



**OCTOPUS**  
INVESTMENTS

# Simplified Prospectus

of IM Octopus Investment Funds  
incorporating the  
ISA Terms and Conditions

This document is valid as at 1st May 2010 and meets the Simplified Prospectus rules set out by the Financial Services Authority



Issued by IFDS Managers Limited (IFDSML)  
IFDSML is authorised and regulated by the Financial Services Authority  
IFDSML Registered Office: IFDS House, St Nicholas Lane, Basildon, Essex SS15 5FS

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This Simplified Prospectus contains key information in relation to IM Octopus Investment Funds (the “Company”) which is an open-ended investment company with variable capital incorporated in England and Wales on 27 August 2009 with registered number IC000770. The Company is classified as a non UCITS retail scheme (NURS) under the rules of the Financial Services Authority (“FSA”).

The Company is structured as an umbrella company, in that different Funds may be established from time to time by the authorised corporate director with the approval of the FSA. The Company currently has five sub-funds as follows:

**IM Octopus Fixed Income Fund**

**IM Octopus UK Equity Fund**

**IM Octopus International Equity Fund**

**IM Octopus Alternative Strategies Fund**

**IM Octopus Cash Fund (not yet launched)**

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

Potential investors are advised to read the Principal Prospectus dated 1 May 2010 (the “Prospectus”) before making an investment decision. The rights and duties of investors as well as their legal relationship with the Company are laid down in the Prospectus.

### **The Company and Head Office**

IM Octopus Investment Funds, IFDS House, St Nicholas Lane, Basildon, Essex SS15 5FS.  
Authorised and regulated by the Financial Services Authority.

Administration Office: IFDS Managers Ltd - Octopus, PO Box 10359, Chelmsford  
CM99 2AW.

Telephone: 0844 620 0010

### **Sponsor**

Octopus Investments Limited, 8 Angel Court, London EC2R 7HP.

### **Authorised Corporate Director**

IFDS Managers Limited, IFDS House, St Nicholas Lane, Basildon, Essex SS15 5FS.  
Authorised and regulated by the Financial Services Authority.

### **Investment Manager**

Octopus Investments Limited, 8 Angel Court, London EC2R 7HP. Authorised and regulated by  
the Financial Services Authority.

### **Marketing and Distribution for the Funds will be carried out by**

Octopus Investments Limited, 8 Angel Court, London EC2R 7HP. Authorised and regulated by  
the Financial Services Authority.

### **Depository**

State Street Trustees Limited, 20 Churchill Place, London E14 5HJ. Authorised and regulated  
by the Financial Services Authority.

### **Administrator**

International Financial Data Services (UK) Limited, IFDS House, St Nicholas Lane, Basildon,  
Essex SS15 5FS. Authorised and regulated by the Financial Services Authority.

### **Registrar**

International Financial Data Services Limited, IFDS House, St Nicholas Lane, Basildon, Essex  
SS15 5FS.

Administration Office for the Administrator and Registrar:

IFDS Managers Ltd – Octopus, PO Box 10359, Chelmsford CM99 2AW.

### **Legal Advisers to the Company**

Eversheds LLP, One Wood Street, London EC2V 7WS

### **Auditors**

Deloitte LLP, Saltire Court, 20 Castle Terrace, Edinburgh EH1 2DB

### **Competent Authority**

The Company is authorised and regulated by the Financial Services Authority. They can be  
contacted at 25 The North Colonnade, Canary Wharf, London E14 5HS or by calling 0845 606  
1234 (local call rates). Website [www.fsa.gov.uk](http://www.fsa.gov.uk)

**What are the Funds investment objectives and policies?**

The Funds will have their assets invested in accordance with the investment objectives and policies as detailed below.

**IM Octopus Fixed Income Fund**

A bond sub-fund of IM Octopus Investment Funds.

**What is the Fund's investment objective and policy?**

The Fund aims to achieve a balance of income and capital growth over the medium to longer term, the total of which is in excess of that of the Global Fixed Interest market, hedged into £-Sterling.

The Fund aims to generate a return, which is in excess of that of the Global Fixed Interest market average as measured by generally accepted broad market indices, like the Merrill Lynch Sterling Broad Market or Citigroup World Broad Investment Grade Bond.

It will seek to achieve its objective through investments primarily in fixed interest securities, through Shares and units of collective investment schemes, such as unit trusts, OEICs and other UCITS Funds, closed-ended schemes and individual Gilts and bonds. Foreign currency exposure may be hedged back into £-Sterling.

The Fund may also invest, at the ACD's discretion, in other transferable securities and collective investment schemes, money market instruments, cash and near cash and deposits to meet the investment objective. Use may also be made of stocklending, borrowing, cash holdings, derivatives for hedging and other investment techniques for efficient portfolio management permitted in COLL.

**IM Octopus UK Equity Fund**

An equity sub-fund of IM Octopus Investment Funds.

**What is the Fund's investment objective and policy?**

The Fund aims to achieve capital growth over the medium to longer term which is in excess of that of the UK equity market average.

The Fund aims to generate a return, which is in excess of that of the UK equity market average as

measured by generally accepted broad market indices, like the FTSE All-Share index.

It will seek to achieve its objective through investments primarily in UK equities, through Shares and units of collective investment schemes such as unit trusts, OEICs and other UCITS Funds, closed-ended schemes and individual stocks. Foreign currency exposure may be hedged back into £-Sterling.

The Fund may also invest, at the ACD's discretion, in other transferable securities and collective investment schemes, money market instruments, cash and near cash and deposits to meet the investment objective. Use may also be made of stocklending, borrowing, cash holdings, derivatives for hedging and other investment techniques for efficient portfolio management permitted in COLL.

**IM Octopus International Equity Fund**

An equity sub-fund of IM Octopus Investment Funds.

**What is the Fund's investment objective and policy?**

The Fund aims to achieve capital growth over the medium to longer term which is in excess of that of international equities, excluding the UK.

The Fund aims to generate a return, which is in excess of that of international equities, excluding the UK as measured by generally accepted broad market indices, like the FTSE All-World ex UK.

It will seek to achieve its objective through investments primarily in non-UK equities, through Shares and units in collective investment schemes such as unit trusts, OEICs and other UCITS Funds, closed-ended schemes and individual stocks. Foreign currency exposure may be hedged back into £-Sterling.

The Fund may also invest, at the ACD's discretion, in other transferable securities and collective investment schemes, money market instruments, cash and near cash and deposits to meet the investment objective. Use may also be made of stocklending, borrowing, cash holdings, derivatives for hedging and other investment techniques for efficient portfolio management permitted in COLL.

## **IM Octopus Alternative Strategies Fund**

An equity sub-fund of IM Octopus Investment Funds.

### **What is the Fund's investment objective and policy?**

The Fund aims to provide an absolute return for investors, regardless of the prevailing market conditions. Adopting a multi-manager approach, the Fund will look to deliver a positive return over a 12-month rolling period.

It will seek to achieve its objective through investments in a range of collective investment schemes, money market deposits, transferable securities and derivative instruments.

Subject to the requirements of the Regulations, the portfolio will normally remain fully invested. There will, however, be no restrictions on the underlying investments held, in terms of investment type, geographical or economic sector, other than those imposed by the Regulations, meaning that the Fund manager has the absolute discretion to weight the portfolio towards any investment type or sector, including cash, at any time.

Unregulated collective investment schemes may be used to the extent permitted by the Regulations. The portfolio will be actively managed and the Fund may hold exchange traded derivatives for investment purposes as well as for efficient portfolio management purposes (including hedging). It is not intended that the use of derivatives in this way will change the risk profile of the Fund. Borrowing will be permitted up to the levels stated in the Regulations.

## **IM Octopus Cash Fund (Not Yet Launched)**

A bond sub-fund of IM Octopus Investment Funds.

### **What is the Fund's investment objective and policy?**

The Fund aims to provide a level of income consistent with a high degree of security of capital through a portfolio of high quality, short-term money market instruments.

It will seek to achieve its objective by investing primarily in a range of £-Sterling denominated money market collective investment schemes and cash deposits and other money market instruments.

The approach is to select a range of higher quality money market Funds (for example those Funds with an S&P rating of AAAm or equivalent). Investors thereby benefit from diversified access to quality cash Funds. Offering capital security through widespread diversification while seeking solid rates of return.

### **What is the profile of the typical investor the Funds are designed for?**

These Funds should be suitable for investors who are seeking a well diversified, actively managed investment exposure to the respective asset classes covered by the different Funds. These investors are expected to have a good understanding of the investment risk and return parameters of the asset classes the Funds invest into. A class Shares are intended for use by retail investors with B class Shares intended for use by institutional investors and C class Shares for internal investors (Octopus Nominees Only).

## **What are the Funds general risk factors?**

We recommend that you contact a financial adviser if you are in any doubt about the suitability of an investment in the Fund, or if you are not confident that you fully understand the risks involved.

Further details of the investment risks may be found in the Principal Prospectus.

**Market risk** - The investments of a Fund are subject to normal market fluctuations and other risks inherent in investing in securities. There can be no assurance that any appreciation in the value of investments will occur. The value of investments and the income derived from them may fall as well as rise and investors may not recoup the original amount they invest in the Fund. There is no certainty that the investment objective of any Fund will actually be achieved and no warranty or representation is given to this effect. The past performance of a Fund should not be taken as a guide to its future performance.

**Effect of initial charge** - Where an initial charge is imposed, an investor who redeems their Shares after a short period may not (even in the absence of a fall in the value of the relevant investments) realise the amount originally invested. The Shares therefore should be viewed as medium to long term investments.

**Dilution adjustment and SDRT provision** - It should be noted that in certain circumstances a dilution adjustment may be applied to the price payable on the purchase or redemption of Shares in a Fund (see "Do you apply a dilution adjustment?" within the section "Charges and Expenses") or a provision for Stamp Duty Reserve Tax ("SDRT") may be applied on the purchase, redemption or transfer of Shares (see "SDRT" within the section "Economic Information").

Where dilution adjustment is not applied the Fund in question may incur dilution which may constrain capital growth.

**Suspension of dealings in Shares** - Investors are reminded that in certain circumstances their right to redeem Shares (including a redemption by way of switching) may be suspended (see Principal Prospectus for full details).

**Pricing and liquidity** - Where a Fund has exposure to alternative asset classes there is a risk that the price at which an asset is valued may not be realisable in the event of sale. This could be due to a mis-estimation of the asset's value or due to a lack of liquidity in the relevant market. As a result, at times, the ACD may have to delay acting on instructions to sell investments, and the proceeds on redemption may be materially less than the value implied by the Fund's price.

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

Notwithstanding the above, however, Shareholders are not liable for the debts of the Company. A Shareholder is not liable to make any further payment to the Company after he has paid the price on purchase of the Shares.

**Currency exchange rates** - Currency fluctuations may adversely affect the value of a Fund's investments and, depending on an investor's currency of reference, currency fluctuations may adversely affect the value of an investment in Shares.

**Emerging markets** - Investments in emerging markets may be more volatile than investments in more developed markets. Some of these markets may have relatively unstable governments, economies based on only a few industries and securities markets that trade only a limited number of securities. Many emerging markets do not have well developed regulatory systems and disclosure standards may be less stringent than those of developed markets. The risks of expropriation, nationalisation and social, political and economic

instability are greater in emerging markets than in more developed markets.

**Sub investment grade bonds** - The Funds may hold sub-investment grade bonds. Such bonds have a lower credit rating than investment grade bonds and carry a higher degree of risk.

**Overseas bonds and currencies** - From time to time, any Fund that invests in bonds may invest in overseas bonds and currencies. These markets may respond to different influences to those that affect the underlying Funds and accordingly carry a higher degree of risk.

**Smaller companies** - Funds investing in smaller companies invest in transferable securities which may be less liquid than the securities of larger companies, as a result of inadequate trading volume or restrictions on trading. Securities in smaller companies may possess greater potential for capital appreciation, but also involve risks, such as limited product lines, markets and financial or managerial resources and trading in such securities may be subject to more abrupt price movements than trading in the securities of larger companies.

**Credit and Fixed Interest Security** - Fixed interest securities are particularly affected by trends in interest rates and inflation. If interest rates go up, the value of the capital may fall, and vice versa. Inflation will also decrease the real value of capital. The value of a fixed interest security will fall in the event of the default or reduced credit rating of the issue. Generally, the higher the rate of interest, the higher the perceived credit risk of the issuer. High yield bonds with lower credit rating (also known as sub-investment grade bonds) are potentially more risky (higher credit risk) than investment grade bonds. A sub-investment grade bond has a Standard and Poor's credit rating of below BBB or equivalent.

**Derivatives and volatility** - Derivative instruments may be used in the Funds (except the IM Octopus Cash Fund) for the purposes of Efficient Portfolio Management (EPM). The use of derivatives for EPM should not lead to an increase in risk to the Funds.

In respect of the IM Octopus Alternative Strategies Fund, derivatives will be used for the purposes of investment. Where the ACD invests in derivatives and forward transactions in the pursuit of the IM Octopus Alternative Strategies Fund's objective, the net asset value of the IM Octopus Alternative Strategies Fund may at times be volatile (in the absence of compensating investment techniques). However, it is the ACD's intention that the IM

Octopus Alternative Strategies Fund will not have volatility over and above the general market volatility of the markets of the IM Octopus Alternative Strategies Fund's underlying investments owing to the use of the derivatives and/or forward transactions in the pursuit of its objectives. It is not the ACD's intention that the use of derivatives and forward transactions in the pursuit of the IM Octopus Alternative Strategies Fund's objective will cause its risk profile to change.

**Counterparty Risk** - If a Fund enters into a derivative contract it will be exposed to the credit of the other party (usually referred to as 'counterparty') and their ability to wholly or partly satisfy the terms of the contract.

In the event of a bankruptcy or insolvency of a counterparty, a Fund could experience delays in liquidating the position and may incur significant losses. The ACD may use one or more counterparties to undertake derivative transactions on behalf of a Fund and may be required to pledge a Fund's assets as collateral against these transactions. There may be a risk that a counterparty will be unable to meet its obligations with regards to the return of the collateral and may not meet other payments due to a Fund.

**Performance risk** - There may be a variation in the performance between different Funds with similar investment objectives due to the different assets selected. The degree of investment risk depends on the risk profile of the Fund chosen.

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

### **What risk factors affect the Funds?**

Specific risks relating to these Funds are as follows:

#### **Investing in other collective investment schemes**

- Each Fund may invest in other regulated collective investment schemes. As an investor of another collective investment scheme, a Fund will bear, along with the other investors, its portion of the expenses of the other collective investment scheme, including management, performance and/or other fees. These fees will be in addition to the management fees and other expenses which a Fund bears directly with its own operations.

**Exchange Traded Funds ("ETF")** - The Fund may invest in Exchange Traded Funds. Exchange Traded Funds represent a basket of securities that are traded on an exchange and may not necessarily trade at the net asset

value of their underlying holdings. As a result, they may trade at a price that is above or below the value of the underlying portfolio.

**Non-UCITS Retail Schemes (NURS)** - Such Funds can have wider investment and borrowing powers than UCITS schemes with higher investment limits in various areas. They can also invest to a greater extent in areas such as property and unregulated schemes and have the option to borrow on a permanent basis. Such additional powers can increase potential reward, but may also increase risk.

**Unregulated Collective Investment Schemes** - A Fund may invest, in total no more than 20% of the scheme property, in unregulated collective investment schemes which are generally considered to be a higher risk than investment in regulated schemes. An unregulated collective investment scheme is unlikely to be subject to regulations which govern how they are managed. For example, they can utilise higher risk investment techniques, they may borrow to invest, they can suspend calculation of net asset value preventing redemption or otherwise limit redemption, they may not adhere to internationally recognised accounting standards and functions such as pricing and custody may not be subject to any rules.

A Fund may also invest in unregulated collective investment schemes which are valued less frequently than

the Fund. As a result, there is a risk that any market movements will not be reflected in the daily price of the Fund and that investors may miss out on unrealised profits from underlying investments.

**High volatility and warrants** - Whilst warrants may be utilised for the management of investment risk they can also be volatile. A warrant allows within a subscribed period the right to apply for Shares, debentures, loan stock or government securities from the issuer of the underlying security. A small movement in the price of the underlying security results in a disproportionately large movement, favourable or unfavourable in the price of the warrant. Therefore the larger the Fund holding in warrants the larger the risk of volatility.

**Charges to capital** - Where the investment objective of a Fund is to treat the generation of income as a higher priority than capital growth, or the generation of income and capital growth have equal priority, all or part of the ACD's fee and other expenses may be charged against capital instead of against income. This treatment of the ACD's fee and other expenses will increase the amount of income (which may be taxable) available for distribution to Shareholders in the Fund concerned but may constrain capital growth. The IM Octopus Fixed Income Fund and the IM Octopus Cash Fund (not yet launched) charge the ACD fee and other expenses against capital.

## What limits apply to investing in the Funds?

The limits that apply to investment in all of the Funds are as follows:

Fund	Share Class and Type	Minimum Initial Investment	Minimum Subsequent Investment	Minimum Holding	Minimum Redemption	Regular Savings Facility **
IM Octopus Fixed Income Fund	A Class (Retail) Income or Accumulation	£3,000	£1,000	£1,000	None	£100 per month (minimum of £50 per Fund).
	B Class (Institutional) Income or Accumulation	£2,500,000	£35,000	£35,000	None	n/a
	C Class (Internal*) Income or Accumulation	£10,000,000	£1,000,000	£1,000,000	None	n/a
IM Octopus UK Equity Fund	A Class (Retail) Accumulation	£3,000	£1,000	£1,000	None	£100 per month (minimum of £50 per Fund).
	B Class (Institutional) Accumulation	£2,500,000	£35,000	£35,000	None	n/a
	C Class (Internal*) Accumulation	£10,000,000	£1,000,000	£1,000,000	None	n/a
IM Octopus International Equity Fund	A Class (Retail) Accumulation	£3,000	£1,000	£1,000	None	£100 per month (minimum of £50 per Fund).
	B Class (Institutional) Accumulation	£2,500,000	£35,000	£35,000	None	n/a
	C Class (Internal*) Accumulation	£10,000,000	£1,000,000	£1,000,000	None	n/a
IM Octopus Alternative Strategies Fund	A Class (Retail) Accumulation	£3,000	£1,000	£1,000	None	£100 per month (minimum of £50 per Fund).
	B Class (Institutional) Accumulation	£2,500,000	£35,000	£35,000	None	n/a
	C Class (Internal*) Accumulation	£10,000,000	£1,000,000	£1,000,000	None	n/a
IM Octopus Cash Fund ***	A Class (Retail) Income or Accumulation	£100,000	£5,000	£5,000	None	£100 per month (minimum of £50 per Fund).
	B Class (Institutional) Income or Accumulation	£2,500,000	£35,000	£35,000	None	n/a
	C Class (Internal*) Income or Accumulation	£10,000,000	£1,000,000	£1,000,000	None	n/a

\*Octopus Nominees only.

\*\*Collection date for regular savings is the 10th of each month or the next working day if the 10th falls on a non working day.

\*\*\*Not yet launched.

## **How do I buy/sell my investment?**

### **General**

The dealing office of the Administrator is normally open from 9am to 5pm on each dealing day to receive postal requests for the purchase, sale and switching of Shares in a Fund. Requests to deal in Shares may also be made by telephone on each dealing day (at the ACD's discretion) between 9am and 5pm directly to the office of the Administrator on 0844 620 0010. The initial purchase must, at the discretion of the Administrator, be accompanied by an application form.

Valid instructions to the Administrator to buy or sell Shares in a Fund will be processed at the Share price calculated, based on the net asset value per Share, at the next valuation point following receipt of the instruction. Please see the Principal Prospectus for further details.

### **Buying Shares**

Shares may be bought directly from the ACD via the Administrator or through a professional adviser or other intermediary. Any intermediary who recommends an investment in a Fund to an investor may be entitled to receive commission from the ACD. An ongoing commission, based on the value of Shares held may also be paid to qualifying intermediaries.

A confirmation giving details of the number and price of Shares bought will be issued by the Administrator no later than the end of the business day following the later of receipt of the application to buy Shares and the valuation point by reference to which the price is determined, together with, where appropriate, a notice of the investor's right to cancel.

### **Selling Shares**

Investors are entitled on any dealing day to redeem their Shares.

A confirmation giving details of the number and price of Shares redeemed will be issued by the Administrator by the end of the business day following receipt of either the instruction to redeem Shares or, the valuation point by reference to which the price is determined, whichever is the later. If sufficient written instructions have not already been given, a form of renunciation will also be issued for completion and execution by the investor (or, in the case of a joint holding, by all the joint holders).

Payment of redemption proceeds will normally be made by direct credit to the first named investor's nominated bank account. Instructions to make payments to third parties (other than intermediaries associated with the redemption) will not normally be accepted.

Such payment will be made within four business days of the later of (a) receipt by the Administrator of the form of renunciation (or other sufficient written instructions) duly signed and completed by all the relevant investors together with any other documentation and appropriate evidence of title, any required anti-money laundering related documentation, and (b) the valuation point following receipt by the Administrator of the request to redeem.

## **Can I switch between the different sub-funds of the Company?**

Subject to any restrictions on the eligibility of investors for a particular Share class, an investor in a Fund may at any time switch all or some of his Shares of one class or Fund for Shares of another class or Fund in the Company.

The ACD may at its discretion make a charge on the switching of Shares between Funds or classes. There is currently no charge for switching Shares in one class of a Fund for Shares in another class of the same Fund.

A switch of Shares in one Fund for Shares in any other Fund will be treated as a redemption and purchase and will, for persons subject to taxation be a realisation for the purposes of capital gains taxation.

## **When will my investment be made?**

Where an application or telephone instruction is received before 12 noon on any business day, the investment will be made at the 12 noon valuation point on the same day.

Instructions received after 12 noon on any business day will be priced at the 12 noon valuation point the following day.

## **How can I keep track of the price of the Funds?**

The previous day's dealing prices of Shares in the Funds are available at [www.fundlistings.com](http://www.fundlistings.com).

The prices of Shares may also be obtained by calling the ACD on 0844 620 0010 during the ACD's normal business hours.

As the Administrator deals on a forward pricing basis, the price that appears in these sources will not necessarily be the same as the one at which investors can currently deal.

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

## When are distributions of income made?

The IM Octopus UK Equity, International Equity and Alternative Strategies Funds offer Accumulation Shares only and so do not pay any income.

The IM Octopus Fixed Income Fund and the IM Octopus Cash Fund offer both Accumulation and Income Shares.

Income will be accumulated in the price of Accumulation Shares and the Share price will be increased to reflect

this. Holders of Accumulation Shares will be sent an Accumulation Statement giving details of the amount accumulated during the relevant period.

Income will be distributed to holders of Income Shares who will receive a Distribution Statement giving details of the amount distributed during the relevant period.

Details of the accumulation and distribution dates are shown below.

## Table of Accumulation and Distribution Dates

Sub-Fund	Final Accounting Date	Interim Accounting Dates	Ex-dividend Dates	Income Distribution/ Accumulation Dates
IM Octopus Fixed Income Fund	31 October	30 April	1 November/1 May	31 December/30 June
IM Octopus UK Equity Fund	31 October	30 April	1 November/1 May	31 December/30 June
IM Octopus International Equity Fund	31 October	30 April	1 November/1 May	31 December/30 June
IM Octopus Alternative Strategies Fund	31 October	30 April	1 November/1 May	31 December/30 June
IM Octopus Cash Fund*	31 October	30 April	First day of every month	Final business day of each month

\*Not yet launched

## What fees and expenses apply to the Fund's Shares?

### Fees paid directly by you

- Initial Charge

Sub-Fund	Share Class and Type	Initial Charge
IM Octopus Fixed Income Fund	A, B and C Income and Accumulation Shares	5%
IM Octopus UK Equity Fund	A, B and C Accumulation Shares	5%
IM Octopus International Equity Fund	A, B and C Accumulation Shares	5%
IM Octopus Alternative Strategies Fund	A, B and C Accumulation Shares	5%
IM Octopus Cash Fund*	A, B and C Income and Accumulation Shares	3.5%

\*Not yet launched.

- Switch Charge: Nil
- Redemption Charge: Nil

### Fees paid out of the Funds' assets

- Annual management charge:

Sub-Fund and Share Type	Share Class		
	A Class (Retail)	B Class (Institutional)	C Class (Internal*)
IM Octopus Fixed Income Fund (Income and Accumulation)	1.75%	1.00%	0.75%
IM Octopus UK Equity Fund (Accumulation)	1.75%	1.00%	0.75%
IM Octopus International Equity Fund (Accumulation)	1.75%	1.00%	0.75%
IM Octopus Alternative Strategies Fund (Accumulation)	1.75%	1.00%	0.75%
IM Octopus Cash Fund ** (Income and Accumulation)	0.75%	0.50%	0.40%

\*Octopus Nominees only

\*\*Not yet launched

- the Custodian's fees and expenses
- Other fees and expenses related to the management and administration of the Fund for which the ACD is permitted to be reimbursed as detailed in the Prospectus (see section 7 "Fees and Expenses").

### How much will any advice cost?

Should you decide to take advice about the Fund your adviser will give you details about the cost. The amount will depend on the size of your investment and, in the case of regular savings, the period for which you make them.

## How will charges and expenses affect my investment?

Shares in a Fund are purchased and sold at the Fund's Share price based on net asset value. The initial charge paid as detailed above is deducted from an investor's subscription monies before Shares are purchased. All fees and expenses for the IM Octopus Fixed Income Fund and IM Octopus Cash Fund (not yet launched) will be charged initially to the capital of the Funds, whilst for the IM Octopus UK Equity, International Equity and Alternative Strategies Funds they will be charged to the income of the Funds. Where fees are charged to capital this can constrain capital growth.

The effect of the charges and expenses on an investment are illustrated in the following table which has been put together in accordance with FSA regulatory guidelines. These calculations are based on the assumption that the investment is growing at a rate of 6% per year for a direct investment and are based on an investment into A Class Shares. All investment managers use the same rates of growth for illustrations but their charges vary.

What you will get back will depend on how your investment grows. You could get more or less than the figures shown. Do not forget that inflation will reduce what you can buy in the future with the amount shown.

## Illustration of the possible effect of charges and expenses on your investment\*

Fund Name	IM Octopus Fixed Income Fund	IM Octopus UK Equity Fund	IM Octopus International Equity Fund	IM Octopus Alternative Strategies Fund		
Share Class Used For Illustration	A	A	A	A		
Lump Sum Invested	£3,000	£3,000	£3,000	£3,000		
Illustrative Growth Rate per Annum	6.00%	6.00%	6.00%	6.00%		
Initial Charge	5.00%	5.00%	5.00%	5.00%		
	At End of Year:	Acc	Inc	Acc	Acc	Acc
Income to Date**: **applicable to income Shares only	Year 1		£82			
	Year 3		£249	n/a	n/a	n/a
	Year 5	n/a	£418			
	Year 10		£853			
Effect of Deductions to Date:	Year 1	£226	£225	£226	£226	£226
	Year 3	£400	£392	£400	£400	£400
	Year 5	£606	£582	£606	£606	£606
	Year 10	£1,290	£1,170	£1,290	£1,290	£1,290
What you might get back:	Year 1	£2,950	£2,870	£2,950	£2,950	£2,950
	Year 3	£3,170	£2,910	£3,170	£3,170	£3,170
	Year 5	£3,400	£2,950	£3,400	£3,400	£3,400
	Year 10	£4,070	£3,060	£4,070	£4,070	£4,070
This line shows that over 10 years the effect of total charges and expenses could amount to:	Year 10	£1,290	£1,170	£1,290	£1,290	£1,290
	Year 10	3.11%	3.04%	3.11%	3.11%	3.11%
Putting it another way this would have the same effect as bringing investment growth from 6% a year down to:	Year 10					
	Year 10					

\* IM Octopus Cash Fund has not been included in the table as it has not yet been launched.

## What is the total expense ratio (“TER”)?

The TER is a measure used to show the annual operating expenses of the relevant Fund. The TER is the accepted standard used in the European Union for the comparison of these costs.

Certain costs are excluded from the calculation of the TER. They include:

- the initial charge
- transaction expenses
- interest on borrowing
- payments incurred due to financial derivative instruments
- entry/exit commissions or any fees paid directly by the investor
- commission sharing arrangements

## Table of Charges and Expenses

Sub-fund	Share Class	Initial Charge	AMC	TER*
IM Octopus Fixed Income Fund	Class A (Retail) Shares	5.0%	1.75%	2.25%
	Class B (Institutional) Shares	5.0%	1.00%	1.50%
	Class C (Internal) Shares	5.0%	0.75%	0.95%
M Octopus UK Equity Fund	Class A (Retail) Shares	5.0%	1.75%	2.25%
	Class B (Institutional) Shares	5.0%	1.00%	1.50%
	Class C (Internal) Shares	5.0%	0.75%	0.95%
IM Octopus International Equity Fund	Class A (Retail) Shares	5.0%	1.75%	2.25%
	Class B (Institutional) Shares	5.0%	1.00%	1.50%
	Class C (Internal) Shares	5.0%	0.75%	0.95%
IM Octopus Alternative Strategies Fund	Class A (Retail) Shares	5.0%	1.75%	2.25%
	Class B (Institutional) Shares	5.0%	1.00%	1.50%
	Class C (Internal) Shares	5.0%	0.75%	0.95%
IM Octopus Cash Fund (not yet launched)	Class A (Retail) Shares	3.50%	0.75%	0.90%
	Class B (Institutional) Shares	3.50%	0.50%	0.65%
	Class C (Internal) Shares	3.50%	0.40%	0.55%

\* As these are new Funds, there are currently no figures for the TER. However, we believe the projected TER will be as shown above.

## Do you apply a dilution adjustment?

The actual cost of purchasing, selling or switching assets and investments in the Funds may deviate from the mid-market value used in calculating its Share price, due to dealing charges, taxes, and any spread between buying and selling prices of that Fund’s underlying investments. These costs could have an adverse effect on the value of the Funds, known as “dilution”. In order to mitigate the effect of dilution the Regulations allow the ACD to adjust the sale and purchase price of Shares in the Funds to take into account the possible effects of dilution. This practise is known as making a “dilution adjustment” or operating swinging single pricing. The power to make a dilution adjustment may only be exercised for the purpose of reducing dilution in the Funds.

The dilution adjustment is calculated using the estimated dealing costs of a Fund’s underlying investments and taking into consideration any dealing spreads, commission and transfer taxes. The need to make a dilution adjustment will depend on the difference between the value of Shares being acquired and the value of Shares being redeemed as a proportion of the total value of that Fund.

Where a Fund is experiencing net acquisitions of its Shares the dilution adjustment would increase the price of Shares above their mid-market value. Where a Fund is experiencing net redemptions the dilution adjustment

would decrease the price of Shares to below their mid-market value.

It is the ACD’s policy to reserve the right to impose a dilution adjustment on purchases, sales and switches of Shares of whatever size and whenever made. In the event that a dilution adjustment is made it will be applied to all transactions in a Fund during the relevant measurement period and all transactions during the relevant measurement period will be dealt on the same price inclusive of the dilution adjustment.

It is projected that a typical dilution adjustment may range from 0.2% to 0.8% when buying or selling Shares.

Full details on this policy are available in the Principal Prospectus.

## What is the Portfolio Turnover Rate (“PTR”)?

The PTR shows the level of trading activity in the Company. The formula used to calculate the PTR is as follows:

$$\frac{(\text{purchases} + \text{sales}) - (\text{subscriptions} + \text{redemptions}) \times 100}{(\text{average Fund value over 12 months})}$$

As these are new Fund’s there are currently no figures for the PTR.

**What about tax?**

The information below is a general guide based on current United Kingdom law and HM Revenue and Customs practice, both of which are subject to change. It summarises the tax position of the Funds and of investors who are United Kingdom resident and hold Shares as investments. Prospective investors who are in any doubt about their tax position, or who may be subject to tax in a jurisdiction other than the United Kingdom, are recommended to take professional advice.

**How are the Funds themselves treated for tax purposes?**

The Funds are generally exempt from tax on their capital gains.

Dividends from both United Kingdom and foreign companies are received by a Fund with a tax credit and no further tax is payable by the Fund on that income. The Funds will each be subject to corporation tax at 20% on most other types of income but after deducting allowable management expenses and the gross amount of any interest distributions. Where a Fund suffers foreign tax on income received, this may normally be treated as an expense or deducted from any United Kingdom tax payable on that income.

**How does tax affect an investor?**

For tax purposes, the IM Octopus Fixed Income Fund and IM Octopus Cash Fund (not yet launched) are 'Bond' Funds and the IM Octopus UK Equity, International Equity and Alternative Strategies Funds are 'Equity' Funds.

**Income from "Bond" Funds**

Funds which are so-called "Bond" Funds for the purposes of tax will pay any distributable income as interest distributions (which will be automatically retained in the Fund in the case of accumulation Shares). Interest distributions will be paid with a 20% tax credit. United Kingdom individuals liable to income tax on savings income at the starting rate will be able to reclaim part of the tax credit from HM Revenue and Customs, while individuals liable to income tax at the basic rate will have no further liability to tax. Higher rate taxpayers will have to pay an annual amount of income tax (as will individuals

liable to the additional rate of income tax from April 2010). Non-taxpayers are entitled to reclaim the tax credits on interest distributions.

**Income from "Equity" Funds**

Funds which are so called "Equity" Funds for the purposes of tax will pay any distributable income as dividend distributions, (which will be automatically retained in the Fund in the case of accumulation Shares). Dividend distributions will be paid with a 10% tax credit. United Kingdom resident individuals liable to income tax on income at the basic rate will have no further liability to tax. Higher rate taxpayers will have to pay an additional amount of income tax. Non-taxpayers may not reclaim the tax credits on dividend distributions.

Corporate investors who receive dividend distributions may have to divide them into two (in which case the division will be indicated on the tax voucher). Any part representing dividends received from a company will be treated as dividend income (that is, franked investment income) and no further tax will be due on it. The remainder will be received as an annual payment after deduction of income tax at the basic rate, and corporate investors may, depending on their circumstances, be liable to tax on the grossed up amount, with the benefit of the 20% income tax credit attached or to reclaim part of the tax credit as shown on the tax voucher.

**Gains**

Investors who are resident in the United Kingdom for tax purposes may, depending on their personal circumstances, be liable to capital gains tax or, if a corporate investor, corporation tax on gains arising from the redemption, transfer or other disposal of Shares (but not on switches between classes within a Fund).

Part of any increase in value of accumulation Shares represents the accumulation of income (including income equalisation but excluding tax credit). These amounts may be added to the acquisition cost when calculating the capital gain realised on their disposal. If imposed on a particular deal the maximum rate of SDRT shall always be equivalent to the rate set by HM Revenue and Customs.

Shareholders within the charge to corporation tax must treat their holding in the "Bond" Fund as a creditor relationship and apply a fair value basis of accounting.

### **What is your policy on SDRT?**

SDRT arises on the surrender (i.e. the redemption or switching) and transfers on the register of Shares in a Fund. The SDRT due is calculated at the rate of 0.5% of the market value of the Shares surrendered. This charge is subject to reduction to the extent that:

- (i) the number of Shares surrendered to the Company in a prescribed two week period in which the redemption occurs exceeds the number of Shares of the same Fund issued in that period; or
- (ii) the Company invested in certain exempt investments in the two week period.

The current policy is that all SDRT costs will be paid out of the Company's scheme property and charged to capital. SDRT will not be recovered from investors. However, the ACD reserves the right to require investors to pay SDRT whenever it considers that the

circumstances have arisen which make such imposition fair to all investors or potential investors. The ACD may impose an SDRT provision on large deals when no SDRT provision is imposed on smaller deals or which is larger than that imposed on smaller deals. A "large deal" is a transaction (or a series of transactions in one dealing period) by any person to buy, sell or exchange Shares at a total value of £15,000 or more. In the event there is a change in this policy the ACD will give prior notification of such change to investors prior to it taking effect.

Although it cannot be guaranteed, it is the opinion of the ACD that SDRT will rarely be recovered from investors on the sale of Shares in any Fund. This statement is based on the ACD's current policy for SDRT as detailed above. If imposed on a particular deal the maximum rate of SDRT shall always be equivalent to the rate set by HM Revenue and Customs.

## **What other information can I access?**

The annual report of the Company will normally be despatched within two months of each annual accounting period although the ACD reserves the right to despatch the annual report at a later date but not later than four months from the end of each annual accounting period and the half yearly report will be despatched within two months of each interim accounting period.

The ACD has determined that the accounts contained in this report should be short reports and are available to any person free of charge on request. A report containing the full accounts is available to any person free of charge on request.

The relevant accounting end dates are detailed in the "Investing in the Funds" section.

## **Manager's reports and Funds' Prospectus**

Copies of the Principal Prospectus and the latest annual and half-yearly reports may be obtained free of charge, before or after you invest with the ACD, at the administration address quoted within the section "Introduction". In addition the latest annual and half-yearly reports may be downloaded from our website [www.ifdsmanagers.com](http://www.ifdsmanagers.com).

## **Distance Marketing Directive**

If an investor has not had a face to face discussion with a representative of the company through which they are making this investment, which could, for example, be the ACD or a company providing financial advice, then the investor is entering into this transaction 'at a distance'.

In this situation an investor does not have a right to cancel this investment unless the ACD decides to extend such a right to them. An investor who has bought Shares at a distance can still sell those Shares, as they are able to do at any time. However, they cannot recover any initial charges incurred in the purchase of the Shares.

This simplified prospectus contains all of the information required for an investment made directly through the ACD. Where Shares are purchased through an agent, investors should ask that agent for details of their identity, geographical address and the capacity in which they are acting.

The main service we provide to investors is the management and administration of the Company. Details of all fees and expenses associated with the provision of this service are provided in this document. There are no additional costs levied by the ACD for investing at a distance, but there may be other taxes or third party costs that may apply to investors depending on their personal circumstances.

The investment contract between an investor and the ACD is governed by English Law and, by purchasing Shares, the investor agrees that the Courts of England have exclusive jurisdiction to settle any disputes. All communications in connection with this investment will be in the English language.

Any information in this document is valid only at the date of publication which is stated on the front cover. All such information can change at any time and it will not necessarily be possible for us to notify you of any such changes in advance. Please contact the ACD for updates on any of the enclosed information.

## **Cancellation**

An investor does not have the right to cancel their application to invest in a Fund if the application has been made directly by the investor or if the investor did not meet their adviser or agent face to face though the ACD may, at its discretion, extend cancellation rights to such an investor.

If an investor has received face to face advice on the investment they will have a right to change their mind under rules made by the FSA under the Financial Services and Markets Act 2000. The investor will be able to exercise the right to cancel within 14 days of receipt of the cancellation notice from the Administrator and they will receive a refund of the amount invested either in full or less a deduction to reflect any fall in the markets in the interim.

## **UK Money Laundering Regulations**

In order to comply with the identification requirements of the UK Money Laundering Regulations, we may need to ask you to provide proof of your identity and address when buying or selling Shares or to perform independent electronic searches of third-party databases

supplying such information. Until satisfactory evidence has been received we reserve the right to refuse to pay the proceeds of a redemption of Shares to you. Any such withheld proceeds will be held on a client money account; no interest will be payable.

### **Complaints**

Complaints concerning the operation or marketing of the Company may be referred to the Complaints Officer of the ACD at IFDS Managers Limited - Octopus, PO Box 10359 Chelmsford CM99 2AW or, if you subsequently wish to take your complaint further, direct to the Financial Ombudsman Service at South Quay Plaza, 183 Marsh Wall, London E14 9SR.

### **Compensation**

If the ACD is unable to meet any of its liabilities to the investor, the investor may be entitled to compensation under the Financial Services Compensation Scheme, established under the Financial Services and Markets Act 2000. Most types of investment business are covered for 100% of the first £50,000.

### **Personal Data**

We may make your name and address available to companies within the IFDS group to enable information about other investment services and products to be sent to you. If you do not want to receive this information please tick the box on the application form. Please note that if the box is not ticked and you decide at a later date that you don't want to receive any such information just let us know by telephoning us on 0844 620 0010 or by writing to us.

We may process, transfer and disclose the personal information which is provided to us, and which is generated during the course of our relationship with you, for the purposes of administering products and services that we provide to you, including monitoring and/or recording our telephone calls, detecting and preventing fraud and money laundering, compliance with laws and public duties, marketing and for market and product analysis.

Your personal information may be passed to and used by companies within our group of companies and our agents and sub-contractors who administer or process the information on our behalf. We may need to disclose your personal data to any intermediary, independent financial adviser or other introducer who represents you. We will never sell, rent or trade an investor's personal information to a company outside those described above without your permission. We may however transfer information about you to anyone or any entity to whom or to which we transfer our rights, obligations or otherwise dispose of all or part of our business.

It may be necessary to transfer your personal data outside of the European Economic Area (EEA) where there may not be data protection laws providing the same level of protection as those in the EEA. In these circumstances there will always be a contract in place to ensure that your personal data is appropriately protected and processed in accordance with the applicable legislation and under suitable obligations of confidentiality.

In some instances we may be required to disclose your personal information to a regulatory or law enforcement authority in the UK or in any other country in which your personal information may be processed anywhere in the world.

You have the right to access the personal data that is held about you. To obtain a copy of the personal information we hold you should write to our Compliance Officer. We will respond to you within 40 days of receipt of the request and we will charge the statutory rate for this service, which at present is £10.

If there are any inaccuracies in the information we hold about you please notify us of this in order that we may correct the information that we hold.

By providing us with your personal information and using our services, you consent to the use, disclosure, processing and transfer of your personal information in the way described in this statement.

# Historical Performance

This section provides details on the historical performance of the IM Octopus Investment Funds.

### **How has the Fund performed historically?**

As the Fund has been in existence for less than one year there is no past performance information currently available.



These Terms and Conditions are effective from 1st May 2010 and substitute in full any previous terms and conditions relating to your ISA investment.

## 1. Definitions

**'Account'** means an IM Octopus ISA.

**'ACD'** means the Authorised Corporate Director of the OEIC, which is IFDS Managers Limited.

**'Administrator'** means the administrator of the ISA, which is International Financial Data Services (UK) Limited.

**'Distribution Payment Dates'** will be as detailed in the Principal Prospectus for the OEIC.

**'FSA'** means the UK Financial Services Authority of 25 The North Colonnade, Canary Wharf, London E14 5HS.

**'Fund/Fund(s)'** means a sub-fund or sub-funds of the OEICs.

**'Investments'** means the Shares and/or cash held in the ISA.

**'Investor'** means a Qualifying Individual, who invests in an ISA.

**'ISA'** means a Stocks and Shares Individual Savings Account established under the Regulations governed by these Terms and Conditions and subscribed to by the Investor.

**'Manager'** means the manager of the IM Octopus ISA.

**'OEICs'** means the IM Octopus Investment Funds, which is an investment company with variable capital incorporated in England and Wales on 27th August 2009 with the FSA number IC000770.

**'Qualifying Individual'** means an individual aged 18 years or over who is deemed to be resident or ordinarily resident in the UK for tax purposes. This includes a non-resident who performs duties which by virtue of Section 28 of the Income Tax (Earnings & Pensions) Act 2003 are treated as being performed in the UK (Crown employees serving overseas) or is married to, or is in a civil partnership with a person who performs such duties.

**'Regulations'** means the Individual Savings Account Regulations 1998 (as amended from time to time).

**'Rules'** means the rules of the FSA (as amended from time to time).

**'Terms and Conditions'** means these terms and conditions and the statements and declarations made by the Investor on his or her application form.

**'We/us/our'** means the Manager.

**'Year'** means a year beginning on 6 April in any year and ending on 5 April in the following year.

**'You/your'** means the Investor.

## 2. General

- 2.1 You should note that in accordance with the Rules, we categorise Investors as "Retail Clients". You will not receive unsolicited calls from us.
- 2.2 You should be aware of the nature and risks of investing in an ISA. Please see the Simplified Prospectus for more information on the Funds.
- 2.3 The Account will come into force subject to the Regulations and the provision of these Terms and Conditions on the date the Manager accepts your application.
- 2.4 These Terms and Conditions shall apply to all transactions between the Investor and the Manager and form the basis upon which the ISA will operate.
- 2.5 The Manager reserves the right to amend these Terms and Conditions, provided that such variation will not prejudice compliance with the Rules or the Regulations. Any such significant amendment will be notified to the Investor and will automatically take effect 30 calendar days later. We may vary these Terms and Conditions to reflect changes in the Rules or Regulations, without giving you prior notice.
- 2.6 The Manager will manage the ISA in accordance with the Regulations and will notify the Investor if the ISA has or will become void due to any failure to satisfy them. Should any provision of these Terms and Conditions be or become illegal, invalid or unenforceable under any applicable law, neither the validity nor enforceability of the remaining provision in these Terms and Conditions will in any way be affected or impaired.
- 2.7 This ISA is not a stakeholder product (the minimum voluntary benchmark prescribed by HM Treasury).
- 2.8 You should note that your tax treatment in relation to any investments made under these Terms and Conditions will depend on your individual circumstances and may be subject to change in the future.
- 2.9 The Manager is authorised and regulated in the conduct of investment business by the Financial Services Authority (25 The North Colonnade, Canary Wharf, London E14 5HS, UK), FSA registration number 469278. You can check this by visiting the Register on the FSA's website ([www.fsa.gov.uk/register](http://www.fsa.gov.uk/register)) or by contacting the FSA on 0845 606 1234. We are approved by HM Revenue & Customs as an ISA Account Manager under the Regulations.
- 2.10 The Manager's registered address is at IFDS House, St Nicholas Lane, Basildon, Essex SS15 5FS and its website is [www.ifdsmanagers.com](http://www.ifdsmanagers.com).

### 3. Your Application

- 3.1 You can apply to subscribe to an ISA in either of the following ways:
- (a) By completing our application form and returning it to us by post.
  - (b) By investing a lump sum by calling our dealers on 0844 620 0010. This service is only available to clients who can confirm that they have received the Simplified Prospectus pre-sale.
  - (c) If you apply by telephone, we will send you confirmation of the details you have provided and a copy of the declaration you have made under the Regulations once we have accepted your application. Once you have received this confirmation, you have 30 calendar days to tell us if any details are incorrect.
- 3.2 If you complete our written application form, we will simply send you confirmation of your subscription once we have accepted it.
- 3.3 If you do not give us the complete information required under the Regulations at the time we receive your application form, then we cannot proceed with your ISA subscription and we will return your application to you for completion.

### 4. Acceptance

- 4.1 For new ISAs, the Manager can accept a correctly completed and signed application form only if accompanied by a valid cheque payable to IFDS Managers Limited or, for those saving on a monthly basis, a valid and correctly completed direct debit mandate made payable to IFDS Managers Limited. The Manager does not have to accept every application it receives.

For ISA transfers to the Manager:

- 4.2 A transfer will only take effect when the Manager has accepted the Investor's application. The Manager will not accept an application unless and until it has received a correctly completed transfer application form; and a cheque made payable to IFDS Managers Limited from the investor's previous ISA manager.
- 4.3 When an Investor transfers from another ISA manager and the Investor has already subscribed in the current tax year, the Investor cannot subscribe further money into the Account with the Manager until after the transfer has been effected and provided the maximum contribution has not already been made.

### 5. Investment

- 5.1 The minimum investment permitted to open an ISA is £3,000. The maximum that may be invested in an ISA in any one tax year is £10,200\*. The minimum sum that may be invested through the monthly savings plan is £100 per month. Collection date for regular savings is the 10th of the month or the next working day if the 10th falls on a non working day.

- 5.2 New subscriptions or transfer proceeds will be invested in the relevant Fund at the next buying price applicable at the time of acceptance of the application.

- 5.3 An Account will be opened for the current tax year and, in the case of an Account subscribed by monthly savings plan, for each successive year until the agreement is terminated.

### 6. Management of the ISA Investments

- 6.1 We will manage your Account as directed by you in your application or other instruction, and in accordance with the Regulations and these Terms and Conditions.

#### 6.2 Best execution

- 6.2.1 We are required to seek to achieve the best possible result for you when dealing with any order to buy or sell financial instruments and to set out arrangements for this purpose in a "best execution policy".

- 6.2.2 We are required to consider various factors when deciding how best to deal with orders from customers. These include price, cost, speed, likelihood of execution and settlement, size, nature and other relevant matters. As we have classified you as a Retail Client we will usually consider price to be the most important factor for you.

- 6.2.3 However, for orders relating to Shares in the Funds, the only method available for dealing with most of these in practice is to transmit them to the ACD for execution: the ACD will be deemed to be the "execution venue" for these purposes. Where there is only one execution venue that we can use in practice to deal with your orders, we will have to use that venue regardless of the impact of the execution factors listed above.

- 6.2.4 Sometimes one of the Funds may be available via another trading platform provided by a third party. Strictly speaking, this could be an alternative execution venue. However, we do not use such platforms for the Funds, as we do not believe that we would obtain a better price by doing so. The use of a particular platform may also not be permissible under the Regulations; for example, if it means that investments acquired through the platform must be held in the name of a nominee of the platform provider.

- 6.2.5 The arrangements explained above may involve execution outside of a regulated market or multilateral trading facility (within the meaning of the Rules).

- 6.2.6 We will monitor the effectiveness of the arrangements mentioned above and implement

\*The full £10,200 can be invested in a Stocks and Shares ISA with one provider. Alternatively, up to £5,100 of the ISA allowance can be saved in a Cash ISA with one provider and the remainder of the £10,200 can be invested in a Stocks and Shares ISA with either the same or another provider.

any necessary changes to our best execution policy from time to time. This will involve reviewing whether using other means to route orders would be feasible and would generate a better result for you. We will notify you of any material changes to our best execution policy and arrangements made from time to time, where they are relevant to you.

- 6.2.7 Please note, any specific instructions from our customers as to how their orders are dealt with may prevent us from taking the steps that we have designed to obtain the best possible result in the circumstances.

By agreeing to these Terms and Conditions, you will be giving: your prior express consent to the execution of orders outside a “regulated market” or a “multilateral trading facility” (as those terms are defined in the Rules) where this is appropriate; and your consent to our best execution policy as summarised above.

### 6.3 Appropriateness

We are not required to assess the suitability of the investment or service provided or offered to you and, as a result, you will not benefit from the protection of the Rules on assessing suitability. Therefore, we will not assess whether: the investment or service meets your investment objectives; you are able financially to bear the risk of any loss that the investment or service may cause; or you have the necessary knowledge and experience to understand the risks involved.

- 6.4 Legal title to the Investments will be vested in the name of the Manager but beneficial ownership will be, and will remain with the Investor. Your investment will not be lent to third parties or used as security for a loan.
- 6.5 Certificates will not be issued in respect of Share holdings in the Fund(s) but any documents evidencing title to an ISA Investment will be held by the Manager or as the Manager may direct.
- 6.6 If you hold any cash in your Account, we will deposit it in a client money account in our name, with an appropriately regulated bank or institution of our choice in the United Kingdom in accordance with our obligations under the Rules. The bank will hold the cash on our behalf in a trust account separate to any account used to hold money belonging to us in our own right. We will not be responsible for any acts or omissions of the bank. In the event that the bank becomes insolvent we will have a claim on behalf of our customers against the bank. If, however, the bank cannot repay all of its creditors, any shortfall may have to be shared pro rata between them. No interest will be paid on such cash in accordance with the Regulations and the Rules. If we are holding cash, whether client money or not, we may withdraw it and apply it towards paying fees, charges and other sums due to us.
- 6.7 The Manager may employ agents in connection with the services it is to provide and may delegate all or any

of its powers or duties to any delegate or delegates of its choice. The Manager will satisfy itself that any person to whom it may delegate any of its functions or responsibilities under these Terms and Conditions is competent to carry out these functions or responsibilities.

- 6.8 The Manager has appointed International Financial Data Services (UK) Limited as the Administrator to the Accounts.
- 6.9 Money will not be borrowed on the Investor’s behalf. The Investor will not be committed to underwrite any issue or offer for sale of securities.

## 7. Charges and Expenses

- 7.1 No charges will be levied for the management or administration of the ISA. However, the investment of new subscriptions and transfer payments will attract the normal charges applicable to investors in the Fund. (For further detail please refer to the Simplified Prospectus).
- 7.2 There is currently an initial charge based on the Net Asset Value for purchases of Shares in the Fund(s) and a percentage periodic charge per annum of the Net Asset Value of each Fund. These charges are detailed in the Simplified Prospectus and Principal Prospectus. These charges may only be increased in accordance with the Rules and you will be notified accordingly.
- 7.3 In the case of transfers, we reserve the right to pass on to you any expenses or costs incurred when transferring Accounts between account managers or transferring your Investments, including any VAT due on these charges. We may review our charges when we consider it appropriate and will notify you 60 calendar days in advance of any increase in our charges.
- 7.4 If you do not have enough cash in your Account to pay our charges, or any payment of taxes, as they become due, we may sell Shares in your Account to raise the required amount. We may apply or waive any of our charges at our absolute discretion.
- 7.5 If you open an Account through an independent financial adviser, we may pay initial and renewal commission to the adviser at our discretion. These commissions are paid by us out of our charges and do not constitute additional charges to your Account.
- 7.6 Please note that other costs, including taxes, may arise that are not paid by the Manager or imposed by it.

## 8. Withdrawals from your Account

- 8.1 An Investor may, by giving written notice to the Manager, make cash withdrawals of all or part of their Account at any time. On receipt of the Investor’s written instructions to make a withdrawal and within such time as stipulated by the Investor in those withdrawal instructions (subject to any reasonable business period not exceeding 30 days, which we require for the practical implementation of the instructions) part of the Account shall be paid to the Investor. If an Investor withdraws all of his Investment his Account will be automatically terminated. This notice of withdrawal

should be sent to the Administrator at the operating address given in the Principal Prospectus.

- 8.2 Normally, Shares in the Fund(s) will be sold at the next selling price prevailing at the time of receipt of the written notice by the ACD's Administrator, and the proceeds thereof will be dispatched within four working days following receipt of satisfactory renunciation.

## **9. Income from your Account**

- 9.1 If you ask us to pay out your Fund income to you, we will buy income Shares, if they are available, in the Fund(s) of your choice. If you ask us to reinvest your Fund income we will buy accumulation Shares. Please refer to the Simplified Prospectus to confirm the availability of income Shares and accumulation Shares in your chosen Fund.
- 9.2 If you change your income instructions we will automatically convert or switch your Fund investments to the appropriate type of Share if they are available (that is, income or accumulation Shares) free of any sales charge.
- 9.3 We will reinvest any further income your Account receives in the form of distributions, or other rights or proceeds from any Shares held, in the same underlying Shares, where you still hold these Shares, unless you instruct us to pay this out to you. Where you have switched the underlying Shares into Shares in other Funds the reinvestment will be made into these other Shares. Where you no longer hold the underlying Shares within your Account, the income will be paid out to you.

## **10. Transfers and Termination**

- 10.1 On your written request we will, within such time as stipulated by you in those instructions (subject to any reasonable business period not exceeding 30 days, which we require for the practical implementation of the instructions) arrange for the transfer of the ISA (or part thereof) to another approved manager and where possible within such time stipulated by you and subject to the Regulations. However, we cannot guarantee that the transfer will take place on the date requested.
- 10.2 The Manager may, following 30 days' prior written notice, transfer its responsibilities as manager of the ISA to any entity (including an associate of the Manager) which is approved under the Regulations as a plan manager, if that other entity writes to the Investor and undertakes to carry out all the Manager's duties and obligations in respect of an Account. Following such communication, the Manager will be released from all those duties and obligations that the new manager has undertaken to carry out. Before such a transfer is carried out, the Manager shall satisfy itself that any new manager is competent to carry out those functions and duties to be delegated or transferred.
- 10.3 The Manager will consider requests in writing to accept the transfer of an ISA held with another approved manager but will require the transfer to be effected in cash.

- 10.4 The Investor may terminate the ISA immediately by giving the Manager prior written notice. Such termination shall not prejudice the completion of any transaction commenced prior thereto. The Terms and Conditions shall continue to apply until all outstanding transactions and liabilities have been performed and discharged.
- 10.5 The Investor may in the termination notice (referred to in clause 10.3) elect to transfer all or part of the Investments to the main Share register and such Shares shall henceforth be registered in the sole name of the Investor. On written notice to terminate the Account, and within such time as stipulated by the Investor in those termination instructions (subject to any reasonable business period not exceeding 30 days, which we require for the practical implementation of the instructions), Account interest and dividend rights or other proceeds or any cash shall be transferred to you. We will send you any proceeds due, less any applicable charges. Where all or part of the Investments are not transferred, they will be sold at the prevailing forward selling price at the time of receipt of the notice and the Manager shall account to the Investor for the proceeds.
- 10.6 Proceeds may be paid by cheque or, at your request, electronically; if the latter method is chosen we reserve the right to retain redemption proceeds until all anti-money laundering documentation has been received. Such redemption proceeds will be held on a client money account: no interest will be payable.
- 10.7 The Account may be terminated by the Manager, at its sole discretion and without giving any reason, by giving the Investor 90 days' written notice. In such circumstances you will have the right to transfer the Account to another plan manager or to receive the investments or their cash value at the relevant time. There is a potential loss of income and growth following a rise in the markets whilst the ISA transfer remains pending.
- 10.8 The Manager may deduct from the amount of any payment or transfer of Investments an amount to satisfy any sums due to him under these Terms and Conditions and tax liabilities of the Investor (or his personal representatives) for which the Manager is accountable.

## **11. Death**

- 11.1 Investments cease to be tax-exempt with effect from the date of death of the Investor and the ISA will therefore be terminated immediately upon receipt of a copy of the death certificate.
- 11.2 The Investments will be transferred, outside the ISA, to the order of the Investor's personal representatives pending receipt of grant of probate and their further instructions. Notwithstanding the termination of the ISA status, the Manager's rights and powers under these Terms and Conditions shall continue and shall bind the Investor's personal representatives.

## **12. Reports and Shareholders' Meetings**

- 12.1 The Manager shall send the Investor regular bi-annual statements showing the number of Shares held, a valuation of those Shares and details of all transactions for the period. The OEIC's Short Report will also be sent as and when applicable. Full Long Form Report and Financial Statements may be requested free of charge from the ACD.
- 12.2 Voting rights attached to Investments will not be exercised by the Manager but arrangements will be made by the Manager for the Investor, if he or she so wishes, to attend Shareholders' meetings, to vote and to receive any other relevant information issued to Shareholders in addition to the annual or interim reports in respect of the Funds.

## **13. Cancellation Rights**

- 13.1 When your application has been accepted the Manager shall send to you a cancellation notice, as required by the Rules. In order to exercise the right of cancellation, the notice must be returned to the Manager within 14 days of its receipt. In such an event, the Investor will receive back his or her subscription, unless the value of the investment has fallen at the date of the Manager's receipt of the notice. In this case a deduction will be made of the amount by which the value of the investment has fallen.

## **14. Complaints**

- 14.1 The Manager operates a written complaints procedure in accordance with the Rules and a copy of this can be found on the Contacts page of our website at [www.ifdsmanagers.com](http://www.ifdsmanagers.com) or can be obtained by writing to the Complaints Manager at the address given below. Any complaint should in the first instance be addressed to the Complaints Manager at: IFDS Managers Limited - Octopus PO Box 10359, Chelmsford CM99 2AW. If the matter is not resolved to the Investor's satisfaction, the Investor subsequently has the right to complain to the Financial Ombudsman Service at South Quay Plaza, 183 Marsh Wall, London E14 9SR

## **15. Compensation**

- 15.1 In the event that the Manager is not able to meet its financial liabilities to the Investor, the Investor may be entitled to compensation under the Financial Services Compensation Scheme established under the Financial Services and Markets Act 2000. Most types of investment business are covered for 100% of the first £50,000.

## **16. Liability and Rights of the Manager**

- 16.1 We will not be liable to you for any costs, claims, demands, losses, expenses or any other liabilities whatsoever (including any demands or claims by HM Revenue & Customs) as a result of any loss of opportunity to increase the value of any of your Investments, or any depreciation in the value of any of your Investments other than as a result of our negligence, fraud, wilful default or breach of the Rules.

- 16.2 We will not be liable for acts or omissions by us or any third party, whether or not that third party is acting as our agent, unless it arises as a result of our negligence, fraud, wilful default or breach of the Rules. We currently have insurance cover for loss of Account investments including loss resulting from misappropriation, negligence, fraud or dishonesty by our employees.
- 16.3 We will not be liable for any loss or damage suffered as a result of circumstances beyond our reasonable control, provided where relevant that we have complied with the Rules on business continuity. We will not be liable for any negligence, fraud or default by any bank or custodians who hold cash or assets in or on behalf of your Account or any other person, firm or company through or with whom transactions are effected on your behalf.
- 16.4 The Manager may, without prior notice to the Investor, apply any cash or realise any Investments in payment of any taxes, fees, commissions and/or expenses owed by the Investor to the Manager. In the event that such liabilities remain unsatisfied after such action, the Investor shall on demand promptly pay the Manager any shortfall.
- 16.5 The Investor shall indemnify the Manager in full in respect of any liabilities, taxes, costs, charges and expenses incurred in connection with the ISA.
- 16.6 To the extent permitted by the Regulations, the Manager may make claims, conduct appeals and agree on the Investor's behalf liabilities for, and any relief from, tax in respect of the ISA.
- 16.7 Nothing in these Terms and Conditions shall restrict the Manager's right to provide investment services to others.

## **17. Notices and Instructions**

- 17.1 Notices and instructions to the Manager should be in writing and signed by the Investor. Such notices and instructions should be sent to the following address – IFDS Managers Limited - Octopus, PO Box 10359, Chelmsford CM99 2AW.
- 17.2 Notices and other documents to be given to the Investor will be posted to the Investor's last address held by the Manager and will be considered to have been received by the Investor two days after posting.
- 17.3 You must supply us with all information that we reasonably ask for, in relation to your Account. In particular, you must tell us promptly if you cease to be a Qualifying Individual, change your address, your personal status, your Financial Adviser, or other information you have given us in your Application or any other significant change in your circumstances which might affect your Account. You need to inform us of a change of address by signed, written instructions. You need to inform us of a change of name by signed, written instructions – including the original or certified copy of any legal documentation. If you are an ISA investor, you must write to tell us if you cease to be a Qualifying Individual.

## 18. Confidentiality

- 18.1 The Manager will not disclose confidential information obtained by it relating to the Investor, to any third party, except in the following circumstances:
- (a) the information is disclosed to any agent of the Manager who will be bound by the same duty of confidentiality;
  - (b) when any transaction in the ISA is carried out through a Financial Adviser, the Manager will treat that adviser as the Investor's agent and may disclose full details of the ISA to each such agent and accept instructions from any such agent in respect of the ISA;
  - (c) with the prior written consent of the Investor; and
  - (d) where the Manager is under any legal or regulatory obligation to do so.

## 19. Conflict of Interest

- 19.1 When the Manager or Administrator provides services to you, the Manager or the Administrator (or associates of either) may have an interest or conflict of interest in relation to the transaction. In such circumstances, neither parties (nor their associates) will be liable to account to you for any benefit, profit or commission or other remuneration made or received by reason of the transaction or any connected transaction. The circumstances in which conflicts of interest might arise include where we deal on your behalf with another company in the IFDS group, where we act for other investors with an interest in such investments or where the transactions are in Shares of a Fund for which the company in the IFDS group is the adviser of the ACD.
- 19.2 Where a potential conflict arises, we are committed to managing these to prevent abuse and protect our employees, clients and other counterparties and to ensure that transactions and services are effected on terms which are not materially less favourable to the client had the potential conflict not existed. Further detail on our conflicts of interest policy is available on request.
- 19.3 We are required to identify, manage, record and, where relevant, disclose actual or potential conflicts of interest between us and our clients and between one client and another and to have a written policy in place.

## 20. Personal Data

We may make your name and address available to companies within the IFDS group to enable information about other investment services and products to be sent to you. If you do not want to receive this information please tick the box on the application form. Please note that if the box is not ticked and you decide at a later date that you don't want to receive any such information just let us know by telephoning us on 0844 620 0010 or by writing to us.

We may process, transfer and disclose the personal information which is provided to us, and which is generated during the course of our relationship with you, for the purposes of administering products and services that we provide to you, including monitoring and/or recording our telephone calls, detecting and preventing fraud and money laundering, compliance with laws and public duties, marketing and for market and product analysis.

Your personal information may be passed to and used by companies within our group of companies and our agents and sub-contractors who administer or process the information on our behalf. We may need to disclose your personal data to any intermediary, independent financial adviser or other introducer who represents you. We will never sell, rent or trade an investor's personal information to a company outside those described above without your permission. We may however transfer information about you to anyone or any entity to whom or to which we transfer our rights, obligations or otherwise dispose of all or part of our business.

It may be necessary to transfer your personal data outside of the European Economic Area (EEA) where there may not be data protection laws providing the same level of protection as those in the EEA.

In these circumstances there will always be a contract in place to ensure that your personal data is appropriately protected and processed in accordance with the applicable legislation and under suitable obligations of confidentiality.

In some instances we may be required to disclose your personal information to a regulatory or law enforcement authority in the UK or in any other country in which your personal information may be processed anywhere in the world.

You have the right to access the personal data that is held about you. To obtain a copy of the personal information we hold you should write to our Compliance Officer. We will respond to you within 40 days of receipt of the request and we will charge the statutory rate for this service, which at present is £10.

If there are any inaccuracies in the information we hold about you please notify us of this in order that we may correct the information that we hold.

By providing us with your personal information and using our services, you consent to the use, disclosure, processing and transfer of your personal information in the way described in this statement.

## 21. English Law

- 21.1 We will always communicate with you in the English language. Your dealings with IFDS Managers Limited before and after you have made an investment with us shall be governed in accordance with English Law.

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