

PFS Somerset Capital Management Investment Funds ICVC

(An investment company with variable capital incorporated with limited liability and registered in England and Wales under registered number IC000713)

Prospectus

This document is the Prospectus of PFS Somerset Capital Management Investment Funds ICVC (the Company) which has been prepared in accordance with the Collective Investment Schemes Sourcebook of the Financial Services Authority Handbook of Rules and Guidance. Copies of this Prospectus have been sent to the Financial Services Authority and the Depositary.

Phoenix Fund Services (UK) Limited, the Authorised Corporate Director of the Company, is the person responsible for the information contained in this Prospectus. To the best of its knowledge, information and belief (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus does not contain any untrue or misleading statements or omit any matters required to be included in it by the Collective Investment Schemes Sourcebook.

This Prospectus is dated, and is valid as at 25 October 2010

NOTICE

This Prospectus is intended for distribution in the United Kingdom. The distribution of this Prospectus and the offering of shares in the Company may be restricted in other jurisdictions. Potential investors are required to inform themselves of the legal requirements and restrictions of their own jurisdiction and act accordingly. This Prospectus does not amount to a solicitation or offer by any person in any jurisdiction in which such solicitation or offer would be unauthorised or unlawful.

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.

The Company is offering Shares in its Funds on the basis of the information contained in this Prospectus. No person has been authorised by the Company to give any information or to make any representations in connection with the offering of the shares other than those contained in this Prospectus, and, if given or made, such information or representations must not be relied upon.

The delivery of this Prospectus or the issue of Shares shall not, under any circumstances, create any implication that the affairs of the Company have not changed since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

This Prospectus is based on information, law and practice at the date hereof. The Company cannot be bound by an out of date prospectus when it has issued a new prospectus and investors should check with Phoenix Fund Services (UK) Limited that this is the most recently published prospectus. Further copies of this Prospectus are available, free of charge from Phoenix Fund Services (UK) Limited.

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

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

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DEFINITIONS

“Accumulation Shares”	Shares in the Funds of the Company 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”	Phoenix Fund Services (UK) Limited, the authorised corporate director of the Company;
“ACD Agreement”	an agreement between the Company and the ACD;
“Administrator”	Phoenix Fund Services (UK) Limited, or such other entity as is appointed to act as administrator to the Company from time to time;
“A Shares”	‘A’ Shares in a Fund or Funds;
“Auditor”	Shipleys LLP, or such other entity as is appointed to act as auditor to the Company from time to time;
“B Shares”	‘B’ Shares in a Fund or Funds;
“Business Day”	a day on which the London Stock Exchange is open for business;
“Class” or “Classes”	in relation to Shares, means (according to the context) all of the Shares related to a single Fund or a particular class or classes of Share related to a single Fund;
“COLL”	reference to a rule or guidance in the COLL Sourcebook;
“COLL Sourcebook”	the Collective Investment Schemes Sourcebook of the FSA’s Handbook of Rules and Guidance as amended from time to time;
“Company”	PFS Somerset Capital Management Investment Funds ICVC;
“Custodian”	Northern Trust, or such other entity as is appointed to act as custodian to the Company from time to time;
“Dealing Day”	Monday to Friday inclusive except for Bank Holidays in England and Wales and other days at the ACD’s discretion;
“Depositary”	The Royal Bank of Scotland plc, or such other entity as is appointed to act as depositary;
“Directors”	the directors of the Company from time to time (including the ACD);
“EEA State”	a member state of the European Union and any other state which is within the European Economic Area;

“Eligible Institution”	one of certain eligible institutions as defined in the glossary 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 Handbook”	the FSA Handbook of Rules and Guidance, as amended from time to time;
“Fund” or “Funds”	a sub-fund of the Company (being part of the Scheme Property of the Company which is pooled separately) to which specific assets and liabilities of the Company may be allocated and which is invested in accordance with the investment objective applicable to such sub-fund;
“ICVC”	investment company with variable capital;
“Income Shares”	Shares in the Funds of the Company 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 as amended from time to time;
“Investment Manager”	Somerset Capital Management LLP, the investment manager appointed by the ACD in respect of the Company;
“Net Asset Value” or “NAV”	the value of the Scheme Property of the Company or of any Fund (as the context may require) less the liabilities of the Company (or of the Fund concerned) as calculated in accordance with the Instrument of Incorporation;
“OEIC Regulations”	the Open-Ended Investment Companies Regulations 2001 as amended or re-enacted from time to time;
“Register”	the register of Shareholders of the Company;
“Registrar”	Phoenix Fund Services (UK) Limited or such other entity as is appointed to act as Registrar to the Company from time to time;
“Regulations”	the OEIC Regulations and the FSA Handbook (including the COLL Sourcebook);
“Scheme Property”	the cash, securities or any other asset of the Company required under the COLL Sourcebook to be held for safekeeping by the Depositary;
“SDRT”	stamp duty reserve tax;

“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” or “switching”	the exchange where permissible of Shares of one Class or Fund for Shares of another Class or Fund;
“UCITS”	the EC Council Directive of 20 December 1985 (No 85/611/EEC) ¹ as amended on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities;
“UCITS Scheme”	an authorised collective investment scheme constituted in accordance with UCITS, shares in which can be sold to retail investors in the UK and EEA;
“UK”	the 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 for the purpose of determining the price at which Shares of a Class may be issued, cancelled or redeemed. The current Valuation Point is 12 noon London time on each Dealing Day with the exception of Christmas Eve and New Year’s Eve or a bank holiday in England and Wales, or the last Business Day prior to those days annually where the valuation may be carried out at a time agreed in advance between the ACD and the Depositary;
“Value Added Tax” or “VAT”	the UK tax imposed on the supply of goods and services or any other tax substituted for that tax or in respect of supplies, turnover or value added sales.

1. THE COMPANY

PFS Somerset Capital Investment Funds ICVC (the “Company”) is incorporated in England and Wales as an ICVC under registration number IC000713. The Shareholders are not liable for the debts of the Company.

The Company is authorised by the FSA as a UCITS Scheme under the COLL Sourcebook and is an umbrella company for the purposes of the OEIC Regulations with each Fund being a UCITS Scheme. Details of the investment objectives and policies of the Funds, including their borrowing powers and investment restrictions, are set out in Appendices 1 and 2. The Eligible Markets in which the Funds may invest are listed in Appendix 3.

The Funds are not ring-fenced so that in the event that the Company is 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. In the event that any assets are so reallocated, the ACD will advise Shareholders in the next succeeding annual or half yearly report to Shareholders.

The Company’s Head Office and the address for service in the UK on the Company of notices or other documents is at Springfield Lodge, Colchester Road, Chelmsford, Essex CM2 5PW.

The effective date of the authorisation order made by the FSA was 17 October 2008. The Instrument of Incorporation of the Company is registered with the Registrar of Companies. The Instrument of Incorporation and most recent annual and half yearly long reports of the Company may be inspected at the Head Office from where copies of those documents and this Prospectus can also be obtained.

The base currency of the Company is Pounds Sterling.

The minimum share capital of the Company is £1 and the maximum is £100,000,000,000.

2. THE SHARES

The Instrument of Incorporation allows for gross income and gross accumulation shares to be issued as well as net income and net accumulation shares. 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 1.

Net Shares – Net Shares are Shares in respect of which income allocated to them is distributed periodically to the relevant Shareholders (in the case of income Shares) or credited periodically to capital (in the case of accumulation shares), in either case in accordance with relevant tax law, net of any tax deducted or accounted for by the Company.

Gross Shares – 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.

Each Class includes larger and smaller denomination shares in the ratio of 1:1000. Rights of Smaller denomination Shares are therefore in proportion to those of the larger denomination Shares in the same ratio.

Different Classes of Share may attract different charges and subscription and redemption levels. Details of the minimum subscription for each Class, and the rates of charges and expenses of each Class are set out in Appendix 1.

The Shares are not listed or traded on any Stock Exchange.

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

The ACD may, with the agreement of the Depositary and in accordance with the Instrument of Incorporation launch further Funds or issue new Classes of Shares subject to receiving FSA approval. On the launch of any new Fund or Class, this Prospectus will be updated.

All transactions in Shares are governed by English law.

3. DEALING IN THE SHARES

3.1 Initial Offer

The initial offer period for the PFS Somerset Emerging Markets Dividend Growth Fund has now expired. Details of the initial offer period for the PFS Somerset Emerging Markets Small Cap Fund are as follows:

Launch date	1 November 2010
Length of initial offer period	1 day from the launch date
Initial price of share	£1, €1 or \$1 (as appropriate for the share class)
Arrangements for issuing Shares during initial subscriptions received during initial offer, including intentions on investing	Shares will be issued at the initial price during the launch period, but money will not be committed to markets until the offer closes
Circumstances under which initial offer will end	The initial offer period will end if the Share price moves by more than 2%
Shares sold or issued in any other currency	Yes, Euros (€) or US dollars (\$)
Any other relevant details	None

3.2 **Buying Shares**

Shares may be purchased by sending a completed application form with a cheque for the subscription amount to the ACD at PO Box 10282, Chelmsford, Essex CM1 9LJ or by telephone to the ACD on 0845 0264282. Applications can be made from 8:30am until 4:30pm on any Dealing Day.

Applications received by the ACD up to 12 noon on a Dealing Day will be dealt with on that day. Applications received after 12 noon on a Dealing Day will be dealt with on the following Dealing Day.

The minimum initial investment for each Class of Shares in each Fund is detailed in Appendix 1.

The ACD may at its discretion accept subscriptions for holdings at less than the minimum amounts set in Appendix 1.

The number of shares issued will be the greatest number of larger denomination shares with the balance of the subscription amount being used to purchase smaller denomination shares.

Settlement will normally be made by bankers draft, telegraphic transfer or cheque. Payment will be made in Sterling 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 at Section 3.5.

Share Certificates will not be issued in respect of Shares. Ownership of the Shares will be evidenced by entry of the applicant's name in the Register of Shareholders.

The ACD may at its discretion charge an initial fee on the purchase of Shares. The current initial fees are set out in Appendix 1.

Shares may not be issued during any period of suspension (described in more detail at Section 3.7). Applicants for shares will be notified of any suspension of dealing and, unless withdrawn, their applications will be considered as at the next Dealing Day following the ending of the suspension.

The ACD has the right to reject any application for shares in whole or in part on reasonable grounds relating to the circumstances of the investor. If the ACD does reject the application then the whole of the balance of the subscription amount will be returned at the risk of the investor.

The Company is subject to the Money Laundering Regulations 2007. In order to comply with these regulations the ACD may require verification of the identity of any applicant for Shares or of the person on whose behalf the application is being made. Where such verification has been requested, the ACD reserves the right to refuse to issue Shares (or pay the proceeds of a redemption) to the applicant until sufficient information has been supplied to satisfy the ACD's identification requirements.

3.3 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 10282, Chelmsford, Essex CM1 9LJ by telephone to the ACD on 0845 0264282 or fax to 0845 2991178 between 8:30am and 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 after 12 noon will be dealt with on the next following Dealing Day.

The minimum value of Shares in each Class of Shares for each Fund which may be redeemed is detailed in Appendix 1.

The ACD may, in its absolute discretion, accept redemptions for lower amounts. The ACD may also at its discretion refuse to redeem Shares if as a result of the redemption the redeeming Shareholder will hold less than the minimum amount of Shares required to be held in the Class of Share concerned.

The ACD is entitled to deduct the redemption charge out of the proceeds of the redemption. The current fees are set out in Appendix 1.

A redemption charge based on the value of the shares sold will be levied on the redemption of any class of shares of the PFS Somerset Emerging Markets Small Cap Fund. However, the ACD, at its discretion, and in any particular case, or generally, may waive such charge and specifically it is the ACD's intention not to levy such a charge where an investor has advised the ACD, at least 30 days prior to issuing a redemption instruction, that such an instruction is likely to be issued.

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 of Shareholders, and in the case of joint Shareholders to the address of the first named Shareholder.

Settlement will normally be made by cheque in Sterling, 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.

Shares may not be redeemed during any period of suspension (except as described in Section 3.7 below). Shareholders requesting redemptions at such times will be notified of the suspension and, unless withdrawn, redemption applications will be considered as at the next Dealing Day following the end of such suspension.

Where the ACD becomes aware that for a Shareholder to continue to hold legally or beneficially any or all shares in the Company that would result in a breach of law or governmental regulation or requirement of any jurisdiction, or may result in the Company incurring any additional liability to taxation or any other liability, then the ACD may give notice to the Shareholder to transfer the shares to another person or to satisfy it that the Shareholder is suitably qualified to hold the shares or if no such action is taken within 30 days of the notice then the ACD may compulsorily redeem the shares.

As permitted by the Instrument of Incorporation, the ACD may permit deferrals of redemptions at any Valuation Point to the next Valuation Point in certain circumstances. In such circumstances any redemption requests relating to the earlier Valuation Point will be dealt with in priority to redemption requests received at the next following Valuation Point. In the case of the PFS Somerset Global Emerging Markets Fund and the PFS Somerset Emerging Markets Dividend Growth Fund, deferrals are permitted if requested redemptions exceed £1,000,000 or, if lower, 10% of the Fund's Scheme Property. In the case of the PFS Somerset Emerging Markets Small Cap Fund, deferrals are permitted if requested redemptions exceed 5% of the Fund's Scheme Property. This reflects the fact that this Fund will invest in companies with smaller capitalisations. The liquidity of the shares traded in such companies can be variable and if any large quantities of shares are sold in a single day it may not be possible to realise a fair value for those shares.

3.4 Switching

Shareholders are entitled (subject to certain restrictions) to switch all or part of their Shareholding in a Class or a Fund for Shares in another Class within the same Fund or for Shares of the same or another Class within a different Fund.

The ACD may, at its discretion, refuse an application to switch Shares if as a result of the switch the original shareholding will fall below the minimum amount for the Class concerned or if the Shareholder is applying for less than the minimum amount of Shares to be held in the new Class or Fund. Alternatively, the ACD may require the Shareholder to switch the entire Shareholding to Shares of the new Class or Fund in order to meet minimum holding requirements.

The ACD may at its discretion charge a fee on the switching of Shares between Funds or on a switch between Classes of the same Fund. The current fees are set out in Appendix 1. Where a switching fee is charged the ACD will adjust the number of new Shares to take account of the charge.

Please note that a switch of Shares in one Fund for Shares in any other Fund is treated as a redemption and sale and will, for persons subject to UK taxation, be a realisation for the purposes of capital gains taxation (see Section 7 for further explanation of taxation).

A Shareholder exchanging Shares in one Fund for Shares in any other Fund will not under any circumstances be entitled to withdraw from or cancel the transaction.

3.5 **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 (see Section 3.2). An applicant will not have the right to cancel if:

- (a) the applicant is a professional investor;
- (b) the applicant entered into the transaction on a non-advised execution only basis; or
- (c) 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.

Shareholders switching Shares (see Section 3.4) will not be entitled to cancel the transaction.

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.

3.6 ***In specie* Redemptions**

On a 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.

3.7 **Suspension of Dealing**

In exceptional circumstances, the ACD may, with the prior agreement of the Depositary, or shall immediately if the Depositary requires it, suspend dealing in Shares (which includes selling, redeeming and switching), if of the opinion that due to exceptional circumstances there is good and sufficient reason for doing so and it is in the interests of the Shareholders.

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.

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.

The ACD will whilst the suspension period is in force consider any requests to withdraw redemption applications made before the suspension.

The ACD must inform the FSA of the proposed restart of dealings and immediately after the restart must confirm this by giving notice to the FSA. The ACD may agree, during the suspension, to deal in Shares accepted during, and outstanding prior to, the suspension will be undertaken at a price calculated at the first valuation point after restart of dealing in Shares.

This rule applies to a Fund or Funds as it applies to the Company and references to the shares of the Class or Classes relate to that Fund and to the Company attributable to the Fund. This rule can only apply to one or more classes of Shares without being applied to other classes, if it is in the interests of all Shareholders.

The Instrument of Incorporation of the Company grants powers to the ACD to require, with the agreement of the Depositary, or at its discretion permit at the request of a Shareholder, the direct issue and cancellation of Shares. In such circumstances the ACD will ensure that such issues and cancellations are made in accordance with the COLL Sourcebook and that at each Valuation Point there are at least as many Shares in issue of any Class as there are Shares registered to Shareholders for the Class. The ACD will not, when arranging the issue or cancellation of Shares in these circumstances do, or omit to do anything that would result in its or an associate's benefit to the detriment of Shareholder or that would otherwise result in the unfair treatment of Shareholders.

3.8 Electronic Communications

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

4. VALUATION AND PRICING

The Scheme Property of the Company and each Fund will normally be valued at 12 noon on each Dealing Day for the purpose of calculating the price at which Shares in the Company may be issued, sold, repurchased or redeemed.

The ACD reserves the right to revalue the Company or any Fund at any time if it considers it desirable to do so.

Additional valuations may also be carried out in accordance with the OEIC Regulations and the FSA Regulations in connection with a scheme of amalgamation or reconstruction, or on the day the annual or half yearly accounting period ends.

The Net Asset Value of the Scheme Property shall be the value of its assets less the value of its liabilities. All the Scheme Property (including receivables) is to be included, subject to the following provisions.

- 4.1 Property which is not cash (or other assets dealt with in paragraph 4.2 below) or a contingent liability transaction shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:
- (a) Units or shares in a collective investment scheme:
 - (i) If a single price for buying and selling units or shares is quoted, at that price; or
 - (ii) If separate buying or selling prices are quoted, at the average of the two prices providing 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 or at the last price available if 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 security:
 - (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 the most recent price available does not reflect the ACD's best estimate of the value, at a value which, in the opinion of the ACD, is fair and reasonable.
- (e) Property other than that described in (a), (b), (c) and (d) above: At a value which, in the opinion of the ACD, represents a fair and reasonable mid-market price.
- 4.2 Cash and amounts held in current and deposit accounts and in other time-related deposits shall be valued at their nominal values.
- 4.3 Property which is a contingent liability transaction shall be treated as follows:
 - (a) If a written option, (and the premium for writing the option has become part of the scheme property), deduct the amount of the net valuation of premium receivable. If the property is an off-exchange derivative the method of valuation shall be agreed between the ACD and Depositary;
 - (b) If an off-exchange future, include at the net value of closing out in accordance with a valuation method agreed between the ACD and the Depositary;
 - (c) If any other form of contingent liability transaction, include at the net value of margin on closing out (whether as a positive or negative value). If the property is an off-exchange derivative, include at a valuation method agreed between the ACD and the Depositary.
- 4.4 In determining the value of the scheme property, all instructions given to issue or cancel shares shall be assumed to have been carried out (and any cash paid or received) whether or not this is the case.
- 4.5 Subject to paragraphs 4.6 and 4.7 below, agreements for the unconditional sale or purchase of property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and, in the opinion of the ACD, their omission will not materially affect the final net asset amount.
- 4.6 Futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under paragraph 4.5.
- 4.7 All agreements are to be included under paragraph 4.5 which are, or ought reasonably to have been, known to the person valuing the property assuming that all other persons in the ACD's employment take all reasonable steps to inform it immediately of the making of any agreement.

- 4.8 Deduct an estimated amount for anticipated tax liabilities (on unrealised capital gains where the liabilities have accrued and are payable out of the property of the Scheme; on realised capital gains in respect of previously completed and current accounting periods; and on income where liabilities have accrued) including (as applicable and without limitation) capital gains tax, income tax, corporation tax and advance corporation tax, value added tax, stamp duty and stamp duty reserve tax.
- 4.9 Deduct an estimated amount for any liabilities payable out of the scheme property and any tax thereon treating periodic items as accruing from day to day.
- 4.10 Deduct the principal amount of any outstanding borrowings whenever payable and any accrued but unpaid interest on borrowings.
- 4.11 Add an estimated amount for accrued claims for tax of whatever nature which may be recoverable.
- 4.12 Add any other credits or amounts due to be paid into the scheme property.
- 4.13 Add a sum representing any interest or any income accrued due or deemed to have accrued but not received and any stamp duty reserve tax provision anticipated to be received.
- 4.14 Add the total amount of any cost determined to be, but not yet, amortised relating to the authorisation and incorporation of the Company and of its initial offer or issue of shares.
- 4.15 Currencies or values in currencies other than the base currency or (as the case may be) the designated currency of a Fund shall be converted at the relevant valuation point at a rate of exchange that is not likely to result in any material prejudice to the interests of shareholder or potential shareholders.

For the above purposes, instructions given to issue or cancel shares are assumed to have been carried out (and any cash paid or received); and uncompleted arrangements for the unconditional sale or purchase of property are (with certain exceptions) assumed to have been completed and all consequential action taken.

Each Fund will have credited to it the proceeds of all Shares issued in respect of it, together with the assets in which such proceeds are invested or reinvested and all income, earnings, profits, or assets deriving from such investments. All liabilities and expenses attributable to a Fund will be charged to it.

4.16 **Pricing Basis**

There is a single price for buying, selling and switching shares in a Fund which represents the Net Asset Value of the Fund concerned.

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

The prices of Shares are published daily on the Investment Management Association website at www.investmentuk.org or by telephoning the ACD on 0845 0264282. Neither, the ACD nor the Company can be held responsible for any errors in the publication of the prices. The Shares in the Company will be issued and redeemed on a forward pricing basis which means that the price will not necessarily be the same as the published price.

4.17 Equalisation

An income equalisation amount representing the value of income attributable to the Shares accrued since the record date for the last income distribution for income shares or deemed distribution for accumulation shares is included in the price of shares and so reflected as a capital sum in the price. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

For accumulation shares, the equalisation amount is reinvested alongside the taxed income. This means that no adjustment need be made to the cost of the shares in calculating the relevant capital gains tax.

Equalisation only applies to shares purchased during the relevant accounting period. It is the average amount of income included in the price of all shares issued during that period.

Details of charges payable are contained in section 6.

5. MANAGEMENT AND ADMINISTRATION

5.1 The Authorised Corporate Director

The ACD is Phoenix Fund Services (UK) Limited, whose registered office and head office is at Springfield Lodge, Colchester Road, Chelmsford Essex CM2 5PW. It is currently the only director of the Company.

The ACD is a company limited by shares with an authorised and issued share capital of £450,000 fully paid up. The ACD was incorporated in England and Wales on 18 May 2007.

The ACD is the sole director of the Company.

As at the date of this Prospectus, the directors of the ACD are:

Mr SA King

Mr SD Mathieson

The ACD is authorised and regulated by the Financial Services Authority and, by virtue of this is authorised to carry on investment business in the United Kingdom.

The ACD may act as an authorised Unit Trust manager or ACD to other clients and funds and to companies in which the Company may invest. These are listed in Appendix 5. It may also delegate its activities and retain the services of another person to assist in its functions.

The agreement between the ACD and the Company (the “ACD Agreement”) is for a minimum period of 3 years terminable on 6 months notice in writing. The Company agrees to indemnify the ACD against losses, liabilities, costs, claims, actions, damages, expenses or demands incurred by the ACD acting as ACD except where caused by the fraud, negligence, or wilful default of the ACD. A copy of the agreement between the ACD and the Company is available to shareholders on request.

5.2 The Depositary

The Company has appointed The Royal Bank of Scotland plc as the depositary of the Company (the “Depositary”). The Depositary is responsible for the safekeeping of the Scheme Property of the Company and has a duty to take reasonable care to ensure that the Company is managed in accordance with the provisions of the COLL Sourcebook relating to the pricing of, and dealing in, Shares and to the proper allocation of income in the Funds.

The Depositary is a public limited company and was incorporated Scotland on 31 October 1984 under number 90312. Its registered office is at 36 St Andrew Square, Edinburgh EH2 2YB. Its head office is at Gogaburn, PO Box 100, Edinburgh EH12 1HQ. Its ultimate holding company is The Royal Bank of Scotland Group plc, a public limited company incorporated in Scotland.

The principal business activity of the Depositary is banking. It is authorised and regulated by the FSA to carry on investment business in the United Kingdom.

The Depositary may appoint other persons to assist in the holding of the assets of the Company. It has delegated custody services to the Northern Trust Company.

The appointment of the Depositary has been made under an agreement between the Company, the ACD and the Depositary. The Depositary Agreement may be terminated on 6 months written notice by the Depositary or the Company. However, the Depositary is not permitted to retire voluntarily except on the appointment of a new depositary. The Financial Services Authority is entitled to prior notification of any proposal by the ACD to replace the Depositary.

The Depositary Agreement provides indemnities to the Depositary (except in respect of its failure to exercise due care and diligence) and (to the extent permitted by the Regulations) exempts it from liability for special, indirect or consequential loss or damage.

The Depositary is entitled to act as depositary to other companies (as well as carrying on its custodial and other businesses, including with the Company).

5.3 The Investment Manager

The ACD has appointed Somerset Capital Management LLP (the “Investment Manager”) to provide investment management and advisory services to the ACD. The Investment Manager is authorised and regulated by the FSA under the registration number 470343.

The Investment Manager's Agreement may be terminated on 6 months' written notice by the Investment Manager or the ACD.

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

5.4 The Administrator and Registrar

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.

The ACD will also act as Registrar with responsibility for maintaining the Share Register. The Share Register is kept at the offices of the ACD where it may be inspected by Shareholders.

5.5 The Auditors

The auditors of the Company are Shipleys LLP of 10 Orange Street, Haymarket, London WC2H 7DQ.

6. CHARGES AND EXPENSES

6.1 Dealing Charges

Details of the initial fees, redemption fees and switching fee where applicable for each Fund are set out in Appendix 1.

6.2 Management and Administration fees

The ACD is entitled to receive from each Fund an annual management fee, the details of which are set out in Appendix 1. The management fee 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 fees and expenses of the Investment Manager shall be paid by the ACD out of the annual management fee.

The ACD may charge a performance fee in respect of a Fund where indicated in Appendix 1, subject to the following:

- a) where no indication has been given before the launch of the Fund that such a fee will be charged, then the introduction of the fee must be approved by an extraordinary resolution of shareholders in the Fund; and

- b) where an indication has been given before the launch of the Fund that such a fee may be charged, but the rate, or basis of the charge has not been specified, then no such fee may be charged unless, no less than 60 days before such charge commences, the ACD gives notice in writing of the level of such charge and the date of its commencement to all shareholders and has revised, and made available, the Prospectus to reflect the level of such charge and the date of its commencement.

The ACD is entitled to receive payment for expenses detailed in section 6.5 below, including and not restricted to Administration expenses incurred for Fund valuation and accounting based on charges of 0.105% of the first £50 million, 0.085% on the next £50 million, 0.055% on the next £100 million and 0.025% thereafter. 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.

Fees and expenses in respect of dealing and management accounting will be subject to charges of £25 per transaction (with a minimum fee of £2,500 per annum) and £1,500 per annum.

Minimum fees for Administration, Dealing and Management accounting expenses will be charged at a rate of £12,500 per annum for the first 6 months of operation, £20,000 per annum for the subsequent 6 months of operation and at a rate of £27,000 per annum thereafter, or until such time as the minimum fee rate is exceeded.

6.3 Dilution levy

The actual cost of purchasing or selling assets and investments for the portfolio of a Fund may deviate from the mid-market value used in calculating each Fund's Share price, due to dealing charges, taxes, and any spread between buying and selling prices of the investments. These costs have an adverse effect on the value of the Fund which is referred to as 'dilution'.

The COLL rules permit the ACD to mitigate the effect of dilution by charging a dilution levy on the purchase or redemption of Shares in a Fund. The dilution levy is payable at the same time as payment is due for a sale or redemption. The ACD will calculate any such levy in accordance with the COLL Sourcebook and will ensure that it is fair to all Shareholders of the Fund concerned. The levy is not retained by the ACD but is paid into the Scheme Property.

Circumstances in which the ACD may exercise this discretion include:

- (a) on "large deals". For these purposes a large deal which would be a sale, redemption or switching of Shares valued at £15,000 or more;
- (b) on a Fund experiencing large levels of net sales relative to its size;
- (c) in any other case where the ACD is of the opinion that the interests of Shareholders require the imposition of a dilution levy.

As dilution is directly related to the inflows and outflows of monies to and from the Funds, it is not possible to predict accurately when dilution is likely to occur. Consequently it is also not possible to accurately predict how frequently the ACD will need to make such a dilution levy.

The dilution levy (if it is charged) will be up to a rate of 1%. On the occasions when a dilution levy is not applied, there may be an adverse impact on the total assets of the relevant Funds.

6.4 Depositary’s fees

The Depositary receives for its own account a periodic fee which will accrue daily and is payable and is due monthly on the last business day in each calendar month in respect of that day and the period since the last business day in the preceding month and is payable within seven days after the last business day in each month. The fee is calculated by reference to the value of the Fund 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 Fund. The rate of the periodic fee is agreed between the ACD and the Depositary and is calculated on the following basis:

0.05% per annum on the value of the Scheme Property subject to a minimum of £10,000 per annum per Fund.

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

The first accrual in relation to any Fund will take place in respect of the period beginning on the day on which the first valuation of that Fund is made and ending on the last business day of the month in which that day falls.

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

Item	Range
Transaction Charges	£5 to £120.
Custody Charges	0.0025% to 0.6%.

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

Where relevant, the Depositary may make a charge for its services in relation to: distributions, the provision of banking services, holding money on deposit, lending money, or engaging in stock lending or derivative transactions, in relation to the Fund and may purchase or sell or deal in the purchase or sale of Scheme Property, provided always that

the services concerned and any such dealing are in accordance with the provisions of the Regulations.

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

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

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

In each such case such payments, expenses and disbursements may be payable to any person (including the ACD or any associate or nominee of the Depositary or of the ACD) who has had the relevant duty delegated to it pursuant to the FSA Regulations by the Depositary.

6.5 Other Expenses

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

- (a) broker's commission, fiscal charges and other disbursements (including stamp duty and/or stamp duty reserve tax) 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;
- (b) fees and expenses in respect of the establishment and maintenance of the register of Shareholders, 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 the rate of £12 per annum per shareholder account, with minimum payment of £5,000 per annum per Fund;
- (c) any costs incurred in publishing the price of the Shares in a national or other newspaper or any other form of media;
- (d) any cost incurred in producing and dispatching payments made by the Company or a Fund (as the case may be), or the yearly and half yearly reports of the Company;
- (e) any fees, expenses or disbursements of any legal or other professional adviser of the Company;
- (f) any costs incurred in taking out and maintaining an insurance policy in relation to the Company;
- (g) any costs incurred in respect of meetings of Shareholders convened for any purpose;

- (h) any liability arising after the transfer of property to another authorised fund in consideration of units or shares in such other fund in accordance with COLL 6.7.15R;
- (i) interest on permitted borrowings and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings;
- (j) taxation and duties payable in respect of the Scheme Property or the issue or redemption of Shares;
- (k) the audit fees of the Auditors (including VAT) and any expenses of the Auditors;
- (l) periodic fees of the FSA, together with any corresponding fees of any regulatory authority in a country or territory outside the UK in which Shares in the Funds are or may be marketed;
- (m) 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;
- (n) any payment otherwise due by virtue of a change to the Regulations;
- (o) any costs incurred which are associated with independent risk monitoring or daily “value at risk” or “VaR” calculations (part of the risk monitoring process);
- (p) 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 purposes which include the purpose of amending the Instrument of Incorporation or this Prospectus;
- (q) payments or costs in relation to the preparation of the Simplified Prospectus (either in respect of the Company or a Fund);
- (r) any VAT or similar tax relating to any charge or expense set out herein; and
- (s) 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.

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

Expenses are allocated between capital and income in accordance with the Regulations. The applicable policy for each Fund is set out in Appendix 1. 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 7.7 “Stamp Duty Reserve Tax”). If deductions were made from capital, this could have an adverse effect on the Fund’s capital and constrain growth.

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

Value Added Tax will be added to all these payments, where applicable.

Further charges for taxation may be paid out of the Scheme Property as described in Section 7 below.

7. TAXATION

7.1 General

The following information is only a summary of the taxation position of the Company and Shareholders. It does not constitute legal or tax advice and prospective investors should consult their own professional advisers as to the implications of subscribing for, purchasing, holding, switching or disposing of Shares in the Funds under the laws of the jurisdiction in which they may be subject to tax.

7.2 The Company

Each Fund is treated as a separate entity for UK tax purposes. The Funds are exempt from UK tax on capital gains realised on the disposal of investments held within them.

Dividends from UK companies are received by a Fund with a tax credit and no further tax is payable by a Fund on that income. Income received by a Fund from transactions in futures or options contracts is exempt from tax.

Funds will each be subject to corporation tax at 20% on other types of income but after deducting allowable expenses (which include the gross amount of any interest-type distributions made).

Income from foreign securities may be subject to withholding tax. Where this is the case the Company will be entitled to a tax credit for the withholding against its UK corporation tax liability.

7.3 Shareholders' Income

Dividend distributions to Shareholders will be made with a tax credit equivalent to one ninth of the net dividend paid (equivalent to 10% of the grossed up amount). For individual Shareholders, the aggregate amount of the distribution and the tax credit will be subject to income tax and the credit will satisfy the Shareholders' basic or lower rate tax liability. Shareholders liable to income tax at the higher rate will be liable on the grossed up amount but with the benefit of the tax credit. The tax credit is not reclaimable by non-taxpayers (including holders of Shares through Individual Savings Accounts).

Corporate Shareholders who receive dividend distributions may have to divide them into two (the division will be indicated on the tax voucher). Any part representing dividends received from a UK company will be treated as dividend income (that is, franked investment income) and no further tax will be due on it. The remainder will be received as an annual payment after deduction of tax at the lower rate, and corporate Shareholders may be liable to tax on the grossed up amount, with the benefit of the income tax credit attached.

Interest distributions are paid with a 20% income tax credit. The tax credit attached to the interest distribution will satisfy the tax liability of Shareholders subject to lower or basic rate income tax. Shareholders liable to income tax at the higher tax rate must pay further tax on the gross interest payment. UK residents not liable to tax on some or all of their income may reclaim the appropriate part of the tax credit from the HM Revenue & Customs.

Shareholders liable to pay corporation tax will be treated as receiving interest with a 20% income tax credit attached.

7.4 Income Equalisation

Income equalisation applies in relation to the Funds.

Part of the purchase price of a Share reflects the relevant share of accrued income received or to be received by the Company. This capital sum is returned to a Shareholder with the first allocation of income in respect of a Share issued during an accounting period.

The amount of income equalisation is either the actual amount of income included in the issue price of that Share or is calculated by dividing the aggregate of the amounts of income included in the price of Shares issued or sold to Shareholders in an annual or interim accounting period by the number of those Shares and applying the resultant average to each of the Shares in question.

7.5 Capital Gains

Shareholders who are resident or ordinarily resident in the UK for tax purposes may be liable to capital gains tax or, if a company, corporation tax in respect of gains arising from the sale, exchange or other disposal of Shares (but not on switches between Classes within a Fund).

The amount representing the income equalisation in the Share's price is a return of capital and is not taxable in the hands of Shareholders. This amount should be deducted from the cost of Shares in computing any capital gain realised on the disposal.

7.6 General

Non-UK resident Shareholders may be entitled to a refund from HM Revenue & Customs of the tax credit (or a proportion of it) in respect of income distributions (other than foreign income distributions), depending on their personal circumstances and the terms of any double taxation agreement which exists between their country of residence and the UK.

These statements are based on UK law and HM Revenue & Customs practice as known at the date of this document. Shareholders are recommended to consult their professional advisers if they are in any doubt about their tax position.

7.7 Stamp Duty Reserve Tax (SDRT)

SDRT is charged on the value of Shares redeemed by the ACD and on certain other transfers of shares. It is charged to the Fund at the rate of 0.5% of the value of the redeemed (or transferred) Shares. Relief can be claimed on the charge where:

- (a) more Shares are issued than redeemed during a two-week period including the week of the redemption and the following week; and/or
- (b) the Fund invests in exempt assets (for example Government bonds or foreign shares).

Certain transactions in chargeable securities are exempt from a SDRT charge, such as:

- (i) a pro rata in specie redemption (ie where the unit holder receives a proportionate share of each asset held in the fund rather than cash), such events are unusual in fund dealings;
- (ii) certain third party transfers, such as transfers for no consideration in money or money's worth between unit holders; and
- (iii) switches between income and accumulation units, which are not treated as redemptions.

The relief is calculated by the ACD for each Class of Share in a Fund in accordance with the provisions set out in the HM Revenue & Customs regulations. This charge may have an adverse effect on the value of the Fund. FSA's rules allow the cost of SDRT to be met directly from the Fund's assets or to be recovered from investors on the purchase or redemption of shares in a Fund.

The ACD's current policy is to recover any SDRT which may be payable directly from the investors.

8. RISK FACTORS

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

8.1 General Risks

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.

8.1.1 Effect of Initial and Redemption Charges

Where an initial charge or redemption 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.

In particular, where a redemption charge is payable, investors should note that the percentage rate at which the redemption charge is calculated is based on the market value rather than the initial value of the Shares. If the market value of the

Shares has increased the redemption charge will show a corresponding increase. Current redemption charges are detailed in Appendix 1.

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

8.1.2 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 (see Section 6.3) this will increase the purchase price of Shares or reduce the sale proceeds.

Certain investment transactions 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.

8.1.3 Suspension of Dealings in Shares

Investors are reminded that in certain circumstances their right to redeem Shares (including a redemption by way of switching) may be suspended (see Section 3.7).

8.1.4 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 of the Company 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 he has paid the price on purchase of the Shares.

8.2 Risks specific to investing in the Funds

8.2.1 Emerging Markets

Where Funds invest in some overseas markets these investments may carry risks associated with failed or delayed settlement of market transactions and with the registration and custody of securities.

Investment in emerging markets may involve a higher than average degree of risk.

Investors should consider whether or not investment in such Funds is either suitable for or should constitute a substantial part of an investor's portfolio.

Companies in emerging markets may not be subject:

- (a) to accounting, auditing and financial reporting standards, practices and disclosure requirements comparable to those applicable to companies in major markets;
- (b) to the same level of government supervision and regulation of stock exchanges as countries with more advanced securities markets;

and may be affected by:

- (i) restrictions on foreign investment in emerging markets which may preclude investment in certain securities by certain Funds and, as a result, limit investment opportunities for the Fund concerned. Substantial government involvement in, and influence on, the economy may affect the value of securities in certain emerging markets;
- (ii) the reliability of trading and settlement systems in some emerging markets may not be equal to that available in more developed markets, which may result in delays in realising investments; and/or
- (iii) lack of liquidity and efficiency in certain of the stock markets or foreign exchange markets in certain emerging markets may mean that from time to time the ACD may experience more difficulty in purchasing or selling holdings of securities than it would in a more developed market.

Accordingly, certain emerging markets may not afford the same level of investor protection as would apply in more developed jurisdictions.

8.2.2 Overseas investments

A Fund which invests overseas in non-sterling denominated investments may be affected by fluctuations in rates of currency exchange in addition to the usual securities market fluctuations.

Investments in some overseas markets may carry risks associated with failed or delayed settlement of market transactions and with the registration and custody of securities.

8.2.3 Derivatives

The Company permits the use of derivatives for investment purposes by a Fund, however, this policy is not currently applied and may not be applied without giving the required 60 day notice to Shareholders. If derivatives are used for the purpose of meeting the investment objective of the Fund it is not intended that the use of derivatives would significantly raise the risk profile.

Currently the Funds may be invested in derivatives in line with the investment objectives of a Fund but solely 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. For an explanation of the Funds hedging strategy please refer to Appendix 2.

8.2.4 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.

8.2.5 Charges to Capital

If 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.

8.2.6 Concentration

The Funds will normally be invested in a diversified portfolio of securities however, there may be occasions when market conditions dictate that a Fund may invest in a relatively small number of securities (subject to the concentration limits set out in Appendix 2), which may result in portfolio concentration in sectors, countries, or other groupings. These potential concentrations mean that a loss arising in a single investment may cause a proportionately greater loss in a Fund than if a larger number of investments were made.

8.2.7 Smaller and Mid-Cap Investments

The Funds may invest in smaller or mid-cap investments in accordance with its investment objective. These investments may be less liquid than investment in

larger companies and the market as a whole, as a result their share price may be more volatile and offering a higher level of risk to investors.

8.2.8 **Specific Persons**

The Investment Manager has complete discretion over the investment decisions within a Fund. The performance of a 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 a Fund.

8.2.9 **Warrants**

Up to 100% of the value of the scheme property of the Funds may consist of warrants which may, at times, make the portfolio composition of a Fund highly volatile, provided that warrants may only be held if it is reasonably foreseeable that the exercise of the rights conferred by the warrants will not contravene the Regulations. Securities on which any sum is unpaid may be held provided that it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by a Fund at any time when the payment is required without contravening the Regulations.

8.3 **Risks specific to investing in PFS Somerset Emerging Markets Small Cap Fund**

8.3.1 **Redemption Charge**

A redemption charge of 5% may be charged to investors who have not advised the ACD, at least 30 days prior to issuing a redemption instruction, that such an instruction is likely to be issued.

9. **TERMINATION AND AMALGAMATION**

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

The Company will be wound up if:

- (a) an extraordinary resolution to that effect is passed by the Shareholders;

- (b) the order declaring the Company to be an authorised collective investment scheme is revoked;
- (c) if the ACD or Depositary requests the FSA to revoke the order declaring the Company to be an authorised ICVC and the FSA has agreed that on the conclusion of the winding up of the Company it will accede to that request;
- (d) on the effective date of a duly approved scheme of amalgamation of the Company with another body or scheme;
- (e) if the Share capital of the Company falls below the prescribed minimum; and/or
- (f) on the effective date of a duly approved scheme of reconstruction which results in all the property of the reconstructed scheme becoming the property of two or more authorised or recognised schemes; or if a court scheme is initiated under Part V of the Insolvency Act 1986 for an unregistered company.

A Fund may be terminated if:

- (i) an extraordinary resolution to that effect has been passed by meeting(s) of the Class(es) of Shares of the Fund;
- (ii) the FSA has agreed to and approved a request by the ACD for the termination of the Fund; and
- (iii) a solvency statement is lodged with the FSA in respect of the liabilities of the Company relating to the Fund.

The ACD may make a request to FSA to wind up a Fund if at any time after the first anniversary of the issue of the first Shares of the Fund the net value of the assets attributable to the Fund is less than £1,000,000.

The ACD will carry out the following procedure for winding up the Company or a Fund as appropriate:

- (1) in the case of an amalgamation or reconstruction the ACD will wind up the Company in accordance with the approved scheme of amalgamation or reconstruction;
- (2) in any other case, the ACD shall as soon as practicable after the Company or Fund falls to be wound up and after notifying Shareholders of the proposal to wind up the Company or Fund, realise the Scheme Property (and in the case of a Fund, the Scheme Property attributable to that Fund).

After paying out of all liabilities of the Company or Fund properly so payable and retaining provision for the costs of the winding up, the ACD shall distribute the proceeds to the Shareholders and to itself (upon production by them of evidence as to their entitlement) proportionately to their respective interests in the Company or Fund.

On winding up the Company, any unclaimed net proceeds or other cash held to the account of the Company after the expiry of one month from the date of dissolution of the Company will be paid by the ACD into court subject to the ACD having a right to receive out of it any expenses incurred by it in making that payment into court. On completion of the winding up, the Depositary shall notify the FSA and the ACD shall request the FSA to revoke the order of authorisation.

Following completion of a winding up of either the Company or a Fund, the ACD must prepare a final account showing how the Scheme Property has been distributed. The auditors of the Company shall make a report in respect of the final account stating their opinion as to whether the final account has been properly prepared. The auditors' report together with the final account will be sent to the FSA and the Shareholders within two months of the completion of the winding up of the Company or termination of the Fund as appropriate.

10. GENERAL INFORMATION

10.1 Instrument of Incorporation

The Instrument of Incorporation (including any amendments to it) is available for inspection free of charge at the ACD's offices at Springfield Lodge, Colchester Road, Chelmsford, Essex CM2 5PW during normal business hours.

The following documents may also be inspected free of charge at the same address:

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

Shareholders may obtain copies of the above documents from this address. The ACD may, at its discretion, make a charge for copies of documents, except of the annual and half yearly reports which are available free of charge to any person on request.

10.2 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:

- (a) the Agreement dated 23rd October 2008 between the Company and the ACD;
- (b) the Depositary Agreement dated 23rd October 2008 between the Company, the ACD and the Depositary;
- (c) the Investment Manager's Agreement dated 23rd October 2008 between the ACD and the Investment Manager;

Details of the above contracts are given in Section 5 above.

10.3 Meetings of Shareholders and voting rights

The Company does not hold annual general meetings. Copies of the service contracts between the Company and the ACD and the other Directors of the Company will be provided to Shareholders on request.

The ACD may requisition a general meeting at any time.

The following provisions applying to the Company as a whole also apply to meetings of a Class or Fund as if they were general meetings of the Shareholders, but by reference to the Shares of the Class or Fund concerned and the Shareholders and prices of such Shares.

Shareholders who together hold not less than one-tenth in value of all of the shares may also requisition a general meeting of the Company. Such requisition must be in writing signed by the requisitioning Shareholders, state the objects of the meeting, and be deposited at the head office of the Company. The ACD must convene a general meeting within eight weeks of receiving a requisition.

Notices of meetings and adjourned meetings will be sent to Shareholders at their registered address. Shareholders will receive at least 14 days' notice of a general meeting.

The quorum for a meeting of shareholders is two shareholders present in person or by proxy. If at an adjourned meeting two shareholders are not present in person or by proxy then the quorum for that adjourned meeting will be one shareholder present in person or by proxy.

Except where an extraordinary resolution (requiring a majority of 75% of the votes validly cast in favour of the resolution) is required to be passed under the COLL Sourcebook or the Instrument of Incorporation, each resolution shall be proposed as an ordinary resolution requiring a simple majority of the votes validly cast in favour to be passed.

At any meeting of Shareholders or a Class of the Company or a Fund on a show of hands every shareholder who (being an individual) is present in person or (being a corporation) is represented in person by its properly authorised representative has one vote. A poll may be demanded by the Chairman of the meeting, by the Depositary, or by two or more Shareholders present in person or by proxy. On a poll every shareholder who is present in person or by proxy will be entitled to a number of votes calculated in accordance with the value that his Shareholding bears in relation to the value of the Fund as relevant. A Shareholder entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.

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

The ACD is entitled to receive notice of and attend any meeting of Shareholders but is not entitled to vote or be counted in the quorum. Neither the ACD nor any associate (as defined in the COLL Sourcebook) of the ACD holding shares shall be entitled to vote at such a

meeting except in respect of shares which are held on behalf of a person who, if he himself were the registered Shareholder, would be entitled to vote and from whom voting instructions have been received.

Where all the Shares in a Fund are registered to, or held by, the ACD or its associates and they are therefore prohibited from voting on a resolution required to conduct business at a general meeting, it shall not be necessary to convene such a meeting and the resolution (whether an ordinary resolution or extraordinary resolution) may, with the prior written agreement of the Depositary, instead be passed with the written consent of Shareholders representing the requisite majority of the Shares in issue.

Shareholders shall be those persons entered on the register at a time determined by the ACD (which shall be not less than 48 hours before the time fixed for the meeting) which shall be stated in the notice of the meeting.

10.4 Variation of Class Rights

The rights attached to a Class of Shares in a Fund may be varied in accordance with the COLL Sourcebook.

10.5 Reports to Shareholders

The annual accounting period of the Company ends on 30 September in each year (the “accounting reference date”) and the interim accounting period ends on 31 March in each year or such other date as the ACD may determine (the “interim accounting reference date”).

The Company’s annual long report incorporating audited financial statements will be published within four months after the end of the financial year and the interim long report within two months of the end of the interim accounting period. Copies of the interim and annual long reports will be available on request from the ACD.

The ACD shall send a copy of the interim and annual short report to any Shareholder whose name appears on the share register as at the relevant accounting reference date or interim accounting reference date as permitted by the FSA Regulations. Copies of all reports to Shareholders will be available for inspection by the general public at the ACD’s offices at Springfield Lodge, Colchester Road, Chelmsford, Essex CM2 5PW.

The ACD will provide the following information relating to the risk management of the Company to Shareholders on request:

- (a) the quantitative limits applying to the risk management of the Company;
- (b) the methods used in relation to (a); and
- (c) any recent development of the risk and yields of the main categories of investment.

10.6 **Income Allocations**

The Funds issue Income Shares and Accumulation Shares. Income will be allocated for each of the Funds on the income allocation dates as set out in Appendix 1.

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 to each Fund as set out in Appendix 1.

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 the Accumulation Shares as at the end of the relevant accounting period.

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

Distributions will be declared and paid as detailed in Appendix 1.

Distributions not claimed within a six year period will be forfeited and added back to the capital of the relevant Fund.

10.7 **Sub-Funds**

If for a period of 24 consecutive months beginning at any time after the first issue of Shares, there are only Shares in issue of one Fund, the ACD will either take such action as is necessary to convert the Company to a single fund company or cause Shares in more than one Fund to be in issue.

10.8 **Complaints**

Any complaints concerning the Company or the ACD should be referred to the compliance officer of the ACD at its registered office. If a complaint is not resolved to the satisfaction of the complainant it may be, subject to the status of the complainant, referred to the Financial Ombudsman Service at South Quay Plaza, 183 Marsh Wall, London E14 9SR. A copy of the ACD's complaints procedure explaining how complaints will be dealt with is available on request from the ACD.

APPENDIX 1

PART I

FUND DETAILS

PFS Somerset Global Emerging Markets Fund

Investment objective:	The Fund seeks to achieve capital appreciation by mainly investing in an actively managed portfolio of emerging market securities.				
Investment policy:	<p>The portfolio will consist principally of quoted equity securities, issued by companies established or operating in emerging market countries, principally in Asia, Eastern Europe, the Middle East, Africa and Latin America.</p> <p>The Fund may also invest at the Investment Manager's discretion in other transferable securities, money market instruments, cash and near cash, depositary receipts, derivative instruments and forward transactions, deposits, and derivatives for the purpose of hedging or efficient portfolio management. The Fund may also invest in shares in other collective investment schemes subject to the limits set out in Appendix 2, however, investment by the Fund in other Schemes will be limited to a maximum of 10% of the scheme property of the Fund. Use may also be made of stocklending, borrowing, cash holdings, hedging and other investment techniques permitted under applicable FSA Rules.</p> <p>The Company permits the use of derivatives for investment purposes by the Fund, however, this policy is not currently applied and may not be applied without giving the required 60 day notice to Shareholders. If derivatives are used for the purpose of meeting the investment objective of the Fund it is not intended that the use of derivatives would significantly raise the risk profile but this cannot be guaranteed and the risk profile may increase as a result of a change in the investment policy for derivatives</p> <p>The Fund is permitted to invest 5% or more of its scheme property in warrants. Such investments may increase the volatility of the Fund and therefore may adversely affect its risk profile.</p>				
Launch date:	17 November 2008				
Type of fund:	UCITS Scheme				
Share classes available:	A Shares	B Shares		B Shares (USD)	
Share types available:	Net Accumulation	Net Accumulation	Net Income	Net Accumulation	Net Income
Minimum initial investment:	£2,000	£500,000	£500,000	\$500,000	\$500,000
Minimum holding in each fund:	£1,000	£100,000	£100,000	\$100,000	\$100,000
Minimum subsequent purchase and redemptions in each fund:	£1,000	£50,000	£50,000	\$50,000	\$50,000

Regular investment:	Not Available	Not Available	Not Available	Not Available	Not Available
Accounting period ends:	30 September	30 September	30 September	30 September	30 September
Interim accounting period ends:	31 March	31 March	31 March	31 March	31 March
Income allocated:	31 May 30 November	31 May 30 November	31 May 30 November	31 May 30 November	31 May 30 November
Charges:					
Annual management charge (Charged to income*):	1.5%	1.0%	1.0%	1.0%	1.0%
Initial charge:	5.0%	0%	0%	0%	0%
Switching charge:	1.0%	1.0%	1.0%	1.0%	1.0%
Redemption charge**:	1.0%	1.0%	1.0%	1.0%	1.0%
Performance fee:	Nil	Nil	Nil	Nil	Nil
ISA availability	Yes	No	No	No	No
Typical investor profile:	<p>You are willing to accept a very high level of risk on your investment in order to seek very high growth potential in the long term. You are willing to accept sharp day-to-day fluctuations in the value of your investments and you accept the risk of losing some or all of your capital.</p> <p>Typically, you would consider investing in specialist equity markets or sectors, which are expected to be particularly volatile e.g. Emerging Markets. There will be exposure to currency risk via significant investment in overseas markets. You could get back less than you invested.</p>				

*The annual management charge will normally be charged to the income of the Fund. Where there is insufficient income some or all of the annual management charge may be charged to the capital of the Fund which may adversely effect capital growth.

**A redemption charge based on the value of the shares sold will be levied on the redemption of any class of shares of the Fund however the ACD may, at its sole discretion, in any particular case or generally, waive such charge.

APPENDIX 1

PART II

FUND DETAILS

PFS Somerset Emerging Markets Dividend Growth Fund

Investment objective: The Fund seeks to achieve capital appreciation and income growth by mainly investing in an actively managed portfolio of dividend-paying emerging market securities.

Investment policy: The portfolio will consist principally of quoted equity securities, issued by companies established or operating in emerging market countries, principally in Asia, Eastern Europe, the Middle East, Africa and Latin America.

The Fund may also invest at the Investment Manager's discretion in other transferable securities, money market instruments, cash and near cash, depositary receipts, derivative instruments and forward transactions, deposits, and derivatives for the purpose of hedging or efficient portfolio management. The Fund may also invest in shares in other collective investment schemes subject to the limits set out in Appendix 2, however, investment by the Fund in other Schemes will be limited to a maximum of 10% of the scheme property of the Fund. Use may also be made of stocklending, borrowing, cash holdings, hedging and other investment techniques permitted under applicable FSA Rules.

The Company permits the use of derivatives for investment purposes by the Fund, however, this policy is not currently applied and may not be applied without giving the required 60 day notice to Shareholders. If derivatives are used for the purpose of meeting the investment objective of the Fund it is not intended that the use of derivatives would significantly raise the risk profile but this cannot be guaranteed and the risk profile may increase as a result of a change in the investment policy for derivatives

The Fund is permitted to invest 5% or more of its scheme property in warrants. Such investments may increase the volatility of the Fund and therefore may adversely affect its risk profile.

Launch date: 29 March 2010

Type of fund:	UCITS Scheme					
Share classes available:	A Shares (£)		B Shares (£)		B Shares (USD)	
Share types available:	Net Accumulation	Net Income	Net Accumulation	Net Income	Net Accumulation	Net Income
Minimum initial investment:	£2,000	£2,000	£500,000	£500,000	\$500,000	\$500,000
Minimum holding in each fund:	£1,000	£1,000	£100,000	£100,000	\$100,000	\$100,000
Minimum subsequent purchase and redemptions in each fund:	£1,000	£1,000	£50,000	£50,000	\$50,000	\$50,000

Regular investment:	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available
Accounting period ends:	30 September	30 September	30 September	30 September	30 September	30 September
Interim accounting period ends:	31 March	31 March	31 March	31 March	31 March	31 March
Income allocated:	31 May 30 November	31 May 30 November	31 May 30 November	31 May 30 November	31 May 30 November	31 May 30 November

Charges:						
Annual management charge *:	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Initial charge:	5.0%	5.0%	0%	0%	0%	0%
Switching charge:	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Redemption charge **:	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Performance fee:***	Nil	Nil	Nil	Nil	Nil	Nil
ISA availability	Yes	Yes	No	No	No	No
Typical investor profile:	<p>You are willing to accept a very high level of risk on your investment in order to seek very high growth potential in the long term. You are willing to accept sharp day-to-day fluctuations in the value of your investments and you accept the risk of losing some or all of your capital.</p> <p>Typically, you would consider investing in specialist equity markets or sectors, which are expected to be particularly volatile e.g. Emerging Markets. There will be exposure to currency risk via significant investment in overseas markets. You could get back less than you invested.</p>					

* The annual management charge will normally be charged to the capital of the Fund. **It should be noted that this policy may result in capital erosion or constrain capital growth.**

** A redemption charge based on the value of the shares sold will be levied on the redemption of any class of shares of the Fund however the ACD may, at its sole discretion, in any particular case or generally, waive such charge.

*** The ACD does not, at present, receive a performance fee in respect of the Fund. However, should such a fee be introduced, the ACD shall give shareholders in the Fund 60 days written notice of the basis of calculation of the performance fee and the date of commencement.

APPENDIX 1

PART III

FUND DETAILS

PFS Somerset Emerging Markets Small Cap Fund

Investment objective: The objective of the Fund is to achieve long term capital appreciation.

Investment policy: The Fund seeks capital appreciation by investing in an actively managed portfolio composed principally of quoted equity securities, issued by companies established or operating in emerging market countries, principally in Asia, Eastern Europe, the Middle East, Africa and Latin America and whose market capitalisation does not exceed US\$ 2.5 billion at the time of the investment. The Fund may also invest in other investment funds in order to gain exposure to specific markets or the expertise of specific managers. The Fund generally seeks to maintain a diversified portfolio in order to reduce its dependence on specific companies or industry sectors.

The Fund may invest in cash and near cash, and in shares in other collective investment schemes subject to the limits set out in Appendix 2, however, investment by the Fund in other Schemes will be limited to a maximum of 10% of the scheme property of the Fund.

The Company permits the use of derivatives for investment purposes by the Fund, however, this policy is not currently applied and may not be applied without giving the required 60 day notice to Shareholders. If derivatives are used for the purpose of meeting the investment objective of the Fund it is not intended that the use of derivatives would significantly raise the risk profile but this cannot be guaranteed and the risk profile may increase as a result of a change in the investment policy for derivatives

The Fund is permitted to invest 5% or more of its scheme property in warrants. Such investments may increase the volatility of the Fund and therefore may adversely affect its risk profile.

Launch date: 1 November 2010

Type of fund:	UCITS Scheme		
Share classes available:	B Shares are denominated in pounds sterling (£), Euros (€) and US dollars (\$)		
	B Shares (£)	B Shares (€)	B Shares (\$)
Share types available:	Net Accumulation	Net Accumulation	Net Accumulation
Minimum initial investment:	£1,000,000	EUR 1,000,000	\$ 1,000,000
Minimum holding in each fund:	£1,000,000	EUR 1,000,000	\$ 1,000,000
Minimum subsequent	£1,000,000	EUR 1,000,000	\$ 1,000,000

purchase and redemptions in each fund:

Regular investment:	Not Available	Not Available	Not Available
Accounting period ends:	30 September	30 September	30 September
Interim accounting period ends:	31 March	31 March	31 March
Income allocated:	31 May 30 November	31 May 30 November	31 May 30 November

Charges:			
Annual management charge *:	1.25%	1.25%	1.25%
Initial charge:	None	None	None
Switching charge:	1%	1%	1%
Redemption charge **:	5%	5%	5%
Performance fee:***	Yes, see below	Yes, see below	Yes, see below
ISA availability	No	No	No
Typical investor profile:	The Fund is for institutional investors for whom an investment in the Fund does not represent a complete investment program and who fully understand and are capable of bearing the risks of an investment in the Fund. Prospective investors should carefully review the risks involved in investing in the Fund, and should evaluate the merits and risks of an investment in the Fund in the context of their overall financial circumstances. Investors' attention is drawn to the charges on redemption that may apply to this Fund unless an investor has advised the ACD, at least 30 days prior to issuing a redemption instruction, that such an instruction is likely to be issued (see further paragraph 8.3).		

*The annual management charge will normally be charged to the income of the Fund. Where there is insufficient income, some or all of the annual management charge may be charged to the capital of the Fund which may adversely effect capital growth.

**A redemption charge based on the value of the shares sold will be levied on the redemption of any class of shares of the Fund. However, the ACD, at its discretion, and in any particular case, or generally, may waive such charge and specifically it is the ACD's intention not to levy such a charge where an investor has advised the ACD, at least 30 days prior to issuing a redemption instruction, that such an instruction is likely to be issued.

*** Shares in the PFS Somerset Emerging Markets Small Cap Fund will incur a Performance Fee which would normally be charged to the income of the Fund. Where there is insufficient income some or all of the Performance Fee may be charged to the capital of the Fund which may adversely effect capital growth.

Performance Fee

Shares in The PFS Somerset Emerging Markets Small Cap Fund will incur a Performance Fee payable to the ACD equal to 5% of the absolute performance of the fund with a high water mark.

The Performance Fee will be calculated by the ACD and accrued daily at each Valuation Point so that the Net Asset Value is adjusted accordingly to reflect the accrual. The fee will crystallize on the last business day of each financial year (the "Performance Period") and will be payable in arrears. The Performance Fee per share, which is calculated separately for each share class, is equal to 5% of the amount by which the Gross Asset Value per Share at the end of the Performance Period exceeds the Base Asset Value per share for that period.

The Base Asset Value per share is the highest Net Asset Value per share of the relevant class at the end of any previous Performance Period (the "High Water Mark"). The High Water Mark will never be less than 100 (the launch price of each share class). This ensures that no performance fee will be payable until all "underperformance" has first been made good.

A Performance Fee is only charged where the value of the Class has increased in absolute terms over the course of the Performance Period. If a Performance Fee is payable at the end of a period, the closing Net Asset Value of the period becomes the new Base Asset Value for the forthcoming period. If no Performance Fee is payable, the Base Asset Value for the forthcoming period is unchanged.

The methodology used by the Company ensures the specific Class in the relevant Fund is effectively charged a Performance Fee which equates precisely with that Class's performance. 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 and (ii) all Shareholders of the same Class have the same Net Asset Value per Share.

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.

The total Performance Fee payable for each Class in respect of the relevant Performance Period will be an amount equal to the Performance Fee per share 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. Any Performance Fee due is payable out of the relevant Class 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 the Fund.

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

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

Worked performance fee examples

For simplicity, these examples refer to a single share using the following data. The term 'Gross NAV' refers to the NAV per share before the accrual of any performance fee due.

First Performance Period - Year one

Valuation Points	1	2	3	4
<i>Base Asset Value: 100.00p</i>				
'Gross' NAV	100.00p	106.00p	99.00p	107.10p
Performance fee	-	0.30p	-	0.36p
Final NAV per share	100.00p	105.70p	99.00p	106.74p

Second Performance Period - Year two

Valuation Points	5	6
<i>Base Asset Value: 106.74p</i>		
'Gross' NAV	106.00p	111.10p
Performance fee	-	0.22p
Final NAV per share	106.00p	110.88p

Example 1

Investor A acquires shares at Valuation Point 1 at 100.00p. At Valuation Point 2, the Gross NAV (before the Performance Fee) has risen to 106.00p. The Base Asset Value is 100.00p, and because the NAV has risen above this, there is a Performance Fee payable of 0.30p (5% of the 6.00p increase in value). This fee is then accrued resulting in a final NAV of 105.70p. The fee will not be crystallized and paid to the ACD until the end of the performance period.

Example 2

At Valuation Point 3 the Gross NAV has fallen to 99.00p. Since this is below the Base Asset Value of 100.00p, the fund will accrue no performance fee, and any previous performance fee accrued this year is relinquished. This means that the final NAV is the same as the Gross NAV. If Investor A redeems at Valuation Point 3, although he will receive less than he originally invested he will not have been charged any performance fee.

Example 3

Investor B acquires shares at Valuation Point 3 at 99.00p. At Valuation Point 4 (the end of the first Performance Period) the Gross NAV has risen to 107.10p, an increase of 8.10p. As the Gross NAV is above the Base Asset Value for the period, a Performance Fee is payable on the amount of the increase, equal to 0.36p (5% of 7.10p). Note that Investor B's shares will only incur a Performance Fee on that proportion of the NAV in excess of 100.00p, but not on the increase in value from 99.00p to 107.10p. As this Valuation Point marks the end of the first Performance Period, the Performance Fee is crystallized. This means that i) the Base Asset Value is now set to **106.74p** for the new year, and ii) the fee is subsequently paid to the ACD.

Example 4

At valuation Point 5, the Gross NAV has fallen to 106.00p. Since this is below the prevailing Base Asset Value of 106.74p, the fund will accrue no performance fee. The final NAV is the same as the 'Gross' NAV. If Investor A or Investor B redeems at Valuation Point 5, they will receive 106.00p for each share held.

Example 5

At valuation Point 6, the Gross NAV has risen to 111.10p. Since this is above the prevailing Base Asset Value of 106.74p, a Performance Fee is payable on the amount of the increase. The increase is calculated to be 4.36p (111.10p less 106.74p), which equates to a 5% Performance Fee of 0.22p (5% of 4.36p) resulting in a final NAV per share of 110.88p. If Investor B or Investor A redeems at this point, they will receive 110.88p for each share held.

APPENDIX 2

INVESTMENT POWERS AND RESTRICTIONS

The Scheme Property will be invested with the aim of achieving the investment objectives of the Funds but subject to any limits set out in a Fund's investment policy and the investment and borrowing set out in Chapter 5 of the COLL Sourcebook applicable to UCITS Schemes which are summarised in this Appendix.

The scheme property of a UCITS Scheme must be invested to provide a prudent spread of risk. There are also strict limits on both the spread and concentration of investments held by the Company as outlined below. These limits were applied 6 months after the date the initial offer for Shares was made.

1. **The Scheme Property**

The Scheme Property of the Funds can only consist of:

- (a) Transferable securities;
- (b) Units in permitted collective investment schemes;
- (c) Approved money market instruments;
- (d) Deposits held with an approved bank, cash or near cash; and
- (e) Approved derivatives, warrants and forwards (the underlying of which must be one of the UCITS eligible assets or financial indices, interest rates, foreign exchange rates or currencies).

The Scheme Property of the Funds will not include an interest in any moveable or immovable property.

The ACD intends that the Funds will normally be fully invested, but Scheme Property may be held in the form of cash or near cash when the ACD reasonably regards this as necessary in order to enable the redemption of units, efficient management of a Fund or for any purpose which may reasonably be regarded as ancillary to the investment objectives of a Fund.

The Funds may invest in the Shares of another scheme or fund operated by the ACD in so far as permitted by COLL Sourcebook.

The requirements on spread of investments generally and in relation to investment in government and public securities do not apply until six months after the effective authorisation date of the Fund (or on which the initial offer commenced if later) provided that the requirement to maintain a prudent spread of risk is complied with.

2. **Transferable Securities**

Transferable Securities are:

- (a) shares in companies and other securities equivalent to shares in companies
- (b) debentures;
- (c) government and public securities;
- (d) warrants; and
- (e) any other negotiable securities which carry the right to acquire any such transferable securities by subscription or exchange.

A Fund may only invest in transferable securities that fulfil the following criteria (and subject to the investment limits set out below):

- (i) the potential loss which the Fund may incur with respect to holding the transferable security is limited to the amount paid for it;
- (ii) its liquidity does not compromise the ability of the ACD to comply with its obligation to redeem Shares at the request of any qualifying Shareholder;
- (iii) reliable valuation is available for it as follows:
 - (1) in the case of a transferable security admitted to or dealt in on an eligible market, where there are accurate, reliable and regular prices which are either market prices or prices made available by valuation systems independent from issuers;
 - (2) in the case of a transferable security not admitted to or dealt in on an eligible market, where there is a valuation on a periodic basis which is derived from information from the issuer of the transferable security or from competent investment research;
- (iv) it is negotiable; and
- (v) its risks are adequately captured by the risk management process of the ACD.

Transferable securities admitted to or dealt in on an eligible market will be deemed to meet the conditions in (ii) and (iv) unless the ACD has information that would lead to a different determination. The ACD will assess the liquidity risk that may result from investment in illiquid transferable securities in the light of its obligations to redeem Shares at the request of Shareholders.

Units in closed ended funds may be transferable securities provided that such funds meet the conditions set out in COLL which, in summary are:

- (i) the closed end fund is subject to corporate governance mechanisms applied to companies (if it is an investment company or unit trust) or equivalent to those applied to companies (in the case of closed end funds constituted by contract). Equivalent corporate governance mechanisms include investors' rights to vote on key decisions such as removal of the asset manager, and amendments to the constitution or contract constituting the fund
- (ii) any asset manager of the closed end fund is appropriately regulated for the purpose of investor protection.
- (iii) the assets of the closed end fund in contractual form should be separate and distinct from those of the asset manager with the fund subject to liquidation rules that adequately protect the investors.

An investment is not a transferable security if the title to it cannot be transferred, or can be transferred only with the consent of a third party (which does not include the issuing body corporate or any members or debenture holders of it).

Also an investment is not a transferable security unless the liability of the holder of it to contribute to the debts of the issuer is limited to any amount for the time being unpaid by the holder of it in respect of the investment.

Transferable securities held by a Fund must be approved securities, that is admitted to or dealt on an eligible market, and must remain so until disposed of by the Fund. Up to 10% in value of the Scheme Property may consist of transferable securities which are not approved securities. See Appendix 3 for details of the Eligible Markets of the Company.

If a market ceases to be an eligible market, investments on that market cease to be approved securities and must then be included in the calculation of the 10% restriction on investing in non approved securities.

3. **Money Market Instruments**

A Fund may invest in money market instruments provided that:

- (a) they are normally dealt in on an eligible money market;
- (b) they are liquid;
- (c) their value can be accurately determined at any time; and
- (d) the money market instrument has been issued by 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 issued or guaranteed by an establishment subject to prudential supervision in accordance with criteria defined by Community 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; or issued by a body, any securities of which are dealt in on an eligible market.

Save that, a Fund may invest up to 10% of the Scheme Property in money market instruments which do not meet these criteria.

In addition to instruments admitted to or dealt in on an eligible market a Fund may with the express consent of the FSA invest in an approved money-market instrument meeting the following requirements:

- (i) the issue or the issuer is regulated for the purpose of protecting investors and savings; and
- (ii) the instrument is issued or guaranteed by one of the bodies listed for the purpose in the COLL Sourcebook.

For the condition in (i), the issue or the issuer of a money-market instrument, (other than one dealt in on an eligible market) shall be regarded as regulated for the purpose of protecting investors and savings if:

- (1) the instrument is an approved money-market instrument ;
- (2) appropriate information is available for the instrument (including information which allows an appropriate assessment of the credit risks related to investment in it), in accordance with the COLL Sourcebook; and
- (3) the instrument is freely transferable.

4. **Spread: Corporates and other Collective Investment Schemes**

Generally, not more than 20% of the Scheme Property can be invested with a single body (for the limits on Government and Public Securities see section 5 below). For these purposes companies in the same group will comprise a single body. The specific limits are:

- (a) the Funds can invest up to 5% of the Scheme Property in transferable securities, or money market instruments issued by any single body. This limit rises to 10% in respect of up to 40% of the Scheme Property. For these purposes certificates representing certain securities are treated as equivalent to the underlying security;
- (b) not more than 20% of the Scheme Property can be deposits held with a single body. This limit includes amounts held in cash (except cash representing distributable income or credited to a distribution account);

- (c) not more than 20% of the Scheme Property can consist of transferable securities and money market instruments issued by the same group. When applying the limits set out in (a) this provision would allow the Company to invest up to 5% in the transferable securities of each of four group member companies, or 10% in two of them (if applying the 40% limit);
- (d) the exposure of each Fund to OTC derivatives must not exceed 5% to any one counterparty, unless the counterparty is an EEA credit institution in which case the limit rises to 10%. Exposure can be reduced to the extent that approved collateral meeting the requirements in the COLL Sourcebook is held by the relevant Fund to offset that exposure. Positions held with the same counterparty can be netted in accordance with the Regulations.
- (e) a Fund's holdings in any combination of transferable securities, money market instruments, deposits or OTC derivatives issued by a single body must not exceed 20% of the Scheme Property overall (after accounting for approved collateral held by a Fund to offset the exposure to OTC derivatives);
- (f) not more than 10% of the Scheme Property can be invested in other UCITS Schemes and other schemes meeting the conditions as set out in COLL which broadly offer UCITS equivalent protection to investors.
- (g) where Scheme Property consists of warrants, the exposure created by the exercise of the right conferred by those warrants must not cause a Fund to exceed the limits set out above.

A Fund may invest in the units of other schemes operated by the ACD or for which the ACD acts as authorised corporate director, or the authorised fund manager subject to the requirements of the COLL Sourcebook.

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

Where no more than 35% of the Scheme Property is invested in Government or 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.

A Fund is permitted under the Instrument of Incorporation to invest more than 35% of the Scheme Property in the securities of any one body provided that the ACD and Depositary agree that the investment would be appropriate and:

- (a) no more than 30% is invested in any one issue; and
- (b) the investment consists of at least six different issues.

The Governments and bodies in which a Fund is permitted to invest, over 35% of the Scheme Property in these circumstances, as stated in the Instrument of Incorporation, are:

- (i) The Government of the United Kingdom or any other Member State of the European Union from time to time as specified in Appendix 4 Part I;
- (ii) The Government of any of the countries for the time being specified in Appendix 4, Part II; or securities issued by or on behalf of the European Investment Bank.

6. Derivatives

The Company's Instrument of Incorporation permits the use of derivatives for investment purposes. However, it is not currently intended that derivatives will be used for any purpose other than the Efficient Portfolio Management of the Fund, although derivatives may, subject to the Manager obtaining and maintaining the requisite permissions from the FSA under the Financial Services and Markets Act 2000 and on giving not less than 60 days' notice to Shareholders in the Funds, use derivatives in pursuit of its investment objective in the future. If derivatives are used for the purpose of meeting the investment objective of the Fund it is not intended that the use of derivatives would significantly raise the risk profile.

A Fund may make transactions in approved derivatives (which include futures, options, contracts for differences (CFDs) and forwards), but will only do so for the purpose of hedging the Fund's investments in order to manage the risk profile of the Scheme Property, reduce costs and generate additional capital or income. The transactions must be in line with the Fund's investment objectives and be sufficiently covered by the Scheme Property to the extent permitted by the COLL Sourcebook.

Transactions in approved derivatives must be made on or under the rules of an eligible derivatives market. Eligible derivatives markets are regulated markets which the ACD, after consultation and notification with 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 COLL Sourcebook and the Guidance on eligible markets issued by FSA as amended from time to time.

The eligible derivatives markets for the Company are set out in Appendix 3.

The underlying of a transaction in a derivative must consist of any one or more of the permitted investments for a UCITS Scheme (see list in paragraph 1 of this Appendix 2) and;

- (a) financial indices;
- (b) interest rates;
- (c) foreign exchange rates; and
- (d) currencies.

Derivatives of financial indices will be permitted if they satisfy the following criteria:

- (i) the index is sufficiently diversified;
- (ii) the index represents an adequate benchmark for the market to which it refers; and
- (iii) the index is published in an appropriate manner.

The ACD will have regard to the FSA guidance in the COLL Sourcebook in determining whether these criteria are met.

Exposure of the Scheme Property to the underlying asset of a derivative must not cause the Fund to exceed the limits for investment in such assets as set out in this Appendix and the COLL Sourcebook.

The addition of new eligible derivatives markets for a Fund requires the approval by resolution of Shareholders unless the ACD and the Depositary have agreed in writing that the addition is of minimal significance to the investment strategy of the Fund concerned, or the ACD has, not less than 60 days before the change, given notice in writing as set out above in the case of additional eligible securities markets.

Each derivative transaction must be fully covered by Scheme Property sufficient in value or amount to match the exposure arising from a derivative obligation to which the Fund is committed. Exposure includes the principal or notional principal created by the transaction taking into account the value of the underlying assets, any reasonably foreseeable market movements, counterparty risk and the time available to liquidate any positions. A Fund may not enter into a derivative position which would result in the Fund's global exposure exceeding the net value of its Scheme Property.

Generally scheme property is not available for cover if it is the subject of a stocklending transaction, unless the ACD has taken reasonable care to determine that such Scheme Property is redelivered in time to meet the obligation for which cover is required.

In the case of off exchange (OTC) derivatives, which may only be futures, options or CFDs, the transaction may only be entered into if the ACD carries out, daily, reliable and verifiable valuation not reliant on the counterparty's market quotations. The ACD must, throughout the life of the derivative, take reasonable care to determine the value of the investment with reasonable accuracy: on the basis of up-to-date market value which the ACD and Depositary have agreed is reliable and, if the value is not available, on the basis of a pricing model the ACD and Depositary have agreed uses an adequate recognised methodology.

A transaction in derivatives is subject to verifiable valuation only if throughout the life of a derivative the verification of the valuation is carried out by a third party independent from the counterparty at an adequate frequency which the ACD can check or is carried out by a department within the ACD, independent from the

department managing the scheme property which is adequately equipped for such purpose.

The Depositary must take reasonable care to ensure that the ACD has systems and controls that are adequate to ensure compliance and meet the conditions set out in the COLL Sourcebook.

Any OTC transactions must be with an approved counterparty (eligible institutions or approved banks or authorised principals). A derivative or forward transaction which would or could lead to delivery of scheme property to the Depositary in respect of the a Fund may be entered into only if such scheme property can be held by the Fund concerned, and the ACD reasonably believes that the delivery of the property pursuant to the transaction will not lead to a breach of the COLL Sourcebook.

7. **Efficient Portfolio Management (EPM)**

A Fund may invest in derivatives for the purposes of EPM which means that the transactions must satisfy the following broad requirements:

- (a) A transaction must be reasonably believed by the ACD to be economically appropriate to the efficient portfolio management of the Fund in that they are realised in a cost effective way. This means that for transactions undertaken to reduce risk or cost (or both), the transaction alone or in combination will diminish a risk or cost of a kind or level which it is sensible to reduce and, for a transaction undertaken to generate additional capital or income, the Fund is likely (barring events which are not reasonably foreseeable) to derive a benefit from the transaction.
- (b) EPM may not include speculative transactions.
- (c) The purpose of an EPM transaction for a Fund must be to achieve one of the following in respect of a Fund:
 - (i) Reduction of risk. This allows for the use of the technique of cross-currency hedging in order to switch all or part of the scheme property away from a currency the ACD considers unduly prone to risk, to another currency. This aim also permits the use of tactical asset allocation (please see (ii))
 - (ii) Reduction of cost. The aims of reduction of risk or cost, together or separately, allow the ACD on a temporary basis to use the technique of tactical asset allocation. Tactical asset allocation permits the ACD to undertake a switch in exposure by the use of derivatives rather than through sale and purchase of the scheme property.
 - (iii) The generation of additional capital or income for a Fund with a risk level which is consistent with the risk profile of the Fund concerned and the rules in COLL.

The generation of additional capital or income may arise out of taking advantage of price imperfections or from the receipt of a premium for writing of covered call or covered put options (even if the benefit is obtained at the expense of the chance of yet greater benefit) or pursuant to stocklending as permitted by the COLL Sourcebook.

The relevant purpose must relate to Scheme Property (whether precisely identified or not) which is to be or is proposed to be acquired for 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.

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.

The ACD will notify the requisite details of the risk management process to the FSA and will notify the FSA in advance of any material alteration to it.

8. **Concentration**

A Fund

- (a) must not acquire transferable securities other than debt securities which:
 - (i) do not carry a right to vote on any matter at a general meeting of the body corporate that issued them; and
 - (ii) represent more than 10% of these securities issued by that body corporate;
- (b) must not acquire more than 10% of the debt securities issued by any single body;
- (c) must not acquire more than 25% of the units in a collective investment scheme (if a single fund scheme) or 25% of the units of a sub-fund of a collective investment scheme);
- (d) must not acquire more than 10% of the money market instruments issued by any single body; and
- (e) need not comply with the limits in paragraphs (b) to (c) if, at the time of the acquisition, the net amount in issue of the relevant investment cannot be calculated.

9. **Stock lending**

A Fund may enter into a stock lending arrangement 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.

Briefly, such transactions are those where the Fund or the Depositary delivers securities which are the subject of the transaction in return for which it is agreed that securities of the same kind and amount should be redelivered to the Fund or the Depositary at a later date. The Fund or the Depositary at the time of delivery receives collateral to cover against the risk of the future redelivery not being completed. There is no limit on the value of the property of the Company which may be the subject of stocklending transactions.

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 FSA as amended from time to time.

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

10. **Borrowing**

The ACD may, on the instructions of the Company and subject to the COLL Sourcebook, borrow money from an Eligible Institution or an Approved Bank for the use of the Company on terms that the borrowing is to be repayable out of the Scheme Property.

Borrowing must be on a temporary basis, must not be persistent, and in any event must not exceed three months without the prior consent of the Depositary, which may be given only on such conditions as appear appropriate to the Depositary to ensure that the borrowing does not cease to be on a temporary basis.

The ACD must ensure that borrowing does not, on any Business Day, exceed 10% of the value of each Fund.

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).

APPENDIX 3

ELIGIBLE MARKETS

A market is eligible for the purposes of the COLL Sourcebook if it is:

- (a) a regulated market as defined in the FSA Handbook; or
- (b) a market in an EEA State which is regulated, operates regularly and is open to the public.

A market not falling within (a) or (b) above is eligible for these purposes if:

- (i) the ACD, after consultation with the Depositary, decides that market is appropriate for these purposes on the basis that it is regulated, operates regularly, is recognised, is open to the public, is adequately liquid and has adequate arrangements for unimpeded transmission of income and capital to or for the order of investors; and
- (ii) the Depositary has taken reasonable care to determine that:
 - (1) adequate custody arrangements can be provided for the investment dealt in on that market; and
 - (2) all reasonable steps have been taken by the ACD in deciding whether that market is eligible

The eligible markets of the Company are as follows:

Eligible Securities Markets * ¹

Australia	The Australian Securities Exchange
Brazil	BM & F BOVESPA
Canada	Montreal Exchange
	Toronto Stock Exchange
	TSX Venture Exchange
Czech Republic	Prague Stock Exchange
Chile	Santiago Stock Exchange
China	Shenzhen Stock Exchange
	Shanghai Stock Exchange
Egypt	The Egyptian Exchange (EGX)

¹ * The ACD intends to introduce MICEX and RTS in Russia as eligible markets but this is subject to the ACD reviewing the markets and receiving the Depositary's approval.

Hong Kong	Hong Kong Stock Exchanges
Hungary	Budapest Stock Exchange
Iceland	Iceland Stock Exchange OMX Nordic Exchange
India	Bombay (Mumbai) Stock Exchange National Stock Exchange of India
Indonesia	Indonesia Stock Exchange
Israel	Tel Aviv Stock Exchange
Japan	Tokyo Stock Exchange, 1st and 2nd Sections Osaka Securities Exchange Nagoya Stock Exchange Sapporo Stock Exchange JASDAQ Securities Exchange Inc
Korea	Korea Stock Exchange (KSE) KOSDAQ
Malaysia	The Bursa Malaysia
Mexico	Mexican Stock Exchange
Morocco	Casablanca Stock Exchange
New Zealand	New Zealand Stock Exchange (NZSE)
Peru	Lima Stock Exchange
Philippines	The Philippines Stock Exchange
Poland	Warsaw Stock Exchange
Romania	Bucharest Stock Exchange
Singapore	Stock Exchange of Singapore (SES)
South Africa	JSE Securities Exchange
Switzerland	SIX Swiss Exchange AG
Sri Lanka	Colombo Stock Exchange
Taiwan	The Taiwan Stock Exchange
Thailand	The Stock Exchange of Thailand (SET)
Turkey	Istanbul Stock Exchange
United Kingdom	The Alternative Investment Market (AIM)
United States of America	The New York Stock Exchange (NYSE) The NASDAQ Stock Market (NASDAQ) NYSE Alternext US

Eligible Derivatives Markets

NYSE Alternext US

Australian Securities Exchange

Mexican Derivatives Exchange (MexDer)

Chicago Board of Trade

Chicago Board Options Exchange

Chicago Stock Exchange

CME Group INC

NASDAQ OMX Copenhagen A/S

Eurex

Euronext Amsterdam

Helsinki Exchanges Group

Hong Kong Futures Exchange

Euronext.LIFFE

Irish Futures and Option Exchange (IFOX)

Irish Stock Exchange

Kansas City Board of Trade

London International Financial Futures and Options Exchange

Euronext Paris

BME, Spanish Exchanges

Midwest Stock Exchange

Montreal Stock Exchange

New York Futures Exchange

New York Mercantile Exchange

New York Stock Exchange

New Zealand Futures Exchange

OMLX The London Securities and Derivatives Exchange Ltd

OM Stockholm AB

Osaka Securities Exchange

NYSE Arca

NASDAQ OMX Futures Exchange

Philadelphia Stock Exchange

Singapore Exchange

South Africa Futures Exchange (SAFEX)

Sydney Futures Exchange

The National Association of Securities Dealers Automated Quotations System (NASDAQ)

MEFF Rent Fiji
Toronto Futures Exchange
Tokyo Stock Exchange

APPENDIX 4

PART I

Member States of the European Union as at the date of this Prospectus

United Kingdom	Sweden
Belgium	Cyprus
France	Czech Republic
Germany	Estonia
Italy	Hungary
Luxembourg	Latvia
The Netherlands	Lithuania
Denmark	Malta
Ireland	Poland
Greece	Slovakia
Portugal	Slovenia
Spain	Romania
Austria	Bulgaria
Finland	

PART II

Countries and bodies specified for the purposes of Appendix 2, Section 4

Argentina	Korea
Australia	New Zealand
Brazil	Norway
Canada	Singapore
Chile	Switzerland
Egypt	Turkey
Hong Kong	United States
Japan	The European Investment Bank

APPENDIX 5

AUTHORISED COLLECTIVE INVESTMENT SCHEMES OF WHICH THE ACD IS THE AUTHORISED CORPORATE DIRECTOR

PFS Hawksmoor Open-Ended Investment Company

PFS Taube Global Fund

PFS Twentyfour Investment Fund

PFS Prodigy Capital Partners Fund

PFS PanDYNAMIC Fund

AUTHORISED UNIT TRUSTS OF WHICH THE ACD IS THE AUTHORISED UNIT TRUST MANAGER

PFS Brompton UK Recovery Unit Trust

PFS Greenaway Fund

APPENDIX 6

DIRECTORY OF CONTACT DETAILS

The Company and Head Office:

PFS Somerset Capital Management Investment Funds ICVC
Springfield Lodge, Colchester Road, Chelmsford, Essex CM2 5PW

Authorised Corporate Director:

Phoenix Fund Services (UK) Ltd
Springfield Lodge, Colchester Road, Chelmsford, Essex CM2 5PW

Investment Manager:

Somerset Capital Management LLP
Third Floor, 146 Buckingham Palace Road, London, SW1W 9TR

Administrator and Registrar:

Phoenix Fund Services (UK) Ltd
PO Box 10282, Chelmsford, Essex CM1 9LJ

Custodian:

The Northern Trust Company
50 Bank Street, Canary Wharf, London E14 5NT

Depository:

The Royal Bank of Scotland plc
The Broadstone, 50 South Gyle Crescent, Edinburgh EH12 9UZ

Legal Advisers:

Thomas Eggar LLP
76 Shoe Lane, London EC4A 3JB

Auditors:

Shipleys LLP
10 Orange Street, Haymarket, London WC2H 7DQ