 38.2 Borrowing must be on a temporary basis, must not be persistent, and in any event must not exceed three months without the prior consent of the Depositary, which may be given only on such conditions as appear appropriate to the Depositary to ensure that the borrowing does not cease to be on a temporary basis.
- 38.3 The ACD must ensure that borrowing does not, on any Business Day, exceed 10% of the value of a Fund.
- 38.4 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).

39. **Restrictions on Lending of Money**

- 39.1 None of the money in the Scheme Property of a Fund may be lent and, for the purposes of this paragraph, money is lent by a Fund if it is paid to a person ("the payee") on the basis that it should be repaid, whether or not by the payee.
- 39.2 Acquiring a debenture is not lending for the purposes of paragraph 39.1, nor is the placing of money on deposit or in a current account.
- 39.3 Nothing in paragraph 39.1 prevents the Company from providing an officer of the Company with funds to meet expenditure to be incurred by him for the purposes of

the Company (or for the purposes of enabling him properly to perform his duties as an officer of the Company) or from doing anything to enable an officer to avoid incurring such expenditure.

40. Restrictions on Lending of Property Other than Money

- 40.1 Scheme Property of the Funds other than money must not be lent by way of deposit or otherwise.
- 40.2 Transactions permitted by paragraph 43 (Stock lending) are not to be regarded as lending for the purposes of paragraph 40.1.
- 40.3 The Scheme Property of the Funds must not be mortgaged.
- 40.4 Where transactions in derivatives or forward transactions are used for the account of the Company in accordance with COLL 5, nothing in this paragraph prevents the Company or the Depositary at the request of the Company: from lending, depositing, pledging or charging its Scheme Property for margin requirements; or transferring Scheme Property under the terms of an agreement in relation to margin requirements, provided that the ACD reasonably considers that both the agreement and the margin arrangements made under it (including in relation to the level of margin) provide appropriate protection to Shareholders.

41. General Power to Accept or Underwrite Placings

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

42. Guarantees and Indemnities

- 42.1 The Company or the Depositary for the account of the Company must not provide any guarantee or indemnity in respect of the obligation of any person.
- 42.2 None of the Scheme Property may be used to discharge any obligation arising under a guarantee or indemnity with respect to the obligation of any person.
- 42.3 Paragraphs 42.1 and 42.2 do not apply to in respect of the Company:
 - 42.3.1 any indemnity or guarantee given for margin requirements where the derivatives or forward transactions are being used in accordance with COLL 5; and
 - 42.3.2 an indemnity falling within the provisions of regulation 62(3) (Exemptions from liability to be void) of the OEIC Regulations;

- 42.3.3 an indemnity (other than any provision in it which is void under regulation 62 of the OEIC Regulations) given to the Depositary against any liability incurred by it as a consequence of the safekeeping of any of the Scheme Property by it or by anyone retained by it to assist it to perform its function of the safekeeping of the Scheme Property; and
- 42.3.4 an indemnity given to a person winding up a scheme if the indemnity is given for the purposes of arrangements by which the whole or part of the property of that scheme becomes the first property of the Company and the holders of units in that scheme become the first Shareholders in the Company.

43. **Stock Lending**

- 43.1 The Company or the Depositary may enter into a stock lending arrangement of the kind described in section 263B of the Taxation of Chargeable Gains Act 1992 but only if:
 - 43.1.1 all the terms of the agreement under which securities are to be reacquired by the Depositary for the account of the Company are in a form which is acceptable to the Depositary and are in accordance with good market practice;
 - 43.1.2 the counterparty is an authorised person or a person authorised by a home state regulator; and
 - 43.1.3 collateral is obtained to secure the obligation of the counterparty under the terms referred to in (a) above. Collateral must be acceptable to the Depositary, adequate and sufficiently immediate and otherwise must comply with the requirements of ESMA's Guidelines on ETFs and other UCITS issues (ESMA/2012/832EN).
- 43.2 The stock lending permitted by this section may be exercised by a Fund when it reasonably appears to a Fund to be appropriate to do so with a view to generating additional income with an acceptable degree of risk.
- 43.3 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.
- 43.4 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 a Fund.
- 43.5 There is no limit on the value of the Scheme Property of a Fund which may be the subject of stock lending transactions or repo contracts.
- 43.6 The ACD should ensure that it is able at any time to recall any security that has been lent out or terminate any securities lending agreement into which it has entered.
- 43.7 Where a reverse repurchase agreement is entered into in relation to a Fund, the ACD should ensure that it is able at any time to recall the full amount of cash or to terminate the reverse repurchase agreement on either an accrued basis or a mark-

to-market basis. When the cash is recallable at any time on a mark-to-market basis, the mark-to-market value of the reverse repurchase agreement should be used for the calculation of the NAV of the Fund.

43.8 For a repurchase agreement entered into in relation to a Fund, the ACD should ensure that it is able at any time to recall any securities subject to the repurchase agreement or to terminate the repurchase agreement into which it has entered. Fixed-term repurchase and reverse repurchase agreements that do not exceed seven days should be considered as arrangements on terms that allow the assets to be recalled at any time by the ACD.

44. **Reinvestment of collateral**

44.1 Non-cash collateral received by the Company should not be sold, re-invested or pledged.

44.2 Cash collateral received by the Company in relation to a Fund should only be:

44.2.1 placed on deposit with eligible credit institutions prescribed in Article 50(f) of the UCITS Directive;

44.2.2 invested in high-quality government bonds;

44.2.3 used for the purpose of reverse repurchase transactions provided the transactions are with credit institutions subject to prudential supervision and the UCITS is able to recall at any time the full amount of cash on accrued basis; or

44.2.4 invested in short-term money market funds as defined in the CESR Guidelines on a Common Definition of European Money Market Funds (CESR/10-049).

44.3 Re-invested cash collateral should be diversified in accordance with the diversification requirements applicable to non-cash collateral set out in ESMA's Guidelines on ETFs and other UCITS issues (ESMA/2012/832EN).

APPENDIX IV

LIST OF OTHER AUTHORISED COLLECTIVE INVESTMENT SCHEMES OPERATED BY THE ACD

The ACD is also the authorised corporate director of the following open-ended investment companies:

DMS FCM Salamanca Global Property Fund 1
DMS Investment Funds ICVC III
Host Capital UK Student Accommodation Fund
DMS Kleinwort Hambros Income Funds Umbrella
DMS Kleinwort Hambros Multi Asset Funds Umbrella
DMS Kleinwort Hambros Growth Fund
DMS Charteris UCITS ICVC
DMS Verbatim Multi-Index Funds
DMS Verbatim Funds
DMS Investment Funds ICVC V
HC Charteris ICVC

The ACD is the authorised fund manager of the following authorised unit trusts:

Host Capital UK Student Accommodation Feeder Trust

APPENDIX V

PAST PERFORMANCE TABLE AND TYPICAL INVESTOR PROFILE

1. Historic performance table

The table below shows the total return of over 12 monthly periods and in total, since the relevant share class inception. This performance information assumes reinvestment of any distributed income and is net of tax and charges but does not include the effect of any preliminary charge that may be paid on the purchase of investment. For information on performance of other share classes, visit the ACD's website www.dmsgovernance.com or contact the ACD.

Each share class performance is compared to the relevant Fund's Target Benchmark and outperformance or underperformance of the share class against the Benchmark is shown.

Share Class / Target Benchmark	Year to 31/07/2015	Year to 31/07/2016	Year to 31/07/2017	Year to 31/07/2018	Year to 31/07/2019	Share Class Inception Date	Inception to 31/07/2019 (Cummulative)
DMS Sequel Balanced Target Return Strategy Retail Class B Acc in GB	6.91	0.63	13.21	1.99	1.29	06/10/2013	33.43
Cash* + 3.5%	4.81	4.65	4.23	4.31	4.48	06/10/2013	29.63
Outperformed by - Underperformed by	2.09	-4.01	8.98	-2.32	-3.19	06/10/2013	3.80
DMS Sequel Cautious Target Return Strategy Retail Class B Acc in GB	4.65	3.65	8.39	1.31	0.41	06/10/2013	25.62
Cash* + 2%	3.30	3.13	2.72	2.80	2.97	06/10/2013	19.08
Outperformed by - Underperformed by	1.35	0.52	5.67	-1.49	-2.56	06/10/2013	6.54
DMS Sequel Cautious Income Strategy Class B Acc in GB	3.72	4.11	7.95	-1.62	-1.57	18/09/2006	21.08
DMS Sequel Global Target Income Strategy Class B Acc in GB	11.65	4.15	11.76	2.46	-0.63	18/09/2006	94.63
Cash* + 5%	6.33	6.17	5.74	5.82	6.00	18/09/2006	151.88
Outperformed by - Underperformed by	5.32	-2.02	6.02	-3.36	-6.63	18/09/2006	-57.25
DMS Sequel Growth Target Return Strategy Retail Class B Acc in GB	7.95	0.89	16.39	3.62	1.96	06/10/2013	43.19
Cash* + 5%	6.33	6.17	5.74	5.82	6.00	06/10/2013	40.95
Outperformed by - Underperformed by	1.62	-5.28	10.66	-2.20	-4.04	06/10/2013	2.24

(Source: Morningstar 31.07.2019)

Notes:

*Target Benchmark. Bank of England 1 Year Fixed Rate Bond IUMWTFA + x% is used to measure cash.

Important: Past performance is not an indication of future performance.

NOTE: On 7 February 2020:

- HC Sequel Balanced Target Return Strategy Fund changed its name to DMS Sequel Balanced Target Return Strategy Fund;
- HC Sequel Cautious Target Return Strategy changed its name to DMS Sequel Cautious Target Return Strategy Fund;
- HC Sequel Cautious Income Strategy Fund changed its name to DMS Sequel Cautious Income Strategy Fund;
- HC Sequel Global Target Income Strategy Fund changed its name to DMS Sequel Global Target Income Strategy Fund; and
- HC Sequel Growth Target Return Strategy Fund changed its name to DMS Sequel Growth Target Return Strategy Fund.

2. Investor profile

The Funds may be marketed to all classes of investor. However, a typical investor should understand and appreciate the risks associated with investing in Shares in any of the Funds and will have received advice from an appropriately qualified financial adviser.

APPENDIX VI

DIRECTORY

The Company and Head Office

DMS Sequel Investment Funds ICVC II
2nd Floor, 20-22 Bedford Row
Holborn
London WC1R 4EB

Authorised Corporate Director

DMS Investment Management Services (UK)Limited
2nd Floor, 20-22 Bedford Row
Holborn
London WC1R 4EB

Depository

CACEIS Bank, UK Branch
Broadwalk House,
5 Appold Street
London
EC2A 2DA

Custodian

CACEIS Bank, UK Branch
Broadwalk House,
5 Appold Street
London
EC2A 2DA

Registrar

DMS Investment Management Services (UK) Limited
2nd Floor, 20-22 Bedford Row
Holborn
London WC1R 4EB

Administrator

CACEIS Bank, UK Branch
Broadwalk House,
5 Appold Street
London
EC2A 2DA

Transfer Agent

FNZ TA Services Limited
Level 5, 67 Lombard Street
London EC3V 9LJ

Investment Manager

Seneca Investment Managers Limited
10th Floor, Horton House
Exchange Flags
Liverpool L2 3YL

Investment Adviser

Sequel Investments Limited
1st Floor
8 Eastcheap
London EC3M 1AE

Auditors

Grant Thornton UK LLP
30 Finsbury Square
London EC2A 1AG

Legal Advisers to the Company

Eversheds Sutherland (International) LLP
1 Wood Street
London EC2V 7WS

APPENDIX VII

DELEGATES

Global Custodian	
CACEIS Bank, UK Branch	

CACEIS Bank - Sub Custodians

ARGENTINA	Banco Santander Rio
AUSTRALIA	HSBC Bank Australia Ltd.
AUSTRIA	Oesterreichische Kontrollbank CSD GMBH
BAHRAIN	HSBC Bank Middle East Ltd., Manama Branch
BANGLADESH	The Hongkong and Shanghai Banking Corporation Limited, Dhaka Branch
BELGIUM	CACEIS Bank
BOSNIA	UniCredit Bank d.d.
BOTSWANA	Standard Chartered Bank Botswana Limited
BRAZIL	Itau Unibanco S.A
BRAZIL	Santander Securities Services Brasil DTVM
BRAZIL	Itaú Unibanco SA
BULGARIA	UniCredit Bulbank AD
CANADA	CIBC Mellon Trust Company
CHILE	Banco de Chile, Santiago de Chile
CHINA	HSBC Bank (China) Company Limited
COLOMBIA	Cititrust Colombia S.A
CROATIA	Zagrebacka Banka d.d.

CYPRUS	HSBC Security Services, HSBC Bank plc, Athens
CZECH REPUBLIC	UniCredit Bank Czech Republic and Slovakia, a.s.
DENMARK	Dankse Bank A/S, Copenhagen
EGYPT	Citibank N.A., Cairo Branch
ESTONIA	Unicredit Bank
FINLAND	Skandinaviska Enskilda Banken AB, Helsinki
FRANCE	CACEIS Bank
GERMANY	CACEIS Bank S.A., Germany branch
GHANA	Standard Chartered Bank Ghana Limited
GREECE	HSBC Security Services, HSBC Bank plc, Athens
HONG KONG	The Hong Kong and Shanghai Banking Corporation Limited, Hong Kong
HUNGARY	UniCredit Bank Hungary Zrt.
ICELAND	Clearstream Banking S.A., Luxembourg
INDIA	The Hongkong and Shanghai Banking Corporation Limited, India
INDONESIA	The Hongkong and Shanghai Banking Corporation Limited, Jakarta Branch
IRELAND	HSBC Security Services, London
ISRAEL	Hapoalim Bank, Tel Aviv
ITALY	CACEIS Bank, Italy Branch
IVORY COAST	Standard Chartered Bank, Cote d'Ivoire
JAPAN	The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch
JORDAN	Standard Chartered Bank Jordan Branch
KENYA	Standard Chartered Bank Kenya Limited
KOREA (SOUTH)	The Hongkong and Shanghai Banking Corporation Limited, Seoul Branch
KOREA (SOUTH)	Standard Chartered First Bank Korea Limited, Seoul

KUWAIT	HSBC Bank Middle East Limited, Kuwait Branch
LATVIA	Unicredit Bank
LEBANON	Banque Libano Franaise SAL
LITHUANIA	Unicredit Bank
LUXEMBURG	Clearstream Banking S.A., Luxembourg
MALAYSIA	HSBC Bank Malaysia Kuala Lumpur
MAURITIUS	Standard Chartered Bank (Mauritius) Limited
MEXICO	Banco S3 Mexico S.A
Middle East	HSBC Saudi Arabia Limited
MOROCCO	Attijariwafa Bank, Casablanca
NETHERLANDS	CACEIS Bank
NEW ZEALAND	The Hongkong and Shanghai Banking Corporation Limited, Auckland Branch
NIGERIA	Stanbic IBTC Bank PLC
NORWAY	Skandinaviska Enskilda Banken AB
OMAN	HSBC Bank Middle East, Ruwi
PAKISTAN	Standard Chartered Bank Karachi
PERU	Citibank Del Peru S.A.
PHILIPPINES	The Hongkong and Shanghai Banking Corporation Limited, Manila Branch
POLAND	Bank Pekao SA
PORTUGAL	Banco Santander Totta S.A.
QATAR	HSBC Bank Middle East Limited, Doha Branch
RUSSIA	AO UniCredit Bank
SAUDI ARABIA	HSBC Saudi Arabia Limited
SERBIA	UniCredit Bank Serbia JS, Belgrade

SINGAPORE	The Hong Kong and Shanghai Banking Corporation Ltd, Singapore Branch
SLOVAKIA	UniCredit Bank Czech Republic and Slovakia, a.s.
SLOVENIA	UniCredit Banka Slovenija d.d.
SOUTH AFRICA	The Standard Bank of South Africa Ltd., Johannesburg
SPAIN	Santander Securities Services
SRI LANKA	Citibank N.A., Colombo Branch
SWEDEN	Skandinaviska Enskilda Banken Stockholm
TAIWAN	HSBC Bank Limited, Taipei
THAILAND	The Hongkong and Shanghai Banking Corporation Limited, Bangkok Branch
TUNISIA	Amen Bank
TURKEY	Deutsche Bank AS, Istanbul
UKRAINE	PJSC Ukrotsbank
UNITED ARAB EMIRATES	HSBC Bank Middle East Limited, Dubai branch
UNITED KINGDOM	HSBC Bank Plc, London
UNITED STATES	Brown Brothers Harriman
VIETNAM	HSBC Bank (Vietnam) Ltd
ZAMBIA	Stanbic Bank Zambia Ltd.
ZIMBABWE	Standard Chartered Bank Harare