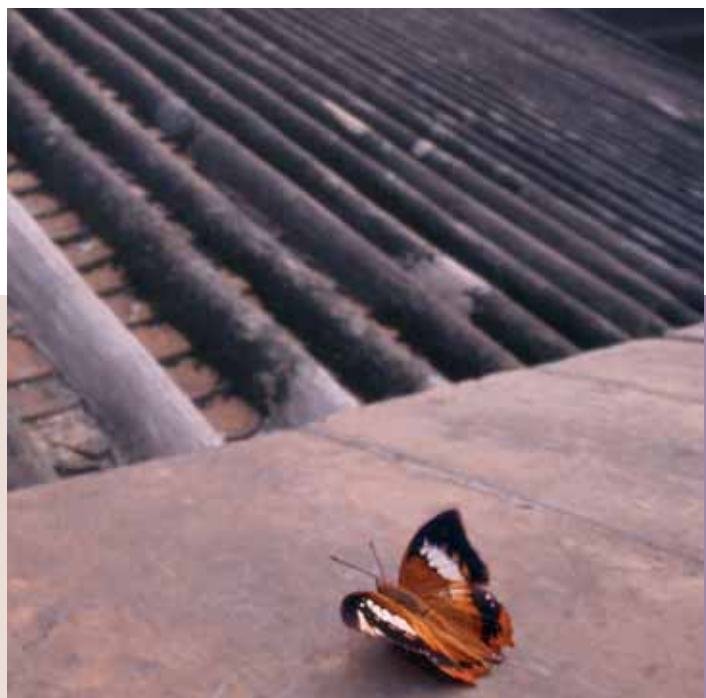




# The Targeted Return Fund

Scheme Particulars

**September 2006**



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**Introduction**

This document constitutes Scheme Particulars relating to the Common Investment Fund managed by Baring Fund Managers Limited (the "Managers") and referred to in the table below (hereafter referred to as the "Fund"). These Scheme Particulars have been approved pursuant to clause 60 of the Schemes (hereafter referred to as the "Schemes") made by order of the Charity Commissioners on and adopted by the Managers on 1<sup>st</sup> September 2006 and are now issued by the Managers. A copy of the Scheme Particulars has been delivered to the Trustee of each of the Funds and to the Charity Commission. Where the provisions of the Schemes and the Scheme Particulars are in conflict, the provisions of the Schemes shall prevail.

The Targeted Return Fund was established on 30<sup>th</sup> June 1992 and launched on 20<sup>th</sup> October 1992 and is a Common Investment Fund as defined by Section 24 of the Charities Act 1993.

## **The Managers**

### **Baring Fund Managers Limited**

The Manager of the Fund is Baring Fund Managers Limited, a private company limited by shares and incorporated in England and Wales on 29<sup>th</sup> October 1968 under number 941405. Baring Fund Managers Limited is authorised and regulated by the Financial Services Authority and is entered on the FSA register with the Firm Reference Number: 119187. Baring Fund Managers Limited is a subsidiary of Baring Asset Management Limited ("Barings" or the "Investment Adviser"). The Managers' ultimate holding company is Massachusetts Mutual Life Insurance Company which is established in the United States of America. Barings is incorporated in England and Wales.

The Barings group manages investments on behalf of clients, which include the pension funds of major international and national corporations, central and local government bodies, charitable foundations, investment and unit trusts and private individuals.

The Managers are authorised and regulated by the Financial Services Authority, 25 The North Colonnade, Canary Wharf, London, E14 5HS and are authorised to carry on investment business in the United Kingdom and to market unit trust products. The Managers are also members of the Investment Managers Association (IMA).

### **Share Capital**

The issued share capital of the Managers is £1,650,000 made up of 1,650,000 ordinary £1 shares, all of which are fully paid.

### **Directors**

- \* W.P. Savage (Chief Executive)
- \* G. H. Harvey
- \* I.A. Pascal

\*Also hold other Directorships in other Barings group companies, in which capacity they may engage in investment business.

### **Registered Office**

155 Bishopsgate  
London EC2M 3XY  
Telephone: 020 7628 6000  
Fax: 020 7638 7928

## **The Trustee**

### **The Royal Bank of Scotland plc**

The Royal Bank of Scotland plc is the Trustee of the Fund

The Royal Bank of Scotland plc is a public company limited by shares and incorporated in Scotland on 31<sup>st</sup> October 1984. The principal business activity of the company is commercial banking. The ultimate holding company of the Trustee is The Royal Bank of Scotland Group plc, incorporated in Scotland. The Royal Bank of Scotland is authorised and regulated by the Financial Services Authority, 25 The North Colonnade, Canary Wharf, London E14 5HS.

The Trustee has delegated the function of the custodian of the property of the Fund to Northern Trust Corporation.

### **Registered Office**

36 St. Andrew Square, Edinburgh EH2 2YB

### **Head Office**

Gogarburn, PO Box 1000, Edinburgh, EH12 1HQ

### **The Advisory Board (“The Board”)**

A. C.Ghilchik  
S. D’O. Duckworth  
D.N. Turner  
C. Welch  
R.W. Giles

The Board are responsible for those aspects of administration and management of the Fund and their property that are specified in the relevant Scheme.

### **The Investment Advisers**

The Managers are responsible for the overall investment management and administration of each of the Fund.

The Managers have delegated their day to day investment management responsibilities in relation to the Fund to Baring Asset Management Limited, (hereafter referred to as the "Investment Manager") which is authorised and regulated by the Financial Services Authority. The Investment Manager's principal business is the discretionary management on behalf of clients of their investment portfolios. The Investment Manager's registered office is at 155 Bishopsgate, London, EC2M 3XY.

### **The Registrar**

The Trustee has appointed Northern Trust International Financial Administration Services (UK) Limited (the “Registrar”), to establish and maintain a register of unitholders in the Fund (the "Register"). The Registrar maintains a Register of Particulars for the Fund (which will include, amongst other things, the name of each participating charity holding units in the Fund and the number and types of unit held by each participating charity) which is available for inspection free of charge on any business day during normal business hours at the following address:

Northern Trust International Financial Administration Services (UK) Limited  
50 Bank Street, Canary Wharf, London, E14 5NT

The Register shall be conclusive evidence of the unitholder’s entitlement to the units entered in the Register except in the case of any default in payment or transfer to the Fund of cash or other property due and the Trustee and the Managers shall not be obliged to take notice of any trust, express, implied or constructive, which may be entered on the Register or beneficial or other interest affecting the title to any of the units.

All units in the Fund are in registered form. Certificates will not be issued to participating charities.

The remuneration of the Registrar is based upon the number of unitholders in the Fund. The Registrar’s current charging rates are £10 per unitholder account per annum (charged monthly) and £15 in respect of each dealing transaction or register movement.

### **The Auditor**

The auditor of the Fund is:

PriceWaterhouseCoopers LLP  
1 Embankment Place, London, WC2N 6NN

### **Eligibility to Participate**

Subject to the provisions of section 24(7) of the Charities Act 1993, any charity shall be qualified to participate in the Fund. Any charity applying to participate may be required by the Trustee to give a declaration of eligibility to participate and an indemnity against liabilities arising out of its ineligibility.

## **Investment Objective and Policy**

The investment objective and policy of the Fund are set out in Appendix I.

### **Borrowing**

The Managers may borrow sums of money for the purpose of meeting payments to be made out of the Fund on terms that the borrowing is repayable out of the property of the Fund. Borrowing will be on a temporary basis for the purpose of resolving the Fund's liquidity (e.g. pending the receipt of the proceeds of sale of the Fund's property which is imminently due to the Fund and is delayed by differences in settlement dates).

Such borrowings must be made from eligible institutions (as defined in the Financial Services Authority's New Collective Investment Scheme (COLL) Rulebook, (hereafter referred to as the "Rules")) and be limited to a three (3) month period. Borrowings must not exceed 10 per cent of the value of the property of the Fund on any business day.

### **Financial Derivative Instruments**

The Managers may utilise the property of the Fund to enter into derivative and forward transactions for the purposes of hedging using efficient portfolio management type techniques. The Managers may utilise the property of the Fund to enter into derivative and forward transactions which alone or in combination with one or more other such transactions are reasonably regarded by the Managers as economically appropriate in order to achieve any of the following aims:-

1. The reduction of risk or cost (or both). The aim of reducing risk or cost, together or separately, allows for tactical asset allocation – i.e. a switch in exposure through the use of derivatives rather than the sale and purchase of underlying property from the Fund. Similarly the aim of reducing risk allows for the use of derivatives with a view to switching the currency exposure of all or part of the underlying property of the Fund.
2. The generation of additional capital or income at no, or with an acceptably low level of, risk in relation to the property of the Fund, property which is to be or is proposed to be acquired for the Fund and anticipated cash receipts. In addition, the aim of generating additional capital or income permits arbitrage – i.e. taking advantage of pricing imperfections in the market and the receipt of premiums from writing covered options.

The types of transaction which may be undertaken (except in the case of stock lending transactions more particularly referred to below) include forward currency transactions with permitted counterparties (i.e. eligible institutions and listed money-market institutions), transactions in approved derivatives (i.e. futures, options and contracts for differences effected on or under the rules of an eligible derivatives market), transactions in certain off-exchange derivatives with an approved counterparty on approved terms which are capable of being valued or transactions in certain "synthetic futures". The Rules provide that such transactions must be fully and appropriately "covered" globally, as and where permitted under the Rules in respect of a particular transaction, by cash, near cash, other property or rights prescribed under the Rules as being sufficient to match the exposure. Exposure is covered globally if adequate cover from within the scheme property is available to meet the Fund's total exposure, taking into account the value of the underlying assets, any reasonably foreseeable market movement, counterparty risk and the time available to liquidate any positions. Cash obtained by borrowing and certain borrowings reasonably regarded as committed are available for cover. In addition, back to back currency loans may also be utilised. The global exposure relating to derivatives held in a Fund may not exceed the net value of the scheme property.

The use of Financial Derivative Instruments is not expected to materially increase the risk profile of the Scheme, as use of such instruments is restricted to those detailed in points 1 and 2 above, and they will not be held as investments in their own right.

The Managers' investment policy may mean that, at times, it is appropriate for the Fund not to be fully invested, but to hold cash and near cash.

Additionally, the Managers will not invest in any immovable property or tangible moveable property for the Fund.

### **Units in the Fund**

The Fund issues both Income and Accumulation units. The nature of the right represented by units is that of a beneficial interest under a trust.

### **Accounting Periods**

The Fund's annual accounting period ends on 20<sup>th</sup> September and the half yearly accounting period ends on 20<sup>th</sup> March.

### **Reports**

An annual and half year Report will be forwarded to unitholders each year. The Annual Report will be issued before 31<sup>st</sup> December each year and a half-yearly Report will be issued before 30<sup>th</sup> June in each year.

### **Income Distribution and Re-investment**

Unitholders holding income units will be entitled on or before 30<sup>th</sup> January, 20<sup>th</sup> April, 30<sup>th</sup> July in each year to a distribution of the income available for allocation by the Fund in respect of the immediately preceding interim accounting periods and on or before 20<sup>th</sup> November in each year (the "annual income allocation date") to a distribution of the income available for allocation by the Fund in respect of the immediately preceding accounting period, adjusting for any interim distributions of the income available for allocation in that accounting period. The income will be distributed rateably in accordance with the number of units held or deemed to be held by unitholders on the record dates, 20<sup>th</sup> March, 20<sup>th</sup> June, 20<sup>th</sup> September and 20<sup>th</sup> December.

Payment will be made on or before the interim and annual income allocation dates by crossed cheque or warrant made payable to the order of and sent through the post to each unitholder (or to the first named of joint holders) at their respective addresses appearing in the Register.

Every cheque or warrant so addressed and sent shall be a good discharge by the Managers and the Trustee.

Unitholders in the Fund can elect to have their net distribution of income automatically re-invested to purchase further units. The price of such units is based on the creation price on the applicable date.

At present, the Managers distribute all the income available for allocation by the Fund in the manner set out above. However, under clause 52(7) of the Scheme, the Trustee has the power to create and maintain a Distribution Equalisation Reserve for the purpose of avoiding fluctuations in the income amounts distributed by the Fund. If the Trustee should authorise the establishment and operation of such a Reserve, it will delegate the exercise of the discretion to use the Reserve to the Managers.

### **Meetings and Voting**

The convening and conduct of meetings of unitholders and the voting rights of unitholders at such meetings shall be carried out in accordance with the relevant provisions in the Rules, dealing with such matters, the provisions of which are summarised below. The Fund, as an unauthorised collective investment scheme, is not subject to the Rules but the relevant provisions of the Rules as referred to below are being adopted for the purposes of these Scheme Particulars.

The Trustee shall be entitled upon due notice to convene a meeting of unitholders at such time and place as the Trustee, after consulting with the Managers, may think fit. The Trustee of the Fund shall be required, on the request in writing of unitholders registered as holding not less than one tenth ( $\frac{1}{10}$ <sup>th</sup>) in value of units deemed for such purposes to be in issue, to convene a meeting of unitholders. The quorum required to conduct business at a meeting of unitholders is two unitholders present in person or proxy.

A meeting of unitholders duly convened and held in accordance with the Rules is competent by extraordinary resolution to require, authorise or approve any act, matter or document in respect of which any such resolution is required or expressly contemplated by the Rules, but has no further powers.

At a meeting of unitholders, an extraordinary resolution put to the vote shall be decided on a show of hands unless a poll is before or on the declaration of the show of hands demanded by the Chairman, the Trustee or by at least two unitholders present in person or by proxy. On a show of hands every unitholder present in person or by proxy, or being a corporation is present by its representative properly authorised in that regard, shall have one

vote. On a poll the voting right for each unit will be the proportion of the voting rights attached to the units in issue that the value of the unit bears to the aggregate value of all of the units in issue. On a poll, votes may be given either personally or by proxy.

In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the other joint holders, seniority being determined by the order in which the names stand in the Register.

An instrument of proxy may be in the usual common form or in any form that the Trustee shall approve. The proxy shall be in writing, executed under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under the common seal or under the hand of an officer or attorney so authorised. A person appointed to act as a proxy need not be a unitholder.

For the purposes of conducting meetings of unitholders, a unitholder is deemed to be a person who was the holder of the units on the date falling seven (7) days before the giving of notice of the meeting in question excluding persons known not to be unitholders on the meeting date.

### **Regular Valuations**

For the purposes of determining the prices at which units may be issued, cancelled, sold, or redeemed, the Managers will carry out a valuation of the property of the Fund on each business day (a day on which The London Stock Exchange is open for business) with reference to a valuation point of 12:00 noon and commencing thereafter, other than such a day or days as the Managers may from time to time determine.

Valuations are calculated by using the most recent prices at the valuation point of the underlying securities that the Managers can reasonably obtain and making adjustments for:

- I. all reasonable costs or expenses incurred by the Trustee and the Managers in administering or winding up the Fund;
- II. all reasonable costs or expenses incurred by the Board in carrying out all their duties in accordance with the Schemes, including any costs of remunerating any secretary appointed by the Board; and
- III. any tax and other accrued credits and liabilities (if applicable).

Where such adjustments are made to the Fund, they shall be reflected in the price of income or accumulation units. Such adjustments shall only be made after consultation between the Trustee and the Managers.

The objective of such valuations shall be to give an accurate value of each Fund as at the valuation point. The base currency of the Fund is sterling.

### **Additional and Special Valuations**

The Managers may at any time during a dealing day carry out additional valuations of the property of the Fund where they consider it desirable to do so and are required to carry out a special valuation where at any time during a dealing day the Managers know, or have reason to believe, that the value of the property of the Fund has increased or decreased by two per cent or more since the last valuation and have not elected to deal on a forward basis.

### **Valuation Basis**

Valuations will be in two parts, one on a creation (offer) basis (which will form the basis for the price at which units are issued) and the other on a cancellation (bid) basis (which will form the basis for the price at which units are redeemed).

### **Dealing Prices**

The Managers will during a dealing period agree to deal with investors at prices calculated with reference to the next valuation of the property of the Fund (a forward basis).

### **Minimum Investment**

The minimum initial investment for the Fund is units with a value of not less than £10,000. The minimum additional investment for existing unitholders is £2,000.

### **Buying Units**

Investors should complete an application form available from the Managers and send it to the Managers with a cheque payable to BARING FUND MANAGERS LIMITED. On acceptance of an application, units will be issued at the relevant offer price, and a contract note ("Contract Note") confirming the subscription price and the number of units subscribed will be despatched. No other acknowledgement of the application for units will be given. Investors will have no rights to cancel any application.

Credits through the banking system using Telegraphic Transfer/CHAPS can be accepted by prior arrangement with the Managers.

The Managers have the discretion, with the Trustee's approval, to accept existing securities with a minimum value of 1% of the value of the property of the Fund as contributions to the Fund by way of an in specie transfer. Only UK listed investments and government bonds will be accepted for this purpose.

Without prejudice to all other rights of the Managers and the Trustee in respect of a default by a purchaser in payment of any moneys under his application, any such default will entitle the Trustee to cancel any rights of the purchaser in the units.

Moneys received by the Managers in the form of cheques or other remittances in respect of applications for units which are not accepted or rejected by the following (Dealing) day are, pending acceptance or rejection, paid into a client account maintained by the Managers with The Royal Bank of Scotland plc. No interest is payable by the Managers on moneys credited to this account.

The Managers will require evidence of the charitable status of applicants and may defer the issue of units until such time as the status of the applicant has been confirmed. The registered charity number or the H.M. Revenue and Customs exemption number (prefixed by an 'x') must be supplied.

### **Money Laundering**

The Managers are subject to the laws relating to money laundering. The Managers will normally need to be satisfied as to the identity of an applicant or transferee of units. The Managers and Trustee reserve the right to withhold payment of the proceeds of redemption and income on units where it is considered necessary or appropriate to carry out or complete identification procedures in relation to the unitholder or another person pursuant to a statutory, regulatory or European Union obligation. To comply with applicable law, appropriate identification enquiries may be made at any time, whether in respect of applications, redemptions, income distributions or the transfer of units. The Managers or the Trustee may therefore need to request information additional to that supplied on any application for units.

### **Market Timing**

The Fund is not intended for market timing or excessive trading. Repeatedly purchasing and selling units in the Fund in response to short term market fluctuations – known as "market timing" - can disrupt the Managers investment strategy and increase the Fund expenses to the prejudice of all unitholders. To deter these activities, the Managers may refuse to accept an application for units from persons they reasonably believe are engaged in market timing or are otherwise or potentially disruptive to the Fund. The Managers also reserve the right to redeem units which have been purchased by unitholders engaged in market timing.

### **Selling Units**

Unitholders may apply to sell (redeem) units in the Fund by writing and/or by telephone daily between 9:00 a.m. and 5:00 p.m. on each business day subject to the aforementioned policy on pricing. No valid instruction to sell units will be accepted where, following the sale by the unitholder, the balance of units held would fall below a minimum value of £10,000.

**a) Notice in Writing**

To sell units, unitholders should complete and sign a Form of Renunciation and return it to the Managers with their instructions and following acceptance, a Contract Note will be despatched by return of post. The units will be repurchased at the relevant price when the selling instruction is accepted. Proceeds will be paid not later than the close of business on the fourth business day following the later of receipt of the duly completed Form of Renunciation or the valuation point following receipt of the selling instruction.

**b) Notice by Telephone**

Units may be sold by telephone either through a professional adviser or direct to the Managers' Dealing Department - telephone 020 7214 1004. On acceptance of telephone instructions, units will be repurchased at the relevant price and a Contract Note will be despatched. A unitholder must complete and sign the Form of Renunciation and return it to the Managers. Proceeds will be paid not later than the close of business on the fourth business day following the later of receipt of the duly completed Form of Renunciation or the valuation point following receipt of the selling instruction.

It should be noted that telephone calls may be recorded by the Manager and/or its agents (for example to help verify the particulars of instructions or for training purposes). A unitholder who may wish to sell units may contact the Managers for confirmation of the holding.

Instructions for sale are irrevocable.

**In Specie Transfers**

The Managers have the discretion, subject to the Trustee's approval, to permit the transfer out from the Fund of the Fund's property subject to a minimum value of 5% of the Fund by way of an in-specie transfer. Any such transfer shall be on a pro-rated basis only, i.e. no choice will be permitted as to the individual stock lines to be transferred.

**Publication of Prices**

The most recent maximum offer and minimum bid prices notified to the Trustee and which are capable of publication together with the current preliminary charge (if any) are published on the following day on the Manager's website at [www.barings.com](http://www.barings.com). The units in the Fund are not listed or dealt in on any investment exchange. The last available cancellation price, as notified to the Trustee, is available from the Managers on request.

**Suspension of Dealing in Units**

The issue and redemption of units may be suspended by the Managers, with the prior agreement of the Trustee or, if the Trustee so requires, at any time for a period if the Managers or the Trustee, as appropriate, are of the opinion that there is a good and sufficient reason to do so having regard to the interests of participants or potential participants.

**Managers' Preliminary Charge**

The Managers are permitted to include in the issue price of units in the Fund a preliminary charge set as a percentage of the creation price of such units. The Managers do not currently include a preliminary charge in the creation price.

The introduction of a preliminary or any increase in the actual or maximum amount or preliminary charge made by the Managers shall be subject to:-

- I. the Managers have given 90 days' notice in writing to the Trustee and to the participating charities of its intention to introduce a preliminary charge or increase the amount currently charged or the maximum amount that may be charged by way of a preliminary charge;
- II. the Scheme Particulars have been revised subject to the prior written approval of the Charity Commissioners to reflect the proposed introduction of the charge or increase in actual or maximum amount to be charged;

- III. Ninety (90) days have elapsed since the revised Scheme Particulars became available; and
- IV. the Board have given their prior written approval.

#### **Managers' Periodic Management Charge**

The Managers are entitled to make a periodic management charge, set by the Managers, of up to a maximum of two per cent per annum of the value of the property of the Fund. The present periodic charge made by the Managers is 0.5% per annum of the net asset value of the fund. The charge is calculated on the value of the property of the Fund by striking an arithmetic average of the bid basis of the valuation and the offer basis of the valuation on the first day of the month and is payable monthly in arrears.

The Managers may increase their current periodic management charge (providing it does not exceed the maximum permitted) or their maximum periodic management charge if: -

- I. the Managers have given 90 days' notice in writing to the Trustee and to the participating charities of its intention to increase the amount currently charged or the maximum amount that may be charged by way of a periodic management charge;
- II. the Scheme Particulars have been revised subject to the prior written approval of the Charity Commissioners to reflect the proposed increase in the amount to be charged;
- III. Ninety (90) days have elapsed since the revised Scheme Particulars became available;
- IV. The Board have given their prior written approval.

#### **Redemption Charge**

There is currently no redemption charge. The Managers may in the future implement a redemption charge. If introduced, the charge will not apply to units issued before the date of the charge's introduction.

The introduction of a redemption charge and any increase in the actual or maximum amount of the charge made by the Managers shall be subject to:

- I. the Managers having given 90 days' notice in writing to the Trustee and to the participating charities of its intention to introduce a redemption charge or, where a redemption charge has been introduced, to increase the amount currently charged or the maximum amount that may be charged by way of such charge;
- II. the Scheme Particulars have been revised subject to the prior written approval of the Charity Commissioners;
- III. at least ninety (90) days notice has been given to unitholders;
- IV. the Board have given their prior written approval.

#### **The Trustee**

Nothing shall prevent the Trustee from acting as trustee or depositary for any other person, company or collective investment scheme on such terms as it may agree therewith notwithstanding that it may have a potential or actual conflict of interest or duty.

The Trustee will not be liable to account to the Fund, the Charity Commissioners or the Managers for, or to disclose to the Fund, the Charity Commissioners or the Managers any profit or charges or other remuneration the Trustee makes or receives from or by reason of acting as trustee or depositary and shall not be deemed to be affected with notice of, or to be under any duty to disclose to the Fund, the Charity Commissioners or the Managers, any fact or thing which may come to its knowledge or that of any of its employees or agents in the course of so doing to in any manner other than in the course of carrying out its obligations as trustee to the Fund.

The Trustee may arrange for any transaction, function or any other duty that it may have to be effected with or through itself or any associate of the Trustee. The Trustee may make that decision (subject to the restrictions set out in the Schemes, Scheme Particulars and the general law) at its absolute discretion and without prior disclosure to the Fund, the Charity Commissioners or the Managers.

If the Trustee arranges for any transaction, function or any other duty that it may have referred to herein or under the general law to be effected with, or through itself or an associate of the Trustee neither the Trustee nor any such associate will be liable to account to the Fund, the Charity Commissioners or the Managers for, or to disclose to the Fund, the Charity Commissioners or the Managers any profit or charges or other remuneration of the Trustee or any such associate makes or receives from or by reason of the transaction or any connected transaction.

### **Trustee Charges and Expenses**

The fees for acting as Trustee of the Fund are agreed from time to time between the Managers and the Trustee.

The Trustee will be remunerated for its services by a periodic charge calculated and payable out of the Fund's property. This charge is based upon the average of the bid and offer valuations (mid market value). This fee is calculated on a monthly pro-rata basis and is subject to Value Added Tax (VAT). The charge is calculated on a sliding scale - the current bands (plus VAT) are shown below:

<b>Value of Property of Fund</b>	<b>Below £150 million</b>	<b>£150-300 million</b>	<b>Over £300 million</b>
	0.0225% (plus VAT)	0.0175% (plus VAT)	0.0100% (plus VAT)

The Trustee may increase its current or maximum annual periodic charge if:-

- I. the Trustee has given notice in writing to the Managers and to the participating charities of its intention to increase the amount currently charged or the maximum amount that may be charged by way of a periodic charge;
- II. the Scheme Particulars have been revised subject to the prior written approval of the Charity Commissioners to reflect the proposed increase in the amount to be charged;
- III. Ninety (90) days have elapsed since the revised Scheme Particulars became available;
- IV. The Board have given their prior written approval.

The Scheme also authorises payment to the Trustee from the property of the Fund of transaction charges referable to dealing in investments and fees for custody services. These charges vary according to the countries in which the dealings take place and custody services rendered. In addition a charge is levied in respect of derivative transactions. The minimum and maximum charges per transaction are £8.50 and £110 respectively, subject to a maximum of £600 per transaction. The minimum and maximum service charges are 0.0035% and 1.08% per annum. An accrual is made based on the aggregate of this number of transactions or lines of stock. This is then paid monthly in arrears for transaction charges and quarterly in arrears for custody services. The full tariff is available on request from the Managers' office.

The Trustee fees are accrued daily and are deducted monthly from the property of the Fund.

The Scheme provides for the reimbursement from the property of the Fund of the expenses of the Trustee properly incurred by the Trustee in performing the duties imposed upon it (and exercising the powers conferred upon it) by the terms of the Schemes. Such expenses include, without limitation:-

- I. where appropriate, the maintenance of the register of unitholders (whether maintained by the Trustee or by a delegate or agent (including the Managers) on the Trustee's behalf);
- II. the taking of steps and execution of documents necessary to secure that acquisitions, disposals and loans properly made by the Managers are implemented;

- III. the submission of tax returns in any jurisdiction in which the same are required to be made;
- IV. the creation and cancellation of units, the making of income allocations to unitholders and the supply of distribution statements and tax certificates;
- V. preparation of the Trustee's annual report to unitholders; and
- VI. all other duties which the Trustee is required by law to perform.

The Scheme authorises payment to the Trustee from the property of the Fund of bank or other charges (including transaction charges) referable to dealing in overseas investments and foreign currency and fees for overseas custody services and for acting as registrar of the Fund. An accrual is made for these charges which are then paid monthly in arrears for transaction charges and quarterly for custody services. Such charges must be on a basis no less favourable than would be applicable to a comparable customer of the Trustee.

#### **Advisory Board's Charges and Expenses**

Members of the Board do not receive any remuneration or other benefits from the Fund. They shall be entitled to be paid by the Fund for any reasonable costs or expenses incurred by them in carrying out their duties including the cost of remunerating any secretary appointed for the Board.

#### **Other Expenses**

In addition to the Managers' periodic management charge and the Trustee's fees and expenses, the following expenses may be paid out of the property of the Fund:

- I. broker's commission, fiscal charges and other disbursements which are:-
  - a. necessarily incurred in effecting transactions for the Fund; and
  - b. normally shown in contract notes, confirmation notes and difference accounts as appropriate;
- II. where appropriate, transaction charges relating to dealing in investments and foreign currency, and fees for global custody services;
- III. interest on borrowings permitted under the Fund and charges incurred in negotiating, effecting or terminating or in negotiating or varying the terms of such borrowings;
- IV. taxation and duties payable in respect of the property of the Fund, the Scheme or the issue of units;
- V. any costs incurred in modifying the Scheme, including costs incurred in respect of meetings of unitholders convened for such purposes, when the modification is:
  - a. necessary to implement any change in the law (including changes made in the Rules);
  - b. expedient having regard to any change in the law made by or under any fiscal enactment and which the Managers and the Trustee agree is in the interests of unitholders; or
  - c. to remove from the Scheme obsolete provisions;
- VI. any costs incurred in respect of meetings of unitholders convened on a requisition by unitholders not including the Managers or an associate of the Managers;
- VII. liabilities arising on an unitisation, amalgamation or reconstruction;
- VIII. the audit fee properly payable to the auditor and the value added tax thereon and any proper expenses of the auditor;
- IX. all other sums due by virtue of any provision of the Rules (including cancellation proceeds).

Value added tax payable in connection with I to IX above.

#### **Dealing by The Managers, The Trustee and The Investment Advisers**

- I. The Rules contain provisions (which although they are not binding on the Fund, are being adopted for the purposes of these Scheme Particulars insofar as they apply to the matters referred to below) governing any transaction concerning the Scheme which is carried out by or with an "affected person", that is to say: -
- a. the Managers;
  - b. an associate of the Managers;
  - c. the Trustee;
  - d. an associate of the Trustee;
  - e. any investment adviser; and
  - f. any associate of any investment adviser.

Those provisions enable an affected person (inter alia) to sell or deal in the sale of property to the Trustee for the account of the Fund; vest property in the Trustee against the issue of units in the Fund; purchase property from the Trustee acting for the account of the Fund; or provide services for the Fund. Any such transactions with or for the Fund are subject to best execution or (alternatively) independent valuation or arms-length transaction requirements set out in the Rules. Any services provided for the Fund must comply with the arms-length transaction requirements.

### **Taxation**

The Fund is a registered Charity and is therefore exempt from tax on unfranked investment income and capital gains. Tax suffered on investment income from UK Equity dividends is not recoverable. To the extent that the Fund may invest overseas, it may not be possible for the Managers to recover withholding tax.

### **Termination of the Fund**

If the Trustee is of the opinion that it is expedient in the interests of the Participating Charities to wind up the Fund, it shall serve on the Board a notice of the Trustee's intention to wind up the Fund. The Board shall submit its representations (if any) to the Trustee within one calendar month from the date of the notice from the Trustee.

If, upon consideration of the Board's representations (if any), the Trustee remains of the opinion that a winding up of the Fund is expedient in the interests of the Participating Charities, the Trustee may execute a written declaration that the Fund is to be wound up, and if it does so, it shall:-

- a. forthwith send a copy of the declaration to the Commissioners, the Manager and the Advisory Board and publish it in such manner (if any) as the Commissioners may direct;
- b. inform the Participating Charities in writing that the Fund is to be wound up; and
- c. as soon as practicable after the Fund falls to be wound up, realise the property of the Fund. After paying out of the Fund, or retaining adequate provision out of the Fund for all liabilities properly payable out of the Fund and the costs of the winding up, the Trustee shall distribute that part of the proceeds of the realisation represented by income units to the Participating Charities holding income units immediately before the date of the declaration pro rata to such holdings, and that part of the proceeds of the realisation represented by accumulation units to the Participating Charities holding accumulation units immediately before that date pro rata to such holdings.

### **Data Protection**

For the purposes of the Data Protection Act 1998, the Trustee and/or the Managers act as Data Controller of such personal data as they control in accordance with the provisions of the Schemes. Personal Data may be processed, transferred, and or disclosed by the Trustee, the Fund, the Managers and/or its agents or appointees, including the Registrar, for the purposes of complying with your instructions in connection with subscribing, redeeming, or transferring units or responding to your queries relating thereto. Personal Data may also be processed as a consequence of legal or regulatory obligations, including Anti Money Laundering legislation and/or monitoring or recording telephone calls to detect or prevent fraud and/or to confirm your instructions. For organisational purposes, Personal Data may also be processed to aid ancillary administrative or management services in connection with your investment.

**Complaints**

If you have a complaint about your investment or the service you have received from the Managers, please contact the manager in the first instance at:

The Compliance Officer, Baring Fund Managers Limited, 155 Bishopsgate, London, EC2M 3XY

The Managers have to deal with your complaint via its internal complaints handling procedures, which require that the complaint be fully investigated by a senior member of the management staff. A copy of these procedures is available upon request. Any complaint that cannot be settled can be referred to:

The Financial Ombudsman Service, South Quay Plaza, 183 Marsh Wall, London, E14 9SR

## Appendix 1

**Targeted Return Fund** is established by the Charity Commissioners for England and Wales, under Section 24 of The Charities Act 1993 and its registered charity number is 1015446. The Fund is administered for the benefit of participating charities under a Scheme of the Charity Commissioners dated 1<sup>st</sup> September 2006 (the “Scheme”).

### Investment Objective and Policy

The objective of the Fund is to aim for a total return of CPI + 5% per annum gross of the Managers’ fees, which shall include an income target of CPI + 1% per annum, in each case over a rolling 3 year period. The fund will be entitled to invest in all asset classes as deemed appropriate by the Managers, subject to the investment restrictions set out in these Scheme Particulars.

### Investment Powers

The powers of investment in respect of the Fund are those set out in the Scheme.

### Investment Restrictions

Subject to any limitations on investment set out in the provisions of the Scheme, the Managers have decided as a matter of policy that:-

- I. Investment may be made in other Collective Investment Schemes including those managed or operated by the Managers and its associates (i.e. “in-house Fund”) as provided for in the Scheme.
- II. No more than 10% of the total market value of the Fund may be invested in any one investment except where the Trustee has given its consent to the limit being exceeded.
- III. No more than 35% of the Fund may be invested in any one Collective Investment Scheme.

The Fund is not permitted to have an ethical investment policy which is not based on maximising financial return. However, after careful consideration with the Board, the Managers have adopted the policy that the Fund will not invest in companies directly involved in tobacco manufacturing. The Managers, acting on advice from the Investment Manager, believe that the exclusion of such investments should not materially have a negative impact on the investment performance of the Fund over the longer term. This policy will be reviewed and considered regularly by the Managers in consultation with the Board and the Managers undertake to give unitholders at least six (6) months’ prior written notice before changing this policy.

Types of units:	Income and Accumulation
Minimum Investment for each type of unit:	Initial: £10,000, Subsequent: £2,000
Current charges:*	Initial: NIL, Annual: 0.5%
Dividend dates:	30 <sup>th</sup> January, 20 <sup>th</sup> April, 30 <sup>th</sup> July, 20 <sup>th</sup> November
Ex Dividend dates:	20 <sup>th</sup> December, 20 <sup>th</sup> March, 20 <sup>th</sup> June, 20 <sup>th</sup> September
Annual Accounting date:	20 <sup>th</sup> September
Interim Accounting date:	20 <sup>th</sup> March
Trustee:	The Royal Bank of Scotland plc

\*Further details including the maximum permitted charges are given in the paragraph titled “Charges” in these Scheme Particulars.

