

LF Stakeholder Pension Scheme

VCN: 2840



This document constitutes the Prospectus for the LF Stakeholder Pension Scheme. It has been prepared in accordance with the Collective Investment Schemes Sourcebook ("COLL") and is dated and valid as at 11 January 2019. Copies have been sent to the FCA and the Trustee.

Link Fund Solutions Limited is registered in England under No. 01146888 and is authorised and regulated by the Financial Conduct Authority under No. 119197. LF Stakeholder Pension Scheme is authorised and regulated by the Financial Conduct Authority under No. 194397. Please note that approval by the FCA in this context does not in any way indicate or suggest endorsement or approval of the Company as an investment.

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1. Definitions

Actuaries The Institute of Actuaries and the Faculty of Actuaries;

AIF has the meaning given in Article 4(1)(a) of the AIFM Directive;

AIFM Directive means Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2004/41/EC and 2009/65/EC and Regulations (EC) No1606/2009 and (EC) No1095/2010;

Auditor Ernst & Young;

Act The Financial Services & Markets Act 2000;

Authorised Persons A person who has permission from the FCA to carry on one or more regulated activities;

Business Day Any weekday excluding bank holidays, other English public holidays or any day or part of a day on which the London Stock Exchange is not open for trading;

COLL Collective Investment Schemes Sourcebook;

Constituent Fund The sub-funds of the Scheme managed by the Manager being: LF Tracker Pension Fund, LF Corporate Bond Pension Fund and LF Cash Pension Fund;

Dealing Day Any day on which units may be bought and sold;

Dilution The amount of dealing costs incurred, or expected to be incurred for the account of a single-priced fund to the extent that these costs may reasonably be expected to result, or have resulted, from the acquisition or disposal of investments for the account of the single-priced fund as a consequence (whether or not immediate) of the increase or decrease in the cash resources of the single-priced fund resulting from the issue or cancellation of units over a period; for the purposes of this definition, dealing costs include both the costs of dealing in an investment, professional fees incurred, or expected to be incurred, in relation to the acquisition or disposal of approved immovables and, where there is a spread between the buying and selling prices of the investment, the indirect cost resulting from the differences between those prices;

Dilution Levy A charge of such amount or at such rate as is determined by the Manager to be made for the purpose of reducing the effect of Dilution;

EEA State A member state of the European Union and any other state which is within the European Economic Area;

EPM Efficient Portfolio Management;

FCA The Financial Conduct Authority;

FCA Handbook The FCA Handbook of Rules & Guidance;

FTSE All-Share Index FTSE All-Share Index;

Manager Link Fund Solutions Limited;

Net Asset Value (NAV) means the value of the Scheme Property of any Constituent Fund less the liabilities of the relevant Constituent Fund as calculated in accordance with the Trust Deed;

Register The register of unitholders of the relevant Constituent Fund;

Registrar Link Fund Administrators Limited;

Regulations The rules and guidance contained in the Collective Investment Schemes Sourcebook (COLL) or Investment Funds Sourcebook (FUND) published by the FCA as part of the FCA Handbook of rules made under the Act, as may be amended from time to time;

Scheme The authorised unit trust scheme comprised in the LF Stakeholder Pension Scheme;

Scheme Property The capital property and the income property of the relevant Constituent Fund;

Trust Deed The instrument constituting the Scheme, as amended or supplemented from time to time;

Trustee NatWest Trustee and Depositary Services Limited, the trustee and depositary of the Scheme and each Constituent Fund;

UCITS Undertakings for collective investment in transferable securities;

UCITS Directive The Council Directive of 20 December 1985 on the coordination of laws, Regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (No 85/611/EEC) as amended;

Underlying Fund The single collective investment scheme invested in by any of the Constituent Funds, as detailed in Sections 7(a) and 8 of this prospectus; and

Valuation Point The point, fixed by the Manager, at which the Manager carries out a valuation of the Scheme Property for the purposes of pricing & valuation.

2. Introduction

This is the prospectus for the Scheme managed by the Manager. It has been prepared in accordance with the Regulations and complies with the requirements of the Regulations. Copies of this document have been given to the FCA and to the Trustee of the Scheme. Words that are in the singular shall include the plural and vice versa. Words and expressions which are defined in the Regulations or in the Financial Services and Markets Act 2000 (the 'Act') have the same meaning where they are used in this Scheme Prospectus, except where inconsistent with the context.

3. The Manager, Administrator and Registrar

The Scheme is managed by the Manager, a company limited by shares incorporated in England and Wales on 21 November 1973. The Manager has issued and paid up share capital of £1,247,636. The ultimate holding company of the Manager is Link Administration Holdings Limited which is incorporated in Australia and listed on the Australian Securities Exchange.

The Manager is authorised and regulated by the Financial Conduct Authority for the purpose of the Act under firm reference 119197. The Manager was authorised by the Financial Conduct Authority as an Alternative Investment Fund Manager on 26 August 2014.

The addresses of the Manager's registered office and principal place of business are given at the end of this document.

The names of the Directors of the Manager are Chris Addenbrooke, Peter Hugh-Smith, Karl Midl, Benjamin Hammond, Nigel Boyling and Antony Stuart.

Mr Stuart is a Non-Executive Director of the Trust. Mr Stuart is also engaged in other business activity not connected with the business of the Trust. Such business activities are not considered to be of significance to the business of the Trust.

No other director is engaged in any significant business activity not connected with the business of the Manager or other subsidiaries of Link Administration Holdings Limited.

The Manager may delegate its management and administration functions to third parties including associates. The Manager currently delegates pricing and fund accounting services as detailed in section 5 below.

Link Fund Administrators Limited as Registrar maintains the main register and provides other administration services to the Scheme at Arlington Business Centre, Millshaw Park Lane, Leeds LS11 0PA.

The main register of the Scheme may be inspected at this address during normal business hours by any unitholder or any unitholder's duly authorised agent.

Capita Life & Pensions Regulated Services Limited carries out the function of administrator and maintains the plan sub-register at The Grange, Bishops Cleeve, Cheltenham, GL50 8YQ. The sub-register may be inspected at this address during normal business hours by any unitholder or any unitholder's duly authorised agent.

The Manager also manages the LF Personal Pension Trust which is a non-UCITS retail scheme (NURS) subject to the FCA rules. It is an umbrella fund comprising 15 Constituent Funds, each of which is a feeder fund under the FCA rules. Further details can be found in the Prospectus of the LF Personal Pension Trust available on the Manager's website www.linkfundsolutions.co.uk/pensions.

4. The Trustee

The Trustee of the Scheme is NatWest Trustee and Depositary Services Limited, a private limited company incorporated in England and Wales with company registration number 11194605. The Trustee's registered office is located at 250 Bishopsgate, London, EC2M 4AA.

NatWest Trustee and Depositary Services Limited is a wholly owned subsidiary of The Royal Bank of Scotland Group plc, a public limited company incorporated in Scotland.

The Trustee is authorised and regulated by the Financial Conduct Authority. The principal business activity of NatWest Trustee and Depositary Services Limited is the provision of trustee and depositary services.

The Trustee acts as trustee of the Scheme for the purposes of and pursuant to the Trust Deed. The Trustee also acts as the depositary of the Scheme for the purposes of and in compliance with the AIFMD Legislation and the relevant FCA Rules.

The Trustee provides services to the Scheme as set out in the Depositary Agreement and, in doing so, shall comply with the provisions of the FCA's COLL and FUND Sourcebook and the terms of the Trust Deed.

The Trustee's duties include the following:

- (i) Ensuring that the Scheme's cash flows are properly monitored and that all payments made by or on behalf of applicants upon the subscription to units of the Scheme have been received.
- (ii) Safekeeping the assets of the Scheme, which includes:
 - holding in custody all financial instruments that can be physically delivered to the Trustee; and
 - verifying the ownership of other assets and maintaining records accordingly.
- (iii) Ensuring that issues, redemptions and cancellations of the units of the Scheme are carried out in accordance with the applicable law and Trust Deed.
- (iv) Ensuring that the value of Units of the Scheme is calculated in accordance with the applicable law, the FCA's FUND Sourcebook and the Trust Deed.
- (v) Carrying out the instructions of the Manager, unless they conflict with the applicable law or the Trust Deed.
- (vi) Ensuring that in transactions involving the Scheme's assets any consideration is remitted to the Scheme within the usual time limits.
- (vii) Ensuring that the Scheme's income is applied in accordance with applicable law and the Trust Deed.

The appointment of the Trustee under the Depositary Agreement may be terminated without cause by not less than 6 months written notice provided that the Depositary Agreement does not terminate until a replacement Trustee has been appointed.

The Trustee may delegate its safekeeping functions subject to the terms of the Depositary Agreement and agreement of the Manager.

The Trustee delegates the custody of Scheme Property to Bank of New York Mellon NA/SV, London Branch, a public limited liability credit institution organised under the laws of Belgium, with company number 0806.743.159, whose registered office is at 46 Rue Montoyerstraat, B-1000 Brussels, Belgium operating through its branch at The Bank of New York Mellon Centre, 160 Queen Victoria Street, London EC4V 4LA, United Kingdom.

At the date of this prospectus, the Trustee has not discharged its liability for the safekeeping of the assets in its safekeeping and investors will be notified if this position changes in the future.

Investors have no personal right to directly enforce any rights or obligations under the Depositary Agreement.

The Trustee is liable to the Scheme for the loss of financial instruments of the Scheme which are held in custody. The liability of the Trustee will not be affected by the fact that it has delegated safekeeping to a third party save where this liability has been lawfully discharged to a delegate (any such discharge will be notified to the Unitholders and consent will be obtained from the Manager to such delegation and discharge) or where the loss of financial instruments arises as a result of an external event beyond reasonable control of the Trustee as provided for under AIFMD. The Trustee will not be indemnified out of the assets of a Constituent Fund for the loss of financial instruments where it is so liable.

5. Fund Accountant

The Manager has delegated pricing and fund accounting services to The Bank of New York Mellon (International) Limited.

The Fund Accountant has responsibility for maintaining the Scheme's accounting records, valuing the Constituent Funds on a daily basis, calculating the daily prices and production of the interim and annual report and accounts.

6. The Auditor

The Auditor of the Constituent Funds is Ernst & Young. The address of the Auditor's office is given at the end of this document.

7. The Constitution and Objectives of the Scheme

(a) Establishment of the Scheme

The Scheme is an authorised unit trust scheme and belongs to the category of non-UCITS Retail Scheme 'umbrella funds' as recognised by the Regulations and qualifies as an AIF under the AIFM Directive. The Scheme was established by Trust Deed dated March 2001 and was declared to be an authorised unit trust Scheme by the FCA by an order made under Section 243 of the Financial Services and Markets Act 2000 dated 22 March 2001.

The Scheme is an appropriate personal pension scheme registered as a Stakeholder Pension Scheme.

The Scheme has three Constituent Funds each of which is a 'feeder fund' as recognised by the Regulations:

1 LF Tracker Pension Fund

This Constituent Fund invests in the L&G (N) Tracker Trust. See section 8 for details of the L&G (N) Tracker Trust.

2 LF Corporate Bond Pension Fund

This Constituent Fund invests in the Legal & General Sterling Income Fund. See section 8 for details of the Legal & General Sterling Income Fund.

3 LF Cash Pension Fund

This Constituent Fund invests in the LGIM Sterling Liquidity Plus Fund. It may also invest in cash should continued investment in the underlying collective investment scheme become impracticable. See section 8 for details of the LGIM Sterling Liquidity Plus Fund.

The base currency for the Scheme is pounds sterling. The unitholders are not liable for the debts of the Constituent Funds.

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

The Constituent Funds are segregated portfolios of assets and, accordingly, the assets of a Constituent Fund belong exclusively to that Constituent 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 Scheme and any other Constituent Fund and shall not be available for any such purpose.

Subject to the above, each Constituent Fund will be charged with the liabilities, expenses, costs and charges of the Scheme attributable to that Constituent Fund. Any assets, liabilities, expenses, costs or charges not attributable to a particular Constituent Fund may be allocated by the Manager in a manner which it believes is fair to the unitholders generally. This will normally be pro rata to the Net Asset Value of the relevant Constituent Funds.

Whilst the Trust Deed provides for segregated liability between the Constituent Funds, the concept of segregated liability may not be recognised and given effect by a court in certain contexts including where the relevant contractual documents involving the Constituent Fund are not construed in a manner to provide for segregated liability. Where claims are brought by local creditors in foreign courts or under foreign law contracts, and the liability relates to one Constituent Fund which is unable to discharge that liability, it is not clear whether a foreign court would give effect to the segregated liability contained in the Trust Deed. Therefore, it is not possible to be certain that the assets of a Constituent Fund will always be completely insulated from the liabilities of another Constituent Fund of the Scheme in every circumstance.

(b) Investment objective and policy of the Scheme

LF Stakeholder Pension Scheme (and each of the Constituent Funds) aims for long-term capital growth by each investing in single authorised collective investment schemes.

The Underlying Funds are L&G (N) Tracker Trust, Legal & General Sterling Income Fund and LGIM Sterling Liquidity Plus Fund.

(c) Changes to the Investment Objective and Policy of the Constituent Funds

Any changes will be made in accordance with the FCA Rules. Where any changes are proposed to be made to a Constituent Fund, the Manager will assess whether the change is fundamental, significant or notifiable in accordance with COLL 4.3. Fundamental changes e.g. a material change which changes the purpose or nature of the Trust or a Constituent Fund, or alters the risk profile of a Constituent Fund, will require investor approval by calling a meeting of unitholders, as detailed in 19 below. Significant changes e.g. one which is not fundamental, but may reasonably be expected to cause a unitholder to reconsider his investment in the Constituent Fund, will be made after a minimum of 60 days' notice has been given in writing to all investors in the Constituent Fund. Most other changes will be notified to investors in writing before or after the change comes into effect (depending on the nature of the change).

Changes to a Fund's investment objective, policy or strategy will usually be significant or fundamental. However, in certain limited exceptional circumstances, minor changes to the investment policy and/or objective e.g. for clarification purposes, where the change is consistent with (i) how the Constituent Fund has been managed for a considerable length of time, and (ii) is on the basis on which the Constituent Fund has been sold, may be made with unitholders being notified in writing pre or post the change.

(d) Investment limitations of the Scheme

Each Constituent Fund is limited to investing in a single collective investment scheme, as detailed in 7(b) above.

Details of the investment limitations applicable to the Underlying Funds, L&G (N) Tracker Trust, Legal & General Sterling Income Fund and LGIM Sterling Liquidity Plus Fund, can be found in their individual prospectuses. See section 8 below.

(e) Profile of the Typical Investor

The Constituent Funds are marketable to retail investors who are eligible to take out a Stakeholder Pension.

(f) Borrowing

The LF Tracker Pension Fund, LF Corporate Bond Pension Fund and LF Cash Pension Fund may each borrow up to 10% of the value of such scheme on terms that the borrowing is repayable out of the property of such scheme. The Manager must ensure that no period of borrowing exceeds three months without the prior consent of the trustee and that any borrowing does not cease to be on a temporary basis. The Scheme shall not exercise any additional borrowing powers.

(g) How Distributable Income is Determined and Accumulated

For the LF Tracker Pension Fund, LF Corporate Bond Pension Fund and LF Cash Pension Fund income accumulations during the accounting year will be determined from the income available (if any) within each Constituent Fund as at the Annual and Interim Accounting Dates. This will be accumulated within each Constituent Fund on the Annual and Interim Income Allocation Dates stated in section 10.

(h) Leverage

None of the constituent funds use leverage as an investment technique. Leverage is limited to cash borrowing as set out in 7 (e) above. Derivative instruments are not used by the Constituent Funds; hence calculations detailing the maximum level of leverage are not shown as these are not applicable.

8. The Constitution and Objectives of the Underlying Funds L&G (N) Tracker Trust, Legal & General Sterling Income Fund and LGIM Sterling Liquidity Plus Fund

All of the underlying funds detailed below are established in the United Kingdom.

(a) L&G (N) Tracker Trust

This is the Underlying Fund of the LF Tracker Pension Fund.

Investment objective and policy: L&G (N) Tracker Trust aims to track the capital performance of the UK equity market, as represented by the FTSE All Share Index, by investment in a representative sample of stocks selected from all economic sectors.

Securities in the FTSE All Share Index will be held with weightings generally proportionate to their company's market capitalisation. From time to time non index constituents may be held as a result of a corporate action and these holdings will be sold or transferred as soon as reasonably practical.

Information on index: The FTSE All Share Index ("the Index") captures large cap UK companies. The Index provider reviews the Index composition quarterly in March, June, September and December, with the objective of reflecting changes in the underlying equity markets in a timely manner.

Further information regarding the L&G (N) Tracker Trust can be found in its prospectus. A copy of this is available on request from the L&G Contact Centre on 0370 050 0955.

(b) Legal & General Sterling Income Fund

This is the Underlying Fund of the LF Corporate Bond Pension Fund.

Investment objective and policy: Legal & General Sterling Income Fund aims to produce a high level of income consistent with long-term preservation of capital in sterling terms. It is intended that the fund will predominantly invest in interest bearing securities issued by governments, other public issuers and companies worldwide.

Further information regarding the Legal & General Sterling Income Fund can be found in its prospectus. A copy of this is available on request from the L&G Investment Contact Centre on 0370 050 0955.

(c) LGIM Sterling Liquidity Plus Fund

Investment objective: The principal investment objective of the LGIM Sterling Liquidity Plus Fund is to preserve capital and generate income.

Current investment policy: In seeking to achieve the investment objective, the LGIM Sterling Liquidity Plus Fund may invest in a diversified portfolio of:

- money market instruments (including but not limited to certificates of deposit, commercial paper and treasury bills);

- fixed and floating rate securities issued or guaranteed by banks or other corporations, governments or supranationals (including but not limited to the following; asset backed securities, mortgage backed securities, Eurobonds, government bonds, supranational bonds, corporate bonds etc.) and which are rated investment grade or sub-investment by Standard & Poor's or another internationally recognised credit rating agency;
- shares of other open-ended collective investment schemes constituted as UCITS (including shares of the LGIM Sterling Liquidity Fund, a sub-fund of the LGIM Liquidity Funds plc;
- deposits with credit institutions.

With the exception of permitted investment in unlisted securities, the LGIM Sterling Liquidity Plus Fund will only invest in securities that are listed or traded on a Recognised Exchange (as defined in the prospectus of the LGIM Sterling Liquidity Plus Fund). The LGIM Sterling Liquidity Plus Fund does not have any specific geographic or sector focus and is not required to invest any particular percentage of its Net Asset Value in any type of investment outlined above.

The LGIM Sterling Liquidity Plus Fund measures its performance against the 3-month Sterling LIBOR (hereinafter referred to as the "LGIM Sterling Liquidity Plus Fund Benchmark"). The LGIM Sterling Liquidity Plus Fund may at any time change the LGIM Sterling Liquidity Plus Fund Benchmark in certain circumstances and any change will be disclosed in the annual or half-yearly report of the LGIM Sterling Liquidity Plus Fund issued subsequent to such change.

Further information regarding the LGIM Sterling Liquidity Plus Fund is detailed in its prospectus, a copy of which is available from https://fundcentres.lgim.com/srp/lit/7ZjEZ7/Prospectus_LGIM-Liquidity-Funds-plc_25-05-2018_Multi-Audience.pdf

9. Winding up

If any of the following events occur, the Scheme or any of its constituent parts (as appropriate) will be wound up:

- (a) The order declaring the Scheme to be an authorised unit trust scheme is revoked by the FCA.
 - (b) The FCA agrees to a request by either the Manager or the Trustee for revocation of the order declaring the Scheme to be an authorised unit trust scheme.
 - (c) The effective date of an approved scheme of amalgamation.
 - (d) The effective date of an approved scheme of reconstruction which results in all of the property of the reconstructed Scheme becoming the property of two or more authorised or recognised schemes, or
 - (e) The Pensions Regulator notifies the Scheme that it is no longer registered as a stakeholder scheme.
- Upon the happening of any of the events specified above, the Trustee shall proceed to wind up the Scheme or any constituent part (as appropriate) in accordance with the Rules of the Scheme (as set out in the Trust Deed).

Any unclaimed net proceeds or other cash held by the Trustee after the expiry of 12 months from the date on which the same became payable will be paid by the Trustee into court. The Trustee shall have a right to retain any expenses it has incurred in relation to the making of that payment. On completion of a winding up of the Scheme, where the order declaring the Scheme to be an authorised unit trust scheme has not been revoked, the Trustee shall notify FCA in writing that the winding up has been completed and shall request that the order be revoked.

10. Accounting dates

The Schemes' Annual Accounting periods end at the close of business on their Annual Accounting date, 30 September, and their Interim accounts are made up to the close of business on their Interim Accounting date, 31 March, in each year being six calendar months before the Annual Accounting dates. The Annual and Interim Accounting dates for the Underlying Funds (L&G (N) Tracker Trust, Legal & General Sterling Income Fund and LGIM Sterling Liquidity Plus Fund) are set out below:

Underlying Fund Name	Annual Accounting Date	Interim Accounting Date
Legal & General Sterling Income Fund	15 October	15 April and 15 in all subsequent months
L&G (N) Tracker Trust	30 September	31 March
LGIM Sterling Liquidity Plus Fund	31 December	30 June

11. The Characteristics of Units in the Constituent Funds

The Trust Deeds constituting the Scheme permits both income and accumulation units to be issued. Only accumulation units are currently available for the LF Tracker Pension Fund, LF Corporate Bond Pension Fund and the LF Cash Pension Fund.

An accumulation unit does not entitle the unitholder to actual payment of the net income from the unit. Instead, the income is automatically reinvested at each income allocation date and forms part of the capital property of the Constituent Fund in question. No additional units are issued for such accumulation of income but the effect of the accumulation will be an increase in the price of the accumulation unit relative to the income unit where applicable. An accumulation unit represents an increasing number of undivided shares in the property of the Scheme.

The Manager and the Trustee are relieved from any duty of issuing a share certificate. Instead a register detailing ownership of units is held and is conclusive evidence of ownership except in the case of any default in payment or transfer to the Scheme of cash or other property.

The interest of an investor in each Constituent Fund is the beneficial interest of a beneficiary under a trust.

Exchange of Units: Units in LF Tracker Pension Fund and LF Corporate Bond Pension Fund may be exchanged for units in LF Cash Pension Fund and vice versa. In no circumstances will a holder who exchanges rights or units in one part of the Scheme for rights or units in another part of the Scheme be given a right by law to withdraw from or cancel the transaction.

The Trust Deed allows the Manager to make a charge not exceeding £50 (plus VAT if applicable) on the exchange of units but the Manager does not currently levy such a charge. The Manager does not currently limit the number of exchanges that will be permitted free of charge.

12. Risk characteristics of the Constituent Funds

The Constituent Funds present those risks normally associated with investment in stocks and shares. The price of units and the income from them may fluctuate and are not guaranteed. Units in the Scheme should generally be regarded as long-term investments. Exchange rate fluctuations may also affect the value of the property of the Scheme.

The Guide to investment risk and investment funds document provides more information with respect to the risks applicable to the constituent funds.

13. Historical Performance

1. The past performance data in the tables reflects the percentage change in the value of units, on a bid to bid basis with distributions reinvested, for the period stated.
2. Past performance is not necessarily a guide to the future and may have been achieved in a favourable economic climate that may not be repeated.
3. The value of investments and the income from them may go down as well as up and is not guaranteed.
4. Investors are reminded that the value of units and the income from them can go down as well as up and that past performance is not necessarily a guide to the future. You may not necessarily get back the amount invested.

LF CASH PENSION FUND

(Please note this Fund changed name from JFM Money Market Pension Fund on 09/11/2015 and from 09/11/2015 – 11/01/2019 was known as LF Money Market Pension Fund)

	31/12/09	31/12/10	31/12/11	31/12/12	31/12/13	31/12/14	31/12/15	31/12/16
	31/12/10	31/12/11	31/12/12	31/12/13	31/12/14	31/12/15	31/12/16	31/12/17
Growth %	0.1	0.3	0.7	0.2	0.2	0.3	0.4	0.1

LF CORPORATE BOND PENSION FUND

(Changed Name from JFM Corporate Bond Pension Fund on 09/11/2015)

	31/12/09	31/12/10	31/12/11	31/12/12	31/12/13	31/12/14	31/12/15	31/12/16
	31/12/10	31/12/11	31/12/12	31/12/13	31/12/14	31/12/15	31/12/16	31/12/17
Growth %	7.8	3.7	14.7	2.4	9.8	0.4	8.2	5.1

LF TRACKER PENSION FUND

(Changed name from JFM Tracker Pension Fund on 09/11/2015)

	31/12/09	31/12/10	31/12/11	31/12/12	31/12/13	31/12/14	31/12/15	31/12/16
	31/12/10	31/12/11	31/12/12	31/12/13	31/12/14	31/12/15	31/12/16	31/12/17
Growth %	13.8	-5.1	11.5	19.0	-0.1	0.2	14.8	11.8

14. Valuation of Property

Valuations will be carried out in accordance with the Trust Deed and the Regulations. Each valuation is made on a mid-market basis. The property of each Constituent Fund is normally valued every Business Day for the purpose of determining the prices at which units in the Constituent Fund may be issued or redeemed by the Manager.

The valuations (the 'valuation point') are carried out as follows: LF Tracker Pension Fund – 14:00 daily, LF Corporate Bond Pension Fund – 14:00 daily, LF Cash Pension Fund – 14:00 daily on the basis described below and are completed as soon as possible thereafter, with the exception of Christmas Eve and New Year's Eve, or the last Business Day prior to those days annually, when the valuations may be carried out at a time agreed in advance between the Manager and the Trustee.

If the London Stock Exchange is closed as a result of a holiday, or for any other reason, or there is a holiday elsewhere or other reason which impedes the calculation of the fair market value of each Constituent Fund's portfolio, the Manager may decide that any Business Day shall not be construed as such. In the event that, for any reason, the Manager is unable to value the property of a Constituent Fund at the normal valuation point, the unit price from that time shall be calculated by reference to the next valuation.

The Manager may carry out additional valuations if this is considered desirable or is required by the Regulations.

Dilution Levy

The net asset value of a single priced fund is determined from the value midway between the buying and selling prices of the fund's underlying assets. This mid price does not reflect the actual prices the fund must pay or receive as a result of trading in stock markets. The dealing decisions of the Manager as a result from large deals (totalling £15,000) or if the fund is experiencing significant buying and selling from investors, cause the value of the securities in the portfolio to be reduced. This effect is called 'dilution'. In such circumstances the charging of a 'dilution levy' when units are bought or sold may protect the financial interests of existing and continuing unitholders. The dilution levy will be paid into the fund for the benefit of investors. It is difficult to predict accurately whether dilution would occur at any point in time.

The Manager's policy is not to charge a dilution levy in respect of the Scheme.

15. Pricing

The Manager will, on completion of each valuation, advise the Trustee of the creation and cancellation prices of units. The creation price and cancellation price of units in the Constituent Funds will always be the same. These are the prices which the Manager has to pay to the Trustee for the creation of units or which the Manager will receive from the Trustee upon the cancellation of units.

The Manager will deal on a forward pricing basis, that is to say at the price for each type of unit ruling at the next Valuation Point following receipt of a request to issue or redeem units.

The price of each Class of unit shall be calculated by reference to each unit Class's Proportionate Interest in the property of the relevant Constituent Fund calculated in accordance with the Trust Deeds and Regulations.

Income Allocation: The Annual Income Allocation date is 30 November and the Interim Income Allocation Date is 31 May.

The most recent mid-market prices in respect of units in each constituent fund will be published daily on the Manager's website: www.linkfundsolutions.co.uk/pensions. They are also available from the Administrator on 0345 603 0142.

16. Charges and Expenses

Due to the requirements of The Stakeholder Pension Schemes Regulations 2000 (the "SHP Regulations"), the total charge to unitholders in the Scheme for fees and expenses shall not exceed 1.5% per annum of the value of each Constituent Fund for the first 10 years of membership then reducing to 1% per annum in subsequent years. Consequently all fees and expenses of the Registrar and the Trustee and all other expenses of the Scheme will be borne by the Manager and will not be charged to the property of the Constituent Funds, other than the charges listed in (a) to (d) below.

(a) Preliminary Charge

The Trust Deed allows the Manager to add a preliminary charge to the creation price of a unit. The current preliminary charge on each of the Constituent Funds is 0% per annum.

(b) Periodic Charge (Annual Management Charge)

The Trust Deed allows the Manager to make a periodic charge per annum based upon the value of the funds under management. Management charges borne by the Scheme comprise periodic charges of the Constituent Funds and the Underlying Funds. The Manager will limit its periodic charge to the Constituent Funds so that the aggregate of these management charges, net of any rebates received by the Constituent Funds from Underlying Funds, does not exceed the following:

LF Tracker Pension Fund – 1.00% pa

LF Corporate Bond Pension Fund – 1.00% pa

LF Cash Pension Fund – 0.33% pa

The periodic charge will accrue on a daily basis in arrears by reference to the Net Asset Value of the Trust on the immediately preceding Valuation Point and taking into account any subsequent changes to the fund capital due to the creation or cancellation of units. The amount due for each month is payable on the last Dealing Day of each month.

The current annual charge payable to the Manager will only be increased on giving 60 days' notice to Unitholders.

(c) Charge on Exchange of Units

The Trust Deed allows the Manager to make a charge not exceeding £50 (plus VAT if applicable) on the exchange of units but the Manager does not currently levy such a charge. The Manager does not currently limit the number of exchanges that will be permitted free of charge.

(d) Charge on Redemption of Units

The Trust Deed allows the Manager to make a charge on redemption. The Manager does not currently levy such a charge. If such a charge were made, it would consist of a percentage of the proceeds on redemption and would be subject to a revision of this Scheme Prospectus and 60 days' written notice to unitholders.

17. The Issue and Redemption of Units in the Funds

(a) Issue of units

The Manager will be available from 8.30 am to 5.30 pm from Monday to Friday each business day to receive written requests for the issue and redemption of units although it may, for any reason and without notice, change the times on a business day at which it will be available to receive such written requests. Applications for units will not be acknowledged but the Manager will send a trade confirmation detailing units purchased, price and total cost, where applicable, by close of business on the Business Day following the day of dealing, which is subject to the dealing procedures disclosed under Section 14 'Valuation of Property'.

Units shall only be issued to members of the Scheme or their nominees. The minimum initial investment in the Scheme is £20.00. No application to purchase units to a lower value will be accepted except where there is an additional holding, then there is no minimum value. The Trustee is under no duty to accept a transfer which would result in the transfer or the transferee being a unitholder of units to the value of less than the minimum holding. The Manager reserves the right to waive these limits.

(b) Redemption of Units

As the Scheme is an appropriate personal pension scheme, the right to redeem units is restricted. Units are only redeemable in the following circumstances in accordance with the Rules of the Scheme contained in the Trust Deed:

- (i) the unitholder's benefit becomes payable under the Scheme;
- (ii) the unitholder's pension fund arising under the Scheme is to be transferred to another pension scheme;
- (iii) the unitholder's over-contributions to the Scheme are required to be repaid in accordance with the Rules of the Scheme;
- (iv) upon a unitholder, or the Manager acting on behalf of a unitholder, exchanging his units from one constituent fund of the Scheme to another;
- (v) where this is necessary in order to comply with a pension sharing order; or
- (vi) to meet any administrative expenses on an exchange of units or any part of the Manager's periodic charge not met out of the Scheme.

Unitholders may sell units in the Scheme by contacting the Manager as set out above. There is no minimum holding. An acknowledgement will be issued by the Manager by close of business on the business day following the day of dealing, which is subject to the dealing procedures disclosed under Section 14 'Valuation of Property'. The trade confirmation will advise the number of units sold by the Scheme and the redemption price. Payment of sale proceeds will be made within four business days in relation to LF Tracker Pension Fund, LF Corporate Bond Pension Fund and LF Cash Pension Fund, following the Manager's receipt of the appropriate documents.

(c) Suspension of Dealing

The Manager may, with the prior agreement of the Trustee, and must if the Trustee so requires, temporarily suspend the issue, cancellation, sale and redemption of units in any or all of the Schemes if the Manager (or the Trustee in the case of any requirement by it) is of the opinion that there is good and sufficient reason to do so having regard to the interests of unitholders. Unitholders will be notified of any suspension as soon as practicable after suspension commences.

The Manager and the Trustee must ensure that any suspension is only allowed to continue as long as it is justified having regard to the interests of the Unitholders and that the suspension is reviewed at least every 28 days.

Where the Manager agrees during suspension to deal in Units, all deals accepted during, and outstanding prior to, the suspension will be undertaken at a price calculated at the first relevant Valuation Point after the restart of dealings in Units.

(d) Client Money Account

We bank all Payments into a Client Money Account no later than the business day after they are received.

A Client Money Account is a current or deposit account at a bank that is in our name. Its title will also include an appropriate description to indicate that it holds only clients' money in accordance with our regulatory responsibilities. The Client Money Account is used to hold the money of one or more clients.

This Client Money Account will be held with Lloyds Bank plc or such other bank or authorised institution as we may nominate from time to time.

Your money will be held in the Client Money Account until fund settlement date with the Trustees.

It will also be held in a Client Money Account when you are taking money out. The sale proceeds of your withdrawal instruction will be transferred to a Client Money Account when we have received these from the Trustee. This will be done within four business days from the Valuation Point at which your Units are sold. From that date it is your money and is held and protected in the Client Money Account, it cannot be used by us for any other purpose. The money will be retained in the Client Money Account until we are able to release the payment to you. You are not entitled to any interest on the money held in the Client Money Account. Withdrawal payments will be paid in Sterling from the Client Money Account.

Where we haven't been provided with sufficient payment details, we will make reasonable efforts to contact you or your personal representative, as appropriate, and confirm them before any payment is made. Whilst we are waiting for any such query to be resolved, the money will be held in the Client Money Account and no interest will be paid. We may delay payment of the withdrawal proceeds if we reasonably believe that we should delay payment for your, or your personal representative's protection (such as to prevent fraud) or as required by law.

You will not be entitled to any interest earned on your Payments held in the Client Money Account unless we tell you otherwise.

We hold any money in a Client Money Account separate from our own money.

If we become insolvent, all the money held in the Client Money Account will be paid to clients in accordance with the FCA Rules. If there is a shortfall in the money held in the Client Money Account, you will suffer any shortfall in the same proportion to your share of the money held in the Client Money Account. You may be entitled to compensation under the Financial Services Compensation Scheme.

(e) General

The Manager reserves the right to reject any application to purchase units in whole or in part. A purchase or sale of units in writing is a legally binding contract.

18. Taxation

The information below is a general guide based on current United Kingdom law and HM Revenue & Customs practice, which are subject to change, and does not constitute advice. It summarises the tax position of the Scheme and of Unitholders.

Unitholders should take independent professional advice if they are in any doubt as to their taxation position.

Income of, and capital gains realised by, the scheme are not subject to UK taxation. Individual Unitholders are entitled to tax relief on their contributions to the scheme. Contributions made by individuals are treated as being net of the basic rate of income tax. The Manager will recover an amount equal to the basic rate of income tax on the gross contribution from HMRC. If a Unitholder pays income tax at a rate higher than the basic rate of tax they may claim tax relief at the higher rate.

Tax regulations require the Manager to collect certain information about each investor's tax status. If you are a UK resident you authorise the Manager to disclose all relevant information about you and your Account to HMRC in connection with your tax responsibilities and in accordance with UK law. If the Manager has reason to believe you are a resident for tax purposes outside the UK you authorise the Manager to share information about you and your Account with the relevant tax authorities, as required.

19. Voting Rights

A meeting of unitholders duly convened and held may by extraordinary resolution require, authorise or approve any act, matter or document in respect of which any resolution is required or expressly contemplated by the Regulations. A meeting of unitholders has no other power.

Unitholders will receive at least 14 days notice (inclusive of the date on which the notice is first served and the day of the meeting) of any meeting of unitholders.

At any meeting of unitholders, on a show of hands every unitholder who is present in person has one vote.

On a poll, votes may be given either personally or by proxy or in another manner permitted by the Trust Deed. The voting rights for each unit must be the proportion of the voting rights attached to all of the units in issue that the price of the unit bears to the aggregate price or prices of all the units in issue.

A person 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.

The Manager and its associates may hold units in the Constituent Funds. They are entitled to receive notice of and attend any meeting but the Manager is not entitled to vote or to be counted in the quorum and its units are not regarded as being in issue in relation to such meetings except in respect of any units which the Manager holds on behalf of or jointly with a person who, if himself a unitholder, would be entitled

to vote and from whom the Manager has received voting instructions. An associate of the Manager may be counted in the quorum and if in receipt of voting instructions may vote in respect of units held on behalf of or jointly with a person who, if himself the registered holder, would be entitled to vote, and from whom the associate has received voting instructions.

The record date for a meeting of unitholders is the date seven days prior to notice of the meeting being given and unitholders for the purposes of voting entitlement and for the quorum shall mean the unitholders entered in the Register on that date.

If the Trustee is of the opinion that any proposed extraordinary resolution is one in relation to which there is or might be a conflict of interests between the unitholders of different Classes of units, the resolution shall only be deemed to have been passed if, in lieu of being passed at a single meeting of all the holders of units, it is passed at separate meetings of the holders of the different Classes respectively.

20. Manager's Reports

Annual reports of the Scheme will be published within four months of the end of each annual accounting period and half-yearly reports will be published within two months of the end of each half-yearly interim accounting period.

Copies of the most recent annual and half-yearly reports of the Scheme can be obtained free of charge from the Manager or are available on www.linkfundsolutions.co.uk/pensions.

21. General Information

The current risk profile of each Scheme, and information on the risk management systems used by the Manager to manage those risks will be made available to unitholders as part of the periodic reporting and, as a minimum, in the annual Manager's Reports and Accounts.

Unitholders will be notified appropriately of any material changes to the risk management systems and procedures such as the suspension of redemptions, the deferral of redemptions or similar special liquidity arrangements.

Copies of the Trust Deed, Rules of the Scheme and any supplemental Trust Deed for the Scheme, the most recent annual and interim Manager's Reports and Accounts of each Constituent Fund and the Prospectus may be inspected at, and copies obtained from, the administration office of the Manager during normal business hours.

The cancellation price last notified to the Trustee is available on request.

The Constituent Funds' units are not listed or dealt on any investment exchange.

A notice is duly served if it is delivered to the unitholder's address as appearing in the Register or is delivered by electronic means in accordance with the Regulations.

Any notice or document served by post is deemed to have been served on the second Business Day following the day on which it is posted.

Any document left at a registered address or delivered other than by post is deemed to have been served on that day.

The address of the Manager's administration office is given at the end of this document.

22. Important Information

- (a) Any person relying on the information contained in this Prospectus, which was current at the date shown, should check with the Manager that this document is the most current version and that no revisions have been made nor corrections published to the information contained in this Prospectus since the date shown.
- (b) The price of units and the income from them may go down as well as up and are not guaranteed. Units in the Constituent Funds should generally be regarded as long-term investments. Exchange rate fluctuations may also affect the value of the property of the Constituent Fund.
- (c) The Manager will maintain holdings in the units of each Constituent Fund for the purpose of facilitating efficient management of the issue and redemption of units. It is not the Manager's intention to profit from such holdings. The Manager is under no obligation to account to the Trustee or to unitholders for any profit or benefits it makes or receives that are derived from or in connection with (1) the issue of units or on the reissue or cancellation of units which it has redeemed, (2) any transaction in scheme property or (3) the supply of services to the scheme.
- (d) If the investor has received investment advice from an authorised person through whom the business has been placed by the Managers or where cancellation rights have been given, the law allows the investor 30 days in which to cancel the relevant purchase, unless an appropriate customer agreement exists between the investor and the adviser. Any other person will not be entitled to cancel the agreement to purchase the units applied for.
- (e) Putting you first – we aim to provide a first class service. If you feel our service falls short of this, it is important to us that you let us know. To help resolve any of your issues or concerns, we have an internal complaints procedure which will ensure that your views are heard and dealt with quickly. In this way, we can try to put things right, as well as continually improve the service we give our members. A copy of our complaints procedure is available to you on request to the Manager or via our website www.linkfundsolutions.co.uk/pensions. In the event that you are not satisfied you may also have a right of complaint direct to the Financial Ombudsman Service.
- (f) Customer Identification – The Manager and the Trustee are subject to the UK law relating to money laundering contained in the Proceeds of Crime Act 2002, Money Laundering Regulations 2003 and FCA Money Laundering Rules. These require firms conducting investment business to maintain procedures to combat money laundering. As a consequence of these procedures, in certain circumstances, unitholders may be asked to provide some proof of identity when buying or selling units. The Manager cannot pay any proceeds from a sale until satisfactory evidence has been received.
- (g) This Prospectus is governed by the laws of England and Wales.
- (h) In accordance with the requirements of the AIFM Legislation, the Manager covers its potential liability risks arising from professional negligence by holding the appropriate additional own funds within the meaning of Article 14 of the AIFMD Regulation.

(i) To ensure the fair treatment of the Unitholders, all of the Unitholders invest on the terms of the Prospectus and the trust deed. As set out in section 17, the manner in which the units in the scheme are applied for by each Unitholder and the form of trade confirmation received by each Unitholder will be on substantially the same terms for each Unitholder.

(j) No Unitholder receives preferential treatment over another Unitholder. Unitholders have the rights specified in this Prospectus and trust deed.

However, in certain limited circumstances, and subject at all times to the provisions of the Conduct of Business Sourcebook of the FCA's Handbook of Rules and Guidance, the Manager may at its sole discretion rebate its initial or periodic charges in respect of any application for, or holding of units. Such rebates may be offered to investors that direct significant investment flow to the Scheme.

(k) The Manager and other companies within the Manager's group may, from time to time, act as investment managers or advisers to other funds or sub-funds which follow similar investment objectives to those of the Trust. It is therefore possible that the Manager may in the course of their business have potential conflicts of interest with the Trust. The Manager maintains and operates effective organisational and administrative arrangements with a view to taking all reasonable steps to prevent such conflicts from adversely affecting the interests of the Trust. The Manager will take all appropriate steps to identify and prevent or manage such conflicts and will have regard in such event to its obligations to act in the best interests of the Scheme so far as practicable, having regard to its obligations to other clients when undertaking any investment business where potential conflicts of interest may arise. Where a conflict of interest cannot be avoided, the Manager will ensure that the Scheme and the other Constituent Funds it manages are fairly treated.

The Manager acknowledges that there may be some situations where the organisational or administrative arrangements in place for the management of conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the Scheme or a particular Constituent Fund or its Unitholders will be prevented. Should any such situations arise the Manager will, as a last resort if the conflict(s) cannot be avoided disclose these to Unitholders in the Scheme's report and accounts or in another appropriate format.

The Trustee may, from time to time, act as trustee, depositary or custodian of other collective investment schemes.

(l) Data Protection – The Manager or one of its related companies will use your information:

- to provide you with details of our products and services;
- for research;
- to comply with legal or regulatory requirements;
- for marketing;
- to analyse your purchasing preferences; and
- to ensure that the content, services and advertising that we offer are tailored to your needs and interests.

In assessing your application for an investment product, we may

- search the files of credit reference agencies and may also search publicly available information, and keep your information for a reasonable period for these purposes;
- need to share your information with our service providers and agents; and
- disclose information concerning your investment in these products to any financial adviser you have used.

By providing us with your personal information, you consent to our processing it, and also consent to our transferring your information to countries or jurisdictions which do not provide the same level of data protection as the UK. However, if we do make such a transfer we will take appropriate steps to ensure that your information is protected to at least the level required in the UK.

By providing us with your address, telephone numbers or email address you consent to being contacted by mail, telephone, email or other electronic messaging service.

If you provide us with information about another person, you confirm that they have appointed you to act for them, to consent to the processing of their personal data including sensitive personal data and that you have informed them of our identity and the purposes (as set out above) for which their personal data will be processed.

If your personal details change, please let us know.

This data protection notice may change from time to time and you should review it regularly.

(m) A mandatory redemption or conversion of units may be required if an investor is subject to any restrictions on investing in the UK or for any other reasonable cause at the discretion of the Manager in accordance with FCA Rules.

(n) At a date in the future, if the Euro currency is introduced to the UK, all unitholders both present and in the future should be aware that the Manager will not seek unitholders permission to change the base currency of the Constituent Funds or any other form of collective investment scheme.

(o) The Manager will take all reasonable steps to record telephone conversations, and keep a copy of electronic communications, that relate to instructions to deal in the Trust or the management of the assets of the Trust. The Manager may also record calls for security, training and monitoring purposes, to confirm Shareholders' instructions and for any other regulatory reason. Recordings will be retained for a period of at least five years from the date of such recording or, where requested by a competent authority, for a period of seven years.

Contacts

THE SCHEME AND HEAD OFFICE:

LF Stakeholder Pension Scheme
6th Floor
65 Gresham Street
London
EC2V 7NQ

MANAGER:

Link Fund Solutions Limited
6th Floor
65 Gresham Street
London
EC2V 7NQ

TRUSTEE:

NatWest Trustee and Depositary Services Limited
250 Bishopsgate
London
EC2M 4AA

CUSTODIAN:

Bank of New York Mellon NA/SV, London Branch
One Canada Square
London
E14 5AL

REGISTRAR:

Link Fund Administrators Limited
Arlington Business Centre
Millshaw Park Lane
Leeds
LS11 0PA

AUDITORS:

Ernst & Young
25 Churchill Place
Canary Wharf
London
E14 5EY

FUND ACCOUNTANT:

Link Fund Administrators Limited
Arlington Business Centre
Millshaw Park Lane
Leeds
LS11 0PA

FINANCIAL CONDUCT AUTHORITY:

12 Endeavour Square
London
E20 1JN

FINANCIAL OMBUDSMAN SERVICE:

Exchange Tower
London
E14 9SR

Appendix I

Investment limitations for the Constituent Funds

1. General

1.1 The Scheme Property of the Constituent Funds will be invested with the aim of achieving the investment objective of the Constituent Funds but subject to the limits set out in the investment policy of each Constituent Fund and the limits set out in Chapter 5 of the FCA Regulations and any additional limits as set out in this Prospectus.

1.2 The Manager must ensure that, taking account of the investment objectives and policy of each Constituent Fund, the Scheme Property is invested with the aim to provide a prudent spread of risk.

2. Non-UCITS Retail Schemes – general

2.1 Subject to 2.2 the scheme property of each Constituent Fund must, except where otherwise provided in the COLL Sourcebook, only consist of any or all of:

- (a) transferable securities;
- (b) money market instruments;
- (c) permitted deposits;
- (d) permitted units in collective investment schemes;
- (e) permitted derivatives and forward transactions;
- (f) permitted immovables; and
- (h) gold.

2.2 The Constituent Funds invest solely in permitted collective investment schemes, as currently set out in section 7(a) of the prospectus.

2.3 It is not intended that the Constituent Funds will invest directly in immovable property, tangible movable property or gold.

3. Spread

The Constituent Funds are “feeder funds” for the purposes of COLL 5.6.7(6) and each may invest 100% in value of scheme property in one permitted collective investment scheme.

4. Investment in collective investment schemes

The Constituent Funds invest solely in units of permitted collective investment schemes.

4.1 A Constituent Fund may not invest in units in a collective investment scheme (a “second scheme”) unless the second scheme satisfies each of the requirements at 4.2 to 4.6.

4.2 The second scheme is a scheme which:

- 4.2.1 satisfies the conditions necessary for it to enjoy the rights conferred by the UCITS Directive; or
- 4.2.2 is a Non-UCITS Retail Scheme; or

4.2.3 is recognised under the provisions of section 264, 270 or 272 of the Financial Services and Markets Act 2000 (Schemes constituted in other EEA states, Schemes authorised in designated countries or territories and Individually Recognised Schemes);

4.2.4 is constituted outside the United Kingdom and the investment and borrowing powers of which are the same or more restrictive than those of a Non-UCITS Retail Scheme; or

4.2.5 is a scheme not falling within paragraphs 4.2.1 to 4.2.4 and in respect of which no more than 20% in value of the scheme property (including any transferable securities which are not approved securities) is invested.

4.3 The second scheme is a scheme which operates on the principle of the prudent spread of risk;

4.4 The second scheme is a scheme which has terms which prohibit more than 15% in value of the scheme property consisting of units in collective investment schemes;

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

4.6 Where the second scheme is an umbrella, the provisions in paragraphs 4.3 to 4.5 apply to each sub-fund as if it were a separate scheme.

4.7 In this paragraph:

4.7.1 addition to or deduction from the consideration paid on the acquisition or disposal of units in the second scheme, which is applied for the benefit of the second scheme and is, or is like a dilution levy, is to be treated as part of the price of the units and not as part of any charge; and

4.7.2 any switching charge made in respect of an exchange of units in one sub-fund or separate part of the second scheme for units in another sub-fund or separate part of that scheme is to be included as part of the consideration paid for the units.

5. Derivatives

Under the COLL Sourcebook derivatives are permitted for Non-UCITS Retail Schemes for investment purposes and derivative transactions may be used for the purposes of efficient portfolio management and hedging or meeting the investment objectives or both. Derivatives are not currently used by the Constituent Funds but the underlying collective investment schemes in which each Constituent Fund invests may use derivatives for efficient portfolio management purposes only.

6. Risk management

The Manager uses a risk management process enabling it to monitor and measure as frequently as appropriate the risk of a Constituent Fund's positions and their contribution to the overall risk profile of the Scheme.

7. Cash and near cash

7.1 Cash and near cash must not be retained in the scheme property except to the extent that, where this may reasonably be regarded as necessary in order to enable:

7.1.1 the pursuit of the Constituent Funds' investment objectives; or

7.1.2 the redemption of units; or

7.1.3 efficient management of the scheme in accordance with its investment objectives; or

7.1.4 other purposes which may reasonably be regarded as ancillary to the investment objectives of the scheme.

7.2 During the period of the initial offer of a Constituent Fund the Scheme Property may consist of cash and near cash without limitation.

7.3 Although the Regulations do not prescribe a limit, the Manager will, in normal circumstances, hold cash and near cash of up to 10% of the value of the Scheme Property necessary in accordance with paragraph 7.1. However, at times when stock markets are considered to be vulnerable to substantial downward movement, the proportion of cash or near cash may temporarily be increased.

8. Borrowing powers

8.1 The Trustee on the instruction of the Manager may, in accordance with this paragraph, borrow money for the use of the scheme on terms that the borrowing is to be repayable out of the scheme property. This power to borrow is subject to the obligation of the scheme to comply with any restriction in the instrument constituting the scheme. The Trustee may borrow money only from an Eligible Institution or an Approved Bank (as defined in the Glossary to the FCA Handbook).

8.2 The Manager must ensure that any borrowing is on a temporary basis and that borrowings are not persistent, and for this purpose the Manager must have regard in particular to the duration of any period of borrowing; and the number of occasions on which resort is had to borrowing in any period.

8.3 The Manager must ensure that no period of borrowing exceeds three months, whether in respect of any specific sum or at all, without the prior consent of the Trustee; the Trustee's consent may be given only on such conditions as appear to the Trustee appropriate to ensure that the borrowing does not cease to be on a temporary basis only.

8.4 The Manager must ensure that the scheme's borrowing does not, on any business day, exceed 10% of the value of the scheme property.

8.5 These borrowing restrictions do not apply to "back to back" borrowing under COLL 5.3.5R.

9. Restrictions on lending of money

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

9.2 Acquiring a debenture is not lending for the purposes of paragraph 9.1; nor is the placing of money on deposit or in a current account.

9.3 Paragraph 9.1 does not prevent a Constituent Fund from providing an officer of a Constituent Fund with monies to meet expenditure to be incurred by him for the purposes of a Constituent Fund (or for the purposes of enabling him properly to perform his duties as an officer of the Constituent Fund) or from doing anything to enable an officer to avoid incurring such expenditure.

10. Restrictions on lending of property other than money

10.1 The scheme property of a Constituent Fund other than money must not be lent by way of deposit or otherwise.

10.2 The scheme property of a Constituent Fund must not be mortgaged.

11. General power to accept or underwrite placings

11.1 Any power in Chapter 5 of the COLL Sourcebook 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 Trust Deed.

11.2 This section applies, subject to paragraph 11.3, to any agreement or understanding:

11.2.1 which is an underwriting or sub-underwriting agreement; or

11.2.2 which contemplates that securities will or may be issued or subscribed for or acquired for the account of a scheme.

11.3 Paragraph 11.2 does not apply to:

11.3.1 an option; or

11.3.2 a purchase of a transferable security which confers a right:

(a) to subscribe for or acquire a transferable security; or

(b) to convert one transferable security into another.

11.4 The exposure of a scheme to agreements and understandings within paragraph 11.2 must, on any business day:

11.4.1 be covered in accordance with the requirements of COLL 5.3.3R of the COLL Sourcebook; and

11.4.2 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 Chapter 5 of the COLL Sourcebook.

12. Guarantees and indemnities

12.1 A Constituent Fund or the Trustee for the account of the Constituent Fund must not provide any guarantee or indemnity in respect of the obligation of any person.

12.2 None of the scheme property of a Constituent Fund may be used to discharge any obligation arising under a guarantee or indemnity with respect to the obligation of any person.

12.3 Paragraphs 12.1 and 12.2 do not apply in respect of the scheme to:

12.3.1 any indemnity or guarantee given for margin requirements where the derivatives or forward transactions are being used in accordance with the COLL Sourcebook;

12.3.2 an indemnity falling within the provisions of regulation 62(3) (Exemptions from liability to be void) of the Treasury Regulations;

12.3.3 an indemnity (other than any provision in it which is void under regulation 62 of the Treasury Regulations) given to the Trustee 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

12.3.4 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 scheme and the holders of units in that scheme become the first shareholders in the scheme.

If you have any queries, would like more information or you would like this document in Braille, large print or audiotape, please contact Link Fund Solutions Limited on 0345 603 0142 (or +44 1242 663 413 if phoning from abroad). We may record and monitor calls. Call charges will vary.