The PFS Investment Funds

Prospectus

(An investment company with variable capital incorporated with limited liability and registered in England and Wales under registered number IC000816)

This document is the Prospectus of The PFS Investment Funds and is valid as at 23 August 2010.

It has been prepared in accordance with the rules contained in the Collective Investment Schemes Sourcebook (COLL), which forms part of the FSA Handbook of Rules and Guidance, and complies with the requirements of COLL 4.2.5R.

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

THE PFS INVESTMENT FUNDS

If you are in any doubt about the contents of this Prospectus you should consult your professional adviser authorised under the Financial Services and Markets Act 2000 (the "Act").

The Authorised Corporate Director ("ACD"), Phoenix Fund Services (UK) Ltd, has taken all reasonable care to ensure that the information contained in this document is, to the best of its knowledge and belief, in accordance with the facts and does not omit anything material to such information. The ACD accepts responsibility accordingly.

This Prospectus is intended for distribution in the United Kingdom. The distribution of this Prospectus and supplementary documentation and the offering of shares may be restricted in certain countries. Any person wishing to apply for shares should inform himself as to the requirements within his own country for transactions in shares, any applicable exchange control regulations and the tax consequences of any transaction in shares.

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 Advisers Act of 1940.

This Prospectus does not constitute an offer or solicitation to anyone in any country in which such offer or solicitation is not lawful or authorised, or to any person to whom it is unlawful to make such offer or solicitation.

Purchases must be made on the basis of the information contained in the most recently published Prospectus and supplementary documentation, including the latest reports when issued, which are available from the registered office of the ACD. Investors should check with the ACD that this is the most recently published version of the Prospectus.

Obligations have been imposed on financial sector professionals to prevent the use of funds such as The PFS Investment Funds for money-laundering purposes. Within this context a procedure for the identification of subscribers is required. That is, the application form of a subscriber must be accompanied, in the case of individuals, by a copy of a passport or identification card and/or in the case of legal entities, a copy of its statutes and an extract from its commercial register (in the case of a non-UK entity any such copy must be certified to be a true copy by one of the following authorities: ambassador, consulate, notary, local police). Any such information provided is collected for money-laundering compliance purposes only. These specific requirements may be waived by the ACD where other suitable evidence is available which in its sole judgement allows the ACD to cover its obligations under money-laundering legislation.

Neither the ACD nor any of its officers, representatives or advisers, shall be regarded as giving any advice, representation or warranty (express or implied) to any person in connection with the proposals contained in this Prospectus.

IMPORTANT: If you are in any doubt about the contents of this Prospectus you should consult your own financial adviser

INDEX

Page number

THE PFS INVESTMENT FUNDS PROSPECTUS

1. INTRODUCTION

1.1 This document is the Prospectus of **The PFS Investment Funds** (the "**Company**").

1.2 In this Prospectus the following words and expressions shall have the following meanings:

"**Accumulation Shares**"	Shares in the Funds as may be in issue from time to time in respect of which income allocated thereto is credited periodically to capital pursuant to the FSA Rules;
"**ACD**"	the authorised corporate director holding office as such from time to time pursuant to the Rules, being Phoenix Fund Services (UK) Ltd and its successor or successors as authorised corporate director of the Company;
"**Administrator**"	Phoenix Fund Services (UK) Ltd, or such other entity as is appointed to act as administrator to the Company from time to time;
"**Act**"	the Financial Services and Markets Act 2000;
"**Auditor**"	Shipleys LLP, or such other entity as is appointed to act as auditor of the Company from time to time;
"**Business Day**"	a day on which the London Stock Exchange is open for business;
"**Class**"	a particular class of Shares in issue from time to time relating to a single Fund or in the Company;
"**COLL**"	the rules contained in the Collective Investment Schemes Sourcebook published by the FSA as part of their Handbook of rules made under the Act for the time being in force;
"**Dealing Day**"	Monday to Friday inclusive except for Bank Holidays in England and Wales and other days at the ACD's discretion;
"**Depositary**"	the person to whom is entrusted the safekeeping of all of the scheme property of the Company (other than certain scheme property designated by the FSA Rules), being BNY Mellon Trust & Depositary (UK) Limited, and its successor or successors as depositary;
"**Directors**"	the director or directors of the Company for the time being (including the ACD) or, as the case may be, the directors assembled as a board (including any committee of such board) from time to time;
"**EEA State**"	a member state of the European Union and any other state which is within the European Economic Area;
"**Eligible Institution**"	one of the eligible institutions as defined in the glossary of definitions to the FSA Handbook;

"**EPM**"	Efficient Portfolio Management;
"**FSA**"	the Financial Services Authority or any successor body which may assume its regulatory responsibilities from time to time;
"**FSA Rules**"	the rules from time to time contained in COLL but, for the avoidance of doubt, not including guidance or evidential requirements contained in COLL;
"**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;
"**Income Shares**"	Shares in the Funds as may be in issue from time to time in respect of which income distributed periodically pursuant to the FSA Rules;
"**Instrument of Incorporation**"	the instrument of incorporation of the Company dated 22 July 2010, as amended from time to time;
"**Investment Manager**"	any investment manager retained by the ACD pursuant to the FSA Rules, including each of icf management limited and WH Ireland Limited and their respective successors as investment managers to the Company;
"**LIBOR**"	in respect of any amount and any calculation period, the British Bankers' Association Interest Settlement Rate displayed on the appropriate page of the Reuters screen at, or around, 11.00am on the first day of that period for delivering a sterling deposit of an amount comparable to that amount for a period equal to that calculation period;
"**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 (SI 2001/1228);
"**OTC**"	over the counter;
"**Performance Fee**"	the performance fee details of which are set out in this Prospectus;
"**pounds sterling**" and the sign **"£"**	pounds sterling of the United Kingdom;
"**Register**"	the register of Shareholders of the Company;
"**Registrar**"	the person who maintains the Register, being Phoenix Fund Services (UK) Ltd and its successor or successors as registrar;
"**Rules**"	the FSA Rules for the time being in force;

"**Scheme Property**"	the cash, securities or any other asset of the Company, or a Fund as the case may be, required under the COLL Sourcebook to be held for safekeeping by the Depositary;
"**SDRT**"	shall have the meaning ascribed to it by paragraph 15.3;
"**Share**" or "**Shares**"	a share or shares in the Company (including larger denomination shares and fractions);
"**Shareholder**"	a registered holder of Shares in the Company;
"**switch**"	the exchange of Shares of one Class or Fund for Shares of another Class or Fund;
"**UCITS Directive**"	the EC Council Directive of 20 December 1985 (No 85/611/EEC), as amended, on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities;
"**UK**"	United Kingdom of Great Britain and Northern Ireland;
"**US dollars**" and the sign **"$"**	US dollars of the United States of America;
"**Valuation Point**"	the point, on a Dealing Day whether on a periodic basis or for a particular valuation, at which the ACD carries out a valuation of the Scheme Property of 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; and
"**VAT**"	value added tax.

1.3 Unless otherwise defined in paragraph 1.2 or elsewhere in this Prospectus, words or expressions defined in or for the purposes of the Act or the Rules shall bear the same meanings in this Prospectus.

2. THE COMPANY

2.1 The Company is an authorised investment company with variable capital for the purposes of the Act.

2.2 Shareholders are not liable for the debts of the Company.

2.3 The Funds of the Company are not "ring-fenced" and, in the event of the Company being unable to meet liabilities attributable to any particular Fund out of the assets attributable to that Fund, the remaining liabilities may have to be met out of the assets attributable to other Funds.

2.4 The head office of the Company is at Springfield Lodge, Colchester Road, Chelmsford, Essex CM2 5PW. This is also the address in the United Kingdom for service on the Company of notices or other documents required or authorised to be served on it.

2.5 The Company was authorised by the FSA pursuant to an authorisation order dated 19 May 2010 and launched on 27 July 2010.

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

2.7 The minimum share capital of the Company is £1 (one pound sterling) and the maximum share capital is £150,000,000,000 (one hundred and fifty billion pounds sterling).

2.8 The Company will continue until wound up in accordance with the Rules.

i. The Company may be terminated if an order declaring the Company to be an open-ended investment company is revoked, or the FSA has agreed to revoke the order on the conclusion of the winding up of the Company.

ii. In the case of the amalgamation or reconstruction of the Company with another body, authorised unit trust or open ended investment company, on the passing of an extraordinary resolution of the Shareholders approving the amalgamation, the ACD shall wind up the Company in accordance with that resolution.

iii. On the termination of the Company in any other case, the ACD shall sell all the investments and out of the proceeds of the sale shall settle the Company's liabilities and pay the costs and expenses of the winding up before distributing the proceeds of the realisation to the Shareholders (upon production of the relevant evidence as to their entitlement to Shares) proportionally to their respective interests in the Company.

iv. Notice of the termination of the Company or the revocation of the authorisation would be sent by the ACD to Shareholders with a registered address outside the United Kingdom by post to their registered address.

2.9 This Prospectus is intended to provide information about the Company to potential investors.

2.10 Historical performance figures for the Company are not yet available.

3. **THE STRUCTURE OF THE COMPANY**

3.1 The Company is an umbrella scheme. Each Fund would be a UCITS scheme if it had a separate authorisation order, and the Company is accordingly a UCITS scheme for the purposes of COLL 1.2.1R.

3.2 The Funds are set out in Appendix A.

3.3 It is intended that Shares in each Fund will be eligible for Individual Saving Accounts ("ISAs").

3.4 The assets of each Fund will be treated as separate from those of every other fund and will be invested in accordance with investment objective and investment policy of that Fund.

3.5 The Funds' investment objectives set out in Appendix A and the permitted investments of the Funds are set out in Appendix B.

3.6 The Company is a collective investment scheme in which each investor's funds in a given Fund are pooled with all other investors' funds in that Fund. The ACD takes reasonable steps to ensure that each investment transaction carried out within a Fund is suitable for a Fund, having regard to the investment objective and policy of the relevant Fund.

3.7 The Company has been certified as complying with the conditions necessary to enjoy the rights conferred by the UCITS Directive and may apply to the regulatory authorities in member states of the European Union to be marketed to the public in those states.

4. CHARACTERISTICS OF SHARES

4.1 The Company may issue any kind of Share permitted by the FSA Rules.

4.2 The Instrument of Incorporation allows the following Shares to be issued:

i. Gross Income Shares;

ii. Gross Accumulation Shares;

iii. Net Income Shares; and

iv. Net Accumulation Shares

4.3 Each Fund may issue Gross and Net Income Shares and/or Gross and Net Accumulation Shares. Details of Share classes currently in issue for each Fund are detailed in Appendix A.

4.4 Net Shares are Income or Accumulation 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.

4.5 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.

4.6 The Shares are not listed or dealt in on any Stock Exchange.

4.7 The prices of the Shares are expressed in the currency or currencies set out in Appendix A. The Company reserves the right to issue Shares expressed in a different currency from time to time.

4.8 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.

4.9 Shares do not carry preferential or pre-emptive rights to acquire further Shares.

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

4.11 The rights attached to a Class of Shares in a Fund may be varied in accordance with the FSA Rules.

4.12 Names and addresses of Shareholders will be entered in the Register to evidence title to the Shares. Shareholders will not be issued with a certificate. The ACD will impose no requirements nor will Shareholders have any special rights or entitlements with respect to the transfer of their holding or exchange of their Shares to or for Shares in any other fund operated by the ACD.

4.13 All transactions in Shares are governed by English law.

5. DEALING IN SHARES

5.1 Initial offer

Length of initial offer period	1 day from the date at which the Company was launched (for both Funds listed in Appendix A)
Initial price of a Share	£1
Arrangements for issuing Shares during initial offer and investing subscriptions received during initial offer	The subscriptions received during the initial offer will be held by the ACD on deposit and applied as soon as reasonably practicable in acquiring investments for the Company in accordance with this Prospectus
Circumstances under which initial offer will end	The initial offer shall end at the expiry of the period referred to above, or at such earlier date as the ACD may determine
Currency	Shares will be sold or issued in the currency they are denominated.

5.2 Purchase of shares

Shares may be purchased by sending a completed application form with a cheque for the subscription amount to the ACD at PO Box 10729, Chelmsford, Essex, CM1 9PU. The ACD will accept instructions on subsequent transactions by telephone on 0845 0264 290. Applications can be made from 8:30am until 4:30pm on any Dealing Day.

Instructions received by the ACD up to 12 noon on a Dealing Day will be dealt with on that Dealing Day. Instructions received at, or after, 12 noon will be dealt with on the next following Dealing Day.

The ACD will sell Shares at the price determined at the next Valuation Point following receipt of purchase instructions (save as set out below) plus or minus any dilution levy. In the case of instructions received after 12 noon on a Dealing Day, the relevant Valuation Point will be the Valuation Point on the next following Dealing Day.

Instructions to issue or redeem Shares may be either in writing or by telephone. To confirm the transaction, a contract note or allocation letter will be issued by close of business on the next Business Day after the relevant Dealing Day.

Settlement will normally be made by bankers' draft, telegraphic transfer or cheque. Payment will be made in the currency in which the relevant Shares are denominated and accompany the application for Shares. The ACD may cancel any purchase contract where the payment is not honoured in full within 4 days of the relevant Dealing Day. The purchaser remains liable for any loss incurred by the ACD in the case of non-settlement.

Purchasers will receive a contract note setting out the details of the transaction including the number and price paid for Shares. The contract note will normally be issued no later than the close of business on the day following the Dealing Day on which the purchase is made or (if later) the day on which the issue price is determined. Purchasers will also receive (if applicable) a notice of their right to cancel the purchase. Further details concerning cancellation rights are given in paragraph 5.7.

The minimum initial subscription size, minimum transaction size and minimum holding in respect of each Fund (and, where applicable, each Class of Share) is set out in Appendix A The ACD may in its absolute discretion waives any of these requirements and the minimum transaction size will not apply where the sale is of an entire holding which is smaller than the minimum.

5.3 **Publication of Share Prices**

The Share price is published daily on the Investment Management Association website at www.investmentuk.org or may be obtained by ringing the ACD on telephone number 0845 0264 290.

For reasons beyond the control of the ACD, the published price may not necessarily be the current price.

The price shown will be that calculated at the previous Valuation Point. The price will not include any dilution levy that may apply but details will be available on request.

5.4 **Redeeming Shares**

Shareholders are entitled to redeem part or all of their Shareholdings.

Instructions to redeem Shares should be addressed to the ACD at PO Box 10729, Chelmsford, Essex, CM1 9PU or by telephone to the ACD on 0845 0264 290 from 8:30am until 4:30pm on any Dealing Day. The ACD may require instructions received by telephone to be confirmed in writing on a renunciation form.

Instructions received by the ACD up to 12 noon on a Dealing Day will be dealt with on that Dealing Day. Instructions received at, or after, 12 noon will be dealt with on the next following Dealing Day.

The ACD will buy back Shares from registered holders at not less than the price determined at the next Valuation Point following receipt of redemption instructions (save as set out below) less any dilution levy. In the case of instructions received after 12 noon on a Dealing Day, the relevant Valuation Point will be the Valuation Point on the next following Dealing Day. Payment of redemption proceeds will be made not later than four Business Days after either the dealing date or receipt of the renouncement document if later. Payment for this purpose will be the issuance and posting of a cheque to the address held on the Register. First class postage will be used where available.

In the event that a Shareholder requests the redemption or cancellation of Shares representing over 10% of the property of a Company, the ACD may upon giving written notice to the Shareholder arrange that, in place of payment of the NAV price of the Shares in cash, the Company cancels the Shares and transfers relevant Scheme Property to the Shareholder. Further details are given in paragraph 5.8.

The ACD does not intend to make any charge other than possibly a dilution levy on the redemption of the Shares in accordance with paragraph 13.4 (dilution levy).

Contract notes will normally be issued no later than the close of business on the day following the day on which the redemption is effected and the issue price is determined. Contract notes will be sent to the address of the Shareholder appearing on the Register, and in the case of joint Shareholders to the address of the first named Shareholder.

Settlement will normally be made by cheque in the currency in which the relevant Shares are denominated, unless otherwise requested, within 4 Business Days of receipt of a renunciation form or other signed confirmation of redemption from the Shareholder that is acceptable to the ACD.

5.5 **Suspension of Dealing**

The issue and redemption of Shares (including any purchase and redemption on switching) will not take place if dealing in the Shares is temporarily suspended by the ACD. Suspension of dealing will be with prior agreement of the Depositary, or if required by the Depositary, or, in either case, if the ACD or the Depositary (as the case may be) is of the opinion that due to exceptional circumstances there is good and sufficient reason to suspend dealings having regard to the interests of Shareholders or potential Shareholders in the Company.

The FSA will be notified immediately of any suspension of dealing in Shares and the ACD or, if the Depositary has required the suspension, the Depositary will state the reasons for its action.

Notice of suspension will be provided to Shareholders as soon as practicable after commencement of the suspension and the exceptional circumstances which led to the decision to suspend dealing. The notice of suspension must be clear, fair and not misleading. Shareholders will be informed in writing of the expected duration of the suspension (if known) and provided with updates concerning any such suspension.

Re-calculation of the Share price for the purpose of sales and purchases will commence on the next relevant Valuation Point following the end of the suspension.

During any suspension, the ACD will exercise its discretion to permit a Shareholder to withdraw their redemption notice provided that this withdrawal is in writing and is received before the period of suspension ends. Any notice not withdrawn will be dealt with on the next Dealing Day following the end of the suspension. The ACD and Depositary must review any such suspension at least every 28 days and inform the FSA of the results of their review. Any such suspension may only continue so long as it is justified having regard to the interest of Shareholders.

5.6 **The ACD's right to refuse applications**

The ACD may reject at its discretion any application for the purchase, sale or exchange of Shares for the purpose of ensuring that no Shares are acquired or held by any person in breach of the law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory.

If it comes to the notice of the ACD that any Shares ("Affected Shares") are owned directly or beneficially in breach of any law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory or by virtue of which the Shareholder or Shareholders in question is/are not qualified and entitled to hold such Shares or if it reasonably believes this to be the case, the ACD may give notice to the holder(s) of the Affected Shares requiring either transfer of such Shares to a person who is qualified or entitled to own them or that a request in writing be given for the redemption or cancellation of such Shares in accordance with the OEIC Regulations and the FSA Rules. If any person upon whom such a notice is served does not within thirty days after the date of such notice transfer his Affected Shares to a person qualified to hold them or establish to the satisfaction of the ACD (whose judgement is final and binding) that he or the beneficial owner is qualified and entitled to own the Affected Shares, he shall be deemed upon the expiration of that thirty day period to have given a request in writing for the redemption of all the Affected Shares pursuant to the OEIC Regulations and the FSA Rules.

A person who becomes aware that he has acquired or is holding Affected Shares in breach of any law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory, or by virtue of which he is not qualified to hold such Affected Shares, shall forthwith, unless he has already received a notice as aforesaid, either transfer or procure the transfer of all his Affected Shares to a person qualified to own them or give a request in writing or procure that such a request for the redemption or cancellation of all his Affected Shares pursuant to the OEIC Regulations and the FSA Rules.

5.7 **Cancellation**

Applicants for Shares who have been given advice on the investment may have the right to cancel the transaction within 14 days of receipt of a cancellation notice sent to them by the ACD. An applicant will not have the right to cancel if:

i. the applicant is a professional investor;

ii. the applicant entered into the transaction on a non-advised execution only basis; or

iii. the purchase is made pursuant to a customer agreement with an authorised person or during negotiations with a view to entering into such an agreement.

Where the investment is made by lump sum payment an applicant opting to cancel may not get a full refund of the subscription amount if the purchase price of the Shares falls before the cancellation request is received by the ACD. In such cases an amount equal to the shortfall in the Share value will be deducted from the subscription repayment. Where the purchase price has not yet been paid the applicant will be required to pay the amount of the shortfall to the ACD.

Investors paying by regular payment plan, where this facility is available, will only be entitled to cancel within the 14 day period following the receipt of the cancellation notice and will receive back the full amount of the first payment.

5.8 ***In specie* Redemptions**

On redemption of Shares the ACD may at its discretion arrange that instead of making a payment in cash for the price of the Shares, certain identified property of the relevant Fund is transferred to the Shareholder. In such cases, the ACD will serve a notice on the Shareholder within 2 days of receipt of the redemption instructions that it proposes to make an in specie redemption. The Shareholder may within 4 days of receiving the notice serve a notice on the ACD requiring that the ACD realise the selected Scheme Property and pay the proceeds to the Shareholder. The selection of the Scheme Property will be made by the ACD in consultation with the Depositary to ensure that such a redemption will not result in any Shareholder (including the redeeming Shareholder) unfairly benefiting or being disadvantaged.

5.9 Grouping for equalisation

When an incoming Shareholder purchases a Share during an accounting period, part of the purchase price will reflect the relevant share of accrued income in the Net Asset Value of the Fund. The first allocation of income in respect of that share refunds this amount as a return of capital. This is known as "income equalisation". The amount of income equalisation is calculated by dividing the aggregate of the amounts of income included in the creation price of Shares of the Class in question issued or re-issued in a grouping period by the number of those Shares and applying the resulting average to each of the Shares in question.

Grouping periods are consecutive periods within each annual accounting period, being the interim accounting periods (including the period from the end of the last interim accounting period in an annual accounting period to the end of that annual accounting period) as specified in paragraph 6.1. If there are no interim accounting periods, the periods for grouping of shares will be annual accounting periods. Grouping is permitted by the Instrument of Incorporation for the purposes of equalisation.

Alternatively, the amount of income equalisation in respect of any Share to which this paragraph applies may, at the ACD's discretion, be the actual amount of income included in the issue price of that Share, provided that the ACD is satisfied that such method is fair to Shareholders and that it is reasonable to adopt such method in the given circumstances.

5.10 Switching

A Shareholder in a Fund may at any time switch all or some of his Shares of one Class or Fund ("Original Shares") for Shares of another Class or Fund (the "New Shares"), subject to the restrictions defined in this Prospectus. 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.

A request to switch may be made in writing to the ACD at PO Box 10729, Chelmsford, Essex, CM1 9PU, or by telephoning the ACD on 0845 0264 290 from 8.30am until 4.30pm on any Dealing Day. The Shareholder will be required to provide written instructions to the ACD (which, in the case of joint Shareholders must be signed by all the joint Shareholders) before switching is effected. Switching forms may be obtained from the ACD.

The ACD may at its discretion charge a fee on the switching of Shares between Funds although it has no current plans to do so.

If the 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. No switch will be allowed during any period when the right of Shareholders to require the redemption of their Shares is suspended. Save as otherwise specifically set out, the general provisions on procedures relating to redemption will apply equally to a switch. A duly completed switching form received by the ACD up to 12 noon on a Dealing Day will be dealt with on that Dealing Day. Instructions received at, or after, 12 noon will be dealt with on the next following Dealing Day. The ACD will deal with switching requests at not less than the price determined at the next

Valuation Point following receipt of the request (save as set out below). In the case of instructions received after 12 noon on a Dealing Day, the relevant Valuation Point will be the Valuation Point on the next following Dealing Day.

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 dilution adjustments in respect of the application for the New Shares or redemption or cancellation of the Original Shares as may be permitted pursuant to the COLL Sourcebook.

Please note that a switch of Shares in one Fund for Shares in any other Fund is treated as a redemption of the Original Shares and a purchase of New Shares and will, for persons subject to United Kingdom taxation, be a realisation for the purposes of capital gains taxation.

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

5.11 **Electronic communications**

Transfers of title to Shares may not at present be affected on the authority of an electronic communication.

5.12 **Marketing in EEA States**

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

i. paying in that EEA State amounts distributable to Shareholders resident in that EEA State;

ii. redeeming in that EEA State the Shares of Shareholders resident in the EEA State;

iii. inspecting and obtaining copies in that EEA State of the Instrument of Incorporation, this Prospectus and the annual and half-yearly long report; and

iv. making public the price of shares of each class.

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

At present, it is not intended that any Fund will be marketed outside of the UK.

6. REPORTING, DISTRIBUTIONS AND ACCOUNTING DATES

6.1 The accounting reference date, accounting periods and income allocation dates for each Fund are set out in Appendix A.

6.2 Income will be allocated for each of the Funds on the relevant income allocation dates as set out in Appendix A.

6.3 In the case of Income Shares, the ACD will distribute income for the relevant Fund on, or before, the final and interim income distribution dates appropriate for the Fund as set out in Appendix A.

6.4 In the case of Accumulation Shares, the ACD will reinvest the income allocated to the Fund concerned. Such income allocated will be reflected in the price of Accumulation Shares as at the end of the relevant accounting period.

6.5 Shareholders resident outside the United Kingdom will be sent notice by post to their registered address that a distribution has been made.

6.6 Each holder of Income Shares is entitled, on the interim income allocation date and the annual income allocation date, to the net income attributable to his holding. Income distributions will be paid in the currency in which the relevant Shares are denominated.

6.7 The ACD reserves the right to change or create additional accounting and income distribution dates, usually as a result of accounting or taxation changes.

6.8 Any distribution that remains unclaimed for a period of 6 years after the distribution became due for payment will be forfeited and shall revert to the Company.

6.9 The income available for distribution is determined in accordance with the FSA Rules. It comprises all income received or receivable for the account of the Fund in respect of the accounting period concerned, after deducting net charges and expenses paid or payable out of such income and after making such adjustments as the ACD considers appropriate, after consulting with the Company's auditors, in accordance with the FSA Rules, in relation to taxation and other matters.

6.10 On the income allocation dates, an amount, as determined by the ACD in accordance with the Instrument of Incorporation and the FSA Rules, is paid to those Shareholders who are entitled to the distribution by evidence of their holding on the Register at the previous accounting date. Payments will be made by means of direct credit to the shareholder's nominated bank account. If the income allocation date is a non-Business Day, payment will be made on the next Business Day.

6.11 Copies of the annual and half-yearly short reports for the Company will be sent to Shareholders on the annual income allocation date and within two months of the interim accounting date, respectively, in each year. Copies of the annual and half-yearly long reports for the Company will be available for inspection at the head office of the ACD.

7. MEETINGS AND VOTING RIGHTS

7.1 The Company does not propose to hold annual general meetings.

7.2 Copies of the service contract between the Company and the ACD will be provided to Shareholders on request.

7.3 The ACD or the Depositary may requisition a general meeting at any time.

7.4 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 in all Shares then in issue and the requisition must be deposited at the head office of the Company. The ACD, or the Depositary, must, on receipt of the requisition, immediately convene a general meeting for a date no later than eight weeks after receipt of such requisition.

7.5 A meeting of Shareholders duly convened and held shall be competent by extraordinary resolution to require, authorise or approve any act, matter or document in respect of which any such resolution is required or expressly contemplated by the relevant regulations.

7.6 An extraordinary resolution is a resolution passed by a majority of not less than three-quarters of the votes validly cast (whether on a show of hands or on a poll) for the resolution at a general meeting, or, as the case may be, a Class meeting, of Shareholders.

7.7 Separate extraordinary resolutions are required for fundamental changes, as described in paragraph 7.21, such an approval to take effect within 60 days from the date on which the resolution is passed.

7.8 Except where an extraordinary resolution is specifically required or permitted, any resolution of Shareholders is passed by a simple majority of the votes validly cast at a general meeting of the Shareholders.

7.9 A meeting of Shareholders has no powers other than those contemplated by the FSA Rules.

7.10 Shareholders will receive at least 14 days' notice of any meeting of Shareholders and are entitled to be counted in the quorum and vote at any such meeting either in person or by proxy. The quorum shall be at least two Shareholders together holding, in person or by proxy, one-half in value of all the Shares in issue as defined in the FSA Rules.

7.11 In the context of despatch of notices, "Shareholders" means the persons who were entered in the Register 7 days before the notice of meeting was given but excluding persons who are known not to be entered on the Register at the date of despatch of the notice.

7.12 In the context of voting, "Shareholders" means the persons who were entered on the Register 7 days before the notice of meeting was given but excluding persons who are known not to be entered on the Register at the date of the meeting.

7.13 On a show of hands, every Shareholder who is present shall have one vote.

7.14 On a poll:

i. votes may be given either personally or by proxy;

ii. the voting rights for each Share must be the proportion of the voting rights attached to all of the Shares in issue that the price of the Share bears to the aggregate price or prices of all of the Shares in issue:

(a) if any share is a participating security, at the time determined under COLL 4.4.4R (2) (Special meaning of unitholder in COLL 4.4);

(b) otherwise at the date specified in COLL 4.4.4R (1); and

(c) a Shareholder entitled to more than one vote need not, if he votes, use all his votes or cast all his votes in the same way.

7.15 For joint Shareholders of a Share, only the vote of the first-named in the Register can be taken.

7.16 The ACD shall not be counted in the quorum of, nor shall the ACD or any of its associates vote at, any meeting of Shareholders, save where Shares are 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 its associates have received voting instructions.

7.17 For the purpose of voting, Shares held, or treated as held, by the ACD must not, save as mentioned in paragraph 7.16, be regarded as being in issue.

7.18 In the event that the Company is wound up for whatever reason, the Shareholders will be unable to buy or sell Shares once the winding-up has commenced. This will be the date when dealing in Shares ceases.

7.19 Notice of meetings of the Company will be sent by the ACD to Shareholders with a registered address outside the United Kingdom by post to the address on the Register.

7.20 Changes to the Company are classified as 'fundamental', 'significant' or 'notifiable'.

7.21 The ACD must obtain the prior approval of Shareholders by extraordinary resolution for any proposed change to the Company that is a fundamental change. This is a change or event which:

i. changes the purpose or nature of the Company;

ii. may materially prejudice a Shareholder;

iii. alters the risk profile of the Company; or

iv. introduces a new type of payment out of the Scheme Property.

7.22 The ACD must give prior written notice to Shareholders of any proposed change which constitutes a significant change. This is a change or event which is not fundamental, but which:

i. affects a Shareholder's ability to exercise his rights in relation to his investment;

ii. would reasonably be expected to cause the Shareholder to reconsider his participation in the Company;

iii. results in any increased payments out of the Scheme Property to the ACD or an associate of the ACD; or

iv. materially increase other types of payment out of the Scheme Property.

7.23 The notice period must be of reasonable length, and must not be less than 60 days.

7.24 The ACD must inform Shareholders in an appropriate manner and timescale of any notifiable changes that are reasonably likely to affect, or have affected, the operation of the Company. This is a change or event, other than a fundamental or significant change, which a Shareholder must be made aware of unless the ACD concludes the change is insignificant. The appropriate manner and timescale of notification will depend on the nature of the change or event. An appropriate manner of notification could include the information being included in the next long form report of the Company.

8. THE ACD

8.1 The ACD is Phoenix Fund Services (UK) Ltd, a private company limited by shares, incorporated on 18 May 2007 in England and Wales under the Companies Act 1985 with company number 06252939.

8.2 The registered and head office of the ACD is:

Springfield Lodge
Colchester Road
Chelmsford, Essex CM2 5PW

The authorised and issued share capital of the ACD is £500,000 fully paid

8.3 The ACD is authorised and regulated by the FSA of 25 The North Colonnade, Canary Wharf, London E14 5HS and, by virtue of this, is authorised to carry on investment business in the United Kingdom in accordance with the Act.

8.4 The ACD is the sole director of the Company.

8.5 The Agreement dated 16 July 2010 between the Company and the ACD (the "ACD Agreement") provide that the ACD manages and administers the Company in accordance with the Act and the OEIC Regulations, the Instrument of Incorporation and the contents of this Prospectus.

8.6 The ACD Agreement may be terminated by either party on not less than six months' written notice or earlier upon the happening of certain specified events. The ACD Agreement contains detailed provisions relating to the responsibilities of the ACD and excludes it from any liability to the Company or any shareholder for any act or omission except in the case of negligence, wilful default or fraud in relation to the Company on its part or on the part of its delegates or its or their agents or employees. The ACD Agreement provides indemnities to the ACD other than for matters arising by reason of its negligence, wilful default or fraud.

8.7 The directors of the ACD are as follows:

Mr S A King

Mr S D Mathieson

8.8 The ACD may also act as an authorised unit trust manager or authorised corporate director to other funds and companies. The ACD currently acts as manager or authorised corporate director of the authorised funds set out in Appendix D.

9. **THE DEPOSITARY**

9.1 The Depositary of the Company is BNY Mellon Trust & Depositary (UK) Limited. The Depositary is a private limited company and was incorporated in England and Wales under the Companies Act 1985 (registered number 03588038) on 25 June 1998. Its registered office and head office is at The Bank of New York Mellon Centre, 160 Queen Victoria Street, London EC4V 4LA and it its ultimate holding company is the Bank of New York Inc., incorporated in New York.

9.2 The principal business activity of the Depositary is acting as a trustee and depositary. The Depositary is authorised and regulated by the FSA.

9.3 Subject to the FSA Rules, the Depositary is responsible for the safekeeping of the property of the Company entrusted to it and has a duty to take reasonable care to ensure that the Company is managed in accordance with the provisions of the FSA Rules relating to the pricing of, and dealing in, shares in the Company and the income of the Company.

9.4 The appointment of the Depositary has been made under the terms of an agreement between the Company, the ACD and the Depositary (the "Depositary Agreement"). The Depositary Agreement provides that the Depositary be engaged to maintain the safe custody of the property of the Company and to fulfil other duties required in the OEIC Regulations and COLL.

9.5 Under the Depositary Agreement, the Depositary has the power to appoint sub-custodians and may include in such appointment powers of sub-delegation.

9.6 Custody is delegated to The Bank of New York Mellon SA/NV under a custody agreement dated26 February 1999.

10. THE ADMINISTRATOR AND REGISTRAR

10.1 The ACD will act as the Administrator to the Funds with responsibility for administration functions in relation to dealings in Shares and calculation of the Net Asset Value of the Funds.

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

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

11. THE INVESTMENT MANAGERS

11.1 The ACD is responsible for the overall investment management and administration of the Company.

11.2 The ACD has delegated responsibility for investment management of each Fund to the Investment Managers identified in Appendix A in respect of the relevant Fund in this Appendix.

11.3 Each Investment Manager is authorised and regulated by the FSA, with FSA registered numbers as set out in Appendix A.

11.4 The Investment Managers are not connected to the ACD.

11.5 The Investment Managers have been appointed under agreements with the ACD (the "Investment Management Agreements", each an "Investment Management Agreement").

11.6 Each Investment Manager has full discretionary powers over the investment of the property of the Company comprised in the Fund to which the respective Investment Management Agreement relates, in each case subject to the overall responsibility and right of veto of the ACD.

11.7 Unless otherwise specified in Appendix A, each of the Investment Management Agreements may be terminated on 6 months' written notice by the Investment Manager or the ACD, or may be terminated immediately by the ACD when the ACD considers it is in the interests of Shareholders to do so.

11.8 The fees payable to the Investment Managers are payable by the ACD out of its own fee income.

11.9 Unless otherwise specified in Appendix A, the sole activity of each Investment Manager is investment management and related activities. Each Investment Manager is authorised to deal on behalf of the Fund that the Investment Manager has been appointed to manage.

12. AUDITORS

12.1 The Auditors of the Company are Shipleys LLP whose principal place of business is at 10 Orange Street, Haymarket, London WC2H 7DO.

13. PAYMENTS OUT OF SCHEME PROPERTY

13.1 Dealing Charges

Details of the initial charges, redemption charges and switching charges (if applicable) for each Fund are set out in Appendix A.

13.2 Initial Charge

The ACD may receive, or waive in part, or in whole, an initial charge upon the sale or purchase of Shares.

Out of the initial charge the ACD may pay commission to qualifying intermediaries, including the Investment Managers and their associates. If not waived, the initial charge will be charged upon the sale or purchase of shares.

13.3 Management, Periodic Charges and Charges on Switching

The ACD receives an annual management charge. The management charge accrues daily and is payable monthly in arrears and is calculated by reference to the Net Asset Value of the Funds as at the last valuation point of that month.

The current rate of the annual management charge for each Fund and each Class of Shares is set out in Appendix A. The ACD may increase the rate of such charge by giving not less than 60 days' notice to Shareholders and amending this Prospectus.

The ACD also receives a Performance Fee in respect of certain Funds and/or Classes of Shares, as set out in Appendix A.

The ACD is responsible for the payment of the fees of the Investment Manager and those of any sub-advisers. The annual management charge will be treated as an income charge unless otherwise specified in Appendix A and will be paid monthly in arrears.

The ACD will give Shareholders at least 60 days notice of any material increases in fees.

The ACD is entitled to receive payment for expenses detailed in paragraph 13.6 below, including and not restricted to, administration fees incurred for Fund valuation and accounting based on charges per Fund, per annum, of:

on the first £50 million	0.12%
on the next £50 million	0.09%
on the next £100 million	0.06%
thereafter	0.03%

with a minimum fee per Fund, per annum, as shown in Appendix A.

There will be an additional fee of £7,500 per annum per Fund for each additional class of Shares above two share classes.

This is based on the value of the property of the relevant Fund represented by the Net Asset Value calculated at the Valuation Point coinciding with, or immediately before, the beginning of the relevant monthly charge period.

The fees listed in this paragraph are in addition to the expenses referred to in paragraph 13.6 ('Other expenses') below. The ACD is entitled to receive fees in respect of dealing and management accounting. Fees for dealing are £20 per transaction (with a minimum fee of £2,500 per annum per Fund) plus management accounting fees of £1,000 per annum per Fund.

The ACD reserves the right to reduce and/or waive any of the minimum fees (as set out as above) from time to time.

On the switching of Shares between Funds or Classes in the Fund the Instrument of Incorporation authorises the Fund to impose a charge on switching. The charge will not exceed an amount equal to the then prevailing initial charge for the New Shares. If a redemption charge is payable in respect of the Original Shares, this may become payable instead if, or as well as , the then prevailing initial charge for the New Shares. The charge on switching is payable by the Shareholder to the ACD. An SDRT provision may also be levied on the redemption of the Original Shares. The ACD does not, currently, charge a switching fee.

13.4 **Dilution Levy**

The actual cost of purchasing or selling investments may be higher or lower than the mid-market value used in calculating the share price. For example, due to dealing charges or through dealing at prices other than the mid-market price.

Under certain circumstances (for example large volumes of deals) this may have an adverse effect on the Shareholders' interest in the Fund. In order to prevent this effect ("dilution"), the ACD has the power to charge a "dilution levy" on the sale and/or redemption of Shares.

If the ACD decides, in the future, to charge a dilution levy on all deals (not only on large deals), it will be calculated by reference to the costs of dealing in the underlying investments of the Fund, including any dealing spreads, commission and transfer taxes.

If charged, the dilution levy will be paid into the relevant Fund and will become part of its property.

The need to charge a dilution levy will depend on the volume of sale and redemptions. The ACD may charge a discretionary dilution levy on the sale and redemption of shares if, in its opinion, the existing Shareholders (for sales) or remaining Shareholders (for redemptions) might otherwise be adversely affected, and if charging a dilution levy is, so far as practicable, fair to all shareholders and potential Shareholders. In particular, the dilution levy may be charged in the following circumstances:

i. where over a dealing period the Fund has experienced a large level of net sales or redemptions relative to its size;

ii. on "large deals". For these purposes are deals in respect of Shares exceeding the sum of £15,000 in value (or, in respect of Shares denominated in US dollars, $15,000); and

iii. where the ACD considers it necessary to protect the interests of the Shareholders.

It is therefore not possible to predict accurately whether dilution would occur at any point in time. If a dilution levy is required then, based on future projections, the estimated rate or amount of such levy will be 0.8% and will be incurred on around 5% of deals.

The ACD may alter its dilution policy in accordance with the FSA Regulations either by:

i. Shareholder consent pursuant to the passing of a resolution to that effect at a properly convened meeting of Shareholders; and

ii. amending this Prospectus or by giving Shareholders notice and amending the Prospectus 60 days before the change to the dilution policy is to take effect.

Except in relation to "large deals" the ACD has no plans, at present, to introduce a dilution levy on the purchase or sale of Shares.

If a dilution levy is not charged, this may have an adverse effect on the future growth of the Scheme Property.

13.5 **Depositary's Fee**

The Depositary is entitled to receive out of the property of each Fund for its own account, by way of remuneration, a periodic charge (and value added tax thereon) which will accrue daily from the last Business Day in the preceding month to the last Business Day in each month.

The fee is calculated by reference to the Net Asset Value of the Company on the last Business Day of the preceding month except for the first accrual, which is calculated by reference to the first valuation point of the Company.

The fee is payable out of the property attributable to the Company on a monthly basis. The rate of the periodic fee is agreed between the ACD and the Depositary.

The current rate of the Depositary's periodic charge in respect of each Fund is as follows subject to a minimum charge of £7,500 per annum:

For the:

first £70 million	0.04%
next £30 million	0.03%
next £50 million	0.02%
on the excess over £150 million of the value of the property	0.01%

If a Fund is multi-managed, and more than one Investment Manager is appointed, an additional fee of £2,000, per annum, shall be applied in respect of each additional Investment Manager.

These rates may be subject to change from time to time, with the agreement of the Depositary and the ACD.

In addition the Depositary will be entitled to make charges consisting of custody fees, transaction fees and other related fees. The fees range from:

Custody fees	0.004% to 0.6%
Transaction fees	from £10 to £150 per transaction

The Depositary will be reimbursed by the Company for expenses properly incurred in performing or arranging for the performance of functions conferred on it by the FSA Rules, or the Depositary Agreement or by general law. These functions may (without limitation of the foregoing) include custody, insurance, acquisition and dealing with assets of the Company; making deposits or loans, dealing with borrowings, effecting foreign currency dealings and effecting efficient portfolio management transactions, as permitted by the FSA Rules; collection of income or capital; submission of tax returns and handling tax claims; preparation of the Depositary's annual report; calling shareholders' meetings and communicating with shareholders; preparing, clearing and dispatching distribution warrants; obtaining professional advice; conducting legal proceedings; carrying out administration relating to the Company; and supervision of certain of the activities of the ACD.

The amount or rate of any expenses shall be determined either by the Depositary or 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 provided, that in either case, such charges shall be at least as favourable as if they had been effected on normal commercial terms negotiated at arm's length between the Depositary and a comparable customer.

Any service charges or additional remuneration payable to the Depositary as above shall accrue due 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 ACD and shall be paid to the Depositary as soon as practicable after they have accrued.

On a winding-up of the Company, a Fund or the redemption of a Class of Shares, the Depositary will be entitled to its pro rata fees and expenses to the date of termination 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.

13.6 Other expenses

The following other expenses may be paid out of the Scheme Property of the Company or each Fund (as the case may be) so far as permitted by the FSA Rules:

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

ii. fees and expenses in respect of establishing and maintaining the Register, including any sub-registers kept for the purpose of the administration of individual savings accounts are payable quarterly out of the property of the Funds (currently charged at £12 per shareholder per annum, with a minimum of £6,000 per annum);

iii. any costs incurred in or about the listing of shares in the Company on any stock exchange, and the creation, conversion and cancellation of Shares;

iv. any costs incurred by the Company in publishing the price of the Shares in national or any other form of media;

v. any costs incurred in producing and dispatching any payments made by the Company or a Fund (as the case may be), or the yearly and half yearly reports of the Company;

vi. any properly incurred and reasonable fees, expenses or disbursements of any legal or other professional adviser of the Company;

vii. any costs incurred in taking out and maintaining an insurance policy to protect the Company;

viii. any costs incurred in respect of meetings of Shareholders convened for any purpose including those convened on a requisition by Shareholders not including the ACD or an associate of the ACD;

ix. liabilities on amalgamation or reconstruction including certain liabilities arising after transfer of property to the Company or to another authorised fund in consideration of units or shares in such other fund in accordance with COLL 6.7.15R;

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

xi. taxation and duties payable in respect of the property of the Company or the issue or redemption of Shares;

xii. the audit fees of the Auditors (including VAT) and any reasonable and properly incurred expenses of the Auditors;

xiii. the fees of the Directors and reasonable and properly incurred expenses of the Directors;

xiv. the fees of the FSA as prescribed in the FSA's fees manual, together with any corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which Shares in the Funds are or may be marketed;

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

xvi. any costs incurred which are associated with independent risk monitoring or daily 'value at risk' or 'VaR' calculations (part of the risk monitoring process);

xvii. any costs incurred in amending the Instrument of Incorporation or this Prospectus including costs in respect of meetings of Shareholders and/or directors convened for the purpose which include the purpose of amending the Instrument of Incorporation or this Prospectus;

xviii. the total amount of any cost relating to the application for authorisation and incorporation of the Company and of its initial offer or issue of shares;

xix. payments or costs in relation to the preparation or updating, but not the distribution, of the Simplified Prospectus (either in respect of the Company or a Fund) or equivalent document, and any periodic updates of other administrative documents, as well as the cost of maintaining other documentation required to be maintained in respect of the Company or a Fund;

xx. any payments otherwise due by virtue of COLL;

xxi. any value added or similar tax relating to any charge or expense set out in this paragraph; and

xxii. any other payment permitted to be paid out of the Scheme Property under the Regulations as provided for in the Instrument of Incorporation of the Company.

13.7 **Allocation of charges and expenses**

Charges are allocated between capital and income in accordance with the Regulations. The applicable policy for each Fund is set out in Appendix A. Where expenses are deducted in the first instance from income if, and only if, this is insufficient, deductions will be made from capital (save for any charge made in respect of SDRT under paragraph 15.3 "Stamp Duty Reserve Tax"). If deductions were made from capital, this could have an adverse effect on a Fund's capital and constrain growth.

13.8 **Funds**

Each of the charges described above are applicable to each Fund. All charges and expenses are charged to the Fund in respect of which they were incurred. Any charges and expenses not attributable to any Fund will normally be allocated by the ACD to all Funds pro rata to the value of the property of each Fund, although the ACD has a discretion to allocate such charges and expenses in a different manner which it considers fair to Shareholders generally.

13.9 **Establishment costs**

The establishment costs may be met from the property of the Company. At the date of this Prospectus, these costs do not exceed £25,000.

The establishment costs of any Fund launched after the issue of this Prospectus may be borne by that Fund.

14. **VALUATION AND PRICING**

14.1 The Company and each Fund will be valued on a daily basis on each Business Day at the Valuation Point, which is currently 12.00 noon for the purpose of determining the price at which Shares may be purchased or redeemed.

14.2 There will only be a single price for any Share as determined from time to time by reference to a particular Valuation Point.

14.3 Shares will be priced in the currency in which they are denominated.

14.4 The Company and each Fund will be valued on a Net Asset Value basis to determine the price of the Shares ("NAV price"). Except in circumstances where the application of a dilution levy applies, Shares will be redeemed at the NAV price and purchased at a price that includes an annual management charge at the rate applying to the Fund (see "Payment of Scheme Property").

14.5 Out of the annual management charge, the ACD may pay commission to qualifying intermediaries, including the Investment Manager and its associates. Although it is not current policy, if a dilution levy were to apply in the future the NAV price would be adjusted accordingly to determine the price at which Shares can be purchased and redeemed.

14.6 The Net Asset Value of the property of each Fund of the Company shall be the value of its assets less the value of its liabilities determined (inter alia) in accordance with the following provisions which are set out in the Instrument of Incorporation.

14.7 All the property of each Fund of the Company (including receivables) is to be included when valuing the Company, subject to the following provisions:

i. property which is not cash (or other assets dealt with in paragraphs 14.7(ii) and (iii) below) shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:

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

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

   (ii) 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

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

(b) exchange-traded derivative contracts:

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

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

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

(d) any other transferable investment:

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

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

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

(e) property other than that described in (a), (b), (c) and (d) above shall be valued at an amount which, in the opinion of the ACD, represents a fair and reasonable mid-market price;

ii. cash and amounts held in current, deposit and margin accounts and in other time-related deposits shall be valued at their nominal values;

iii. in determining the value of the Scheme Property, all instructions given to issue or cancel shares shall be assumed (unless the contrary is shown) to have been carried out and any cash paid or received and all consequential action required by the FSA Rules or the Instrument of Incorporation shall be assumed (unless the contrary has been shown) to have been taken;

iv. subject to paragraphs (v) and (vi) 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;

v. 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 (iv);

vi. all agreements are to be included under paragraph (iv) 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;

vii. 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 Company; 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 duty and stamp duty reserve tax;

viii. 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;

ix. deduct the principal amount of any outstanding borrowings whenever payable and any accrued but unpaid interest on borrowings;

x. add an estimated amount for accrued claims for tax of whatever nature which may be recoverable;

xi. add any other credits or amounts due to be paid into the Scheme Property;

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

xiii. Currencies or values in currencies other than base currency or (as the case may be) the designated currency of a sub-fund shall be converted at the relevant valuation point at a rate of exchange that is not likely to result in any material prejudice to the interests of Shareholders or potential Shareholders.

15. TAXATION

Taxation of the Company

The Company is an open ended investment company and for tax purposes is also treated as an Authorised Investment Fund.

15.1 Income

The Company is liable to corporation tax on its income after the deduction of management expenses at the current lower rate of income tax 20%. Dividend income earned from holdings in UK companies is exempt from tax. In the case of dividend income paid by foreign companies, it may not be possible to claim back foreign tax withheld on foreign dividends.

15.2 Capital Gains

Capital gains realised by the Company are exempt from corporation tax.

15.3 **Stamp duty reserve tax**

Stamp duty reserve tax ("SDRT",) for dealings in shares of OEICs, imposes a 0.5% SDRT charge on the value of redemptions of Shares to the ACD and of any third party transfers for value (collectively, a "Surrender of Shares"). The amount of tax payable will depend upon the pattern of dealing in shares and the type of investments held by the Company:

i. if more Shares of the same Class are surrendered than issued during the two week period, which consists of the week in which the surrender occurs and the following week, then the liability on a Surrender of Shares wholly for cash is reduced by multiplying the SDRT by the ratio I/S. This is where I and S are the number of Shares issued and surrendered, respectively, in the relevant two week period; and

ii. secondly, if a Fund has investments in exempt assets, the liability is further reduced by multiplying the SDRT (or adjustment by the ratio I/S as referred to above) by the ratio N/(N+E). This is where N and E are the average market values of the non-exempt and exempt investments of the Fund, respectively, over the two-week period. The main categories of non-exempt investments are UK equities and certain equity related UK bonds. The main categories of exempt investments are UK bonds which are not equity related and foreign equities and bonds.

The ACD may charge SDRT for which the Company is liable in one or two ways:

i. firstly, the ACD has the power to make an SDRT provision, by which the cost is charged directly to incoming or outgoing investors as a provision against the tax. Any amounts charged by way of such an exit or entry charge would be paid to the Depositary and become part of the property of the Company from which SDRT would be paid. This means that for an incoming investor the cost of purchasing Shares would increase or for a departing investor the proceeds from the sale of Shares would reduce; and

ii. alternatively, the ACD may treat SDRT as an additional dealing expense, charged against the assets of the Company and increasing the expenses incurred by it. The ACD has decided, at the present time, not to make an SDRT provision but instead to treat SDRT as an additional expense. A notification to Shareholders would be required if, in the future, the ACD decides to make an SDRT provision. The ACD does not intend to make any special arrangements for SDRT on "large deals", except as set out below.

SDRT charges arising from non-exempt transfers for value between shareholders will also be charged to the Company. However, there may be circumstances where, in the interests of equity and fairness to all Shareholders, the ACD reserves the rights to charge the SDRT to the transferee in respect of "large deals".

A "large deal" is a transfer of Shares by any person with a value of in excess of £15,000.

The current SDRT charge is 0.5%.

15.4 **Taxation of the UK resident individual shareholder**

Income

Distributions may be paid to Shareholders either (a) as a dividend distribution when Shareholders will receive the income effectively net of tax at 10%, or (b) as an interest distribution when Shareholders will receive the distribution net of tax at the lower rate of 20%. Basic rate taxpayers will have no further liability to tax on income from their Shares in the Company. Higher rate taxpayers will have a further liability. Non-taxpayers cannot reclaim any tax credits.

Shareholders liable to corporation tax are subject to special rules which depend upon the nature and location of the Company's underlying assets. These rules determine whether the distribution will be treated as a dividend, in which case no further tax is payable, or an annual payment, which is deemed to have been received after deduction of tax at the lower rate.

Capital Gains

Gains made by UK resident Shareholders from the proceeds of the sale of Shares will be free of tax if they fall within an individual's annual exemption after deduction of allowable losses; gains in excess of this amount realised before 23 June 2010 are taxed at 18%.From 23 June 2010, gains in excess of the annual allowance are taxed at 18% to the extent that together with an individual's taxable income they do not exceed the upper limit of the basic rate income tax band (£37,400 for 2010/2011) and at 28% to the extent that they exceed the upper limit.

Corporate Shareholders will be charged to corporation tax on any gains after deducting allowable losses (if any) and allowing for the rise in inflation during the period of ownership (indexation).

No exemption will be available to the corporate Shareholder under the *Substantial Shareholding* rules as the qualifying condition that the target investment company be a trading company will not be met. The PFS Investment Funds will not be a trading company.

15.5 **Other payments**

Proceeds on the redemption of Shares are paid without deduction of tax.

The above is based on the ACD's interpretation of the current tax regime applicable to individual UK resident Shareholders, which is subject to change.

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

16. **RISKS**

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

General Risks

16.1 **Market Fluctuations**

The investments of the Company are subject to market fluctuations and other risks inherent in investing in securities. The value of investments and the income derived from them may fall as well as rise and investors may not recoup the original amount they invest in a Fund.

There is no certainty that the investment objective of a Fund will actually be achieved. The ACD does not guarantee any yield or return on capital in any Fund.

16.2 **Investment Currency Risks**

The values, in terms of the currency in which Shares are denominated, of investments that are not denominated in that currency may rise and fall purely on account of exchange rate fluctuations, which will have a related effect on the price of Shares.

16.3 **Political and/or Environment Risks**

The investee companies may operate in countries where the ownership rights may be uncertain and development of the resources themselves may be subject to disruption due to factors including civil disturbances, industrial action, interruption of power supplies, as well as adverse climatic conditions.

16.4 **Credit Risk**

There is a risk that an issuer or counterparty will default.

16.5 **Settlement Risk**

A settlement in a transfer system may not take place as expected because a counterparty does not pay or deliver on time or as expected.

16.6 **Liquidity Risks**

There is a risk that a position cannot be liquidated in a timely manner at a reasonable price.

16.7 **Performance Risk**

Investors are reminded that risk levels will depend on individual Fund selections, and the existence, absence of, or restrictions, on any guarantees given by third parties.

16.8 **Risk to Capital**

There is a potential risk of erosion resulting from withdrawals or cancellations of Shares and distributions in excess of investment returns.

16.9 **Cancellation Risks**

If the value of the investment falls before notice of cancellation is given, a full refund of the original investment may not be provided but rather the original amount less the fall in value.

16.10 **Emerging Markets**

The Funds may invest in emerging markets which are undergoing rapid growth and regulatory change. Emerging markets present additional risks to those normally encountered in developed securities markets. These risks may be political, social and economic in nature and may be complicated by inflationary pressures and currency depreciation. The accounting and financial reporting standards, practices and disclosure requirements in some of the countries in which investments may be made may differ from those experienced in more developed markets. Similarly, reliability of the trading and settlement systems in such markets and the liquidity of these markets may not be equal to those available in more developed markets and this could lead to delays in settlement or affect the price at which investments could be realised. Government influence or control of private companies in some countries may be significant and investments may be exposed to the risks of political change, political uncertainty or governmental action. Such assets could be expropriated, nationalised, confiscated or subjected to changes in legislation relating to foreign ownership. The value of investments in emerging markets may therefore be adversely affected by political and/or economic conditions, which would, in turn, adversely impact on the performance of the Funds and their share price.

16.11 **Effect of Initial Charge**

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

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

16.12 **Dilution and SDRT provisions**

Where the ACD requires the payment of a dilution levy to offset the effects of dilution caused by dealing charges, taxes and any spread between buying and selling prices of the investments, this will increase the purchase price of Shares or reduce the sale proceeds.

Certain investments can attract SDRT. When a payment for SDRT results in the diminution in value of the Shares, an additional charge may be levied in addition to the price of the Shares when issued or deducted when sold.

16.13 **Suspension of Dealings in Shares**

In certain circumstances Shareholders' right to redeem Shares may be suspended.

16.14 **Liabilities of the Company**

Although each Fund so far as possible will be treated as bearing the liabilities, expenses, costs and charges attributable to it, in the unlikely event that its assets are not sufficient to meet these, the ACD may re-allocate assets, liabilities, expenses, costs and charges between the Funds in a manner which it believes is fair to the Shareholders generally. The ACD would normally expect any such re-allocation to be effected on a pro-rata basis having regard to the Net Asset Values of the relevant Fund. If there is any such re-allocation the ACD will advise Shareholders of it in the next succeeding annual or half yearly report to Shareholders.

Notwithstanding the above, a Shareholder is not liable to make any further payment to the Company or Fund after the Shareholder has paid the price on purchase of the Shares.

16.15 **Charges to Capital**

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

Where charges are made to the income of a Fund, but insufficient income is available to meet those charges, all or part of the charges may also be taken from the capital of the Fund, which may constrain capital growth.

16.16 **Derivatives**

The Funds may be invested in derivatives or a forward transaction but only for the purposes of hedging with the aim of reducing the risk profile of the Funds in accordance with the principles of Efficient Portfolio Management.

Derivatives can expose the Scheme Property to a higher degree of risk. For example, because of the effect of gearing, relatively small market movements can result in disproportionately high levels of loss. Off exchange transactions can carry higher levels of risk due to lack of liquidity, difficulty in valuing the investment and determining a fair price.

16.17 **Credit and Fixed Interest Securities**

Fixed interest securities are particularly affected by trends in interest rates and inflation. If interest rates go up, the value of capital may fall, and vice versa. Inflation will also decrease the real value of capital.

The value of a fixed interest security will fall in the event of the default or reduced credit rating of the issuer. Generally, the higher the rate of interest, the higher the perceived credit risk of the issuer. High yield bonds with lower credit ratings (also known as sub-investment grade bonds) are potentially more risky (higher credit risk) than investment grade bonds.

16.18 **Investment Managers**

The Investment Manager has complete discretion over the investment decisions within the relevant Fund. The performance of the Fund is therefore directly linked to the ability of the Investment Manager. Shareholders should be aware that, whilst no change in the Investment Manager is anticipated, a change, for whatever reason, may adversely affect the performance of the Fund.

16.19 **Exchange Rates**

Although certain classes of Shares are denominated in US dollars, fees and expenses are expressed, and calculated, in pounds sterling. Currency fluctuations may therefore adversely affect the impact of such fees and charges on the value of these Shares.

17. FURTHER INFORMATION

17.1 Documents of the Company

Copies of the Instrument of Incorporation, Prospectus and the most recent annual and half-yearly reports may be inspected at the head office of the ACD at Springfield Lodge, Colchester Road, Chelmsford Essex CM2 5PW and copies may be obtained free of charge upon application.

17.2 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:

i. the Agreement dated 16 July 2010 between the Company and the ACD;

ii. the Depositary Agreement dated 16 July 2010 between the Company, the ACD and the Depositary;

iii. the Investment Management Agreements between the ACD and the Investment Managers.

17.3 Risk Management

Each Shareholder may obtain, on request from the ACD, information supplementary to this Prospectus relating to:

a) the quantitative limits applying in the risk management of the Company;

b) the methods used in relation to a); and

c) any recent development of the risk and yield of the main categories of investment.

17.4 Address of Notices

The address for service of notices or other documents required or authorised to be served on the Company is at Springfield Lodge, Colchester Road, Chelmsford Essex CM2 5PW.

17.5 Notices

Notices and documents will be sent to the Shareholders' registered address.

17.6 Complaints

Shareholders who have complaints about the operation of the Company should in the first instance contact the ACD, or, following that, may make their complaint direct to the Financial Ombudsman Service, South Quay Plaza, 183 Marsh Wall, London E14 9SR.

APPENDIX A

Part I - Funds

The Funds, and their investment objectives and policies, are as follows:

<u>The PFS icf Absolute Return Portfolio</u>

Investment Objective	The objective of the Fund is to achieve a consistent absolute return over the long term irrespective of market conditions.
Investment Policy	The Fund will invest in a diverse mix of absolute return oriented collective investment schemes. The Fund may also invest in listed closed-end funds, transferable securities, cash deposits and money market funds. The investment policy is subject to the limitations set out in Appendix B.
Investment Manager(s)	icf management limited (FSA registration number 466915)
Investor profile	Investors are likely to be clients of Independent Financial Advisers, private wealth management companies and professional investors. By investing in this Fund, which invests within absolute return schemes, investors are likely to be looking for an investment aiming to deliver a positive return regardless of market conditions, although this is not guaranteed. Investors must be willing to accept that investments will fall and rise in value and investors may get back less than invested. Investing in this Fund means that when markets perform strongly this Fund may not necessarily deliver the same high returns but instead look to deliver a steady rate of return.
Class of share available	Net Accumulation Shares Shares will be issued in two share classes: class A, and class B shares.
Classes of Shares	Class A (£): Available to retail investors Class B (£): Available to investors who hold investments through a platform Class F (£): Available to institutional investors All shares are denominated in pounds sterling

Minimum initial investment	Class A: £1,000
	Class B: £100,000
	Class F : £1,000,000
Minimum holding	Class A: £1,000
	Class B: £100,000
	Class F : £1,000,000
Minimum subsequent purchase	£500
Minimum redemption	£500
Accounting period ends	31 March
Interim accounting period ends	30 September
Income allocated	31 May (final)
	30 November (interim)
Launch date	6 August 2010

Charges:

Initial charge	Class A: 5%
	Class B: 2%
	Class F : 0%
Annual Management charge	Class A: 1.50%
	Class B: 1%
	Class F : 0.50%
Allocation of Charges and Expenses	From income
Minimum Administration Fee	£21,500 per annum
Performance Fee	Yes. See below.

Shares in The PFS icf Absolute Return Portfolio will incur a Performance Fee payable from the Scheme Property of that Fund to the ACD which is calculated on a daily accrual basis with annual crystallisation. The Performance Fee is accrued at each Valuation Point and is charged at the increase of the amount by which the performance of the Class exceeds the Hurdle Rate***** and provided the current NAV of the Class is higher than the High Water Mark******.

* The Hurdle Rate is the higher of 3 Months LIBOR or an absolute 5% over the Performance Period. The use of the Hurdle Rate and the High Water Mark (as described below) ensures that investors will not be charged a Performance Fee until any previous losses relative to the High Water Mark (or increases at less than the Hurdle Rate) over the performance period are recovered. The hurdle rate in any performance period will not change over that performance period and will be set at the start of the performance period to the higher of a 5% increase over the High Water Mark and an increase of 3 months LIBOR (taken at the start of business on the first day of the performance period) over the High Water Mark.

** The High Water Mark ("HWM") is a performance measure that is used to ensure that a Performance Fee is only charged where the value of the Class has increased in absolute terms over the course of the Fund's financial year or the relevant portion of it that an investment was held (the "Performance Period"). It is based on the NAV of the Fund on the last Business Day of the Performance Period. If no Performance Fee is payable at the end of a Performance Period, the HWM will be reset to the greater of the previous high water mark or the closing gross asset value at the end of the Performance Period.

The methodology used by the Company ensures each Class in the relevant Fund is effectively charged a Performance Fee which equates precisely with that Class's performance relative to the Hurdle Rate. This method of calculation also ensures that (i) any Performance Fee paid to the ACD is charged only to those Classes which have appreciated in value relative to the Hurdle Rate; and (ii) all Shareholders of the same Class have the same Net Asset Value per Share.

The Performance Fee accrual will be included in the calculation of the daily Share price at which Shares will be subscribed and redeemed. However, if at any Valuation Point, the current NAV falls below the High Water Mark and/or the NAV fails to exceed the Hurdle Rate no Performance Fee will be accrued in the daily Share price. This will remain the case until such a fall or "underperformance" has been made good.

In the event that there is a net redemption of Shares in a Class during a Performance Period the Performance Fee accrual to be added to each Share will be calculated on the reduced number of Shares in issue for that Class. In such circumstances, the Performance Fee accrued per redeemed Share will be crystallised and paid to the ACD from the Fund.

In order for a Performance Fee to be payable in respect of a Performance Period, the Gross Asset Value per Share Class on the last Business Day of the relevant Performance Period (before deducting the amount of any accrual for a Performance Fee) (the "Final Gross Asset Value per Share Class") must exceed the "Hurdle Rate" for that Performance Period. Where the Hurdle Rate is exceeded, the Performance Fee payable per Class is equal to 10% of the amount by which the Final Gross Asset Value per Class for the Performance Period exceeds the relevant Hurdle Rate.

The total Performance Fee payable in respect of the relevant Performance Period will be an amount equal to the Performance Fee per Class as calculated above multiplied by the number of Shares in issue for that Class on each Dealing Day in the relevant Performance Period.

Crystallisation of the Performance Fee occurs on the last day of each Performance Period provided that the Hurdle Rate has been exceeded. Any Performance Fee due is payable out of the relevant Fund to the ACD in arrears at the end of the Performance Period. Accordingly, once the Performance Fee has crystallised no refund will be made in respect of any Performance Fee paid out at that point in subsequent Performance Periods.

The Auditors of the Fund will audit the calculations of the Performance Fees paid out on an annual basis. The ACD shall ensure that the accrual represents fairly and accurately the Performance Fee liability that may eventually be payable by each relevant Fund.

Further details of the Performance Fee are available to Shareholders on request.

Examples 1 to 7 show how the Performance Fee is calculated

For simplicity these examples refer to a single Share using the following data and on the basis of the proposed 10% of the amount by which the performance of the Class exceeds the Hurdle Rate and provided the current NAV of the Class is higher than the High Water Mark.

Valuation Points – Year One	**1**	**2**	**3**	**4**
Gross NAV*	100.00p	106.00p	99.00p	107.10p
Assumed Hurdle	105.00p	105.00p	105.00p	105.00p

Valuation Points – Year Two	**5**	**6**	**7**	**8**
Gross NAV*	109.00p	116.46p	116.46p	111.10p
Assumed Hurdle	112.46p	112.46p	112.46p	112.46p

* Gross NAV is the NAV of the Fund after deduction of all charges out prior to the deduction of any Performance Fee.

In the above example the High Water Mark is 100.00p throughout the first period.

Example 1

Investor A acquires Shares at Valuation Point 1 at 100p. At Valuation Point 2 the gross NAV has risen to 106.00p i.e. the gross NAV has increased by 6.0p in the period. This is in excess of the Hurdle Rate (105.00p) so the Performance Fee is 0.10p (10% of 1.00p). This Performance Fee is then accrued in the Fund resulting in a net NAV of 105.90p. The Performance Fee will not be crystallised (paid to the ACD) until the end of the Performance Period. An accrual will be made for the ACD's annual management charge in the normal way.

Example 2

At Valuation Point 3 the gross NAV has fallen to 99.00p. Since this is below the Hurdle Rate of 105.00p, the Fund has accrued no Performance Fee. As the Fund has underperformed its Hurdle Rate since Valuation Point 1 the Performance Fee accrued to date (0.10p) will be reduced to zero. This means the net NAV will not be 98.90p but because the previously accrued performance fee is relinquished, it will now be the same as the gross NAV and set at 99.00p. The Shares acquired by Investor A at 100p have no longer incurred a Performance Fee as the value is below the price they paid for their Shares. Consequently if Investor A redeems at Valuation Point 3 they will receive less than they initially invested but neither will they have suffered any Performance Fee. An accrual will be made for the ACD's annual management charge in the normal way.

Example 3

Investor B acquires Shares at Valuation Point 3 at 99.00p. At Valuation Point 4 (the end of the first year) the gross NAV has risen to 107.10p, an increase of 8.10p. The Hurdle Rate is 105.00p, so Performance Fees are only charged on the 2.10p increase from 105.00p to 107.1p. This equates to a charge of 0.21p (10% of 2.10p) resulting in a net NAV of 106.89p, and a payment to the ACD of 0.21p. Investor B's shares will only incur a Performance Fee on that proportion of the NAV which is in excess of 105.00p **but not on the increase in value from 99.00p to 107.10p**. The Shares acquired by Investor A will not therefore incur a Performance Fee twice for the same period of performance. An accrual will be made for the ACD's annual management charge in the normal way. As the Performance Fee has been crystallised, the High Water Mark is now increased to 107.10p and the new Hurdle Rate for the following year is set at 112.46p (an increase of 5% over the new High Water Mark).

Example 4

At Valuation Point 5 the gross NAV has risen to 109.00p i.e. the gross NAV has increased by 1.9p in the period. This is below the new Hurdle Rate (112.46p) so no Performance Fee accrues for the period.

Example 5

At Valuation Point 6 the gross NAV has risen to 116.46p i.e. the gross NAV has increased by 7.46p in the period. This is now 4p in excess of the Hurdle Rate (112.46p) so the Performance Fee is 0.40p (10% of 4.00p). This Performance Fee is then accrued in the Fund resulting in a net NAV of 116.06p. The Performance Fee will not be crystallised (paid to the ACD) until the end of the Performance Period. An accrual will be made for the ACD's annual management charge in the normal way.

Example 6

At Valuation Point 7 the gross NAV remains at 116.46p. so the accrued Performance Fee remains at 0.40p and the net NAV remains at 116.06p.

Example 7

At Valuation Point 8 (the end of the second year) the gross NAV has fallen to 111.10p. Since this is below the Hurdle Rate of 112.46p, the Fund has accrued no Performance Fee at the crystallisation date. As the Fund has underperformed its Hurdle Rate since Valuation Point 4 the Performance Fee accrued to date (0.40p) will be reduced to zero. This means the net NAV will now be set at the same level as the gross NAV of 111.10p. The High Water Mark rises to 111.10p and the Hurdle for the third year is increased to 116.66p (an increase of 5% over the new High Water Mark).

Illustrations how the growth of the Fund affects the fees paid

In the example below, an investor makes an initial investment of £10,000 and invests for three years. These examples only show the effect on the payment of management fees to the ACD as other charges and expenses, such as Depositary and Registrar fees, remain unchanged. We have used an assumed Hurdle of 5.0%. All figures are rounded up or down to the nearest whole number. During the three years the Fund produces a positive return of 8% in year one, 0% in year two and a loss of 8% in year three.

	Year 1	Year 2	Year 3
	8% Growth	0% Growth	8% Loss
	£	**£**	**£**
Value at Year End	10,800	10,624	9,628
ACD's annual management charge at 1.50%	162	159	144
Gross Valuation	10,638	10,465	9,483
Hurdle Rate	10,500	11,170	11,170
Performance Fee	14	NIL	NIL
Net Valuation	10,624	10,465	9,483
High Water Mark	10,000	10,638	10,638
Total Fees Paid	176	159	144

The ACD will inform Shareholders, giving 60 days written notice, of any changes to the details of the Performance Fee.

Part II - Funds

The PFS WHI America Fund

Investment Objective	The Fund will aim to achieve a long term return.
Investment Policy	The Fund will invest primarily in equities and other investments in America (and may also invest in Canada). The Fund will invest in, predominantly, listed securities, typically common stock and American Depositary Receipts listed on US exchanges, including exchange traded funds. The Fund may invest in collective investment schemes, transferable securities, cash deposits and money market funds as permitted by the FSA Rules. The investment policy is subject to the limitations set out in Appendix B.
Investment Manager(s)	WH Ireland Limited (FSA registration number 140773)
Investor profile	The Fund is available to retail investors and professional investors. It is intended that the Fund will be offered via Independent Financial Advisers. By investing in this Fund, which invests primarily in equities, investors are likely to be looking for an investment which will generate capital growth. Investors must be willing to accept that equity investment have higher risk than other investments, such as bonds, and that the investment will fall and rise in value and that investors could get back less than invested. Investing in a fund which has an overseas remit can increase risk because of currency movements. Investors should be aware that their investment will be subject to stock market fluctuations in America and Canada.
Launch date	11 August 2010

Share classes available:	A Shares (£) *(Available to retail investors)*	B Shares (£) *(Available to institutional investors)*	B Shares ($) *(Available to institutional investors)*
Share types available	Net Accumulation Shares	Net Accumulation Shares	Net Accumulation Shares

Minimum initial investment:	£1,000	£100,000	$100,000
Minimum holding in each Fund:	£1,000	£100,000	$100,000
Minimum subsequent purchase; and redemptions in each fund:	£500	£500	$500
Accounting period ends:	31 March	31 March	31 March
Interim accounting period ends:	30 September	30 September	30 September
Income allocated:	31 May (final)	31 May (final)	31 May (final)
	30 November (interim)	30 November (interim)	30 November (interim)
Charges:			
Initial charge	5%	2%	2%
Annual Management charge	1.50%	1%	1%
Allocation of Charges and Expenses	Income	Income	Income
Minimum Administration Fee	£33,500 per annum for the sub-fund as a whole	£33,500 per annum for the sub-fund as a whole	£33,500 per annum for the sub-fund as a whole
Performance Fee	No	Yes, see below	Yes, see below

Shares in The PFS WHI America Fund will incur a Performance Fee payable from the Scheme Property of that Fund to the ACD which is calculated on a daily accrual basis with annual crystallisation. The Performance Fee is accrued at each Valuation Point and is charged at the increase in value over the High Water Mark* of the relevant share Class over the period.***** The High Water Mark ("HWM") is a performance measure that is used to ensure that a Performance Fee is only charged where the value of the Class has increased in absolute terms over the course of the Fund's financial year or the relevant portion of it that an investment was held (the "Performance Period"). It is based on the NAV of the Fund on the last Business Day of the Performance Period and where a Performance Fee is payable. If no Performance Fee is payable at the end of the Performance Period the HWM will remain unchanged as of the end of the prior Performance Period.

The methodology used by the Company ensures each Class in the relevant Fund is effectively charged a Performance Fee which equates precisely with that Class's performance. A Performance Fee is charged in respect of Class B Shares only. This method of calculation also ensures that (i) any Performance Fee paid to the ACD is charged only to those Classes which have appreciated in value relative to the High Water

Mark; and (ii) all Shareholders of the same Class have the same Net Asset Value per Share.

The Performance Fee accrual will be included in the calculation of the daily Share price at which Shares will be subscribed and redeemed. However, if at any Valuation Point, the current NAV falls below the High Water Mark no Performance Fee will be accrued in the daily Share price. This will remain the case until such a fall or "underperformance" has been made good.

In the event that there is a net redemption of Shares in a Class during a Performance Period the Performance Fee accrual to be added to each Share will be calculated on the reduced number of Shares in issue for that Class. In such circumstances, the Performance Fee accrued per redeemed Share will be crystallised and paid to the ACD from the Fund.

In order for a Performance Fee to be payable in respect of a Performance Period, the Gross Asset Value per Share Class on the last Business Day of the relevant Performance Period (before deducting the amount of any accrual for a Performance Fee) (the "Final Gross Asset Value per Share Class") must exceed the "Hurdle Rate" for that Performance Period. Where the Hurdle Rate is exceeded, the Performance Fee payable per Class is equal to 10% of the amount by which the Final Gross Asset Value per Class for the Performance Period exceeds the relevant Hurdle Rate.

Crystallisation of the Performance Fee occurs on the last day of each Performance Period provided that the High Water Mark has been exceeded. Any Performance Fee due is payable out of the relevant Fund to the ACD in arrears at the end of the Performance Period. Accordingly, once the Performance Fee has crystallised no refund will be made in respect of any Performance Fee paid out at that point in subsequent Performance Periods.

The Auditors of the Fund will audit the calculations of the Performance Fees paid out on an annual basis. The ACD shall ensure that the accrual represents fairly and accurately the Performance Fee liability that may eventually be payable by each relevant Fund.

Further details of the Performance Fee are available to Shareholders on request.

Examples, 1 to 6, show how the Performance Fee is calculated

These examples refer to a single Share using the following data and on the basis of the proposed 10% of the performance of the Class provided the current NAV of the Class is higher than the High Water Mark.

Valuation Points - Year One	**1**	**2**	**3**	**4**
Gross NAV*	100.00p	106.00p	99.00p	107.10p
High Water Mark	100.00p	100.00p	100.00p	100.00p

Valuation Points - Year Two	**5**	**6**	**7**	**8**
Gross NAV*	109.00p	116.00p	116.00p	111.10p
High Water Mark	107.10p	107.10p	107.10p	107.10p

* Gross NAV is the NAV of the Fund after deduction of all charges out prior to the deduction of any Performance Fee.

In the above example the High Water Mark is 100.00p throughout the first 12 month period.

Example 1

Investor A acquires Shares at Valuation Point 1 at 100p. At Valuation Point 2 the gross NAV has risen to 106.00p i.e. the gross NAV has increased by 6.0p in the period. This is in excess of the High Water Mark (100.00p) so the Performance Fee is 0.60p (10% of 6.00p). This Performance Fee is then accrued in the Fund resulting in a net NAV of 105.40p. The Performance Fee will not be crystallised (paid to the ACD) until the end of the Performance Period. An accrual will be made for the ACD's annual management charge in the normal way.

Example 2

At Valuation Point 3 the gross NAV has fallen to 99.00p. Since this is below the High Water Mark of 100.00p, the Performance Fee accrued to date (0.60p) will be reduced to zero. This means the net NAV will not be 98.40p but because the previously accrued performance fee is relinquished, it will now be the same as the gross NAV and set at 99.00p. The Shares acquired by Investor A at 100p have no longer incurred a Performance Fee as the value is below the price they paid for their Shares. Consequently if Investor A redeems at Valuation Point 3 they will receive less than they initially invested but neither will they have suffered any Performance Fee. An accrual will be made for the ACD's annual management charge in the normal way.

Example 3

Investor B acquires Shares at the Valuation Point 3 at 99.00p. At Valuation Point 4 (the end of the first year) the gross NAV has risen to 107.10p, an increase of 8.10p. Performance Fees are only charged on the 7.10p increase from the High Water Mark of 100.00p to 107.1p. This equates to a charge of 0.71p (10% of 7.10p) resulting in a net NAV of 106.39p, and a payment to the ACD of 0.71p. As the performance fee has been crystallised, the High Water Mark is now increased to 107.10p.

Example 4

At Valuation Point 6 the gross NAV has risen to 116.00p i.e. the gross NAV has increased by 8.90p since the start of the latest performance period. The Performance Fee is 0.89p (10% of 8.90p). This Performance Fee is then accrued in the Fund resulting in a net NAV of 115.11p. The Performance Fee will not be crystallised (paid to the ACD) until the end of the Performance Period. An accrual will be made for the ACD's annual management charge in the normal way.

Example 5

At Valuation Point 7 the gross NAV remains at 116.00p so the accrued Performance Fee remains at 0.89p and the net NAV remains at 115.11p.

Example 6

At Valuation Point 8 (the end of the second year) the gross NAV has fallen to 111.10p. This is now only 4.00p above the High Water Mark, so the Performance Fee accrued will be reduced from 0.89p to 0.4p. A Performance Fee of 0.40p is paid to the ACD. This means the net NAV will now be set at 110.70p. The High Water Mark for the third year rises to 111.10p.

Illustration of how the growth of the Fund affects the fees paid

In the example below, an investor makes an initial investment of £10,000 and invests for three years. These examples only show the effect on the payment of management fees to the ACD as other charges and expenses, such as Depositary and Registrar fees, remain unchanged. All figures are rounded up or down to the nearest whole number. During the three years the Fund produces a positive return of 8% in year one, 0% in year two and a loss of 8% in year three.

	Year 1	**Year 2**	**Year 3**
	8% Growth	0% Growth	8% Loss
	£	**£**	**£**
Value at Year End	10,800	10,623	9,675
ACD's annual management charge at 1.00%	108	106	97
Gross Valuation	10,692	10,517	9,578
High Water Mark	10,000	10,692	10,692
Performance Fee	69	NIL	NIL
Net Valuation	10,623	10,517	9,578
Total Fees Paid	177	106	97

The ACD will inform Shareholders, giving 60 days written notice, of any changes to the details of the Performance Fee.

APPENDIX B

Investment management and borrowing powers of the Company

1. Object

The object of the Company is to invest the scheme property in transferable securities, money market instruments, deposits, units in collective investment schemes, derivative instruments and forward transactions, in accordance with the FSA Rules applicable to the Company and each Fund as may be relevant for a UCITS scheme from time to time with the aim of spreading investment risk and giving its shareholders the benefit of the results of the management of that property.

2. Limitations on type of investments

2.1 The investment objectives and policy set out in paragraphs 2 and 3 are subject to the limits on investment under the FSA Rules and as set out in this Prospectus. These limits are summarised below and apply individually to each Fund of the Company as if it were a separate scheme (and references to "scheme property" should be construed accordingly).

2.2 The Company will not maintain an interest in immovable property or tangible movable property.

2.3 Normally, the scheme property will be fully invested save for an amount to enable ready settlement of liabilities (including redemption of shares) and efficient management of the Company both generally and in relation to its investment objectives and policy. This amount will vary depending upon prevailing circumstances and although it would normally not exceed 20% of the total value of the scheme property, there may be times when the Investment Manager considers stock markets to be overpriced or that a period of instability exists which presents unusual risks. In such cases or during such periods, a higher level of liquidity may be maintained and, if considered prudent, the amount of cash or near cash instruments held would be increased.

2.4 Investments permitted for the Company are as follows:

(a) **Approved securities**

The scheme property may be invested in approved securities, with no maximum limit. An approved security is a transferable security that is admitted to an official listing in an EEA State or is traded under the rules of an eligible securities market (otherwise than by specific permission of the market authority). An eligible market is a regulated market that is open to the public and regularly traded: further details are set out in paragraph 2.4(j) below.

Recently issued transferable securities may also be treated as approved securities provided that:

(1) the terms of issue include an undertaking that application will be made to be admitted to an eligible market; and

(2) such admission is secured within a year of issue.

(b) **Transferable securities**

Transferable securities are, in general terms, shares, debentures, government and public securities, warrants or certificates representing certain securities. Not more than 10% in value of the scheme property can be invested in transferable securities, which are not approved securities.

The scheme property may be invested in transferable securities on which any sum is unpaid only if it is reasonable to foresee that the amount of any existing and potential call for any sum unpaid could be paid by the Company at the time when payment is required, without contravening the requirements of the FSA Rules.

A unit in a closed end fund shall be a transferable security for the purposes of investment by the Company provided it fulfils the following criteria requirements of the FSA Rules:

(1) the potential loss which the Company may incur holding the transferable security is limited to the amount paid for it;

(2) its liquidity does not comprise the ACD’s ability to comply with its obligations to redeem units at the request of a qualifying unitholder;

(3) reliable valuation is available as follows:

1. for a transferable security admitted or, or dealt in on an eligible market, where there is accurate, reliable and regular prices which are either market prices or prices made available by valuation systems independent from issuers;

2. for 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 a competent investment research;

(4) appropriate information is available for it as follows:

1. for 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;

2. for 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) it is negotiable; and

(6) its risks are adequately captured by the risk management process of the ACD.

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:

1. not to comprise the ability of the ACD to comply with its obligations to redeem units at the request of any qualifying unitholder; and

2. to be negotiable.

(1) Where the closed end fund is constituted as an investment company or unit trust:

1. it is subject to corporate governance mechanisms applied to companies; and

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

(2) Where the closed end fund is constituted under the law of contract:

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

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

(c) **Money market instruments**

Not more than 10% in value of the scheme property is to consist of money market instruments, which are not:

(1) listed on or normally dealt on an eligible market; or

(2) liquid and whose value can accurately be determined at any time, provided the money market instrument is:

1. issued or guaranteed by a central, regional or local authority, a central bank of an EEA State, the European Central Bank, the European Union or the European Investment Bank, a non-EEA State or, in the case of a federal state, by one of the members making up the federation, or by a public international body to which one or more EEA States belong; or

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

3. issued or guaranteed by an establishment subject to prudential supervision in accordance with criteria defined by European Union law or by an establishment which is subject to and complies with prudential rules considered by the FSA to be at least as stringent as those laid down by Community law.

(d) **Derivatives and forward transactions**

A transaction in derivatives or a forward transaction must not be effected for the Company unless:

(1) the transaction is of a kind specified in the FSA Rules, as summarised below; and

(2) the transaction is covered, as required by the FSA Rules; and

(3) the transaction is economically appropriate for the purpose of efficiently managing the portfolio; and

(4) the purpose of the transaction is:

1. the reduction of risk; or

2. the reduction of cost; or

3. the generation of additional capital or income with a risk level which is consistent with the risk profile of the Company and the risk diversification rules laid down in COLL.

A transaction in derivatives or a forward transaction will be only be effected for the purposes of hedging with the aim of reducing the risk profile of the Funds in accordance with the principles of Efficient Portfolio Management. Where the Company invests in derivatives, the exposure to the underlying assets must not exceed the limits specified under the heading "Spread" below.

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

Where a transaction is effected in an index-based derivative, provided the relevant index falls within the relevant requirements of the FSA Rules the underlying constituents of the index do not have to be taken into account for the purposes of restrictions on spread, subject to the ACD taking account of the FSA Rules in relation to prudent spread of risk.

A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market or comply with the requirements for transactions in OTC derivatives described below.

A transaction in a derivative must not cause the Company to diverge from its investment objective as stated in the Instrument of Incorporation and this Prospectus.

A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more transferable securities, money market instruments, units in collective investment schemes, or derivatives.

Any forward transaction must be with an approved counterparty under the FSA Rules.

No agreement by or on behalf of the Company to dispose of property or rights may be made:

(1) unless the obligation to make the disposal and any other similar obligations could immediately be honoured by the Company by delivery of property or the assignment (or, in Scotland, assignation) of rights; and

(2) the property and rights at (1) are owned by the Company at the time of the agreement.

This requirement does not apply to a deposit.

The transaction alone or in combination must be reasonably believed by the ACD to diminish a risk of a kind or level which it is sensible to reduce.

Each derivative transaction must be fully covered by cash, near cash or other property sufficient to meet any obligation which could arise.

A transaction in an OTC derivative must be:

(1) with an approved counterparty. A counterparty to a transaction in derivatives is approved only if the counterparty is:

1. an eligible institution or an approved bank; or

2. a person whose permission (including any requirements or limitations), as published in the FSA Register, or whose Home State authorisation, permits it to enter into the transaction as principal off-exchange;

(2) on approved terms. The terms of the transaction in derivatives are approved only if the ACD:

1. 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

2. can enter into one or more further transactions to sell, liquidate or close out that transactions at any time, at its fair value;

(3) 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:

1. on the basis of an up-to-date market value which the ACD and the Depositary have agreed is reliable; or

2. if the value referred to in (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

(4) 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:

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

2. a department within the ACD which is independent from the department in charge of managing the scheme property and which is adequately equipped for such a purpose.

For the purposes of paragraph (2)(1) above, "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.

The Depositary must take reasonable care to ensure that the ACD has systems and controls that are adequate to ensure compliance with paragraphs (1) to (4) above.

(e) **Deposits**

The Company 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.

(f) **Collective investment schemes**

The Company may invest in units in a *regulated* collective investment scheme (the "second scheme") provided that the second scheme satisfies *all* of the following conditions:

(1) i. it is a scheme which complies with the conditions necessary for it to enjoy the rights conferred by the UCITS Directive; or

ii. it is a scheme recognised under section 270 of the Act; or

iii. it is authorised as a non-UCITS retail scheme (provided the requirements of article 19(i)(e) of the UCITS Directive are met); or

iv. it is authorised in another EEA State (provided the requirements of article 19(1)(e) of the UCITS Directive are met; or

v. it is authorised by the competent authority of an OECD member country (other than another EEA State) which has:

v.1 signed the IOSCO Multilateral Memorandum of Understanding; and

v.2 approved the scheme’s management company, rules and depositary / custody arrangements;

(provided the requirements of article (19(1)(e) of the UCITS Directive are met);

(2) it complies with the rules on investment in associated collective investment schemes and other group schemes (see below);

(3) it has terms which prohibit more than 10% in value of the second scheme consisting of units in collective investment schemes; and

(4) each Fund of an umbrella scheme is to be treated as if it were a separate second scheme but no Funds of an umbrella second scheme may invest in another Fund of that umbrella scheme.

In addition to the conditions set out above, not more than 30% of the value of the Company will be invested in second schemes within paragraphs (1) (ii) to (v) above.

Subject to the restrictions above, investment may be made in other collective investment schemes managed by the ACD or an associate of the ACD, provided that the ACD makes good to the Company certain amounts specified in COLL 5.2.16R.

Where a substantial proportion of the Company's assets are invested in other collective investment schemes the maximum level of annual management charges that may be charged by any other collective investment scheme should not exceed 2% per annum in addition to the charges payable in accordance with this Prospectus.

(g) **Nil and partly paid Securities and Warrants**

The Company may invest in and nil and partly paid securities and warrants, but the exposure created by the exercise of the rights conferred by those warrants must not exceed the limits set out in "Spread" below.

A warrant is a time-limited right to subscribe for shares, debentures, loan stock or government securities and is exercisable against the original issuer of the underlying securities. A relatively small movement in the price of the underlying security results in a disproportionately large movement, unfavourable or favourable, in the price of the warrant. The prices of warrants can therefore be highly volatile.

(h) **Spread**

With the exception of government and public securities:

(1) not more than 5% of the value of the scheme property is to consist of transferable securities or money market instruments issued by one issuer (in application of which certificates representing certain securities are treated as equivalent to the underlying security) but the figure of 5% may be increased to:

i. 10% in respect of up to 40% of the value of the scheme property (covered bonds need not be taken into account for the purpose of applying the limit of 40%); and

ii. 25% in value of the scheme property in respect of covered bonds, provided that, when a UCITS scheme invests more than 5% in covered bonds issued in a single body, the total value of covered bonds held must not exceed 80% in the value of the scheme property;

(2) not more than 20% in value of the scheme property is to consist of deposits with a single body;

(3) the exposure to any one counterparty in an OTC derivative transaction must not exceed 5% in value of the scheme property (or 10% where the counterparty is an approved bank);

(4) not more than 20% in value of the scheme property is to consist of transferable securities or money market instruments issued by the same group;

(5) not more than 20% in value of the scheme property is to consist of the units of any one collective investment scheme;

(6) in applying the limits in (1), (2) and (3), not more than 20% in value of the scheme property is to consist of any combination of two or more of the following:

i. transferable securities or money market instruments issued by; or

ii. deposits made with; or

iii. exposures from OTC derivatives transactions made with;

a single body.

(i) Government and Public Securities

Where no more than 35% in value of the scheme property is invested in government and public 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.

The Company may invest more than 35% in value of the scheme property in government and public securities issued by any one body, provided that:

(1) the ACD has before any such investment is made consulted with the Depositary and as a result considers that the issuer of such securities is one which is appropriate in accordance with the investment objectives of the Company;

(2) no more than 30% in value of the scheme property consists of such securities of any one issue; and

(3) the scheme property includes such securities issued by that or another issuer, of at least six different issues.

At present, there is no such provision in the Instrument of Incorporation, and no such bodies have been specified for this purpose, in respect of the Funds. Accordingly, at present, no Fund may invest more than 35% in value of the scheme property in Government and public securities issued by any one body.

The names of the individual states, the local authorities or public institutional bodies in which a Fund may invest more than 35% of its assets must be stated in the Instrument of Incorporation and this Prospectus.

(j) **Significant influence**

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:

1) immediately before the acquisition, the aggregate of any such securities held by the Company gives the Company power to significantly influence the conduct of business of that body corporate; or

2) the acquisition gives the Company that power.

For the purposes of paragraph (j) above, 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).

(k) **Concentration**

A UCITS scheme must not acquire:

1) transferable securities (other than debt securities) which:

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

   b. representing more than 10% of those securities issued by that body corporate;

2) more than 10% of the debt securities issued by any single body;

3) more than 25% of the units in a collective investment scheme;

4) more than 10% of the approved money market instruments issued by any single body; and

5) need not comply with the limits in (2), (3), and (4) if, at the time of acquisition, the net amount in issue of the relevant investment cannot be calculated.

(l) **Eligible markets**

The markets upon which transferable securities and money market instruments are traded must meet certain criteria laid down in the FSA Rules.

Eligible markets include any market established in a member of state of the European Economic Area ("member state") on which transferable securities and money market instruments admitted to official listing in the member state are dealt in or traded.

In the case of all other markets, in order to qualify as an eligible market, the ACD, after consultation with the Depositary, must be satisfied that the relevant market:

(1) is regulated;

(2) operates regularly;

(3) is recognised;

(4) is open to the public;

(5) is adequately liquid; and

(6) has adequate arrangements for unimpeded transmission of income and capital to or to the order of investors.

The eligible securities markets for the Company are set out in Appendix B to this Prospectus.

Eligible derivatives markets are markets which the ACD, after consultation with and notification of the Depositary, has decided are appropriate for the purpose of investment of or dealing in the scheme property with regard to the relevant criteria set out in the FSA Rules and the guidance on eligible markets issued by the FSA (as amended from time to time).

The eligible derivatives markets for the Funds are set out in Appendix C to this Prospectus.

(m) **General**

The Company may not acquire any investment which has an actual contingent liability attached unless the maximum amount of such liability is ascertainable at the time of acquisition.

3. Borrowing

3.1 The Company may, in accordance with the FSA Rules and with the instructions of the Directors, borrow sums of money for the use of the Company on terms that the borrowing is repayable out of the scheme property.

3.2 Such borrowings must be made from eligible institutions or approved banks and on a temporary basis as provided in the FSA Rules. Borrowings must not exceed 10 per cent of the value of the scheme property and the period of borrowing must not exceed three months without the prior consent of the Depositary.

3.3 Borrowing may be made from the Depositary or an associate of it at a normal commercial interest rate.

3.4 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.

3.5 For the avoidance of doubt, borrowing is not permitted for gearing purposes.

4. Efficient portfolio management

The ACD may utilise the property of the Company to enter into transactions for the purpose of efficient portfolio management. There is no limit on the amount of the property of the Company which may be used for these purposes, but there are three broadly based requirements which the ACD must adopt:

4.1 The transactions must be **economically appropriate** for the purposes of efficient portfolio management.

4.2 The exposure must be **fully covered** by cash or other property sufficient to meet any obligation to pay or deliver that could arise.

4.3 The transactions must be entered into for one or more three specific aims, namely:

(1) the reduction of risk.

(2) the reduction of cost; or

(3) the generation of additional capital or income of the Company with a risk level which is consistent with the risk profile of the Company and the risk diversification rules laid down in COLL.

4.4 The first two aims, together or separately, allow for tactical asset allocation; that is a switch in exposure through the use of derivatives rather than through the sale and purchase of underlying property.

4.5 Similarly, the aim of reduction of risk allows for the use of derivatives with a view to switching the currency exposure of all or part of the underlying scheme property away from a currency which the ACD considers to be unduly prone to risk.

Economically Appropriate

4.6 The guidelines must be one which (alone or in combination with one or more of others) is reasonably believed by the Company to be economically appropriate to the efficient portfolio management of the Company.

4.7 This means that the ACD reasonably believes risk that:

(1) for transactions undertaken to reduce risk or cost (or both), the transaction (alone or combination) will diminish a risk or cost of a kind or level which it is sensible to reduce; and

(2) for transactions undertaken to generate additional capital or income, the Company is certain (or certain events which are not reasonably foreseeable) to derive a benefit from the transaction;

4.8 The transaction may not be entered into if its purpose could reasonably be regarded as speculative.

4.9 Where the transaction relates to the actual or potential acquisition of transferable securities, the ACD must intend that the Company should invest in transferable securities within a reasonable time and must ensure thereafter that, unless the position has itself been closed out, that intention is realised within that reasonable time.

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

4.11 The ACD has adopted a risk management process that takes account of the investment objectives and policies of the Funds which enables the ACD to monitor and measure as frequently as appropriate the risk of a Fund's positions and their contribution to the overall risk profile of the Fund.

Efficient portfolio management techniques may be utilised by the Company when considered appropriate.

5. **Stocklending**

The Company may enter into stock lending arrangements in accordance with the COLL Sourcebook if it reasonably appears to the ACD to be appropriate to do so with a view to generating additional income for the Fund with an acceptable degree of risk.

Such transactions must always comply with the requirements of the Taxation of Chargeable Gains Act 1992. The transactions must also comply with the requirements of the COLL Sourcebook and the Guidance on Stocklending issued by the FSA as amended from time to time.

APPENDIX C

Eligible securities and derivatives markets

The Company may deal on the securities and derivatives markets listed below.

The eligible markets on which the investments of the Company may be dealt in or traded will be those established in a EEA State on which transferable securities and money market instruments admitted to official listing in the EEA States are dealt in or traded and which are regulated, operate regularly and are open to the public, along with the following eligible markets as indicated below for each Fund:

Eligible Securities Markets

Australia	The Australian Stock Exchange
Canada	TSX Venture Exchange
	The Toronto Stock Exchange
E E A	Eurex
Hong Kong	The Hong Kong Stock Exchanges
Japan	the stock exchanges of Nagoya, Sapporo and Tokyo and the Osaka Securities Exchange
The Republic of Korea	Korea Stock Exchange (KSE)
New Zealand	The New Zealand Stock Exchange (NZSE)
Mexico	Bolsa Mexicana de Valores (The Mexican Stock Exchange)
Singapore	The Stock Exchange of Singapore (SES)
South Africa	JSE Securities Exchange
Switzerland	The Swiss Exchange (SIX)
Thailand	The Stock Exchange of Thailand (SET)
United Kingdom	Alternative Investment Market
United States of America	NASDAQ (the electronic inter-dealer quotation system of America operated by the National Association of Securities Dealers Inc)
	The New York Stock Exchange (NYSE)
	The American Stock Exchange (AMEX)
	Pacific Stock Exchange
	Philadelphia Board of Trade
	Philadelphia Stock Exchange
	Kansas City Board of Trade
	Toronto Futures Exchange
	The Chicago Stock Exchange

Eligible Derivatives Markets

Australia	The Australian Stock Exchange
	The Sydney Futures Exchange (SFE)
Canada	The Montreal Stock Exchange
	Toronto Futures Exchange
	The Montreal Stock Exchange
Denmark	The Copenhagen Stock Exchange (including FUTOP)
European Economic Area	European Options Exchange
Finland	Finnish Options Exchange
France	Marché à Terme International de France (MATIF)
	Marche des Options Negociables de Paris (MONEP)
Germany	Eurex Deutschland
Holland	Financiële Termijnmarkt Amsterdam
Hong Kong	Hong Kong Futures Exchange
Ireland	Irish Futures and Option Exchange (IFOX)
Japan	The Tokyo Stock Exchange
	The Osaka Securities Exchange
New Zealand	The New Zealand Futures Exchange
Mexico	Bolsa Mexicana de Valores (The Mexican Stock Exchange)
Spain	Meff Renta Fija
	Meff Renta Variable (Madrid)
Singapore	The Singapore International Monetary Exchange
South Africa	South Africa Futures Exchange (SAFEX)
Sweden	Stockholm AB
United States of America	The American Stock Exchange
	The New York Futures Exchange
	The New York Mercantile Exchange
	The Chicago Board of Trade
	The New York Stock Exchange
	The Chicago Board Options Exchange
	The Chicago Mercantile Exchange
	Pacific Stock Exchange
	Philadelphia Board of Trade
	Philadelphia Stock Exchange

Formatted: Line spacing: single

	Kansas City Board of Trade
	National Association of Securities [Dealers (NASD)]
	National Association of Securities Dealers Automated Quotation (NASDAQ)
	The Chicago Stock Exchange
United Kingdom	The London International Financial Futures and Options Exchange
	The OMLX Exchange
	The London Securities Exchange
	International Securities Market Association

APPENDIX D

Authorised Collective Investment Schemes of which the ACD is the Authorised Corporate Director

PFS Hawksmoor Open-Ended Investment Company

PFS Somerset Capital Management Investment Funds ICVC

PFS Taube Global Fund

PFS Twentyfour Investment Fund

PFS Prodigy Capital Partners Fund

PFS PanDYNAMIC Fund

Authorised Unit Trusts of which Phoenix Fund Services (UK) Ltd is the Authorised Unit Trust Manager

PFS Brompton UK Recovery Unit Trust

PFS Greenaway Fund

APPENDIX E

Directory of Contact Details

ACD	Phoenix Fund Services (UK) Ltd Springfield Lodge Colchester Road Chelmsford Essex CM2 5PW
Administrator and Registrar	(see the ACD above)
Auditors	Shipleys LLP 10 Orange Street Haymarket London WC2H 7DO
Custodian	The Bank of New York Mellon SA/NV One Canada Square Canary Wharf London E14 5AL
Depositary	BNY Mellon Trust & Depositary (UK) Limited The Bank of New York Mellon Centre 160 Queen Victoria Street London EC4V 4LA
Investment Manager(s)	icf management limited PO Box 231 Wadhurst East Sussex TN2 9HW WH Ireland Limited 11 St. James Square Manchester M2 6WH