

SCHEME PARTICULARS

HERITAGE INVESTMENT FUND LIMITED

**(an authorised open-ended collective investment scheme of Class B incorporated under the laws of the
Island of Guernsey as a non-cellular company with liability limited by shares)**

Registered Office:

Suite 1

First Floor

The Energy Centre

Admiral Park

St. Peter Port

Guernsey

GY1 2BB

IMPORTANT INFORMATION

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THESE SCHEME PARTICULARS THEN YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, OR OTHER FINANCIAL ADVISOR AUTHORISED TO PROVIDE INDEPENDENT ADVICE.

The contents of these Scheme Particulars are not intended to contain or should not be regarded as containing advice relating to legal, taxation, investment or any other matters. Prospective investors are recommended to consult their own professional advisers for advice concerning the acquisition, holding or disposal of Participating Shares.

Before making an investment decision with respect to any Participating Shares, prospective investors should carefully consider all of the information set out in these Scheme Particulars. Prospective investors should have regard to, amongst other matters, the considerations described under the heading "Risk Warnings" in these Scheme Particulars and the statements set out under the heading "Risk Warnings".

These Scheme Particulars constitute the scheme particulars of the Fund for the purposes of the Rules.

The Fund has been authorised by the Guernsey Financial Services Commission under the Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended (the "**POI Law**") as an authorised open-ended collective investment scheme of Class B. In giving this authorisation the Commission does not vouch for the financial soundness of the Fund or for the correctness of any statements made or opinions expressed with regard to it.

Any invitation to subscribe for any Participating Shares must be made on a private basis. No such invitation to subscribe for or purchase Participating Shares in the Fund shall be generally circulated, nor shall subscriptions be solicited from members of the public. The Participating Shares of the Fund may only be offered to a limited number of affiliates, associates, business contacts or clients of the Investment Manager and its associated companies.

The circulation and distribution of these Scheme Particulars and the offering of the Participating Shares in certain jurisdictions may be restricted by law. This document does not constitute an offer or solicitation to anyone in any jurisdiction in which such an offer or solicitation is not authorised, or to any person to whom it is unlawful to make such an offer or solicitation. Persons into whose possession this document comes are required by the Investment Manager to inform themselves about and observe any such restrictions. If in any doubt about the contents of the Scheme Particulars a professional adviser should be consulted.

Neither the Fund nor the Participating Shares described in these Scheme Particulars have been or will be registered under the Federal Securities Laws of the United States or the Securities Laws of any of the States of the United States of America or any other jurisdiction. The direct or indirect ownership of such Participating Shares by a "U.S. Person" (as defined herein) is prohibited.

The Fund is an unregulated collective investment scheme for the purpose of the United Kingdom's

Financial Services and Markets Act 2000 ("**FSMA**"). As such the Fund cannot be promoted to members of the general public in the United Kingdom and these Scheme Particulars may not be distributed in contravention of section 21 of FSMA. These Scheme Particulars have not been approved by a Financial Conduct Authority ("**FCA**") authorised person and as such the distribution of these Scheme Particulars and the investment activity to which they relate will only be made to persons outside the United Kingdom or inside the United Kingdom to (i) investment professionals (being persons having professional experience in matters relating to investments in unregulated schemes) within the meaning of Article 19 of the Financial Services and Markets Act (Financial Promotions) Order 2005 (the "**FPO Order**"); (ii) high net worth bodies corporate, unincorporated associations or partnerships or the trustees of high value trusts within the meaning of Article 49 of the FPO Order; (iii) certified high net worth individuals within the meaning of Article 48 of the FPO Order (being an individual who has signed within the period of 12 months ending on the date of this document, a statement complying with the form prescribed by Part I of Schedule 5 of the Order); (iv) self-certified sophisticated investors for the purposes of Article 50A of the order; or (v) self-certified sophisticated investors for the purposes of Article 50A of the order. No recipient other than a person falling into categories above should act upon nor place any reliance on this document.

The Participating Shares have not been registered under the United States Securities Act of 1933 as amended and none of the Participating Shares may be sold, transferred, assigned, delivered directly or indirectly in the United States of America, its territories or possessions and all areas subject to its jurisdiction including the District of Columbia, or to any U.S. Person.

The Fund is not and will not be registered under the United States Investment Company Act of 1940 as amended, except in a transaction which does not violate such Acts. Participating Shares may not be directly or indirectly offered or sold in the United States of America or any of its territories or possessions or areas subject to its jurisdiction, or to or for a U.S. Person (as such term is defined herein). Moreover, neither these Scheme Particulars nor the Participating Shares have been registered or qualified for offer or sale as mutual fund shares or other securities.

The Fund is a non-EU alternative investment fund ("**AIF**") and the Investment Manager is a non-EU alternative investment fund Investment Manager ("**AIFM**") for the purpose of the Alternative Investment Fund Managers Directive 2011/61/EU ("**AIFMD**"). The Fund may not be marketed (within the meaning given to the terms "marketing" under the AIFMD), and these Scheme Particulars may not be sent, to prospective investors domiciled or with a registered office in any Member State of the European Economic Area ("**EEA**") unless: (i) the AIFM and/or the AIF benefits from the transitional provisions of Article 61 of the AIFMD (as transposed into domestic law) in the relevant EEA Member State in relation to such marketing; (ii) the AIF is marketed under any other private placement regime or other exemption in the relevant EEA Member State; or (iii) such marketing is initiated by the prospective investor and not by the AIFM or any other person/entity acting directly or indirectly on behalf of the AIFM.

Under Guernsey law the separation of assets and liabilities between classes of Participating Shares has no effect on a creditor of the Fund. In particular, a creditor of the Fund would most likely be able to gain access to the assets attributable to all classes of Participating Shares in the Fund. If one class of

Participating Shares has a negative Net Asset Value and the Net Asset Value of a different class is positive, the Fund would be required to use the assets of the latter class to meet the liabilities of the former. In practice, cross class liability will usually only arise where any class becomes insolvent or exhausts its assets and is unable to meet all of its liabilities. At the date of this document the Directors are not aware of any such existing or contingent liability.

Investors in the Fund are not eligible for the payment of any compensation under the Collective Investment Schemes (Compensation of Investors) Rules 1988, as amended, made under the POI Law.

The Directors, whose names appear under the section, headed "THE DIRECTORS" in this document, are the persons responsible for the information contained in these Scheme Particulars. To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained herein is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

The attention of investors is drawn to the section entitled "Risk Warnings".

The portfolios of the Fund are subject to market fluctuations and there can be no assurance that appreciation will occur or that losses will not be incurred or sustained; the value of investments may fall as well as rise. On redemption, an investor may get back less than the amount of the original investment. The Scheme Particulars cannot disclose all of the risks and other significant aspects of the derivative products into which this Fund may invest such as futures, options and contracts for differences. Persons should not deal in Participating Shares of this Fund unless they understand their nature and the extent of the exposure to risk. Although derivative instruments can be utilised for the management of investment risk, a professional investment advisor should be consulted if in any doubt of the risks involved.

TABLE OF CONTENTS

1.	SYNOPSIS	1
2.	DEFINITIONS.....	3
3.	DIRECTORS, INVESTMENT MANAGER AND ADVISORS	7
4.	INTRODUCTION	9
5.	INVESTMENT POLICY	11
6.	CLASS FUNDS.....	11
7.	MANAGEMENT AND CONSTITUTION	15
8.	THE DIRECTORS	17
9.	INVESTMENT MANAGER	18
10.	INVESTMENT ADVISER	19
11.	CUSTODIAN & BANKER.....	20
12.	ADMINISTRATOR.....	21
13.	REGISTRAR.....	22
14.	REMUNERATION OF DIRECTORS AND CONFLICTS OF INTEREST.....	22
15.	BORROWING	24
16.	FEES, CHARGES & EXPENSES	24
17.	DIVIDEND POLICY	28
18.	PUBLICATION OF SHARE PRICE	28
19.	REPORTS & ACCOUNTS	28
20.	BUYING, SELLING, TRANSFERRING AND CONVERTING PARTICIPATING SHARES.....	29
21.	HOW TO PURCHASE PARTICIPATING SHARES/APPLICATION PROCEDURE.....	33
22.	HOW TO REDEEM PARTICIPATING SHARES	35

23.	COMPULSORY REDEMPTION AND QUALIFIED HOLDERS.....	37
24.	TRANSFER OF PARTICIPATING SHARES	39
25.	CONVERSION OF PARTICIPATING SHARES	39
26.	SUSPENSION OF DEALINGS	41
27.	PRICING AND VALUATION.....	43
28.	WINDING-UP PROCEDURES	46
29.	ADDITIONAL INFORMATION	47

1. SYNOPSIS

The following information is a summary of the key features of the Fund and should be read in conjunction with the full text of this document, from which it is derived.

Accounting Date	31 st December.
Administrator, Secretary and Registrar	HFL Limited.
Auditor	PricewaterhouseCoopers CI LLP, Guernsey, Channel Islands.
Base Currencies	Sterling or US Dollars.
Custodian and Banker	Butterfield Bank (Channel Islands) Limited (formerly ABN AMRO (Channel Islands) Limited).
Distribution Policy	The Fund expects to accumulate all capital gains and income and will not make distributions for the foreseeable future.
Fund	<p>Heritage Investment Fund Limited. As at the date hereof, the Fund has in issue three different classes of Participating Shares attributable to three different Class Funds as follows:</p> <ul style="list-style-type: none">• The US Dollar Absolute Return Fund ("Class F Shares") ISIN GB00B128Z589.• The Sterling Managed Portfolio Fund ("Class D Shares") ISIN GB00B128Z472.• The Sterling LGB SME Fund ("Class H Shares") ISIN GG00BG44XG61.
Investment Adviser	Heritage Capital Management Limited.
Investment Adviser Delegate	LGB & Co. Limited
Investment Manager	Heritage Fund Managers Limited.
Minimum Subscription	£20,000 or US\$30,000 for the Sterling and US Dollar classes respectively.
Objectives	The enhancement in real terms of investors' capital

and its preservation.

Structure

A non-cellular company limited by shares and authorised by the GFSC as an authorised open-ended collective investment scheme of Class B.

2. DEFINITIONS

The following terms shall have the meaning ascribed to them below. Where terms have not been defined, unless the context otherwise requires, words and expressions contained in these Scheme Particulars shall bear the same meaning as in the Articles for the time being in force:

Accounting Date	Such date as the Directors may from time to time decide, currently 31 December.
AIFMD	the Alternative Investment Fund Managers Directive 2011/61/EU.
Articles	The articles of incorporation of the Fund in their present form or as from time to time altered.
Business Day	A day which is not a Saturday, Sunday or public holiday in Guernsey.
Class Fund	Any separate investment portfolio of the Fund comprising the assets and liabilities attributable to a separate class of Participating Shares established in accordance with the Articles.
Class Meeting	Means a meeting of the holders of a particular class of Participating Shares attributable to a particular Class Fund.
Dealing Day	Means the first Business Day of each month or such other Business Day or Business Days (being not less than one per month) determined by the Directors to be a day upon which dealings in Participating Shares may be transacted (and one month's advance notice shall be given to members of any permanent changes in Dealing Days) PROVIDED ALWAYS that if the Directors change the Dealing Day (otherwise than in the case of a temporary change) they shall notify the holders of Participating Shares in writing of such change either before or not later than 21 days after such change is made.
Dealing Days' Notice	Such period of time being sufficient to enable Shareholders to deal in the Participating Shares.
a Director	a director of the Fund for the time being.

the Directors	The directors of the Fund who number not less than the quorum required by the Articles, or, as the case may be, the directors assembled as a board or a committee of the board, or, if the Fund only has one director, that director.
Duties and Charges	All stamp and other duties, taxes, governmental charges, brokerage, bank charges, transfer fees, registration fees and other fees, duties and charges whether in connection with the original acquisition or increase of the assets of the Fund or the creation, issue, sale, exchange or purchase of shares in the Fund or the acquisition or disposal of investments by the Fund or in respect of certificates or otherwise which may have become or may be payable in respect of or prior to or upon the occasion of the transaction or dealing in respect of which such duties and charges are payable but shall not include any commission charges or costs which may have been taken into account in ascertaining the Net Asset Value of each Class Fund.
GFSC	Guernsey Financial Services Commission.
Law	The Companies (Guernsey) Law, 2008, as amended.
Management Shares	Means shares in the capital of the Fund issued as management shares of £1 each and designated as Management Shares.
Member or Shareholder	In relation to shares means the person whose name is entered in the Register as the holder of the shares.
Memorandum	The memorandum of incorporation of the Fund for the time being current.
Minimum Holding	Means a holding of Participating Shares of a particular class of such number or aggregate value as is determined by the Directors from time to time (and any changes to the level or amount of the Minimum Holding shall not affect members registered prior to such change becoming effective).

Net Asset Value	The amount determined as at any Valuation Point pursuant to the Articles as being the value of the assets of the Fund or each Class Fund as the case may be less its liabilities.
Participating Share	A participating redeemable preference share in the capital of a Class Fund of the Fund of no par value which may be issued in such classes as the Directors may from time to time determine as detailed herein and having the rights provided for under the Articles and these Scheme Particulars with respect to such shares.
POI Law	The Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended.
Redemption Price	The price at which Participating Shares shall be redeemed as calculated in accordance with the Articles.
Register	The register of Members to be kept pursuant to the Law.
the Rules	The Authorised Collective Investment Schemes (Class B) Rules 2013, as amended or replaced from time to time.
Subscription Price	Means the price at which Participating Shares shall be issued in accordance with the Articles.
United Kingdom	The United Kingdom of Great Britain and Northern Ireland.
U.S. Person	Means a person who is a U.S. Person under the U.S. Foreign Account Tax Compliance Act and/or Regulation S of the U.S. Securities Act of 1933, as amended to include, but not limited to: <ul style="list-style-type: none"> (i) Any national or resident of the United States of America (including any corporation, partnership or other entity created or organised in or under the laws of the United States of America or any political subdivision thereof) or any estate or trust that is subject to United States federal income taxation regardless of the source of its income. (ii) With respect to persons other than individuals, the

term 'U.S. Person' means (i) a corporation or partnership or other entity created or organised in the United States or under the laws of the United States or any state thereof; (ii) a trust where (a) a U.S. court is able to exercise primary jurisdiction over the trust and (b) one or more U.S. fiduciaries have the authority to control all substantial decisions of the trust and (iii) an estate (a) which is subject to U.S. tax on its worldwide income from all sources; or (b) for which any U.S. Person acting as executor or administrator has sole investment discretion with respect to the assets of the estate and which is not governed by foreign law. The term 'U.S. Person' also means any entity organised principally for passive investment such as a commodity pool, investment company or other similar entity (other than a pension plan for the employees, officers or principals of any entity organised and with its principal place of business outside the United States) which has as a principal purpose the facilitating of investment by a United States person in a commodity pool with respect to which the operator is exempt from certain requirements of part 4 of the United States Commodity Futures Trading Commission by virtue of its participants being non U.S. Persons. 'United States' means the United States of America (including the States and the District of Columbia), its territories, its possessions and any other areas subject to its jurisdiction.

Valuation Point

Either (i) 11:59 pm Guernsey time on the last calendar day of each month, (ii) where the exposure to the security being priced was either:

- (i) taken to hedge another security position; or
- (ii) is itself the subject of another position to hedge the market exposure; and

in either case, whether the securities position and the associated hedge position is fully or partial hedged; and where the market close of the security position or the hedge position is at a different time to the market close

of the security being priced, in which case the price of the security being priced may be flexed or extrapolated to approximate the price that would have applied at the market close of the other security position or hedge instrument, so as to avoid a market close pricing mismatch which might otherwise occur due to market movements occurring between the different closing times of the applicable investment exchanges, or (iii) such other time appointed by the Directors by reference to which a valuation is carried out for the purpose of determining the Net Asset Value, the Subscription Price and the Redemption Price, PROVIDED THAT if the Directors change the Valuation Point (otherwise than in the case of a temporary change) the Directors shall notify the holders of Participating Shares in writing of such change either before or not later than 21 days after such change is made.

3. **DIRECTORS, INVESTMENT MANAGER AND ADVISORS**

Directors

Nigel Lewis Westgarth,
Matthew Westgarth-Smith and
Quentin Robert Vohmann, all of:
First Floor, The Energy Centre, Admiral Park, St. Peter Port, Guernsey GY1 2BB.
Roy William Glew, of:
6th Floor, Broadway House, Tothill Street, London SW1H 9NQ

Registered Address of the Fund

First Floor
The Energy Centre
Admiral Park
St. Peter Port
Guernsey
GY1 2BB

Administrator, Secretary and Registrar of the Fund

HFL Limited
First Floor
The Energy Centre
Admiral Park
St. Peter Port
Guernsey
GY1 2BB
Tel: +44 (0) 1481 722 066
Fax: +44 (0) 1481 724 308

Custodian and Banker

Butterfield Bank (Channel Islands) Limited
P O Box 253
Martello Court
Admiral Park
St Peter Port
Guernsey GY1 3QJ
Tel: +44 (0) 1481 751000
Fax: +44 (0) 1481 751001

Auditors

PricewaterhouseCoopers CI LLP
P O Box 321
Royal Bank Place
1 Gategny Esplanade
St Peter Port
Guernsey
GY1 4ND
Tel: +44 (0) 1481 727 777
Fax: +44 (0) 1481 711 075

Investment Adviser

Heritage Capital Management Limited
6th Floor Broadway House
Tothill Street
London SW1H 9NQ
Tel: +44 (0) 20 7799 2110
Fax: +44 (0) 20 7222 1599

Legal Advisers

Carey Olsen (Guernsey) LLP
Carey House
Les Banques
St. Peter Port
Guernsey
GY1 4BZ
Tel: +44 (0) 1481 727272

Investment Manager

Heritage Fund Managers Limited
First Floor
The Energy Centre
Admiral Park
St. Peter Port
Guernsey
GY1 2BB
Tel: +44 (0) 1481 722 066
Fax: +44 (0) 1481 724 308

Investment Adviser's delegate in respect of the SME Fund

LGB & Co. Limited
31 Dover Street
London
W1S 4ND
Tel: +44 (0) 20 7518 9890
Fax: +44 (0) 20 7518 9891

4. INTRODUCTION

The Fund was incorporated in the British Virgin Islands on 23 January 1996 which migrated to Guernsey on 27 February 2004 and is registered with the Guernsey Registry as a non-cellular company limited by shares with registration number 41669. The Fund has been authorised by the GFSC as an authorised open-ended collective investment scheme of Class B and has been established to provide investors with the opportunity of attaining superior investment returns for a given level of risk.

Each Participating Share will represent an interest in a Class Fund of the Fund. As at the date hereof the Fund has issued three classes of Participating Shares each such class being attributable to a separate Class Fund as follows:

- **The US Dollar Absolute Return Fund.** This Class Fund invests in a balanced portfolio of equity index, bond index and alternative investment exchange traded funds tracking various market indices intended to provide a spread of portfolio concentration risk, with the objective to protect investors' capital and generate positive returns in excess of inflation over the longer term and is suitable for conservative investors. The risk of incurring significant losses will be limited by hedging using derivative instruments. Any foreign exchange exposure will normally be hedged back into US Dollars. The gross exposure under any derivatives or forward exchange contracts will be limited to the funds under management. This Class Fund will not invest directly or indirectly in any other Class Fund of the Fund.
- **The Sterling Managed Portfolio Fund.** This Class Fund invests in a diversified portfolio of equities and fixed-income securities intended to provide a spread of portfolio concentration risk, with the objective of generating the long-term capital growth associated with equity investment, but with lower volatility, and is only suitable for longer-term investors with a reasonable tolerance for risk. Any foreign currency exposure will not usually be hedged back into Sterling. The total gross exposure, if any, under any currency hedging contracts will not exceed the funds under management. The risk of general market falls will be mitigated by diversifying among various asset classes whose returns are not perfectly correlated, whilst the specific credit risk of investing in individual securities will be managed by diversifying among a large number of unrelated securities. There are no restrictions on the types of securities that this Class Fund may invest in, except that this Class Fund will not invest directly or indirectly in any other Class Fund of the Fund.
- **The Sterling LGB SME Fund.** This Class Fund invests in a diversified portfolio of investments predominantly in fixed income securities issued by Small and Medium-sized Enterprises ("SMEs") with the objective of generating

compounding investment returns from the reinvestment of interest and principal payments. This Class Fund is only suitable for longer-term investors with a reasonable tolerance for risk. Any foreign currency exposure will not usually be hedged back into Sterling. The risk of general economic downturns will be mitigated by diversifying among various business sectors whose returns are relatively uncorrelated, whilst the specific credit risk of investing in individual securities will be managed by diversifying among a reasonable number of securities. There are no restrictions on the types of securities that this Class Fund may invest in, except that this Class Fund will not invest directly or indirectly in any other Class Fund of the Fund.

Features of the Fund include:

- The Investment Adviser, Heritage Capital Management Limited, is authorised and regulated for Investment Business with reference number: 150453 by the Financial Conduct Authority under the Financial Services Act 2012 of the UK.
- The Fund's annual accounts are audited by PricewaterhouseCoopers CI LLP in the Channel Islands.
- The assets of the Fund are in the custody or under the control of Butterfield Bank (Channel Islands) Limited, which is licensed under the POI Law to carry on Controlled Investment Business and is regulated by the GFSC.
- The Administrator, HFL Limited, is licensed under the POI Law to carry on Controlled Investment Business and is regulated by the GFSC.
- The Investment Manager, Heritage Fund Managers Limited, is licensed under the POI Law to carry on Controlled Investment Business and is regulated by the GFSC.
- Shareholders can switch between the Class Funds once in each calendar year without incurring additional costs.
- The benefits of investment diversification, which reduces specific investment risk, and the efficiencies and economies of scale resulting from the collective investment of larger pooled sums that individual investors may not achieve alone.

5. INVESTMENT POLICY

Overall Objective of the Fund

The Fund has been established with the primary objective of maximizing the risk-adjusted return in real terms for investors, whilst seeking to ensure the preservation of their capital.

6. CLASS FUNDS

US Dollar Absolute Return Fund

The US Dollar Absolute Return Fund (the "**Absolute Fund**") is suitable for conservative and informed investors who appreciate the significance of absolute returns which can be generated irrespective of market conditions, by employing non-traditional investment strategies and the unique risks involved, but who wish to target consistent positive returns in excess of inflation over the longer term and limit the risk of incurring significant losses on their investments.

The Absolute Fund will adopt a top-down asset allocation approach to investment. Various studies have confirmed that the most important determinate of investment performance is the overall asset allocation. Different asset classes perform differently in different market and economic conditions. As the returns on different asset classes are not perfectly correlated, this diversification among different asset classes reduces the overall market risk. The Absolute Fund will focus on analysing macroeconomic information and trends to determine how best to allocate funds between equities, fixed income, alternatives and cash market indices. The equity index funds allocation may include large-cap, medium-cap, small-cap, value, growth, dividend-producing, domestic or foreign stocks. The bond index funds allocation may include government, corporate, investment-grade, high-yield, short-term, medium-term, long-term, domestic or foreign bonds. Alternative assets index funds such as real estate, private equity and commodities may also be included. The emphasis will principally be on investing in the markets of developed countries such as the United States, the United Kingdom and Europe but, if considered appropriate, other markets may be included. The benchmark allocation of the Absolute Fund will be fifty percent equities and fifty percent bonds, alternatives and cash, but this allocation may vary depending on the macroeconomic outlook.

The Absolute Fund will invest in these equities, bonds and alternative investments through a balanced portfolio of index funds which track specific market indices. Index funds are comprised of a large and well diversified spread of securities which significantly reduces the specific or credit risk attached to individual securities. These index funds will normally be exchange traded funds listed on a recognised stock exchange, such as the London Stock Exchange, to ensure that the investments are liquid and readily realisable. The investments in these index funds will be regularly rebalanced to ensure that they do not deviate significantly from the target asset allocation.

The risk of incurring significant losses in the Absolute Fund will be limited by buying or selling equity index, bond, commodity or currency futures or options where considered appropriate. It is intended that the gross exposure of these derivatives positions will not exceed the funds under management in the Absolute Fund. The Investment Manager will utilise a special purpose company called Heritage Absolute Return SPV Limited to effect and coordinate these derivatives transactions on behalf of the US Dollar Absolute Return Fund. Heritage Absolute Return SPV Limited is wholly owned by Heritage Investment Fund Limited and is incorporated under the laws of Guernsey.

Any direct or indirect foreign currency exposure will normally be hedged back into US Dollars to reduce any foreign exchange risk, using forward currency contracts or derivative instruments. No borrowing will be undertaken by the Absolute Fund except for the purposes of meeting short-term settlement timing differences and any redemption of shares.

The Class Fund will not invest directly or indirectly in any other Class Fund of the Fund.

Sterling Managed Portfolio Fund

The Sterling Managed Portfolio Fund (the "**Managed Fund**") is appropriate for those investors who have a reasonable tolerance for risk and who seek to benefit from a more traditional managed approach to long-term investment. This will be achieved by actively managing a multi-asset portfolio including equities and fixed-income securities. The equity content is designed to provide long-term capital growth, whilst the fixed income element should provide stability to the portfolio and reduce the overall risk. The equity content will be biased towards the United Kingdom, but will be complimented by additional exposure to international and specialist equities.

The equity content will comprise a diversified spread of directly owned quoted stocks, investment trusts and other investment funds. A "bottom-up" approach will be followed in selecting direct equity investments, based on an assessment of company fundamentals, such as financial strength, projected earnings, management capability and product potential. The majority of the balance of the portfolio will be invested in a diversified spread of fixed-income securities, comprising straight bonds, convertible bonds and preference shares. The widely diversified holdings of both equities and fixed-income securities are intended to provide a spread of portfolio concentration risk.

The Managed Fund may also invest in property via suitable property funds and private equity, either via funds or by directly holding shares in unquoted companies. No single holding of any security is likely to exceed 10% of the value of the portfolio, except where the security is government issued or guaranteed. Although the Managed Fund will report in Sterling, the currency exposure on foreign investments will not normally be hedged back into Sterling, but may do so if the circumstances warrant it. No borrowing will be undertaken save for the purposes of meeting short-term settlement timing differences, and no short positions will be entered into.

The risk of general market falls will be mitigated by diversifying among various asset classes whose returns are not perfectly correlated, whilst the specific credit risk of investing in individual securities will be managed by diversifying among a large number of unrelated securities.

The Investment Manager will utilise a special purpose company called Heritage Private Equity SPV Limited to effect and co-ordinate all investments in private equities on behalf of the Sterling Managed Portfolio Fund. Heritage Private Equity SPV Limited is wholly owned by Heritage Investment Fund Limited Sterling Managed Portfolio Fund and is incorporated under the laws of

the Island of Guernsey. The Investment Manager may also consider providing loans to third parties where it is able to obtain security by way of a charge over assets, an option to acquire other private equity type investments or where the Sterling Managed Portfolio Fund has an equity interest, investment, or similar exposure thereto in an entity.

There are no restrictions on the types of securities that this Class Fund may invest in, except that this Class Fund will not invest directly or indirectly in any other Class Fund of the Fund.

Sterling LGB SME Fund

The Sterling LGB SME Fund (the "**SME Fund**") is appropriate for those investors who have a reasonable tolerance for risk and who seek to benefit from a diversified portfolio of predominantly income yielding investments in fixed income securities issued by Small and Medium-sized Enterprises ("SMEs").

The SME Fund's return will be achieved by actively managing a portfolio of fixed income securities, which might be supplemented by investment in ordinary shares of SMEs from time to time. The fixed income portion of the portfolio is designed to provide steadily compounding returns, with any equity component being designed to provide long-term capital growth. The portfolio will be biased towards the United Kingdom, but may be complemented by additional exposure to international and specialist investments.

The fixed income portion of the portfolio will be invested in a diversified spread of securities and financial instruments comprising (but not limited to) loan notes, bond, convertible bonds and preference shares of quoted and unquoted companies. The Investment Manager may also consider providing loans to third parties where it is able to obtain security by way of a charge over assets or an option to acquire other private equity type investments. The equity component of the portfolio may comprise a diversified spread of quoted and unquoted stocks. A "bottom-up" approach will be followed in selecting both fixed income and equity investments, based on an assessment of company fundamentals, such as overall financial strength, current and projected credit quality, margins, earnings, management capability and customer value proposition. The diversified holdings of both fixed income securities and equities are intended to provide a spread of portfolio concentration risk.

No single holding of any security is likely to exceed 12% of the value of the portfolio at the time of acquisition. Although the SME Fund will report in Sterling, the currency exposure on foreign investments will not normally be hedged back into Sterling, but may do so if the circumstances warrant it. No borrowing will be undertaken save for the purposes of meeting short-term settlement timing differences, and no short positions will be entered into.

The risk of general market falls will be mitigated by diversifying among various asset classes with relatively low correlations, whilst the specific credit risk of investing in individual securities will be managed by diversifying among a large number of unrelated securities.

The Investment Manager may utilise a special purpose company called LGB SME SPV Limited to execute and co-ordinate all investments in un-quoted fixed income and equity securities on behalf of the SME Fund. LGB SME SPV Limited is wholly owned by Heritage Investment Fund Limited and incorporated under the laws of the Island of Guernsey.

The Investment Adviser has delegated its investment advisory function in relation to the SME Fund in full to its delegate, LGB & Co. Limited. Further details of LGB & Co. Limited can be found on its website <https://www.lgbco.com/>.

There are no restrictions on the types of securities that this Class Fund may invest in, except that this Class Fund will not invest directly or indirectly in any other Class Fund of the Fund.

The Directors are permitted to amend the preceding investment objective, policy and restrictions (including any borrowing and hedging powers) applicable to the Fund or a Class Fund provided that no material changes shall be effected without the Shareholders of the Fund or a Class Fund (as applicable) being given at least one Dealing Days' Notice of such change. Shareholders are not required to approve the amendment of the preceding investment objectives, policy and restrictions (including any borrowing and hedging powers) applicable to the Fund or a Class Fund although the Directors reserve the right to seek approval if they consider it appropriate to do so. In seeking approval from the Shareholders as aforesaid the Directors may also request Shareholders to approve a general waiver of the aforementioned requirement to provide at least one Dealing Days' Notice of the proposed amendments to the investment objectives, policy and restrictions (including any borrowing and hedging powers). Shareholders should note that the waiver, if passed, would apply to all Shareholders of the Fund or a Class Fund (as applicable) regardless of whether or not they voted in favour of the waiver. In any case, such approval(s) would be sought by means of a Special Resolution of the Fund or the relevant Class Fund (as applicable) if the Directors consider it appropriate.

7. MANAGEMENT AND CONSTITUTION

Incorporation

The Fund was incorporated in the British Virgin Islands on 23 January 1996 and migrated to Guernsey, Channel Islands on 27 February 2004 where it was registered with the Guernsey Registry as a non-cellular company limited by shares with registration number 41669.

Particulars of Share Capital

The share capital of the Fund currently consists of Management Shares of £1 each and Participating Shares of no par value.

The Directors have been authorised to issue an unlimited number of Participating Shares in such classes as the Directors may determine from time to time. There are 100 Management Shares in

issue which were issued at par and are held by the Investment Manager. The rights attaching to the shares in the Fund are as follows:

Management Shares

The Management Shares do not carry any voting rights or any right to a dividend, and if a Class Fund is wound up do not carry any right to surplus assets whilst Participating Shares are in issue. Management Shares are not redeemable.

Participating Shares

Participating Shares carry a right to one vote for each whole Participating Share held (and a further part of one vote proportionate to any fraction of Participating Share held). In the event of a winding-up, each Participating Share carries a right to a return of any balance remaining in the relevant Class Fund, if any, in respect of each share and pro-rata for each fraction thereof in priority to the repayment of the nominal capital paid up on Management Shares. Only Participating Shares carry the right to receive dividends out of the income of a Class Fund in such amounts and at such times as the Directors shall determine and to receive a distribution on a return of capital of the assets of the Fund attributable to a Class Fund on a winding up, in proportion to the number of Participating Shares held and pro-rata for each fraction thereof.

In accordance with the Articles, the Directors will establish a separate class fund for each class of Participating Shares issued and the following provisions shall apply thereto:

- (a) the proceeds from the issue of each class of Participating Shares shall be applied in the books of the Fund to the Class Fund established for that class of Participating Shares, and the assets and liabilities and income and expenditure attributable thereto shall be applied to such Class Fund subject to the provisions of the Articles;
- (b) where any asset is derived from another asset (whether cash or otherwise), such derivative asset shall be applied in the books of the Fund to the same Class Fund as the asset from which it was derived and on each revaluation of an asset the increase or diminution in value shall be applied to the relevant Class Fund;
- (c) in the case of any asset of the Fund (not being attributable to the Management Shares) which the Directors do not consider is attributable to a particular Class Fund the Directors shall have discretion, subject to the approval of the Custodian to determine the basis upon which any such asset shall be allocated between Class Funds and the Directors shall have power at any time and from time to time, subject to the approval of the Custodian, to vary such basis, PROVIDED THAT the approval of the Custodian, shall not be required in any case where the asset is allocated pro-rata to the Net Asset Values (calculated as though for the purpose of computing Subscription Prices) to the Class Funds to which in the Directors' opinion it relates or, if in the Directors' opinion it does not relate to any particular Class Fund(s) between

all the Class Funds pro rata to the Net Asset Values (calculated as though for the purpose of computing Subscription Prices) of each Class Fund;

- (d) where the assets of the Fund attributable to the Management Shares give rise to any net profits, the Directors may allocate assets representing such net profits to such Class Funds as they deem appropriate;
- (e) the Directors shall have discretion, subject to the approval of the Custodian, to determine the basis upon which any liability shall be allocated between Class Funds (including conditions as to subsequent re-allocation thereof if circumstances so permit) and shall have power at any time and from time to time to vary such basis, PROVIDED THAT the approval of the Custodian shall not be required in any case where a liability is allocated pro-rata to the Net Asset Values (calculated as though for the purpose of computing Subscription Prices) to the Class Fund(s) to which in the Directors' opinion it relates or, if in the Directors' opinion it does not relate to any particular Class Fund between all the Class Funds pro-rata to the Net Asset Values (calculated as though for the purpose of computing Subscription Prices) of each Class Funds; and
- (f) subject to the approval of the Custodian, the Directors may in the books of the Fund transfer any assets to and from Class Funds if, as a result of a creditor proceeding against certain of the assets of the Fund or otherwise, a liability would be borne in a different manner from that in which it would have been borne in accordance with the Articles or in any similar circumstances.

Save as otherwise provided in the Articles, the assets held in each Class Fund shall be applied solely in respect of Participating Shares of the class to which such Class Fund appertains.

On or before the creation of a new Class Fund the Directors shall designate the currency in which that Class Fund shall be priced and report its results.

The base currency of each Class Fund shall be the currency in which the Class Fund is for the time being designated.

The Investment Manager, the Custodian, the Administrator and their associates may vote in respect of Participating Shares which they hold as trustee or nominee on behalf of a person entitled to vote and from whom voting instructions have been received but shall otherwise not be entitled to vote in respect of any Participating Shares held beneficially.

Offering of Participating Shares

Participating Shares are currently designated in three classes: Class D Shares designated to the Sterling Managed Portfolio Fund, Class F Shares designated to the US Dollar Absolute Return Fund and Class H Shares designated to the Sterling LGB SME Fund.

Class D, F and H Participating Shares will be offered on each Dealing Day at the Subscription Price as calculated in accordance with the Articles and as detailed in sections 20, 21 & 27.

8. THE DIRECTORS

The Directors of the Fund are:

Nigel Lewis Westgarth was born in 1954 and has been a director of the Investment Manager since his appointment on 27 February 2004, alongside other director appointments held in a variety of regulated or unregulated, investment, asset holding and trading companies.

Matthew Westgarth-Smith was born in 1987 and has been a director of the Investment Manager since his appointment on 30 November 2017, alongside other director appointments held in a variety of regulated or unregulated, investment, asset holding and trading companies.

Quentin Robert Vohmann has been employed in Guernsey by various private or multinational institutions within the financial services sector since 1988, during which time he has been appointed to the boards of various regulated collective investment vehicles, including private equity and property funds.

Roy William Glew qualified as a Chartered Accountant in 1975 and holds a Master's degree in Finance from the London Business School in the field of investment management. Prior to establishing Heritage Capital Management Limited, he was a tax partner in a leading international accounting firm. Roy is responsible for advising the Heritage Absolute Return Fund and other associated investment services.

A list of other directorships currently held by the Directors and held by them in the past five years is available for inspection by the public during ordinary office hours at the registered office of the Administrator.

The Directors do not directly hold any Participating Shares in the Fund but have the interests in the Participating Shares disclosed in section 14.

9. INVESTMENT MANAGER

Heritage Fund Managers Limited (the "**Investment Manager**") has agreed (subject to the overall supervision of the Directors) to act as the investment manager of the Fund pursuant to the terms of a Management Agreement entered into between the Fund and the Investment Manager and dated 25 July 2005 (as amended and restated on 22nd January 2015 and 20th June 2016, and as further amended, restated, novated or supplemented from time to time) (the "**Management Agreement**").

The Investment Manager was incorporated in Guernsey on 16 September 2003 as a non-cellular company limited by shares with registration number 41148. The Investment Manager was formed specifically to provide fund management services to collective investment schemes and

is licensed by the GFSC in accordance with the POI Law to conduct restricted investments activities in relation to collective investment schemes authorised in Guernsey. The Directors of the Investment Manager are:

Nigel Lewis Westgarth;

Matthew Westgarth-Smith; and

Quentin Robert Vohmann.

The directors of the Investment Manager do not receive any remuneration for holding office or acting in such capacity.

The Investment Manager bears the responsibility for the investment management of the Fund and receives investment advice and recommendations from the Investment Adviser and the Investment Adviser Delegate. The Investment Manager does not act as "principal manager" of the Fund for the purposes of the Rules, meaning that the responsibility for the management of the Fund to comply with the Rules is shared between the Directors and the Administrator.

Under the terms of the Management Agreement the Investment Manager is responsible (inter alia) for providing investment management services in respect of the Fund. The Investment Manager may delegate all or part of its functions and duties under the Management Agreement.

The Investment Manager acts as the alternative investment fund Investment Manager ("**AIFM**") for the purposes of the AIFMD.

The Investment Manager constitutes a Non-EU Alternative Investment Fund Manager for the purposes of AIFMD ("**Non-EU AIFM**"). AIFMD permits EEA member states to allow a Non-EU Alternative Investment Fund Manager to market to investors, in their territory subject to complying with certain minimum transparency requirements under AIFMD. An EEA member state which permits a Non-EU AIFM actively to market Non-EU AIFs in its territory may be said to maintain a national private placement regime ("**NPPR**"). Subject to complying with the requirements of the particular NPPR, the Fund may market itself in any EEA member state which maintains a NPPR.

Under the terms of the Management Agreement the Investment Manager may retire in favour of another person qualified under the Rules by giving not less than three months' notice in writing to the Fund and the Fund may terminate the Investment Manager's appointment at any time if, inter alia, the Investment Manager is insolvent or ceases to be qualified to act as such under the Rules. The Investment Manager may also be removed if the holders of three-quarters majority of the value of the Participating Shares make a request in writing that the Investment Manager be removed.

Under the terms of the Management Agreement, the Investment Manager is not liable for any loss or damage suffered by the Fund or Shareholders in the performance of its services provided that it has exercised due care and diligence and in the absence of wilful default, gross negligence

or fraud and subject thereto the Investment Manager is entitled to be indemnified to the extent permitted by law, against all actions, proceedings, claims and demands arising in connection with the performance of its services.

The Investment Manager is permitted within the terms of the Articles to deal in the shares of the Fund as principal and retain any profits for its own account.

The Investment Manager holds Management Shares as detailed in section 7. The Investment Manager holds the Participating Shares in the Fund detailed in section 14 hereof.

10. **INVESTMENT ADVISER**

The Investment Manager, as permitted in accordance with the terms of the Management Agreement, has appointed Heritage Capital Management Limited (the "**Investment Adviser**") to be responsible for the provision of investment advice to the Investment Manager. The Investment Manager is responsible for meeting the fees payable to the Investment Adviser.

The principal activity of the Investment Adviser is the management of private international funds as well as the provision of ancillary financial services. The Investment Adviser is authorised to conduct investment business in the United Kingdom and regulated by the Financial Conduct Authority, a statutory regulator established under the Financial Services and Markets Act 2000 of the United Kingdom.

Under the terms of the Investment Advisory Agreement entered into between the Fund, the Investment Manager and the Investment Adviser dated 16 December 2011 (as amended and restated on 22nd January 2015 and 10 June 2016 and as further amended, restated, supplemented or novated from time to time) (the "**Investment Advisory Agreement**"), the Investment Adviser is responsible for making recommendations on investments to the Investment Manager and, after approval by the Investment Manager, for executing such recommendations. The Investment Adviser has no discretionary powers of investment in relation to the Fund.

The Investment Advisory Agreement provides that the Investment Adviser is entitled to delegate all or part of its investment advisory functions to delegates duly appointed by the Investment Adviser, provided that the Investment Adviser shall remain liable for the acts or omissions of any such delegate appointed by it as if such acts or omissions were its own.

The Investment Advisory Agreement provides that the Investment Adviser shall not be liable to the Investment Manager or the Fund in connection with the Investment Adviser's performance of its services in the absence of gross negligence, wilful default or fraud in the performance by the Investment Adviser or non-performance of its obligations or duties and subject thereto the Investment Adviser is entitled to be indemnified by the Investment Manager to the extent permitted by law, against all actions, proceedings, claims and demands arising in connection with the performance of its services.

Under the terms of the Investment Advisory Agreement the Investment Adviser may terminate the Investment Advisory Agreement by giving not less than three months' notice in writing to the Investment Manager and the Investment Manager may terminate the Investment Adviser's appointment at any time if, inter alia, the Investment Adviser is insolvent or ceases to be qualified to act.

The Investment Adviser holds the Participating Shares in the Fund detailed in section 14 hereof.

11. **CUSTODIAN & BANKER**

Butterfield Bank (Channel Islands) Limited (the "**Custodian**") has been appointed as custodian to the Fund by a Custodian Agreement entered into between the Fund, the Custodian, the Administrator and the Investment Manager dated 24 February 2004 (as amended and restated on 22nd January 2015 and as further amended, restated, supplemented or novated from time to time) (the "**Custodian Agreement**"). The Custodian is a bank licensed under the provisions of the Banking Supervision (Bailiwick of Guernsey) Law, 1994 and is licensed by the GFSC in accordance with the POI Law to conduct certain restricted investment activities in relation to collective investment schemes authorised in Guernsey and other jurisdictions.

Butterfield Bank (Channel Islands) Limited also acts as banker to the Fund on its normal banking terms and conditions.

The duties of the Custodian include the holding of all invested and un-invested monies together with settlement of investment trades and the making or receiving of payments with respect to the investments of the Fund and all other payments made to or by the Fund. The Custodian has no responsibility for investment policy or for decisions regarding the purchase or sale of investments of the Fund, which is a matter for the Investment Manager (subject to the supervision of the Directors).

The Custodian is required to perform its role in accordance with the Custodian Agreement, these Scheme Particulars and the Rules. The Custodian is entitled, after consultation with the Fund, to refuse to effect any investment, realisation or other transaction for the account of the Fund, if in the opinion of the Custodian there are reasonable grounds for estimating that the total value of the assets of the Fund are not adequate to cover the liability of such investment, realisation or transaction.

With the exception of cash of the Fund held in its capacity as banker and subject to its normal banking terms and conditions, the Custodian will maintain all assets of the Fund, including securities, cash and other assets in a segregated account and those assets will be separately identified and will be unavailable to the creditors of the Custodian in the event of its insolvency.

The Custodian Agreement provides that the Custodian shall not be liable to the Fund in connection with the performance of its services in the absence of gross negligence, wilful default, fraud in the performance by the Custodian or non-performance of its obligations or duties and subject thereto the Custodian is entitled to be indemnified by the Fund to the extent

permitted by law, against all actions, proceedings, claims and demands arising in connection with the performance of its services.

Under the terms of the Custodian Agreement the Custodian may retire in favour of another person qualified under the Rules by giving not less than ninety days' notice in writing to the Fund and the Fund may terminate the Custodian Agreement at any time if, inter alia, the Custodian is insolvent or ceases to be qualified to act.

The Custodian does not beneficially hold any Participating Shares in the Fund.

12. **ADMINISTRATOR**

The Fund and HFL Limited (formerly Heritage Fiduciaries Limited) (the "**Administrator**") have entered into an administration agreement dated 22nd January 2015 as amended and restated on 12 September 2016 (and as further amended, restated, supplemented or novated from time to time) (the "**Administration Agreement**"). The Administrator was incorporated in Guernsey on 28 October 1997, and was a member of the Heritage Group of Companies until 31 December 2007. With effect from 1 January 2008, the Administrator has been the lead licensee of an independent group. Under the terms of the Administration Agreement the Administrator is responsible for the issue, redemption and conversion of Participating Shares and for keeping the accounts of the Fund and pricing the Participating Shares, for providing an officer to carry out the company secretarial services and for the general administration of the Fund. The Administrator is the Fund's designated administrator pursuant to the Rules.

The Administrator is licensed by the GFSC to provide administrative services under the POI Law.

The Administration Agreement provides that the Administrator shall not be liable to the Fund in connection with the Administrator's performance of its services in the absence of gross negligence, wilful default or fraud in the performance by the Administrator or non-performance of its obligations or duties and subject thereto the Administrator is entitled to be indemnified by the Fund to the extent permitted by law, against all actions, proceedings, claims and demands arising in connection with the performance of its services.

Under the terms of the Administration Agreement the Administrator may retire in favour of another person qualified under the Rules by giving not less than three months' notice in writing to the Fund and the Fund may terminate the Administrator's appointment at any time if, inter alia, the Administrator is insolvent or ceases to be qualified to act as such under the Rules.

The performance of the Administrator will be subject to the on-going review by the Directors.

The Administrator does not beneficially own any Participating Shares in the Fund.

13. **REGISTRAR**

The Fund has appointed the Administrator as its registrar pursuant to the terms of a registrar agreement dated 22nd January 2015 and made between the Fund and the Administrator (the "**Registrar Agreement**"). The Register is kept at the Administrator's office at First Floor, The

Energy Centre, Admiral Park, St. Peter Port, Guernsey GY1 2BB (with a copy also being maintained at the registered office of the Fund). Shareholders are entitled to inspect the Register during normal business hours on any Business Day in accordance with the Rules and The Companies (Guernsey) Law, 2008, as amended.

The Registrar Agreement provides that the Registrar shall not be liable to the Fund in connection with the Registrar's performance of its services in the absence of gross negligence, wilful default or fraud in the performance by the Registrar or non-performance of its obligations or duties and subject thereto the Registrar is entitled to be indemnified by the Fund to the extent permitted by law, against all actions, proceedings, claims and demands arising in connection with the performance of its services.

Under the terms of the Registrar Agreement the Registrar may resign by giving not less than three months' notice in writing to the Fund and the Fund may terminate the Registrar's appointment at any time if, inter alia, the Registrar is insolvent or ceases to be qualified to act as such under the Rules.

All shares issued will be registered and the Register will be conclusive evidence of ownership. No share certificates will be issued by the Fund.

14. **REMUNERATION OF DIRECTORS AND CONFLICTS OF INTEREST**

The Directors are entitled to such remuneration as agreed by the Members of the Fund in general meeting, together with reimbursement of expenses as a Director of the Fund. The Directors are not currently entitled to receive any remuneration for holding office or acting in such capacity, as voted on by the Members.

The Directors have the following interests:

Nigel Westgarth:

- is a director of the Administrator, Secretary and Registrar;
- is an employee of the Administrator, Secretary and Registrar;
- is a director of the Investment Manager; and
- has a beneficial interest in a shareholder of the Investment Manager.

Matthew Westgarth-Smith:

- is a director of the Administrator, Secretary and Registrar;
- is an employee of the Administrator, Secretary and Registrar; and
- is a director of the Investment Manager.

Quentin Vohmann:

- is a director of the Investment Manager;
- is an employee of the Administrator, Secretary and Registrar.

Roy Glew:

- is a director of the Investment Adviser.

Additionally, as at 05th August 2019 Participating Shares in the Fund were held by the following interested parties:

- the Investment Manager held 72.465 Class D Participating Shares directly, plus 291.802 Class D Participating Shares, 0.000 Class F Participating Shares and 0.085 Class H Participating Shares of the Fund registered in the name of the Investment Adviser Client Account, in which Mr. Nigel Lewis Westgarth together with members of his immediate family had a potential 20% interest and in which Mr. Roy William Glew together with members of his immediate family had a potential 40% interest;
- Mr. Nigel Lewis Westgarth together with members of his immediate family also had a potential interest in a further 41.220 Class D Participating Shares of the Fund registered in the name of the Investment Adviser Client Account;
- Mr. Roy William Glew together with members of his immediate family also had a potential interest in a further 4,624.557 Class D Participating Shares and 24,471.081 Class F Participating Shares of the Fund registered in the name of the Investment Adviser Client Account;
- the Investment Adviser held within its client account 589,781.045 Class D Participating Shares, 98,576.688 Class F Participating Shares and 37,002.497 Class H Participating Shares of the Fund, including the shareholdings as disclosed above; and
- Butterfield Custody Services Ltd. (an associate of the Custodian) is a holder of 14,622.425 Class D Participating Shares in the Sterling Managed Portfolio Fund which are held, as nominee, on trust for private and institutional clients as security against their borrowings with Butterfield Bank (Channel Islands) Limited.

The Administrator is the lead licensee of a group providing fiduciary services (corporate & personal directors, secretarial, trustee and administration) to various entities, some of whom are invested in the Fund but whose beneficial ownership is separate to that of the Administrator's group.

The Administrator and the Directors are each required to take reasonable care to ensure that certain transactions between the Fund and the Custodian, the Directors, the Investment

Manager, the Administrator, the Investment Adviser, the Auditor or any associate of any of them are not carried out unless the applicable arm's length requirement prescribed by the Authorised Collective Investment Schemes (Class B) Rules 2013 are satisfied.

The Investment Adviser, its Principals, their family members and Associated Parties of each of the aforementioned are authorised to redeem Participating Shares beneficially owned by them in each Class Fund at the Offer or Subscription Price per Participating Share.

Each Class Fund may, subject to compliance at all times with the Authorised Collective Investment Schemes (Class B) Rules 2013, invest in other collective investment schemes (but not other Class Funds of the Fund) managed by the Investment Manager or an associate of the Investment Manager. In such instances, there will be no double charging of the fees payable to the Investment Manager or its associates.

15. **BORROWING**

The Directors have the power to borrow and may do so only on a short-term basis in order to meet Redemption Requests which would otherwise result in a Class Fund prematurely having to realise investments.

16. **FEES, CHARGES & EXPENSES**

Each Class Fund will be charged with the liabilities, fees, expenses, costs and charges of the Fund attributable to that Class Fund. Any assets, liabilities, expenses, costs or charges not attributable to a particular Class Fund may be allocated by the Directors in a manner which is fair to Shareholders as a whole but they will normally be allocated to all Class Funds pro rata to the value of the net assets of the relevant Class Funds. Fees, expenses, costs and charges shall be levied against the income of each Class Fund in priority to being levied against any realised or unrealised foreign exchange or investment capital gains or losses.

Management Fees

Pursuant to the terms of the Management Agreement, the Investment Manager is entitled to be paid the following fees by the Fund:

- (i) a monthly fee of one per cent (1%) per annum of the Net Asset Value of each Class Fund calculated after allocation of any accrued or estimated fixed (absolute or quantifiable) fees such as audit or legal costs, but prior to the allocation of all ad-valorem or percentage based fees such as the Administration, Custody, Performance, Registrar and these Investment Management Fees as at each Valuation Point and payable monthly as soon as reasonably practicable after the calculation thereof.

In calculating the monthly management fees described above, there shall be deducted from each Class Fund valuation the value of any

amount remaining invested in any other collective investment scheme managed by the Investment Manager or an associate of the Investment Manager.

- (ii) A performance fee equal to 5% of the increase in the Net Asset Value per Participating Share of each Class Fund above the greater of, the initial issue price of 100.00 per share in the currency of the Class Fund and the previous high water mark of the relevant Class Fund calculated and accrued (net of all fees) as at each Valuation Point, multiplied by the number of Participating Shares in issue in respect of each Class Fund respectively at that Valuation Point, to be paid monthly as soon as reasonably practicable after the calculation thereof.

The Investment Manager shall maintain subscription and redemption monies in its client account in accordance with The Licensees (Conduct of Business) Rules 2016 and shall be entitled to deduct from subscription monies received into its client account and pay to and for its own account a fee of up to 3% of the gross subscription value of any Participating Shares subscribed for in each Class Fund on each Dealing Day.

The previous high water mark of a Class Fund shall be the highest historic Net Asset Value per share for Participating Shares in that Class Fund.

There shall be no double charging of investment management fees (and/or performance fees) where such fees are also payable by any other collective investment scheme managed or advised by the Investment Manager or any of its associates in which a Class Fund may invest.

Administration Fees

Pursuant to the terms of the Administration Agreement, the Administrator is entitled to receive the following fees payable by the Fund:

- (i) a monthly fee payable in arrears equal to 0.09% per annum of the sum of the Net Asset Value of every Class Fund calculated (prior to the calculation and deduction of the ad-valorem Custody, Investment Management, Performance, Registrar and these Administration fees) as at each Valuation Point, subject to a minimum monthly fee of £750 for each Class Fund (or US\$750 as appropriate in each case to the corresponding currency of the relevant Class Fund) calculated monthly; and
- (ii) shall reimburse expenses reasonably and properly incurred by the Administrator in carrying out its duties pursuant to this Agreement in respect of which the Fund has provided its express agreement to the Administrator that the Fund shall be liable for any such reimbursement,

(the "**Administration Fee**").

The Administration Fee shall be calculated as at each Valuation Point and payable monthly in arrears as soon as possible after the calculation thereof in each calendar month.

Registrar Fee

The Administrator shall not be entitled to any remuneration for acting as the Fund's registrar for so long as it is appointed as the Fund's designated administrator under the Rules.

Investment Advisory Fees

The Investment Manager shall be responsible for paying the fees payable to the Investment Adviser and the Investment Adviser Delegate in accordance with the terms of the Investment Advisory Agreement out of the Management Fees paid to it in accordance with the terms of the Management Agreement.

Custodian Fees

Pursuant to the terms of the Custodian Agreement the Fund shall pay to the Custodian the following fees:-

- (i) 0.06% per annum of the Net Asset Value of each Class Fund calculated monthly (prior to the Administration, Investment Management, Performance, Registrar and these Custody fees) on each Valuation Point, payable in arrears, subject to a minimum of £5,000 in respect of each Class Fund (or US\$5,000 as appropriate in each case to the corresponding currency of the relevant Class Fund).
- (ii) A fee of £75 per security settlement.

The Custodian is entitled to be reimbursed for all out of pocket expenses incurred by the Custodian in connection with the Fund, including any sub-custodian, agent's and nominee costs and fees incurred in the settlement of investment transactions and holding and dealing with investments.

Other Fees

Other expenses payable by the Fund in addition to the fees referred to above are:-

- (i) Interest on borrowings by the Fund and charges incurred in effecting or varying the terms of such borrowings.
- (ii) Any costs incurred in respect of meetings of Shareholders.
- (iii) The audit fees and any expenses of the Auditors.

- (iv) Costs incurred in respect of any distribution of income to Shareholders.
- (v) Costs reasonably incurred in respect of the publication and distribution of Annual Reports and Accounts and of marketing documents relating to the Fund.
- (vi) Legal and other professional fees of the Fund.
- (vii) Taxation and duties payable in respect of the assets of the Fund and issue or redemption of Participating Shares.
- (viii) Any costs incurred in modifying the Memorandum and Articles, and entering into or modifying agreements with the Investment Manager, Custodian or other advisers or agents of the Fund.
- (ix) Any insurance policies or other general expenses arising in the normal course of business.
- (x) Directors' fees (subject to a maximum of £10,000 per annum) in aggregate. Each of the Directors has waived their entitlement to receive any fees from the Fund.
- (xi) The costs incurred in publishing the monthly prices of Participating Shares.
- (xii) The fees of the GFSC, the States of Guernsey Income Tax Authority and of any regulatory authority in a country or territory outside of Guernsey in which Participating Shares are or may be marketed.
- (xiii) Expenses incurred in the preparation and printing of tax vouchers, warrants, proxy cards and contract notes.
- (xiv) The cost of facsimile, telephone calls and couriers properly incurred by the Investment Manager or Administrator in the course of carrying out their duties.
- (xv) Any costs incurred in advertising or marketing the Fund.
- (xvi) Any other costs and expenses properly incurred by the Fund in the course of its business and not expressly the responsibility of the Investment Manager.
- (xvii) Any expenses approved by Special Resolution.
- (xviii) Any other expenses permitted by the Rules or authorised by the GFSC either generally or in any particular case.

Fees which are directly payable by the Fund shall only be increased (and additional expenses shall only be introduced) subject to the Shareholders of the Fund or the relevant Class Fund (as applicable) being provided with at least one Dealing Days' Notice before the amendment takes effect. Shareholders are not required to approve increases in fees and expenses payable by the Fund or a Class Fund although the Directors reserve the right to seek approval if they consider it appropriate to do so. In seeking approval from the Shareholders as aforesaid the Directors may also request Shareholders to approve a general waiver of the aforementioned requirement to provide at least one Dealing Days' Notice of the proposed increase in fees. Shareholders should note that the waiver, if passed, would apply to all Shareholders of the relevant Fund or the relevant Class Fund (as applicable) regardless of whether or not they voted in favour of the waiver. In any case, such approval(s) would be sought by means of a Special Resolution of the Fund or the relevant Class Fund (as applicable) if the Directors consider it appropriate.

17. DIVIDEND POLICY

Although the Fund is entitled to pay dividends, it is not envisaged that it will do so, and any income of the Fund or Class Fund will instead be added to the corresponding investment portfolio.

18. PUBLICATION OF SHARE PRICE

The Subscription Price of the Absolute Return and Managed Portfolio Class Funds and of each class of Participating Shares in these Class Funds will be calculated on the Valuation Point and will be published and available on the website of the Investment Adviser at: <http://heritage-capital.co.uk/heritage-funds/fund-price/> or on request from the Administrator.

The Subscription Price of the SME Class Fund and of each class of Participating Shares in this Class Fund will be calculated on the Valuation Point and will be published and available at <http://lgbc.com/> or on request from the Administrator.

19. REPORTS & ACCOUNTS

Audited annual financial statements of the Fund as at the end of each financial year, currently 31 December in each year, are prepared in Sterling in accordance with International Financial Reporting Standards. The Fund's first accounting period ended on 31st December 1996. Copies of the annual report and audited financial statements of the Fund will be sent to the registered address of each shareholder within six months of the financial year-end and may also be inspected at the registered office address of the Administrator. The Investment Adviser and the Investment Adviser Delegate will also provide shareholders with quarterly reports of the Fund's performance which again, may be inspected at the registered office address of the Administrator.

20. BUYING, SELLING, TRANSFERRING AND CONVERTING PARTICIPATING SHARES

Recording of Telephone Instructions

Telephone conversations with the Investment Manager and the Administrator may be recorded.

Data Protection

By agreeing to invest in the Fund, each Shareholder acknowledges and accepts that the Fund, Administrator, Registrar, the Custodian and/or the Investment Manager may hold and process personal data in relation to the Shareholder and/or, where a corporate shareholder, in relation to its underlying principals including, but not limited to, its beneficial owners and directors.

The Fund, the Administrator, the Registrar, the Custodian and/or the Investment Manager are each data controllers in respect of the personal data they obtain, retain and process in respect of the Fund.

They process personal data in accordance with the Data Protection (Bailiwick of Guernsey) Law, 2017, as amended and the European Union General Data Protection Regulation (2016/679) (collectively the “DP Legislation”) and in accordance with their relevant Privacy Notices. The Privacy Notice for the Fund, the Administrator, the Registrar and the Investment Manager are available on the Administrator's website www.hfl.co.gg or on request via FundAdmin@HFL.co.gg. The Custodian's Privacy Notice is available on the Custodian's website www.ci.butterfieldgroup.com.

Personal data is processed by the Fund, the Administrator, the Registrar, the Custodian and the Investment Manager for the following purposes:

- to complete investor on-boarding, including verifying identity and assessing applications;
- to undertake relevant background checks processing including credit, money laundering, sanctions and any other checks required to meet anti-money laundering regulations and prevent fraud;
- to manage and administer Shareholder's investment including, but not limited to, processing subscription and redemption requests, registering shareholdings;
- to communicate with Shareholders, as necessary, in connection with their investment into the Fund;
- to enable the effective management and administration of the Fund including, but not limited to, obtaining relevant legal or tax advice, opening bank accounts or other account as considered necessary;
- to meet ongoing regulatory and other legal and compliance obligations including in relation to recording and monitoring communications, disclosures to tax authorities, financial services regulators, and other regulatory and governmental bodies.

The Fund, the Administrator, the Registrar, the Investment Manager and/or the Custodian will only share your personal data with third parties where they are required to do so in order to meet the purposes detailed above or are compelled by a legal obligation. Personal data will only be transferred outside of the Bailiwick of Guernsey or the European Economic Area when the Fund, The Administrator, the Registrar, The Investment Manager and /or the Custodian is satisfied that it is necessary to meet the purposes detailed above and Shareholders' rights under the DP Legislation will not be compromised by the transfer of that data, in accordance with the measures set out in the relevant Privacy Notice.

Anti-Money Laundering & Countering the Financing of Terrorism Disclosure and Agreement

The Fund, the Administrator, the Registrar and the Investment Manager comply with applicable anti-money laundering and countering the financing of terrorism ("**AML/CFT**") laws and regulations. In particular, they must meet the criteria set by the GFSC from time to time to perform full due diligence on the investor. None of the Fund, the Administrator or the Investment Manager will accept cash, or money derived from, or intended for use in, any illegal activity. To comply with its AML/CFT obligations, the Administrator on behalf of the Fund will seek, and potential Shareholders will be required to provide, information and documentation to ensure compliance with applicable AML/CFT laws and regulations.

By investing in the Fund, investors agree:

- To provide to the Administrator such information and documentation as it may require to ensure compliance with applicable AML/CFT laws and regulations.
- To provide truthful information and documentation, upon request, regarding their source of investment funds and their source of wealth, identity, background and any other matters that the Administrator deems necessary to comply with applicable AML/CFT laws and regulations.
- That, if they are investing on behalf of a third party, they will have obtained sufficient information about the third party and have complied with all relevant AML/CFT laws to;
 - (a) verify the identity of the third party, and
 - (b) ensure that the third party is not involved in illegal activities and is investing funds from a legitimate source.

The information and documentation required by the Administrator is set out in the application form provided.

The Administrator may also require references from other financial institutions and other information and documentation that it deems necessary to ensure compliance with applicable laws and regulations, including those relating to AML/CFT laws.

Pending the provision of information and documentation sufficient to satisfy the AML/CFT obligations of the Administrator, the Investment Manager may retain a potential Shareholder's money without Participating Shares being issued to such potential Shareholder. Interest, if any, earned on application monies held by the Investment Manager pending satisfaction of these requirements will be added to the assets of the relevant Class Fund. If sufficient information and documentation is not provided within a reasonable period of time, the Investment Manager will return the potential Shareholder's money without interest and without processing the subscription. The Investment Manager reserves the right to reject any subscription or instruction to redeem any Participating Shares if the Investment Manager deems such action necessary to comply with any legal obligation.

If the Administrator believes that a potential Shareholder has failed to provide truthful information or documentation, as requested by it, regarding the potential Shareholder's identity, background, source of investment funds, or other information or documentation relevant to the Administrator for the purposes of compliance with any AML/CFT obligations, the Investment Manager and the Administrator reserve the right to reject any subscription, transfer or switch instruction, or instruction to redeem any Participating Shares if they deem such action necessary to comply with any legal obligation. Information and documentation forwarded by a Shareholder will be kept on file and will only need to be updated if the Administrator is informed or has reason to believe that any such information or documentation is out of date or has changed.

Intermediary Accounts

For applications from intermediaries, the Administrator may accept a letter from an intermediary, confirming that all of the information below is in order, to successfully verify the identity of the Shareholder:

- (a) the Regulator of the intermediary and the intermediary's registration number;
- (b) that the intermediary performs identification and verification on all of its clients, including enhanced Client Due Diligence ("**CDD**") on all clients that are considered to be Politically Exposed Persons, High Profile Clients and other relationships that may be considered high risk in line with the anti-money laundering and counter-terrorism laws and regulations to which the intermediary is subject (the "**Law**") and in compliance with the Financial Action Task Force's recommendations (as may be amended from time to time);
- (c) that the intermediary has appropriate risk rating procedures to differentiate between high and low risk relationships and has established measures to apply differing and appropriate levels of CDD as a consequence;
- (d) that the intermediary retains documentary evidence of all CDD and that it retains such evidence in hard copy form for a period of at least five years from the date that a client relationship ends;

- (e) that the intermediary has adopted measures to ensure that all staff receive, on an on-going basis, appropriate levels of training to ensure that they are competent to identify transactions that they suspect to be an offence under the Law;
- (f) that the intermediary has effective control over the account(s) that it opens with the Fund or the Investment Manager and which will only be operated under its authority; and that the investment and any income will only be paid/returned to the bank account from which they originated;
- (g) that, to the extent allowable by the laws to which it is subject, the intermediary will make available to the Investment Manager on demand all CDD documentation on those of its clients that it has introduced to the Investment Manager.

In addition the Administrator will require:

- (h) a certified copy of the intermediary's list of signatories empowered to operate its account(s) with the Investment Manager (the intermediary's confirmation of compliance with this letter must be signed by signatories on this list).

Where the Administrator accepts a relationship with an intermediary, it reserves the right to request copies of the due diligence the intermediary holds on its underlying investors and/or otherwise test the intermediary's procedures for undertaking risk assessments and obtaining due diligence.

If the intermediary is not able to furnish the Administrator with the appropriate assurances and documentation then the Administrator may consider the relationship as an "introduced business relationship" and accordingly require the intermediary to provide CDD evidence in respect of all customers that it introduces to the Investment Manager for investment into the Fund.

Such intermediaries are required to provide copies of their clients' identification details on demand. If the intermediary is not resident in a country recognised by the GFSC as operating under equivalent anti-money laundering legislation to that applying in Guernsey (being an approved country listed in Appendix C of the GFSC guidance notes), or if the Administrator considers that the documentary evidence provided does not meet the requirements of Guernsey's anti-money laundering legislation, it will be necessary for the Administrator to perform full due diligence procedures on the underlying investor for each introduction made.

The Register

All Participating Shares issued, converted, transferred or redeemed will be registered in the Register upon such issue, conversion, transfer or redemption. Certificates will not be issued and the Register will be conclusive evidence of ownership. The Register may be inspected by Shareholders during normal business hours on any Business Day at the registered office of the

Administrator in accordance with the Rules and The Companies (Guernsey) Law, 2008, as amended.

Any changes to a Shareholder's personal details must be notified immediately to the Administrator in writing. The Administrator reserves the right to require that any such notification is independently verified.

21. **HOW TO PURCHASE PARTICIPATING SHARES/APPLICATION PROCEDURE**

Minimum Subscription

The minimum initial subscription and minimum holding amount for each class of Participating Shares is as follows:

- Class F Shares/The US Dollar Absolute Return Fund: US\$30,000.
- Class D Shares/The Sterling Managed Portfolio Fund: £20,000.
- Class H Shares/The Sterling LGB SME Fund: £20,000.

The minimum amount for subsequent purchases is as follows:

- Class F Shares/The US Dollar Absolute Return Fund: US\$1,500.
- Class D Shares/The Sterling Managed Portfolio Fund: £1,000.
- Class H Shares/The Sterling LGB SME Fund: £1,000.

Investors should send payment to the Investment Manager and the duly completed application form and associated documentation to the Administrator:

- (a) payment for their investment;
- (b) a completed application form (by hand delivery or by mail) or a copy thereof (by email or facsimile) with the original to follow (by hand delivery or by mail);
- (c) where the investor is an individual, evidence of their identity (i.e. copy of passport) and home address (i.e. copy of utility bill or bank statement) containing at least one photograph and certified by a professional person as true copies of the original documents, with photographs representing a fair likeness of the individual; and
- (d) where the investor is a Trust, Company or Pension Scheme, a certified copy of the resolution authorising the investment and a list of authorised signatories.

Payment may be made:

- (a) by telegraphic transfer; **or**
- (b) by enclosing a cheque or bank draft payable to "Heritage Fund Managers Limited – Subscriptions/Redemptions Account" sent together with the duly completed application form and associated documentation to the Administrator.

Subscriptions must be made in the denominated currency of the relevant Class of Participating Shares.

Applications by facsimile or email must be confirmed by posting the signed original copy of the Application Form. Participating Shares will be issued in registered form only. Although Participating Shares will be allocated and priced, Participating Shares will not be registered nor will redemptions or transfers be allowed until the Administrator has received the actual signed copy of the Application Form and associated documents.

For an application to subscribe to be valid it must be received by the Administrator by 11:59 p.m. on the Business Day preceding the relevant Dealing Day (or such other time or day as the directors may determine either generally or in relation to a particular Class Fund or in any specific case) and must consist of a correctly completed Application Form together with associated documents or copies thereof and cleared funds matching the application must have already been deposited in the Investment Manager's Subscriptions/Redemptions bank account.

Where applications and/or monies are received after the cut off time the application will be processed and Participating Shares will be issued on the Dealing Day following the application cut-off time by which receipt of both a valid application and monies therefore are received, unless the directors in their discretion determine otherwise.

Subscription monies received as cleared funds prior to the Dealing Day (or prior to Participating Shares being issued) do not attract interest.

The Subscription Price will be calculated as follows:

- a) ascertaining the Net Asset Value of the relevant Class Fund (the "**relevant Class Fund**") as at the Valuation Point for the relevant Dealing Day in accordance with the Articles and as summarised in section 27;
- b) adding thereto such sum (if any) as the Directors, having regard to the advice of the Investment Manager, may consider represents an appropriate provision for Duties and Charges which would be incurred if all the assets of the relevant Class Fund were being purchased or acquired on the relevant Valuation Point on the assumption that such assets were purchased or acquired at prices equal to their respective values at that Dealing Day;
- c) dividing the amount calculated above by the number of Participating Shares of the relevant Class Fund then in issue or deemed to be in issue at the Valuation Point;

- d) adding thereto an initial or sales charge of an amount which shall be determined by the Directors but which shall not exceed 3% of the Subscription Price per Participating Share calculated pursuant to the Articles which initial or sales charge shall be allowable by the Fund to or for the benefit of the Investment Manager or such of its agents or delegates as the Investment Manager may direct and the Directors may differentiate between any applicants and between classes of Participating Shares as to the amount of such initial or sales charge within the permitted limit; and
- e) rounding the resulting amount upwards to the nearest whole minimum unit of the currency in which the appropriate class of Participating Shares is designated the amount necessary to effect such upward adjustment being retained by the Fund in the relevant Class Fund.

When the Administrator receives a subscription request it offers the Investment Manager the option to satisfy as many of the requested Participating Shares separately or in aggregate as it wishes at the applicable Dealing Day's Subscription Price, or such other price as agreed between the two parties without having to account for any profits to investors, with any excess or remaining Participating Shares being issued in the Class Fund.

The latest Net Asset Value of Participating Shares and the Subscription Price for Participating Shares can be obtained from the Administrator. A contract note is issued by the Administrator following each subscription in accordance with The Licensees (Conduct of Business) Rules 2016, which, other than in respect of an eligible counterparty, shall generally be no later than seven Business Days after the Dealing Day on which the subscription took place.

22. HOW TO REDEEM PARTICIPATING SHARES

Shareholders may, subject to the provisions below, redeem all or part of their holdings (subject to the Minimum Holding) on any Dealing Day at the Redemption Price provided that the Administrator has received their completed instructions prior to 11:59 pm on the Business Day preceding the relevant Dealing Day (or such other time or day as the Directors may determine either generally or in relation to a particular Class Fund or in any specific case), in such form as the Directors may from time to time determine. Unless the directors in their discretion determine otherwise, if the instructions are received later than this time the redemption will be dealt on the Dealing Day following the Redemption Request cut-off time, by which the valid Redemption Request was received,.

The Redemption Price is calculated as follows:

- a) ascertaining the Net Asset Value of the relevant Class Fund as at the Valuation Point for the relevant Dealing Day in accordance with Clause 27 hereof;
- b) deducting therefrom 1% in respect of the Managed Portfolio Fund or SME Fund and 0.5% in respect of the Absolute Return Fund and/or such other sum (if any) as the Directors, having regard to the advice of the Investment Manager, may consider represents an appropriate

allowance for duties and charges which would be incurred if all the assets of the relevant Class Fund were being realised on the relevant Valuation Point;

- c) making such adjustment as the Directors consider appropriate if in order to meet requests for redemption it is necessary to realise assets of the relevant Class Fund immediately or to borrow money;
- d) dividing the resulting amount by the number of Participating Shares of the relevant Class Fund then in issue or deemed to be in issue; and
- e) rounding the resultant amount downward to the nearest whole minimum unit of the currency in which the relevant Class Fund is designated.

Payment of the redemption proceeds will be made in the denominated currency of the relevant Class of Participating Shares redeemed as soon as possible after the Relevant Dealing Day and in any event no later than close of business on the fourth Business Day after the Dealing Day (without any interest).

Where one or more shareholders request redemptions of 5% or more of the issued Shares of the respective Class Fund, the Administrator may decide to satisfy the redemption by a stock in specie transfer.

When the Administrator receives a Redemption Request it offers the Participating Shares to the Investment Manager who may acquire as many of the available Participating Shares separately or in aggregate as it wishes at the applicable Dealing Day's Redemption Price, or such other price as agreed with the redeeming shareholder(s) without having to account for any profits to investors and any remaining shares being redeemed and cancelled. Shareholders may, if they wish, transfer ownership to an acceptable investor by sending to the Administrator a completed Share Transfer Form (obtainable from the Administrator) together with the associated documentation that the acceptable investor would have to provide if they were making a subscription application.

Participating Shares in each Class Fund beneficially owned by the Investment Adviser, its Principals, their family members and Associated Parties of each of the aforementioned shall be redeemed at the Offer or Subscription Price per Participating Share.

Once submitted, a Shareholder shall not, without the consent of the Fund, be entitled to withdraw a Redemption Request, save where the calculation of the Redemption Price has been suspended and during the period of suspension he may withdraw his Redemption Request

If a Shareholder shall request redemption of part only of his holding and, upon such redemption taking place, such Shareholder would then hold less than the Minimum Holding of the Fund or the Class Fund concerned, then such Shareholder may, at the discretion of the Directors, be deemed to have given a request in writing for the redemption of all his Participating Shares of the Fund or such Class Fund as the case may be.

Where redemptions and/or conversions of Participating Shares of a particular class exceed in aggregate 10 per cent (the "**10% Gate**") of the number of Participating Shares of the relevant Class Fund then in issue or where redemptions or conversions of securities in collective investment vehicles in which the relevant Class Fund is invested have been deferred, the Fund is not bound to redeem or convert any Participating Shares of the Class Fund concerned and reserves the discretion to defer all redemption and conversion requests and to determine the relevant Redemption Prices for Participating Shares of the relevant Class Fund concerned only after having executed, as soon as possible, the necessary sales of assets and transferable securities on behalf of the relevant Class Fund and, where relevant, the underlying collective investment vehicles have discontinued such deferral or such exceptional circumstances cease to apply. Redemptions and conversions so deferred ("**Deferred Requests**") will be dealt with in priority to later requests ("**Subsequent Redemption Requests**") and will be effected at the recalculated Redemption or Subscription Prices applicable to the relevant Class Fund on a Business Day specially selected by the Fund for this purpose which shall become an additional Dealing Day until the Deferred Requests have been satisfied in full.

Any amount payable to a Shareholder in connection with the redemption of Participating Shares shall be paid to the Shareholder no later than four Business Days after the relevant Dealing Day in the same currency as that in which the Participating Shares are designated or in such other currency as the Directors shall agree either generally or in relation to any particular case, in the denominated currency of the relevant Class Fund by bank transfer or draft. Funds may also be remitted by telegraphic transfer to the Shareholder's previously designated bank account at the Shareholder's request and expense. A contract note is issued by the Administrator following each subscription in accordance with the Licensees (Conduct of Business) Rules 2016, which, other than in respect of an eligible counterparty, shall generally be no later than seven Business Days after the Dealing Day on which the subscription took place.

The Fund shall have the power (with the consent of the Shareholder) to satisfy any Redemption Request by the transfer in specie to the Shareholder of an appropriate portion of the assets of the relevant Class Fund concerned in accordance with the Articles.

23. **COMPULSORY REDEMPTION AND QUALIFIED HOLDERS**

If it shall come to the notice of the Directors that any Participating Shares are owned directly or beneficially by any person or persons:

- a) in breach of any law or requirement of any country or governmental or regulatory authority or by virtue of which such person is not qualified to hold such Participating Shares; or
- b) in circumstances (whether directly or indirectly affecting such person or persons and whether taken alone or in conjunction with any other person or persons, connected or not, or any other circumstances appearing to the Directors to be relevant) which will or may result in the Fund incurring any liability to taxation or suffering any pecuniary or other disadvantage which the Fund might not otherwise have incurred or suffered (including

without limitation, taxes or withholdings pursuant to the U.S. Foreign Account Tax Compliance Act and related obligations such as reporting registrations and filing obligations);
or

- c) which may cause the Fund to be classified as an "investment company" under the United States Investment Company Act of 1940; or
- d) who, in the Directors' opinion and pursuant to rules or criteria determined by the Directors, might present a risk of the assets of the Fund being deemed to be "plan assets" for the purpose of The United States Employee Retirement Income Security Act of 1974; or
- e) so as to cause the Fund to be required to comply with any registration or filing requirements in any jurisdiction with which it would not otherwise be required to comply; or
- f) who is a US Person,

the Administrator may give notice to such person requiring him (i) to provide the Administrator, for the information of the Directors, within thirty days with sufficient satisfactory documentary evidence to satisfy the Directors that such person is not a US Person or shall not cause the Fund to be classified as an investment company under the United States Investment Company Act of 1940 (ii) to sell or transfer his Participating Shares to a person qualified to own the same within thirty days and within such thirty days to provide the Directors with satisfactory evidence of such sale or transfer or (iii) to request that the Administrator redeem the Participating Shares pursuant to the Articles. If any person upon whom such a notice is served pursuant to this Article does not within thirty days after such notice transfer his Participating Shares to a person qualified to own the same or establish to the satisfaction of the Directors (whose judgment shall be final and binding) that he is qualified and entitled to own the Participating Shares or that his continuing to be a Member will not cause the Fund to suffer the consequences as set out above shall be deemed upon the expiration of such thirty days to have given a Redemption Request in respect of all his Participating Shares and the Administrator shall be entitled to treat such Redemption Request as if the period of notice referred to above had already expired.

In addition, the Administrator may serve notice on any Shareholder requiring that Shareholder to promptly provide it with any information, representations, certificates or forms relating to such Shareholder (or its direct or indirect owners or account holders) that it or the Directors determine from time to time are necessary or appropriate for the Fund to:

- a) satisfy any account or payee identification, documentation or other diligence requirements and any reporting requirements imposed under sections 1471 to 1474 of the United States Internal Revenue Code of 1986 Treasury Regulations made thereunder and any agreement relating thereto (including, any amendments, modification, consolidation, re-enactment or replacement thereof made from time to time) ("**FATCA**") or the requirements of any similar laws or regulations to which the Fund may be subject enacted from time to time by any other jurisdiction ("**Similar Laws**"); or

- b) avoid or reduce any tax otherwise imposed by FATCA or Similar Laws (including any withholding upon any payments to such Shareholder by the Company); or
- c) permit the Fund to enter into, comply with, or prevent a default under or termination of, an agreement of the type described in section 1471(b) of the US Internal Revenue Code of 1986 or under Similar Laws.

If any Shareholder (a "**Defaulting Shareholder**") is in default of supplying to the Fund the information referred to above within the prescribed period (which shall not be less than 28 days after the service of the notice), the continued holding of shares in the Fund by the Defaulting Shareholder shall be deemed to cause the Fund and/or its Shareholders a pecuniary or tax disadvantage and as such the Board shall be entitled to require such Defaulting Shareholder by notice in writing to sell or transfer his shares to a person who is not a Defaulting Shareholder within 30 days of such notice.

Payment of the Redemption proceeds shall be subject to any requisite official consents first having been obtained and where such consents are outstanding the amount due to each person will be deposited by the Fund or Investment Manager in a bank for payment to such person upon such consents being obtained. Upon deposit of such Redemption proceeds as aforesaid such person shall have no further interest in such Participating Shares or any of them or any claim against the Fund or Investment Manager in respect thereof except the right to receive the Redemption proceeds so deposited (without interest) upon such consents as aforesaid being obtained.

If any Participating Shares are redeemed or purchased compulsorily pursuant to the Articles without provision by the Member of appropriate payment instructions or prior to the receipt of any necessary official consents the Directors or Investment Manager may deposit in a separate bank account the aggregate Redemption proceeds of all Participating Shares held by the Member which are so redeemed or purchased. Upon such deposit the person whose Participating Shares have been so redeemed or purchased shall have no interest in or claim against the Fund or its assets except the right to receive the moneys deposited (without interest) upon receipt of the requisite consents.

24. **TRANSFER OF PARTICIPATING SHARES**

Participating Shares may be transferred by a Shareholder by an instrument of transfer in a form satisfactory to the Directors signed by the transferor and deposited with the Administrator together with a duly completed application form and associated documentation (if the transferee is not an existing Shareholder). The Directors may in their discretion refuse to register any transfer if the transfer would result in the transferee being the holder of less than the Minimum Holding or if the transferee fails to furnish such information or declarations as the directors require.

It will be the responsibility of the transferor and transferee to deal with any taxes, duties,

imposts or levies payable on or in consequence of a transfer of Participating Shares.

The transferee will be required to provide information about its identity to comply with the AML/CFT Laws and associated regulations and guidelines and procedures explained on page 30 and to confirm eligibility.

25. **CONVERSION OF PARTICIPATING SHARES**

Subject as herein provided a holder of Participating Shares of any Class Fund (the "**original class**") shall have the right on a Dealing Day to convert all or any portion of such Participating Shares comprised in one or more Fund Classes into Participating Shares of another Fund Class (the "**new class**").

There will be no charge for Shareholders who convert their Participating Shares once, in any calendar year, between the US Dollar Absolute Return Fund, the Sterling Managed Portfolio Fund or the LGB Fund. Shareholders who convert their Participating Shares more than once in any calendar year will be subject to a fee levied by the Directors and payable to the Investment Manager of 1% of the Net Asset Value of the Participating Shares converted. The Directors reserve the right to waive such fee at their absolute discretion and on a case by case basis.

The right of conversion is exercisable by the said holder (the "**Applicant**") giving to the Fund or one of its authorised agents a notice (a "**Conversion Notice**") in such form as the Directors may from time to time determine.

Subject to the receipt by the Fund or one of its authorised agents of a Conversion Notice at any time up to 11:59 pm Guernsey time on the Business Day preceding a Dealing Day (or such other time or day as the Directors may determine either generally or in relation to a particular Class Fund or in any specific case) the conversion of the Participating Shares comprised in the Conversion Notice shall be effected on the following Dealing Day.

The Applicant shall not without the consent of the Fund be entitled to withdraw a Conversion Notice except in any circumstances in which if it were a Redemption Request he would be entitled to withdraw such Redemption Request and any such withdrawal shall only be effective if made in compliance with the same requirements as to writing and actual receipt as are imposed in relation to Redemption Requests.

Conversion of the Participating Shares comprised in the Conversion Notice shall be effected on the relevant Dealing Day by the cancellation of the Participating Shares of the original class and the issue of Participating Shares of the new class in proportion to (or as nearly as may be in proportion to) the holding of the Participating Shares of the original class and where conversion is effected the number of Participating Shares of the new class to be issued on conversion shall be determined by the Directors as nearly as possible in accordance with the following formula:

$$\text{NSH} = \frac{\text{OSH} \times \text{SP1} \times \text{CCR}}{\text{SP2}}$$

Where:

- NSH is the number of Participating Shares of the new class;
- OSH is the aggregate number of Participating Shares of the original class comprised in the Conversion Notice;
- SP1 is the Subscription Price of Participating Shares of the original class calculated on the relevant Dealing Day;
- CCR is the currency conversion rate determined by the Administrator on the relevant Dealing Day as being the appropriate conversion rate applicable to the currencies in which the Participating Shares of the original class and the new class are respectively denominated; and
- SP2 is the Subscription Price per Participating Share of the new class calculated on the relevant Dealing Day (less any initial or sales charge included therein).

Fractions of Participating Shares of the new class shall be issued on conversion to 3 decimal places and any excess monies shall be retained by the Fund within the relevant Class Fund attributable to Participating Shares of the new class.

Within four business days following the relevant Dealing Day the Administrator shall debit the Class Fund attributable to Participating Shares of the original class with an amount equal to $OSH \times SP1$ and shall credit the Class Fund attributable to Participating Shares of the new class with the appropriate amount net of any conversion charge in the currency in which the new class is designated.

No registration in respect of Participating Shares of the new class issued on conversion shall be made until the Fund or one of its authorised agents has received such evidence as to title representing the relevant number of Participating Shares of the original class so converted as the Administrator may require, together with a Conversion Notice in a form acceptable to the Administrator.

A contract note is issued by the Administrator following each subscription in accordance with the Licensees (Conduct of Business) Rules 2016, which, other than in respect of an eligible counterparty, shall generally be no later than seven Business Days after the Dealing Day on which the subscription took place.

In the event that an Applicant should request the conversion of part only of his holding of Participating Shares of the original class and that such conversion would, if carried out, leave the Applicant with less than the Minimum Holding in respect of Participating Shares of the original class, or the new class, or if such Conversion Notice is in respect of less than the Minimum Holding, the Directors may if they think fit refuse to effect any conversion from the original class.

26. **SUSPENSION OF DEALINGS**

The Directors may declare a suspension of the determination of the Net Asset Value of any Class Fund in accordance with the Rules and the calculation of the Subscription Price and the Redemption Price, and the issue, conversion and redemption of Participating Shares of that Class Fund for the whole or any part of a period during which:-

- (a) prices of and dealing in units in any fund in which the Fund in respect of any Class Fund has invested is restricted or suspended; or
- (b) one or more markets which provide the basis for valuing any assets of a Class Fund or of the Fund are closed other than for or during holidays or if trading in or on such markets is restricted or suspended or where trading is restricted or suspended in respect of securities which in the opinion of the Directors, after consultation with the Investment Manager, form a material part of the Company's or a Class Fund's assets; or
- (c) as a result of political, economic, military or monetary events or any circumstances outside the control, responsibility and power of the Directors, the determination of the price or value or the disposal of assets held by a Class Fund or by the Fund is, in the opinion of the Directors, after consultation with Investment Manager, impracticable or prejudicial to the interests of Members; or
- (d) there is a breakdown of the means of communication normally used for valuing any part of a Class Fund or the Fund or if for any reason the value of any part of a Class Fund or the Fund may not, in the opinion of the Directors, after consultation with the Investment Manager, be determined as rapidly and accurately as required; or
- (e) as a result of foreign exchange restrictions or other restrictions affecting the transfer of funds, transactions on behalf of the Fund or a Class Fund are rendered impracticable or if purchases, sales, deposits and withdrawals of a Class Fund or the Company's assets cannot be effected, in the opinion of the Directors, after consultation with the Investment Manager, at normal rates of exchange; or
- (f) any period following the requisitioning of a general meeting to consider a Special Resolution to wind up the Company.

Any such suspension shall be publicised by the Directors in such manner as they may deem appropriate to the persons likely to be affected thereby and to the GFSC and any stock exchange on which the Participating Shares are listed if required by the rules of that exchange and shall take effect at such time as the Directors shall declare but not later than the close of business on

the Business Day next following the declaration and thereafter there shall be no determination of the Net Asset Value or of the calculation of the Subscription Price or the Redemption Price until the Directors shall declare the suspension at an end except that the suspension shall terminate in any event on the first Business Day on which:-

- (a) the condition giving rise to the suspension shall have ceased to exist; and
- (b) no other condition under which suspension is authorised shall exist.

Each declaration by the Directors shall be consistent with such official rules and regulations (if any) relating to the subject matter thereof as shall have been promulgated by any authority having jurisdiction over the Fund as shall be in effect at the time. To the extent not inconsistent with such official rules and regulations as mentioned, the determination of the Directors shall be conclusive.

27. **PRICING AND VALUATION**

The Net Asset Value of each Class Fund and the Fund shall be determined by the Directors as at each Valuation Point and/or on such other occasions as the Directors may direct, and shall be determined in accordance with the provisions of this clause. The Directors have, pursuant to the terms of the Administration Agreement, appointed the Administrator to carry out the calculation on their behalf.

The assets attributable to the Fund or the Class Fund as the case may be shall be deemed to include:

- (a) all cash in hand, on loan or on deposit, or on call including any interest accrued thereon;
- (b) all bills, demand notes, promissory notes, certificates of deposit and accounts receivable;
- (c) all bonds, time notes, shares, stock, debentures, debenture stock, subscription rights, warrants, options, futures and other investments and securities owned or contracted for by the Fund or a Class Fund as the case may be, other than rights and securities issued by it;
- (d) all stock and cash dividends and cash distributions to be received by the Fund or a Class Fund as the case may be for the account of the Fund or the relevant Class Fund as the case may be and not yet received by it but declared payable to stockholders of record on a date on or before the relevant Valuation Point;
- (e) all interest accrued on any interest-bearing securities owned by the Fund or the relevant Class Fund as the case may be in respect of the Fund or the relevant

Class Fund as the case may be except to the extent that the same is already included or reflected in the valuation of such security;

- (f) all other investments of the Fund attributable to the relevant Class Fund;
- (g) such of the preliminary expenses of the Fund or a Class Fund in so far as the same have not been written off; and
- (h) all other assets of the Fund or the relevant Class Fund as the case may be of every kind and nature including prepaid expenses as valued and defined from time to time by the Directors.

The assets of the Fund and each Class Fund shall be valued as follows:-

- (a) Cash, deposits and similar investments shall be valued at their face value (together with accrued interest) unless in the opinion of the Directors any adjustment should be made to reflect the value thereof. Cash, deposits and other investments held in currencies other than Sterling will be translated into Sterling at the prevailing rates of exchange for the currencies concerned.
- (b) The value of units in any collective investment scheme in which the Class Fund's funds are invested will be determined by reference to its last traded, or where this is not reported, its mid-market price as appropriate (excluding any initial charge) as at the time determined by the Directors at each Valuation Point.
- (c) If no prices are available for any of the units in such collective investment scheme held by the Fund in respect of the Class Fund or if their values as determined are not representative of the fair market value of the relevant unit, the values of such units will be determined by the Directors based on the reasonably foreseeable purchase or sale prices determined prudently and in good faith.
- (d) All other assets and liabilities will be valued at their respective fair values, being last traded or where that is not available the mid-market price as determined in good faith by the Directors in accordance with generally accepted valuation principles and procedures.

Without prejudice to the generality of the foregoing:-

- (a) bonds shall be valued at the market price multiplied by the face amount plus accrued interest;
- (b) assets issued on a "when and if" basis may be valued on the assumption that they will be issued;

- (c) assets where past due interest is gratis shall be valued at market price multiplied by the face amount;
- (d) assets where the market pays for past due interest shall be valued at market price multiplied by the face amount plus accrued interest;
- (e) assets where accrued interest is for the account of the holder shall be valued at market price multiplied by the face amount;
- (f) assets acquired on deferred purchase terms shall be valued at market price less the amount of the unpaid purchase consideration and the financing costs;
- (g) options shall be valued at the market premium multiplied by the nominal amount;
- (h) the fair market price of hedging or hedged instruments or securities which are traded on a different investment exchange, with a different market closing time, to the underlying hedged security or hedging instrument may be flexed or extrapolated to reflect the fair market price that would have been applicable to either the hedging or hedged instruments or securities, had the differing investment exchanges closed at the same time, so as to avoid any hedging price mismatches that might otherwise occur due to investment market movements occurring between the differing closing times of the relevant investment exchanges;
- (i) zero coupon certificates of deposit or treasury bills shall be valued at market price multiplied by the nominal amount thereof.

In preparing any valuation the Directors may rely on information provided by an Approved Person. Any price or methodology, notified to the Directors by an Approved Person as representing the fair market last traded price, fair market mid-price, fair market bid price and fair market offer price of any investment shall be conclusive in the absence of manifest error.

If an Approved Person shall certify either:

- (a) that any investment comprised in the Fund is unsaleable,
- (b) that no market price by reference to which the value of an investment would otherwise fall to be calculated was quoted on a Recognised Investment Exchange or, due to the nature of such Investment, otherwise not available through a Recognised Investment Exchange in respect of such Investment, or
- (c) that a market price on a recognised investment exchange for any other reason is not available in respect of any investment,

the value of such investment shall be taken into account at such price as is certified by an Approved Person or other professional person approved for the purpose or generally or such price as the Administrator considers in the circumstances to be fair.

The liabilities of the Fund in respect of each Class Fund shall be deemed to include:-

- (a) all bills, notes and accounts payable;
- (b) all administrative expenses payable and/or accrued (the latter on a day to day basis);
- (c) all known liabilities present and future including the amount of any unpaid Dividend declared upon the shares of the relevant class of the Participating Shares, contractual obligations for the acquisition of investments or other property or for the payment of money and outstanding payments on any Participating Shares of the class concerned, previously redeemed;
- (d) an appropriate provision for taxes as determined from time to time by the Directors;
- (e) all other liabilities of the Fund in respect of the relevant Class Fund of whatsoever kind and nature except, save where the Directors otherwise direct, liabilities represented by shares in the Fund and reserves; and
- (f) such allowance as the Directors consider appropriate for contingent liabilities.

In determining the amount of such liabilities, the Directors may calculate administrative and other expenses of a regular or recurring nature on an estimated figure for yearly or other periods in advance and accrue the same in equal proportions over any such period.

The Net Asset Value shall be calculated by deducting the total of the Company's or relevant Class Fund's liabilities from the gross value of the Company's or relevant Class Fund's assets.

Any valuations made pursuant to the Articles shall be binding on all persons.

28. **WINDING-UP PROCEDURES**

The Fund may be wound up at any time by Special Resolution and the Directors shall be bound to convene a general meeting for the purpose of passing a Special Resolution for the winding up of the Fund if the Fund's authorisation under the POI Law is revoked (unless the GFSC otherwise agrees).

Upon the passing of such Special Resolution, the process of voluntary winding up shall commence and the Fund shall cease to carry on business except in so far as it may be expedient for the beneficial winding up of the Fund. The Fund's corporate state and powers shall be deemed to continue until the Fund's dissolution.

If the Fund shall be wound up, the surplus assets remaining after payment of all creditors, including the repayment of bank borrowings, shall be applied in the following priority:

- (a) firstly, in the payment to the holders of the Participating Shares of each Class Fund of any balance then remaining in the relevant Class Fund, such payment being made in proportion to the number of Participating Shares of that Class Fund held; and
- (b) secondly, in the payment to the holders of the Management Shares of any assets of the Fund, if any, not comprised in any Class Fund.

If the Fund shall be wound up (whether the liquidation is voluntary or by the Court) the liquidator may, with the sanction of a Special Resolution and any other sanction required by law, divide amongst the holders of Participating Shares of any Class Fund *in specie* or kind the whole or any part of the assets of the relevant Class Fund concerned (whether they shall consist of property of the same kind or not) and may, for such purpose set such value as he deems fair upon any one or more classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the relevant holders of Participating Shares. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the Members as the liquidator, with the like sanction, shall think fit, and the liquidation of the Fund may be closed and the Fund dissolved but so that no holders of Participating Shares shall be compelled to accept any shares or other securities whereon there is any liability.

The Directors have power in their absolute discretion to wind-up and close any Class Fund at any time and to implement any necessary arrangements in respect thereof, including the compulsory redemption of Participating Shares in any such Class Fund and the distribution by any lawful means of any surplus of such Class Fund to its Members. Upon the Directors resolving to close a Class Fund, all Redemption Requests served on the Fund but which have not been redeemed in accordance with the Articles shall, unless the Directors otherwise determine, be deemed to be cancelled and of no effect, and all Participating Shares of the Class Fund then in issue shall be subject to compulsory redemption by the Fund as part of the closure process of the Class Fund.

29. **ADDITIONAL INFORMATION**

Risk Warnings

Investors in the US Dollar Absolute Return Fund, the Sterling Managed Portfolio Fund and the SME Fund may be exposed to the following investments risks:

- (a) market risk is the risk of movement in securities prices due to factors that affect the market as a whole. The funds manage this risk by diversifying among various asset classes whose returns are not perfectly correlated.
- (b) Specific risk relates to the price performance of the individual companies in which

shares or debt securities are held. Specific risk is managed through diversification and selection of securities, and by investing in diversified index funds.

- (c) foreign exchange risk is the risk that the value of a financial instrument denominated in a currency other than the denominated currency of the class fund will fluctuate because of changes in foreign exchange rates. The US Dollar Absolute Return Fund will normally hedge any foreign currency exposure back into US Dollars, whereas the Sterling Managed Portfolio Fund and SME Fund do not normally hedge any foreign currency exposure.
- (d) interest rate risk arises from fluctuations in the prevailing levels of market interest rates on financial instruments such as fixed income securities. The funds manage this risk by diversifying their holdings in fixed income securities with different interest rate returns and maturity dates and by investing in diversified bond index funds.
- (e) liquidity risk is the risk that the funds may encounter difficulty in realising their assets, or otherwise in raising funds to meet their commitments. Securities listed on recognised exchanges are regarded as realisable, but investments in non-listed funds and private equity investments may not be readily realisable.
- (f) credit risk arises on investments in debt securities from the non-payment of interest when it falls due and the non-payment of principal on maturity. Credit risk is managed through diversification and monitoring of companies in which debt securities are held, and by investing in diversified bond funds.

It must be emphasised that the prices of funds can fall as well as rise and that any investor may not recover all that has been invested.

Any person relying on the information contained in these Scheme Particulars, which was current at the date shown, should check with the Investment Manager that this document is the most current version and that no revisions have been made nor corrections published to the information contained in the Scheme Particulars since the date shown.

This document is important and you should read all of the information contained in it carefully. If you are in any doubt as to the meaning of any information contained in this document, you should consult your independent financial advisor.

Investors in the Heritage Investment Fund Limited are not eligible for the payment of any compensation under the Collective Investment Schemes (Compensation of Investors) Rules 1988, made under the POI Law.

AIFMD

The AIFMD was incorporated into the Agreement on the European Economic Area with effect

from 1 October 2016. Accordingly, in referring to EEA States hereinafter, it is intended to mean all EU member states and such EEA States as implement the AIFMD.

The AIFMD seeks to regulate AIFMs and imposes obligations on managers, wheresoever incorporated, who manage alternative investment funds in the EU or who market interests in such funds to EU investors. It is expected that EU domiciled AIFMs will need to obtain authorisation under the AIFMD, and will need to comply with various organisational, operational and transparency obligations, which may create significant additional compliance costs, some of which may be passed to investors in the AIFs which they manage.

The Investment Manager acts as a non-EU AIFM for the purposes of distributing Participating Shares within the EEA and as such it will not be required to seek authorisation under the AIFMD. However, following national transposition of the AIFMD in any given EEA State, the marketing of shares or units in AIFs that are established outside the EEA (such as the Fund) to investors in a given EEA State will be prohibited unless certain conditions are met.

Certain of these conditions are outside the Investment Manager's control as they are dependent on the GFSC and the competent authority of the relevant EEA State entering into regulatory co-operation agreements with one another. The Investment Manager cannot guarantee that such conditions will be satisfied. In cases where the conditions are not satisfied, the ability of the Investment Manager to market its Participating Shares of the Fund or to raise further capital in the EEA may be limited or removed.

Any regulatory changes arising from implementation of the AIFMD (or otherwise) that limit the Investment Manager's ability to market Participating Shares may materially adversely affect the Fund's ability to carry out its investment policy successfully and to achieve its investment objective, which in turn may adversely affect the Fund's business, financial condition, results of operations, NAV and / or the market price of the Participating Shares.

Automatic Exchange of Taxpayer Information

Under the United States Foreign Account Tax Compliance Act provisions of the U.S. Hiring Incentives to Restore Employment Act 2010, which implemented sections 1471 through 1474 of the Internal Revenue Code ("**FATCA**"), the Fund could become subject to a 30 per cent. withholding tax on certain payments of U.S. source income (including dividends and interest), and (from no earlier than two years after the date of publication of certain final regulations) a portion of non-U.S. source payments from certain non-US financial institutions to the extent attributable to U.S. source payments, if it does not comply with certain registration, due diligence and reporting obligations under FATCA. Pursuant to the intergovernmental agreement between Guernsey and the United States (the "**U.S.-Guernsey IGA**") and Guernsey legislation implementing the U.S.-Guernsey IGA, the Company is required to register with the U.S. Internal Revenue Service (the "**IRS**") and report information on its financial accounts to the Guernsey tax authorities for onward reporting to the IRS.

Guernsey, along with approximately 100 jurisdictions, has implemented the Organisation for Economic Co-operation and Development's "Common Reporting Standard" ("CRS"). Certain disclosure requirements will be imposed in respect of certain Shareholders in the Fund falling within the scope of the CRS.

Shareholders may be required to provide certain information to the Fund in order to enable the Fund to comply with its FATCA and CRS obligations in accordance with the Articles. If a Shareholder fails to provide the required information within the prescribed period, the Board may treat that Shareholder as a Non-Qualified Holder (as defined in the Articles) and require the relevant Shareholder to sell its Shares in the Company.

General

Shareholder Meetings and Voting Rights

The Fund will, unless such requirement is waived by the Shareholders, in each calendar year hold a general meeting as its annual general meeting. If held, annual general meetings shall be held once in each calendar year, subject to no more than fifteen months between one general meeting and the next.

In addition, the Directors may convene meetings of Shareholders whenever they think fit. The Directors are obliged to call a meeting of Shareholders if requested to do so in writing by Shareholders holding more than ten percent of the Participating Shares in issue.

Ten Clear Days' notice of every meeting (along with any associated documents) shall be given to Shareholders (exclusive of the day on which the notice is served or deemed to be served) and the quorum shall be two or more Shareholders present in person or by proxy (provided they are entitled to vote on the business to be transacted at the meeting) unless there is only one Shareholder, in which case the quorum shall be one. At any meeting of Shareholders, resolutions may be passed by a show of hands at the meeting unless a poll is requested. On a show of hands every Shareholder who is present in person (excluding the Investment Manager, the Custodian, the Administrator or any associate thereof, when acting in their sole capacity and not as a trustee or nominee) has one vote.

A poll can be demanded by the chairman of the meeting or by one or more Shareholders representing at least ten per cent. of the total voting rights of all members having the right to vote. On a poll every Shareholder (excluding the Investment Manager, the Custodian, the Administrator or any associate thereof, when acting in their sole capacity and not as a trustee or nominee) is entitled to have one vote for every Participating Share held and a further part of one vote proportionate to any fraction of a share held by him and 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. Only Shareholders or their proxies may vote at meetings of Shareholders.

The above provisions shall apply to meetings of any Class Fund as they apply to general meetings

of Shareholders.

Indemnities

The Articles contain provisions which provide an indemnity for and hold harmless the Directors, the Secretary and other officers of the Fund from liability in the discharge of their duties save where such person fails to exercise care and diligence or is guilty of breach of trust, breach of duty, wilful default or gross negligence.

Litigation

As at the date of this document no legal or arbitration proceedings have been commenced in relation to the Fund and no legal or arbitration proceedings are pending or threatened against the Fund.

Indebtedness

As at the date of this document the Fund has no loan capital (including term loans) outstanding or unissued, and no outstanding mortgages, charges or other borrowings or indebtedness in the nature of borrowings, including bank overdrafts and liabilities under acceptances or acceptance credits, hire purchase or finance lease commitments, guarantees or other contingent liabilities, other than fees accrued in the normal operation of the Fund.

Taxation

Potential subscribers for Participating Shares should inform themselves as to (a) the possible tax consequences, (b) the legal requirements and (c) any foreign exchange restrictions or exchange control requirements which they might encounter under the laws of the countries of their incorporation, citizenship, residence or domicile and which might be relevant to the subscription, holding, conversion or disposal of Participating Shares.

The following comments are based on advice received by the Directors regarding current law and published practice in Guernsey and are intended to assist investors. Investors should appreciate that as a result of changing law or practice, or unfulfilled expectations as to how the Fund or investors will be regarded by revenue authorities in different jurisdictions, taxation consequences for investors may be otherwise than as stated below. Investors should consult their professional advisers on the possible tax consequences of their subscribing for, purchasing, holding, selling or redeeming shares under the laws of their countries of incorporation, citizenship, residence, ordinary residence or domicile.

Prospective Shareholders should consult their own professional advisers on the implications in the relevant jurisdiction(s) of buying, holding, disposing of or redeeming Shares, including the provisions of the laws of the jurisdiction in which they reside, hold citizenship or are domiciled or are otherwise subject to tax.

The Fund may be subject to local withholding taxes in respect of income or gains derived from its investments in certain countries and underlying investments. Taxation law and practice and the levels and bases of and reliefs from taxation relating to the Fund and to Shareholders may change from time to time.

Guernsey Tax Considerations

The Fund

The Fund and each of its subsidiary holding vehicles has applied for and expects to be granted exemption from liability to income tax in Guernsey under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 by the Director of the Revenue Service in Guernsey for the current year. Exemption must be applied for annually and will be granted, subject to the payment of an annual fee, which is currently fixed at £1,200 per applicant and provided the Fund and each of its subsidiary holding vehicles qualify under the applicable legislation for exemption. It is the intention of the Directors to conduct the affairs of the Fund and each of its subsidiary holding vehicles so as to ensure that they continue to qualify for exempt company status for the purposes of Guernsey taxation.

As an exempt company, the Fund and each of its subsidiary holding vehicles will be treated as if they were not resident in Guernsey for the purposes of liability to Guernsey income tax. Under current law and practice in Guernsey, the Fund and each of its subsidiary holding vehicles will only be liable to tax in Guernsey in respect of income arising or accruing in Guernsey, other than from a relevant bank deposit or exempt investment. It is anticipated that no significant income other than from a relevant bank deposit or exempt investment will arise in Guernsey and therefore the Fund and each of its subsidiary holding vehicles will not incur any significant liability to Guernsey tax.

Guernsey currently does not levy taxes upon capital inheritances, capital gains, gifts, sales or turnover (unless the varying of investments and the turning of such investments to account is a business or part of a business that is not exempt from any liability to Guernsey income tax), nor are there any estate duties (save for registration fees and ad valorem duty for a Guernsey Grant of Representation where the deceased dies leaving assets in Guernsey which require presentation of such a Grant).

No stamp duty is chargeable in Guernsey on the issue, transfer, or redemption of Participating Shares in the Fund.

Shareholders

Provided the Fund and its wholly owned subsidiaries maintain their exempt status, Shareholders who are resident for tax purposes in Guernsey (which includes Alderney and Herm for these purposes), or who are not so resident but hold their Participating Shares in connection with a permanent establishment situated in Guernsey, will suffer no deduction of tax by the Fund from

any dividends payable by the Fund. However, the Fund is obliged to provide details of distributions attributable to Guernsey resident beneficial owners (or non-Guernsey resident beneficial owners who hold their Participating Shares in connection with a permanent establishment in Guernsey) to the Director of the Revenue Service in Guernsey, including the names and addresses of such Shareholders, the gross amount of any distribution paid and the date of the payment. The Director of the Revenue Service can require the Fund to provide the name and address of every Guernsey resident who, on a specified date, has a beneficial interest in Participating Shares, with details of the interest. Shareholders resident outside Guernsey will not be subject to any tax in Guernsey in respect of distributions paid in relation to any Participating Shares owned by them nor on the redemption or disposal of their holding of Participating Shares in the Fund, except where and to the extent that their holding of Participating Shares is attributable to a permanent establishment in Guernsey.

FATCA – the US-Guernsey IGA

On 13 December 2013 the Chief Minister of Guernsey signed an intergovernmental agreement with the United States ("**U.S.-Guernsey IGA**") regarding the implementation of FATCA. Under FATCA and legislation enacted in Guernsey to implement the U.S.-Guernsey IGA, certain disclosure requirements will be imposed in respect of certain Shareholders who are, or are entities that are controlled by one or more natural persons who are, residents or citizens of the United States, unless a relevant exemption applies. Certain due diligence obligations will also be imposed. Where applicable, information that will need to be disclosed will include certain information about Shareholders, their ultimate beneficial owners and/or controllers, and their investment in and returns from the Fund. The Fund will be required to report this information each year in the prescribed format and manner as per local guidance.

Under the terms of the U.S.-Guernsey IGA, Guernsey resident financial institutions that comply with the due diligence and reporting requirements of Guernsey's domestic legislation will be treated as compliant with FATCA and, as a result, should not be subject to FATCA withholding on payments they receive and should not be required to withhold under FATCA on payments they make. If the Fund does not comply with these obligations, it may be subject to a FATCA deduction on certain payments to it of U.S. source income (including interest and dividends) and (from no earlier than two years after the date of publication of certain final regulations) a portion of non-U.S. source payments from certain non-U.S. financial institutions to the extent attributable to U.S. source payments. The U.S.-Guernsey IGA is implemented through Guernsey's domestic legislation in accordance with local guidance that is published in draft form.

Multilateral Competent Authority Agreement for Automatic Exchange of Taxpayer Information

On 13 February 2014, the Organisation for Economic Co-operation and Development released the "Common Reporting Standard" ("**CRS**") designed to create a global standard for the automatic exchange of financial account information, similar to the information to be reported

under FATCA. On 29 October 2014, fifty-one jurisdictions signed the multilateral competent authority agreement ("**Multilateral Agreement**") that activates this automatic exchange of FATCA-like information in line with the CRS. Since then further jurisdictions have signed the Multilateral Agreement and in total over 100 jurisdictions have committed to adopting the CRS. Many of these jurisdictions have now adopted the CRS. Guernsey adopted the CRS with effect from 1 January 2016.

Under the CRS and legislation enacted in Guernsey to implement the CRS, certain disclosure requirements will be imposed in respect of certain Shareholders who are, or are entities that are controlled by one or more natural persons who are, residents of any of the jurisdictions that have also adopted the CRS, unless a relevant exemption applies. Certain due diligence obligations will also be imposed. Where applicable, information that would need to be disclosed will include certain information about Shareholders, their ultimate beneficial owners and/or controllers, and their investment in and returns from the Fund. The Fund will be required to report this information each year in the prescribed format and manner as per local guidance. The CRS is implemented through Guernsey's domestic legislation in accordance with published local guidance which is supplemented by guidance issued by the Organisation for Economic Co-operation and Development.

All prospective investors should consult with their own tax advisers regarding the possible implications of FATCA, the CRS and any other similar legislation and/or regulations on their investment in the Fund.

If the Fund fails to comply with any due diligence and/or reporting requirements under Guernsey legislation implementing the U.S.-Guernsey IGA and/or the CRS then the Fund could be subject to (in the case of the U.S.-Guernsey IGA) US withholding tax on certain U.S. source payments, and (in all cases) the imposition of financial penalties introduced pursuant to the relevant implementing regulations in Guernsey. Whilst the Fund will seek to satisfy its obligations under the U.S.-Guernsey IGA and the CRS and associated implementing legislation in Guernsey to avoid the imposition of any financial penalties under Guernsey law, the ability of the Fund to satisfy such obligations will depend on receiving relevant information and/or documentation about each Shareholder and the direct and indirect beneficial owners of the Shareholders (if any). There can be no assurance that the Fund will be able to satisfy such obligations.

Request for Information

The Company reserves the right to request from any Shareholder or potential investor such information as the Company deems necessary to comply with FATCA and the CRS, or any obligation arising under the implementation of any applicable intergovernmental agreement, including the U.S.-Guernsey IGA and the Multilateral Agreement, relating to FATCA, the CRS or the automatic exchange of information with any relevant competent authority.

Taxation of the Fund's Investments

It is not possible to provide any detailed advice or indication on the likely tax position of the Fund with respect to its investments. Prospective investors and Shareholders should be aware that the Fund may incur withholding tax or capital gain tax with respect to certain types of investments in certain jurisdictions. However, the Directors will endeavour to ensure that, as far as reasonably practicable, both the withholding tax burden on the Fund and liability to capital gains or similar taxes are mitigated to the extent practicable and consistent with the investment objectives of the Fund.

Taxation of Shareholders

Prospective investors and Shareholders should familiarize themselves with and, where appropriate, take advice on the laws and regulations (such as those relating to taxation and exchange controls) applicable to the subscription for, and the holding and realisation of Participating Shares in the places of their citizenship, residence and domicile. The tax consequences for each Participating Shareholder of acquiring, holding, redeeming or disposing of the Participating Shares will depend upon the relevant laws of any jurisdiction to which the Participating Shareholder is subject. Prospective investors should seek their own professional advice as to this, as well as to any relevant exchange control or other laws and regulations.

Documents Available for Inspection

Copies of the following material contracts and documents may be inspected by Shareholders during usual business hours on any business day at the registered office of the Administrator:

- (i) The Memorandum and Articles;
- (ii) The Management Agreement;
- (iii) The Custodian Agreement;
- (iv) The Administration Agreement;
- (v) The Investment Advisory Agreement;
- (vi) The Investment Advisory Delegate Agreement;
- (vii) The Registrar Agreement;
- (viii) The latest annual report and accounts of the Fund;
- (ix) The latest report of the Auditors;
- (x) These Scheme Particulars; and
- (xi) The list of directorships currently held and those directorships that have previously been held, in the past five years, by the Directors.

APPLICATION FORM FOR PARTICIPATING SHARES IN			HERITAGE INVESTMENT FUND LIMITED		
Please read the notes attached before completing this form					
1. Investment					
I wish to invest in (tick funds you wish to subscribe to)			Amount of Remittance (in figures)	Amount of Remittance (in words)	
<input type="checkbox"/>	Class F	US Dollar Absolute Return Fund	\$	\$	
<input type="checkbox"/>	Class D	Sterling Managed Portfolio Fund	£	£	
<input type="checkbox"/>	Class H	Sterling LGB SME Fund	£	£	
Total: £					
\$					
2. Registration & Certificates (These details will appear on the share register)					
Registered Name:					
All Participating Shares will be issued as uncertificated registered shares.					
3. Address (These details will appear on the share register)					
Address:					
Telephone Number:		Facsimile Number:		Number of copies of Reports to Members:	

4. Payment	
I have arranged for payment of the subscription amount shown in block 1 by (please tick applicable box):	
<input type="checkbox"/>	Enclosed cheque or bank draft which has been drawn on a United Kingdom Bank made payable to – "Heritage Fund Managers Limited – Subscriptions/Redemptions A/C".
<input type="checkbox"/>	Telegraphic transfer of funds to be received by Butterfield Bank (Channel Islands) Limited for value on..... (insert date). Telegraphic Transfer details can be found on the Telegraphic Transfer Authority form.
5. Redemption details (These should be the same as the remitting account or bank account upon which any subscription cheque is drawn)	
(i) Redemption Proceeds	
In the event of redemption by letter, email or facsimile, please remit proceeds to:	
Pounds Sterling Bank Name and Address:	
Account Name and Number:	
US Dollars Bank Name and Address:	
Account Name and Number:	
Responsibility for providing accurate bank account details rests solely upon the applicant.	

6. Data Protection

I/We acknowledge that for the purpose of this Application Form:

- (a) By submitting personal data to the Investment Manager, the Administrator (acting for and on behalf of the Fund or in its own capacity) or the Custodian, in the case of an applicant where (a) the applicant is a natural person or (b) where the applicant is not a natural person, he/she/it (as the case may be) represents and warrants that he/she/it (as applicable):
 - (i) has read and understood the terms of the relevant Privacy Notices listed in the Scheme Particulars, copies of which are available on the Administrator's website at www.hfl.co.gg or on request via FundAdmin@HFL.co.gg, or in the case of the Custodian, on the Custodian's website at www.ci.butterfieldgroup.com; and/or
 - (ii) has brought the Privacy Notice to the attention of any underlying data subjects on whose behalf or account the applicant may act or whose Personal Information will be disclosed to the Fund, the Administrator, the Investment Adviser and/or the Custodian as a result of the applicant entering into this Application Form; and
 - (iii) the applicant has complied in all other respects with the DP Legislation in respect of disclosure and provision of personal data to the Fund, the Administrator, the Investment Adviser and/or the Custodian.
- (b) Where the applicant acts for or on account of an underlying data subject, he/she/it shall, in respect of the personal data it processes in relation to or arising out of this Application Form:
 - (iv) comply with all applicable DP Legislation;
 - (v) take appropriate technical and organisational measures against unauthorized or unlawful processing of the personal data and against accidental loss or destruction of, or damage to the personal data;
 - (vi) if required, agree with the Fund, the Administrator, the Investment Adviser and/or the Custodian, the responsibilities of each such entity as regards relevant data subjects' rights and notice requirements; and
 - (vii) immediately on demand, fully indemnify the Fund, the Administrator, the Investment Adviser and/or the Custodian and keep them fully and

effectively indemnified against all costs, demands, claims, expenses (including legal costs and disbursements on a full indemnity basis), losses (including indirect losses and loss of profits, business and reputation), actions, proceedings and liabilities of whatsoever nature arising from or incurred by the Fund, the Administrator, the Investment Adviser and/or the Custodian in connection with any failure by the applicant to comply with the provisions of this clause 6.

For the purposes of this Application Form, "data subject", "personal data" and "sensitive personal data" shall have the meanings attributed to them in the DP Legislation.

7. Foreign Account Tax Compliance Act provisions of the U.S. Hiring Incentives to Restore Employment Act ("FATCA") and the Common Reporting Standard ("CRS")

I/We acknowledge and agree that by submitting an application form, we agree to co-operate with the Investment Manager, the Fund and the Administrator in ensuring that they and the Fund are able to comply with their obligations under FATCA or the requirements of any similar laws or regulations to which they and the Fund may be subject from time to time, including the CRS ("**Similar Laws**") and/or any intergovernmental agreement to which they or the Fund may be subject. In particular I/we hereby:

- (i) agree to provide the Investment Manager, the Fund and the Administrator with any information, representations, certificates, forms or documentation relating to us (or our direct or indirect beneficial owners) requested by the Investment Manager, the Fund or the Administrator from time to time for the purposes of allowing them to consider any relevant issues arising under FATCA, Similar Laws and/or any applicable intergovernmental agreement and to comply with its and/or their obligations under FATCA, Similar Laws and/or any applicable intergovernmental agreement;
- (ii) consent to allowing, and authorising, the Investment Manager, the Fund and the Administrator to disclose and supply any information, representations, certificates, forms or documentation in relation to it (or its direct or indirect beneficial owners) to any relevant governmental authority of any jurisdiction to the extent required under FATCA, Similar Laws and/or any applicable intergovernmental agreement (and to the extent relevant, it shall procure that its direct or indirect beneficial owners provide such consent and authorisation to the Investment Manager, the Fund and the Administrator in respect of any such information, forms or documentation relating to it);

- (iii) shall notify the Investment Manager, the Fund and the Administrator of any material changes which affect our status (and to the extent relevant, the status of our direct or indirect beneficial owners) under FATCA, Similar Laws and/or any applicable intergovernmental agreement or which result in any information, representations, certificates, forms or documentation previously provided to the Investment Manager, the Fund and the Administrator becoming inaccurate or incomplete within the earlier of 90 days of becoming aware of such changes and any other timeline provided under FATCA, Similar Laws and/or any applicable intergovernmental agreement for such an event; and
- (iv) shall, to the extent there have been material changes as described above, promptly provide the Investment Manager, the Fund and the Administrator with updated information, representations, certificates, forms or documentation as applicable.

To the extent that monies received by the Fund become subject to a deduction or withholding relating to FATCA, Similar Laws and/or any applicable intergovernmental agreement I/we hereby acknowledge and agree that:

- (i) none of the Investment Manager, the Fund or the Administrator shall be required to compensate, indemnify or in any way make good our loss in respect of such deduction or withholding and therefore (without limitation): (i) none of the Investment Manager, the Fund or the Administrator shall be required to increase any payment or distribution to us where the purpose of the increase is to reflect any amount deducted or withheld and (ii) any monies paid or distributed to us shall be paid net of the amount deducted or withheld; and
- (ii) we shall have no recourse to any of the Investment Manager, the Fund or the Administrator in respect of a credit or refund from any person relating to the amount so deducted or withheld.

8. AIFMD

I/we hereby acknowledge that Heritage Fund Managers Limited is the "AIFM" of the Fund for the purposes of the Alternative Investment Fund Managers Directive (2011/61/EU) ("**AIFMD**") and that due to the performance of the Fund to date, we expressed our interest in making an investment in the Fund and requested that you provide me/us with the offering documents in respect of the Fund and that I/we applied for such documents solely on my/our own initiative and no offering or placement of the Fund has been made to us/me, directly or indirectly, by you or by anyone on your behalf.

9. Signature (please indicate capacity of each signatory - for example "Director")

I/We acknowledge and accept that this application is made solely upon the terms of the current Scheme Particulars and the Memorandum and Articles of Incorporation of the Fund.

I/We declare that this application is not being made by or for any person under the age of 18 years and am/are legally competent to execute this application.

I/We declare that the applicant is not a "US Person" (see Scheme Particulars for definition of "**US Person**")

I/We acknowledge that as investors I/we will be subject to the provisions of the Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999 and the Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Regulations 2002 (the "**Law and Regulations**") and confirm acceptance of my/our subscription application together with the appropriate remittance will not breach any applicable money laundering rules and regulations and I/we undertake to provide satisfactory verification of our identity (on a confidential basis) to the Fund, Manager, Registrar and/or Administrator promptly on request.

I/We authorise the Investment Manager, Registrar and/or Administrator to retain monies remitted by me/us pending verification of my/our identity as required by the Law and Regulations and I/we acknowledge and agree that such monies will not bear interest.

1. Signature:

2. Signature:

Date:

Date:

NOTES ON COMPLETING THE APPLICATION FORM

Please read the following before completing the Application Form

GENERAL

We suggest that you photocopy this form before use to provide for any future applications, whether by the same or a different shareholder. Familiarisation with the scheme Particulars in force from time to time should be ensured and adhered to by the applicant before any future applications are made.

Additional copies of the Scheme Particulars and Application Form are available without charge from the Administrator.

All dates should be written in day-month-year format, e.g. 01 Jan 2000.

Investment

The first subscription must be at least £20,000 (or US\$30,000) in the Fund; additions must be at least £1,000 (US\$1,500) each.

Registration & Certificates

All shares will be issued as uncertificated registered shares.

Shares may be registered in the name of a nominee.

Address

All applicants must complete this section including a contact telephone number in case of enquiries.

Contract notes and any other correspondence will be sent to the address noted.

Applicants with other requirements should contact the Investment Manager, Registrar or Administrator in writing.

Payment

Important: Please ensure that the exact name of the applicant and a contact telephone number appear on the back of all cheques and bank drafts and appear in any telegraphic transfers.

For the convenience of applicants wishing to pay by telegraphic transfer, the Telegraphic Transfer Authority form may be completed and sent to the applicant's bankers.

If paying by telegraphic transfer please note that receipt of the payment must be confirmed by Butterfield Bank (Channel Islands) Limited for value by the Business Day prior to the Dealing Day (unless the directors in their discretion determine otherwise) for the application to be considered acceptable for subscription on the Dealing Day.

Repayment details

Applicants should provide details of the bank account from which subscription monies are being paid, for the remittance of any redemption proceeds.

Responsibility for providing accurate bank account details for redemption payments rests solely upon the applicant.

Signature

Signature for a corporation should be under the hand of a duly authorised officer, in which case the latter's capacity must be stated, or under the corporation's company seal, together with a certified copy of the resolution authorising the investment. The signature should be authenticated by documentation provided by the corporation, such as a certified list of authorised signatories.

Completed Applications

Please forward applications to:

The Administrator
Heritage Investment Fund Limited
Suite 1
First Floor
The Energy Centre
Admiral Park
St. Peter Port
Guernsey GY1 2BB
Channel Islands

Or via facsimile to +44 (0) 1481 724 308 with an original signed copy to follow by post; or

Via email to FundAdmin@HFL.co.gg with an original signed copy to follow by post.

Verification Requirements

Before submitting your application(s) please ensure that you have satisfied our application requirements.

1. WE REQUIRE THE FOLLOWING FROM PRIVATE INDIVIDUALS:	
<i>A fully completed application form. If any information is not provided, we reserve the right to reject or delay the application until all information is complete.</i>	<input type="checkbox"/>
<i>A certified copy of the passport or national identity card of each applicant and ultimate beneficial owner, together with a certified copy of a utility bill or other proof of the residential address.</i>	<input type="checkbox"/>
<i>The investment must be received from an account held in the applicant's own name, by cheque or telegraphic transfer drawn on the applicant's own bank account.</i>	<input type="checkbox"/>
<i>A telephone number for the first named applicant.</i>	<input type="checkbox"/>

2. WE REQUIRE THE FOLLOWING FROM TRUSTEES:	
<i>A fully completed application form. If any information is not provided, we reserve the right to reject or delay the application until all information is complete.</i>	<input type="checkbox"/>
<i>Documentary evidence supporting the existence of the trust.</i>	<input type="checkbox"/>
<i>The investment must be received from an account held in the trustee's own name, by cheque or telegraphic transfer drawn on the trustee's own bank account</i>	<input type="checkbox"/>
<i>If the trustee(s) or beneficiaries is an / are individual(s), full details will be required as in 1 above together with a certified copy of the resolution approving and authorizing the investment application and a certified signatory list of the trustee(s).</i>	<input type="checkbox"/>
<i>If the trustee(s) or beneficiaries is a / are corporation(s), full details of each will be required as detailed in section 3 below.</i>	<input type="checkbox"/>

3. WE REQUIRE THE FOLLOWING FROM CORPORATIONS:

- A fully completed application form. If any information is not provided, we reserve the right to reject or delay the application until all information is complete.*
- A certified copy of the company's certificate of incorporation, the memorandum and articles of incorporation, or equivalent constitutive documents.*
- The investment must be received from an account held in the company's own name, by cheque or telegraphic transfer drawn on the company's own bank account*
- A certified copy of the passport or national identity card of each company employee authorised to deal or provide instructions in respect of this account.*
- A certified copy of the passport or national identity card of each ultimate beneficial owner with an interest of more than 5% in the corporation.*
- A certified copy of the resolution authorizing the investment into the Fund.*
- An authorised signatory list.*

4. WE REQUIRE THE FOLLOWING FROM PARTNERSHIPS:

- A fully completed application form. If any information is not provided, we reserve the right to reject or delay the application until all information is complete.*
- A certified copy of the partnership deed or agreement, or equivalent constitutive documents.*
- A certified copy of the resolution authorizing the investment.*
- The investment must be received from an account held in the partnership's own name, by cheque or telegraphic transfer drawn on the partnership's own bank account or that of the managing general partner.*
- The application form should be signed by all partners (if possible) and a certified copy of the passport or national identity card of each partner should also be provided.*
- An authorised signatory list, if instructions are only to be accepted from certain partners.*
- Where the partners are not individuals the information detailed in sections 2 or 3 above will be required.*

TELEGRAPHIC TRANSFER AUTHORITY

This form is provided for the convenience of subscribers to the Heritage Investment Fund Limited. Applicants sending funds by telegraphic transfer should complete this form and send it directly to the bank from which they wish their payment to be made. A copy can additionally be sent to the Administrator for information only, to assist in identifying the receipt of funds.

From: (Insert your own details)

Name: _____

Address: _____

Contact Telephone Number: _____

To: (Address this form to your bank)

Bank Name: _____

Bank Address: _____

Bank Contact Telephone
Number (in case of Enquiries): _____

Please debit: My account numbered: _____

My account name: _____

Amount: in words: (net of charges): _____

Amount: in figures: (net of charges): _____

(Payments must be received on the Valuation Day, or previous Business Day, unless the directors in their discretion determine otherwise)

For Value on: (Day-Month-Year) _____

Sterling, as detailed
below, or US Dollars

With currency: as detailed overleaf: _____

Remit Sterling telegraphic transfer to: Butterfield Bank (Channel Islands) Limited

at: PO Box 253, Martello Court, Admiral Park, St. Peter Port, Guernsey GY1 3QJ

SWIFT: MEESGGSPXXX

Sort Code: 60-91-65

For credit to: Heritage Fund Managers
Limited – Subscription/redemption
account (GBP)

Account Number: 10502203-01001

IBAN: GB24MEES60916550220301

Reference: (Insert Registered Name
given on Application Form) _____

Note to remitting bank: Please include the Registered Name in your telegraphic transfer to help avoid delays.

Remit US Dollar telegraphic transfer to: Deutsche Bank Trust Company Americas, New York, USA
SWIFT: BKTRUS33XXX
ABA: 021001033

For Correspondent Account: Butterfield Bank (Channel Islands) Limited
PO Box 253, Martello Court, Admiral Park, St. Peter Port, Guernsey GY1 3QJ
SWIFT: MEESGGSPXXX
Account No: 04422841

For credit to: Heritage Fund Managers
Limited – Subscription/redemption
account (USD) Account Number: 10502203-02001
IBAN: GB94MEES60916550220302

Reference: (Insert Registered Name
given on Application Form)

Note to remitting bank: Please include the Registered Name in your telegraphic transfer to help avoid delays.

Signing / Authorisation:

The signature(s) below must be in accordance with your bank mandate or instructions given to your bank.

Signature for a corporation should be under the hand of (a) duly authorised Officer(s), stating the capacity of the signatory/ (ies), or under its Common Seal, witnessed by (a) duly authorised Officer(s), stating the capacity of the signatory/ (ies).

Signature &/or
Company Seal: _____

Signature: _____

Capacity of the
signatory: _____

Capacity of the
signatory: _____

Date: _____

Date: _____