

The Scheme

The Affirmative Deposit Fund for Charities

A common deposit fund

Common Investment Fund

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1 The Fund

The provisions of this Scheme shall have effect for the establishment and regulation of a common deposit fund under the name of "The Affirmative Deposit Fund for Charities" or such other name as may be approved by the Commission from time to time and adopted by the Manager.

2 Interpretation

In this Scheme, the following expressions shall have the following meanings:

"accounting period" means a period commencing on the day after the date of each balance sheet or interim balance sheet of the Fund and ending on the date of the next following balance sheet or interim balance sheet: provided that the first accounting period after the Fund is established shall be the period beginning with the day on which the Fund is established and ending with the date of the first balance sheet or interim balance sheet;

"AIF" refers to an alternative investment fund and has the same meaning as listed in the Glossary to the FCA Handbook;

"AIFM" refers to alternative investment fund managers and has the same meaning as listed in the Glossary to the FCA Handbook;

"AIFMD" refers to the Alternative Investment Fund Managers Directive and has the same meaning as listed in the Glossary to the FCA Handbook;

"AIFMD implementing measures" means (a) The Alternative Investment Fund Managers Regulations 2013 (the "AIFM Regulations"), (b) the Commission Delegated Regulation (EU) 231/2013 of 19 December 2012, supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision (the "Level 2 Regulation"), (c) any other applicable EU regulations made under the AIFMD and (d) rules implementing the AIFMD;

"associate" means in relation to a company: (a) an undertaking in the same group as that company, and (b) a representative or delegate of that company or of any undertaking in the same group, and "group" has the same meaning as in section 43A of the Value Added Tax Act 1994;

"authorised unit trust scheme" means a unit trust scheme which is authorised for the purposes of the FSMA by an authorisation order in force under section 243 of that Act;

"business day" means any day on which the London Stock Exchange is normally open for business, being a day other than a Saturday, Sunday, Christmas Day, Good Friday or a bank holiday;

"Charity" means a charity within the meaning of section 1 of the Charities Act and also an "appropriate body" within the meaning of section 101(3) of the Charities Act;

"Charities Act" means the Charities Act 2011;

"Commission" means the Charity Commission for England and Wales;

"common deposit fund" means a common deposit fund established under section 100 of the Charities Act or section 25 of the Charities Act 1993 or section 22A of the Charities Act 1960;

"date of the balance sheet" shall be interpreted in the same way as in the Regulations;

"date of the interim balance sheet" means the date determined as such in accordance with the Scheme Particulars;

"Depositary Services Agreement" means the written contract entered into by the Manager and the Trustee to evidence the appointment of the Trustee as depositary of the Fund by the Manager on behalf of the Fund and to reflect the requirements of Article 83 of the Level 2 Regulation.

"Depositing Charity" means a Charity which has deposited sums in the Fund;

"deposit-taking firm" has the same meaning as in the Glossary to the FCA Handbook;

"duty of care" means a duty to exercise such care and skill as is reasonable in the circumstances, having regard in particular to any special knowledge or experience that the person subject to the duty has or holds himself out as having, and, in relation to the Manager, to any special knowledge or experience that it is reasonable to expect of a person acting as a Manager in the course of a business or profession;

"FCA Handbook" means the Handbook of Rules and Guidance issued by the Financial Conduct Authority, as amended or replaced from time to time;

"FSMA" means the Financial Services and Markets Act 2000;

"Financial Conduct Authority" means the designated agency referred to in section 1A of and Schedule 1ZA to the FSMA;

"full-scope UK AIFM" has the meaning as listed in the Glossary to the FCA Handbook;

"full-scope EEA AIFM" has the meaning as listed in the Glossary to the FCA Handbook;

"Fund" means the common deposit fund constituted by this Scheme which is an AIF under the AIFM Regulations;

"FUND Sourcebook" means the Investment Funds Sourcebook made by the Financial Conduct Authority, as amended or replaced from time to time or any relevant successor Sourcebook which imposes similar requirements;

"independent" means that:

(a) a relevant party is not the same entity as another relevant party and that no director or employer of a relevant party acts as another relevant party or as a director or employee of another relevant party; and

(b) no relevant party nor any director or employee of a relevant party shall (without the prior written consent of the Commission) hold, either directly or indirectly, more than 15% of the voting share capital of any other relevant party; and

(c) there is no contractual commitment between any relevant parties which affects the independence of those relevant parties in relation to each other;

"Manager" means the body corporate appointed Manager in this Scheme, or any successor body appointed by an order pursuant to clause 22 or

23 of this Scheme, being a body which is (a) authorised or has applied to be authorised by the Financial Conduct Authority to act as a manager of an AIF; (b) a full-scope UK AIFM or full-scope EEA AIFM and (b) independent of the Trustee;

"near cash" has the same meaning as in the Glossary to the FCA Handbook; "power of intervention" includes:

(a) a power to give directions to a delegate, agent, nominee or custodian;

(b) a power to revoke the authorisation or appointment of a delegate, agent, nominee or custodian;

"Registrar" means a corporate body appointed by the Trustee as Registrar from time to time for the purpose of maintaining the register of Depositing Charities under clause 25 of this Scheme;

"Regulations" means the Charities (Accounts and Reports) Regulations 2008, as amended or replaced from time to time;

"Scheme Particulars" means the rules and particulars of the Fund made under clause 34 of this Scheme, as amended or replaced from time to time;

"Trustee" means the body corporate appointed Trustee in this Scheme, or any successor body appointed by an order pursuant to clause 21 or 23 of this Scheme, being a body which is (a) authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority to act as a depositary of an AIF, and (b) independent of the Manager.

3 Object

The object of the Fund shall be the provision of a common deposit fund for the deposit of sums of money from time to time by or on behalf of a Depositing Charity. Provided that the Depositing Charities shall be entitled, subject to the provisions of this Scheme, to the repayment of the deposit and to the payment of interest in accordance with the Scheme Particulars made under clause 34 hereof.

4 Qualification to deposit

Subject to section 103(2) of the Charities Act, any Charity shall be qualified to deposit a sum or sums of money in the Fund. Any Charity applying to deposit a sum or sums of money in the Fund may be required by the Trustee to give a declaration of eligibility to deposit, and an indemnity against liabilities arising out of its ineligibility.

5 Application of AIFMD to the Manager and Trustee

5.1 The duties and requirements imposed upon the Trustee and the Manager under this Scheme must be performed in compliance with, and subject to, any additional duties and requirements imposed upon the Manager and the Trustee under the AIFMD implementing measures. This will constitute the regulation of the Fund as an investment fund. The Commission will only regulate the Fund as a charity.

5.2 If there is any conflict between the standards and liability imposed upon the Manager and the Trustee under this Scheme and the standards and liability imposed upon the Manager and the Trustee under the AIFMD implementing measures, the standards and liability imposed upon the Manager and the Trustee under the AIFMD implementing measures will prevail.

5.3 Any rights or discretion exercisable by the Trustee or the Manager under this Scheme are exercisable only to the extent permitted by the AIFMD implementing measures.

6 Trustee

The body corporate called HSBC Bank plc shall be the first Trustee of the Fund.

7 Scope of responsibility

7.1 The Trustee shall be responsible for those aspects of the administration and management of the Fund and its property which are specified in clause 8 of this Scheme. To the extent of those duties and powers, the Trustee is a charity trustee of the Fund within the meaning of the Charities Act.

7.2 The Manager and the Trustee shall enter into a Depositary Services Agreement to comply with Article 21 of the AIFMD and with the Level 2 Regulation to set out the terms of the appointment of the Trustee as depositary of the Fund.

7.3 To the extent permitted by Regulation 32(2) of the AIFM Regulations and any applicable law, rule or regulation, the Manager may authorise a Trustee appointed by or in respect of the Fund, to discharge itself of liability under Regulation 30(2) of the AIFM Regulations, provided that the conditions set out in Regulation 32(2) of the AIFM Regulations are met.

8 Duties and powers of the Trustee

8.1 The duty of care applies to the Trustee when exercising its powers and discharging its duties under this Scheme.

8.2 The following are the duties and powers of the Trustee:-

(a) the supervision and oversight of the Manager's compliance with this Scheme and the Scheme Particulars. In particular, the Trustee shall be satisfied on a continuing basis that the Manager is competently exercising the powers and competently discharging the duties conferred or imposed on it by or pursuant to the provisions of this Scheme, and that the Manager is maintaining adequate and proper records: Provided that the Trustee's duty in relation to supervising the Manager's functions under clause 15.2 is limited to ensuring that decisions about the constituents of the property of the Fund do not exceed the power of investment conferred on the Manager;

(b) applying to the Commission for an order to remove the Manager and an order to appoint a new Manager;

(c) the supervision and oversight of any Registrar or other delegate which the Trustee has appointed in accordance with the provisions of this Scheme;

(d) the custody and control of the property of the Fund and the collection of all income due to the Fund in accordance with clause 9;

(e) the appointment of a Registrar in accordance with clause 25.4;

(f) repaying deposits, and paying interest, to Depositing Charities;

(g) the appointment or dismissal of any person or persons engaged by the Trustee in connection with the Fund; (h) making an annual report on the discharge of the Trustee's responsibilities for the management of the Fund; (i) winding up the Fund.

8.3 The Trustee shall maintain such records as are necessary to enable it to comply with this Scheme and with section 130 of the Charities Act and to demonstrate that such compliance has been achieved.

8.4 The Trustee shall take all steps and execute all documents which are necessary to secure that deposits with the Fund, repayment of those deposits, and payments of interest in respect of those deposits, are properly completed.

8.5 The duties which are imposed on the Trustee by this Scheme are in addition to the duties which are otherwise imposed on charity trustees by law, and where the duties imposed by the general law have been qualified or restricted by this Scheme, the Scheme provisions shall apply so far as the general law may permit.

9 Income of the Fund

The Trustee is responsible for the collection of any income due to be paid to the Fund and for claiming any repayment of tax which may be due, and shall hold any income received so as to give effect to the objects of the Fund.

10 Oversight and supervision of the Manager by the Trustee

- 10.1 The Trustee shall oversee and supervise the Manager's compliance with this Scheme as provided in clause 8.2(a).
- 10.2 The Trustee shall not be responsible for the acts or defaults of the Manager in the exercise of the powers conferred on the Manager by this Scheme, or in the discharge of the duties imposed on the Manager by this Scheme, if the Trustee has complied with the duty of care when satisfying itself as to the matters specified in clause 8.2(a).
- 10.3 If the Trustee is not satisfied at any time as to the Manager's compliance with this Scheme or the Scheme Particulars, the Trustee shall inform the Commission promptly and in writing.
- 10.4 If the Trustee is not satisfied at any time as to the Manager's compliance with the applicable requirements of the AIFMD implementing measures, the Trustee shall inform the Financial Conduct Authority promptly and in writing.

11 Delegation by the Trustee

- 11.1 Any delegation by the Trustee shall comply with the applicable requirements of the AIFMD implementing measures.
- 11.2 The Trustee shall not delegate any function of oversight of the Manager to an associate of the Manager.
- 11.3 The Trustee shall require any delegate to report regularly to the Trustee on its performance of the functions delegated.
- 11.4 While the delegate continues to act for the Fund, the Trustee-
 - (a) shall keep under review the arrangements under which the delegate acts and how those arrangements are being put into effect;
 - (b) if circumstances make it appropriate to do so, shall consider whether there is a need to exercise any power of intervention that it has; and
 - (c) if it considers that there is a need to exercise such a power of intervention, shall do so.
- 11.5 The Trustee shall keep the Manager informed of any delegation of its functions.
- 11.6 The Trustee shall be vicariously liable for the acts and defaults of the Manager when the Manager acts as the Trustee's delegate, but shall otherwise be liable for the acts and defaults of a delegate only if and insofar as it has failed to comply with the duty of care when selecting the person who is to act, when determining any terms on which the delegate is to act, or when carrying out its duties under sub-clause 11.4 of this clause.

12 Title to Property

All investments of the Fund, whether held in the name of the Trustee, or in the name of a nominee, shall be held on trust for the Depositing Charities in such a manner that it is readily apparent that they are held by or on behalf of the Fund, and so that -

- 12.1 the property of the Fund shall be segregated in the records of the Trustee, or of its nominee as the case may be, from any other property which is held by the Trustee or its nominee;
- 12.2 where a nominee is appointed, the investments to which the Fund is entitled shall be separately identifiable from other property held by the nominee.

13 Manager

The body corporate called Epworth Investment Management Limited shall be the first Manager of the Fund.

14 Scope of responsibility of the Manager

The Manager shall be responsible for those aspects of the administration and the management of the Fund and its property which are specified in clause 15 hereof. To the extent of those duties and powers, the Manager is a charity trustee of the Fund within the meaning of the Charities Act. For the avoidance of doubt the Manager shall be the AIFM and shall have the responsibility of ensuring compliance with the requirements of the AIFMD implementing measures so far as it is required to do so by the same.

15 Duties and powers of Manager

- 15.1 The duty of care applies to the Manager when exercising its powers and discharging its duties under this Scheme.
- 15.2 The Manager shall have all the duties and powers relating to the administration and management of the Fund (except the duties and powers of the Trustee set out in clause 8.2 hereof) and in particular, the following are the duties and powers of the Manager -
 - (a) deciding, subject to the Scheme Particulars, the terms and conditions on which deposits are accepted by the Fund, and giving instructions to the Trustee with respect to the receipt and repayment of deposits, and the payment of interest in respect of deposits;
 - (b) the management of the investments of the Fund in conformity with the written statement of the investment policy made in conformity with clause 32.4 hereof;
 - (c) the duty to make any necessary calculations of interest in respect of deposits made with the Fund and that these calculations of interest are correctly carried out, and to ensure that correct payments of interest are made;
 - (d) the making and revision of the Scheme Particulars in accordance with clause 34 hereof;
 - (e) keeping a daily record of all the Fund's transactions including the receipt and repayment of deposits;

- (f) making all records held by the Manager in respect of the Fund available for inspection by the Trustee free of charge at all times during the business day and supplying the Trustee with a copy or copies of any record without charge;
 - (g) preparing a report and accounts of the Fund in respect of every accounting period;
 - (h) making representations to the Trustee on the winding up of the Fund;
 - (i) the making and revision of the written statement of the investment objectives of the Fund and details of such investment objectives shall be included in the Scheme Particulars;
 - (j) determining the criteria and methods for evaluating the performance of the Fund;
 - (k) the appointment of the auditor of the Fund and settling his terms of engagement;
 - (l) taking all other action as necessary for the administration and management of the Fund other than those duties or powers which have been imposed or conferred on the Trustee by this Scheme.
- 15.3 The Manager shall maintain such records as are necessary to enable it to comply with this Scheme and with section 130 of the Charities Act and to demonstrate that such compliance has been achieved.
- 15.4 The duties which are imposed on the Manager by this Scheme are in addition to the duties which are otherwise imposed on charity trustees by law, and where the duties imposed by the general law have been qualified or restricted by this Scheme, subject always to the provisions of clause 5 the Scheme provisions shall apply so far as the general law may permit.
- 16 Delegation by the Manager**
- 16.1 The Manager may delegate any of its functions to the extent permitted by the AIFMD implementing measures to any person, subject to any restriction imposed by or under the provisions of this Scheme.
- 16.2 The Manager shall require any delegate to report regularly to the Manager on its performance of the functions delegated.
- 16.3 While the delegate continues to act for the Fund, the Manager -
- (a) shall keep under review the arrangements under which the delegate acts and how those arrangements are being put into effect;
 - (b) if circumstances make it appropriate to do so, shall consider whether there is a need to exercise any power of intervention that it has; and
 - (c) if it considers that there is a need to exercise such a power of intervention, shall do so.
- 16.4 The Manager shall keep the Trustee informed of any delegation of its functions.
- 16.5 The Manager shall be vicariously liable for the acts and defaults of the Trustee when the Trustee acts as the Manager's delegate, but shall otherwise be liable for the acts and defaults of a delegate only if and insofar as it has failed to comply with the duty of care when selecting the person who is to act, when determining any terms on which the delegate is to act, or when carrying out its duties under sub-clause 16.3.
- 17 Timely discharge of duties**
- The Trustee and the Manager shall discharge their respective duties imposed by this Scheme with due dispatch unless delay is both lawful and in the interests of the Depositing Charities.
- 18 Expenses**
- 18.1 The Trustee and the Manager shall be entitled to retain out of the property of the Fund any reasonable costs or expenses incurred by them in managing, administering or winding up the Fund. Such reasonable costs or expenses may be drawn from the property of the Fund as and when they occur.
- 18.2 The Scheme Particulars and any publicity or marketing material about the Fund shall make clear that these costs and expenses will be charged to the property of the Fund in addition to the charges which are made to the Fund in accordance with clauses 19 and 20 hereof.
- 19 Remuneration of Trustee**
- 19.1 The Trustee shall be paid remuneration out of the property of the Fund at a rate to be determined in accordance with the Scheme Particulars. Such remuneration shall be provided for out of a periodic charge in a manner determined in accordance with the Scheme Particulars.
- 19.2 The actual and maximum rate of the periodic charge and the method of its calculation shall be specified in the Scheme Particulars. Depositing Charities shall be given a period of notice (which shall not be less than 90 days) specified in the Scheme Particulars of any proposed increase in the actual or maximum amount of the periodic charge.
- 20 Remuneration of Manager**
- 20.1 The Manager shall be paid remuneration out of the property of the Fund at a rate to be determined in accordance with the Scheme Particulars. Such remuneration shall be provided for out of a periodic charge in a manner determined in accordance with the Scheme Particulars.
- 20.2 The actual and maximum rate of the periodic charge and the method of its calculation shall be specified in the Scheme Particulars. Depositing Charities shall be given a period of notice (which shall not be less than 90 days) specified in the Scheme Particulars of any proposed increase in the actual or maximum amount of the periodic charge.
- 21 Retirement of Trustee**
- If the Trustee wishes to retire, it shall give notice of its intention to retire to both the Commission and the Manager. The Trustee shall give such notice of intention to retire if it ceases to be qualified in accordance with this Scheme. The Manager shall use its best endeavours to find a body corporate which is so qualified to act and which is willing to be appointed Trustee in place of the retiring Trustee. The Trustee shall only be discharged from the provisions of this Scheme after the Trustee and the Manager have appointed a person who is eligible under the

AIFMD implementing measures to be the Trustee of the Fund.

22 Retirement of Manager

If the Manager wishes to retire, it shall give notice of its intention to retire to both the Commission and the Trustee. The Manager shall give such notice of intention to retire if it ceases to be qualified in accordance with this Scheme. The Trustee shall use its best endeavours to find a body corporate which is so qualified to act and which is willing to be appointed Manager in place of the retiring Manager. The Manager shall only be discharged from the provisions of this Scheme after the Manager and the Trustee have appointed a person eligible to act as the Manager of the Fund.

23 Replacement of Manager or Trustee

23.1 If the Trustee is of the opinion for good and sufficient reason that a change of Manager is desirable in the interests of the Depositing Charities, it shall apply to the Commission for an order to discharge the Manager from the provisions of this Scheme and shall serve on the Manager a notice of that application. The Trustee shall use its best endeavours to find a body corporate which is qualified to act as Manager of the Fund under this Scheme, and which is willing to be appointed Manager in place of the retiring Manager. The Manager, prior to its discharge, shall be required to make a written statement of any circumstances connected with its discharge as the Manager which it considers should be brought to the attention of the Commission or, if the Manager considers that there are no such circumstances, to make a written statement that there are none. The Manager shall only be discharged from the provisions of this Scheme by an order of the Commission, and any new Manager shall be appointed by an order of the Commission.

23.2 If the Manager is of the opinion for good and sufficient reason that a change of Trustee is desirable in the interests of the Participating Charities, it shall serve on the Trustee a notice of the proposed change. The Manager shall use its best endeavours to find a body corporate which is qualified to act as Trustee of the Fund under this Scheme, and which is willing to be appointed Trustee in place of the retiring Trustee. The Trustee shall only be discharged from the provisions of this Scheme and a new Trustee appointed by a deed entered into by the Manager and the new Trustee.

24 Repayment of deposits

24.1 Subject to the Scheme Particulars, a deposit or part thereof made by a Depositing Charity shall be repaid to that Charity on receipt by the Manager of a notice requiring repayment, or on the winding up of the Fund, and until such repayment, interest shall be credited to the deposit account of such Depositing Charity.

24.2 A deposit with the Fund may be made on terms that it shall only be repayable after a period of time has elapsed since the notice requiring repayment was given.

25 Register

25.1 The Trustee shall keep a register of deposit accounts in which it shall record the particulars of each Depositing Charity and of the sum or sums deposited by such Depositing Charity. The Trustee shall at any reasonable time upon reasonable request certify to the trustees of a Depositing Charity the total amount standing to its credit and any interest accrued thereon. The register may include such other particulars as may be prescribed by the Scheme Particulars.

25.2 The Trustee may issue certificates to all Depositing Charities in respect of their holdings of deposits and shall, at the request of any Depositing Charity, certify the amounts of the deposits made.

25.3 The register shall be available in a manner determined in accordance with the Scheme Particulars for inspection by or on behalf of the Depositing Charities free of charge during normal office hours except that the register may be closed at such times and for such periods (not exceeding 30 days in any one year) as the Trustee may from time to time determine.

25.4 The Trustee may appoint and pay a body corporate as Registrar to carry out the functions mentioned in sub-clauses 25.1 and 25.2 of this clause on behalf of the Trustee.

26 Calculation of interest rates

26.1 The Manager shall calculate the interest payable in respect of the deposits placed with it by the Depositing Charities on a daily basis or such other basis as it may from time to time determine in accordance with the Scheme Particulars made under clause 35 hereof. Such interest shall be calculated after deduction of such amounts as the Manager may have decided to retain to meet the management costs or the expenses incurred by it in accordance with the provisions of this Scheme and the Scheme Particulars.

26.2 The Manager may in its discretion determine different rates of interest

(a) for different sizes of deposit; or

(b) depending on the length of notice required for repayment of the deposit; or

(c) for deposits placed for repayment on fixed dates.

27 Publication of interest rates

The Manager shall make arrangements for the publication in at least one national newspaper in England and Wales, or on the internet, of the interest rates payable on deposits of money in the Fund. The manner of such publication shall be prescribed in the Scheme Particulars.

28 Statement of interest

28.1 A statement shall be given to each Depositing Charity in respect of its deposit account in a manner determined in accordance with the Scheme Particulars.

28.2 The statement may be sent by post or by some other method of communication that the Depositing Charity has authorised.

29 Method of payment

- 29.1 Any moneys payable by the Trustee to a Depositing Charity, whether by way of interest, or by way of repayment of its deposit, may be paid to the account of that Charity or of the trustees of that Charity in a manner determined in accordance with the Scheme Particulars.
- 29.2 The trustees of a Depositing Charity may authorise the Trustee to make a payment by any other means.

30 Satisfaction of the rights of Depositing Charities

The rights of Depositing Charities to the repayment of deposits, or to the payment of interest, are liable to be satisfied only out of the property of the Fund, and no further claim shall be made against any person who is, or has at any time been, the Manager of the Fund or the Trustee of the Fund.

31 Surpluses

- 31.1 The Trustee shall be entitled to retain surpluses to the extent that it reasonably considers this appropriate in order to provide for future liabilities of the Fund, including the repayment of deposits, and to payment of interest in respect of deposits.
- 31.2 Subject to sub-clause 31.1, any property of the Fund which remains after the satisfaction of the rights of the Depositing Charities to the repayment of deposits, and to the payment of interest, and after settling any other liabilities properly payable out of the Fund, shall be held on trust for distribution amongst the present or past Depositing Charities in such proportions and at such times as the Trustee shall, in accordance with arrangements approved by the Manager, decide.

32 Powers of investment

- 32.1 Any property of the Fund for the time being available for investment shall be invested in the name of the Trustee or a Nominee in accordance with the provisions of this Scheme.
- 32.2 The Manager may invest the property of the Fund at its discretion:
- (a) in sterling denominated deposit accounts with any deposit-taking firm;
 - (b) in sterling denominated negotiable certificates of deposit with any deposit-taking firm; (c) in sterling denominated deposits with any local authority in the United Kingdom;
 - (d) in sterling denominated fixed and floating rate securities issued by any deposit-taking firm; (e) in Treasury bills or other securities issued or guaranteed by Her Majesty's Government. Provided always that:
 - (i) at least 10% of the principal amount of the investments of the Fund shall be repayable within five business days or be capable of being transferred without the consent of a third party (any issuer being regarded as a third party for this purpose); and
 - (ii) (except for the sterling denominated floating rate securities) the remainder of the investments of the Fund shall be repayable within a period not exceeding two years.
- 32.3 The Manager shall have regard -
- (a) to the need for diversification of investments, in so far as is appropriate to the circumstances of the Fund; and
 - (b) to the suitability to the Fund of investments of the description of investment proposed and of the investment proposed as an investment of that description.
- 32.4 The Manager shall make, and from time to time as necessary revise, a written statement of the investment policy of the Fund and shall promptly supply a copy thereof to the Trustee. The statement of investment policy shall include, among other things, the Manager's policy for the Fund in the following matters:
- (a) securing compliance with sub-clause 32.3; (b) the kinds of investments to be held;
 - (c) the balance between different kinds of investments; (d) risk;
 - (e) the expected return on investments; and
 - (f) the realisation of investments.
- 32.5 The Manager shall at all times keep the investments of the Fund under review and may at any time in its discretion realise, exchange or otherwise dispose of any investment either to raise cash or for investment in accordance with this Scheme.
- 32.6 The Manager shall not exercise any power to invest the property of the Fund other than that provided by this Scheme and in conformity with the statement of investment policy made in accordance with sub-clause 32.4.

33 Cash

To the extent that it is not otherwise permitted under the provisions of this Scheme, the property of the Fund may include cash and near cash where this may reasonably be regarded as necessary in order to facilitate the repayment of deposits, and the payment of interest, or to further the efficient management of the Fund, or otherwise to enable the Manager to discharge its functions under this Scheme.

34 Scheme Particulars

- 34.1 The Manager shall make written Scheme Particulars for the purpose of:
- (a) supplementing the provisions of clauses 15.2 (a), 18, 19, 20, 24, 25, 26, 27, 28.1 and 29.1 of this Scheme, as indicated in those clauses, and the Scheme Particulars shall, as far as reasonably possible, include details of all identifiable costs and expenses;

- (b) supplementing the other provisions of this Scheme if, in its opinion, that may be necessary to enable the Fund to operate effectively;
 - (c) modifying or relaxing any duty to account to the Fund which may result from a conflict of interest and duty on the part of the Trustee, the Manager or other person;
 - (d) providing for the holding and constitution of meetings of Depositing Charities for such purposes as the Trustee may consider appropriate;
 - (e) supplementing the information given by or under the provisions of this Scheme about the constitution, objectives and operation of the Fund which shall include (where applicable) any restrictions or limitations on investment that are additional to those imposed by this Scheme.
- 34.2 Scheme Particulars made for the purpose of supplementing the provisions of clause 19 or 20 (save for increases to the periodic charges payable under those clauses up to the maximum periodic charge currently set out therein) or for modifying or relaxing any duty to account to the Fund which may result from a conflict of interest and duty on the part of the Trustee, the Manager or other person shall be subject to the prior written consent of the Commission.
- 34.3 No provision in the Scheme Particulars shall be inconsistent with this Scheme.
- 34.4 The Scheme Particulars shall be revised from time to time by the Manager, subject to the prior consent in writing of the Commission in the case of Scheme Particulars revised for the purposes specified in sub-clause 34.2, and copies of the Scheme Particulars, or any amendments, shall be supplied free of charge to the Commission, the Trustee and the Depositing Charities.

35 Miscellaneous

- 35.1 The Trustee may decide conclusively any question arising under this Scheme as to the rights of Depositing Charities.
- 35.2 Where any institution which has made a deposit in the Fund ceases to be a Charity qualified in accordance with clause 4 to deposit in the Fund, the deposit shall be repaid forthwith with any interest accrued up to the date that institution ceases to be a Charity.
- 35.3 The Manager shall make available to investors in the Fund the information set out in FUND 3.2.2R before they invest in the Fund, as well as any material change thereof.

36 Accounts and report

- 36.1 For the purposes of Part 8 of the Charities Act (other than section 130) and of the Regulations (other than the provisions relating to audit), the Manager (and no other person) shall be considered the charity trustee of the Fund within the meaning of the Charities Act.
- 36.2 The Manager shall prepare in respect of each financial year of the Fund a statement of accounts and annual report complying with the requirements of the Charities Act and the Regulations. The Manager shall also prepare a half-yearly report and accounts for the Fund made up to the date of the interim balance sheet.
- 36.3 The Manager shall cause the accounts in respect of each financial year to be audited by an auditor appointed by the Manager and of the type specified in the AIFMD implementing measures.
- 36.4 The Manager shall transmit to the Commission -
- (a) the annual report, to which shall be attached the accounts and a copy of the audit report; and
 - (b) a copy of each half yearly report and accounts.
- 36.5 The Manager shall report on the Fund's performance to the Depositing Charities at least once in every six month period.

37 Information for Depositing Charities

- 37.1 Subject to sub-clause 37.2 below, the Manager shall send to all Depositing Charities copies of the following documents:
- (a) this Scheme, and any variation of it;
 - (b) the Scheme Particulars, and any variation of them;
 - (c) the current written statement of the investment policy of the Fund made in accordance with the provisions of clause 32, and any variation of it;
 - (d) a report on the performance of the Fund to the Depositing Charities at least once in every six month period and such report shall include a comparison of such performance with rates of interest paid by banks and building societies;
 - (e) each report made by the Manager and the Trustee in accordance with the provisions of this Scheme during the period of deposit; and
 - (f) the statement of accounts of the Fund, (together with the audit report on that statement, where an audit report is required to be prepared) prepared most recently prior to the date of first deposit, and any such statement and report prepared during the period of deposit.
- 37.2 The Manager and the Trustee may make a joint application to the Commission for a direction that material providing relevant information may be sent to all Depositing Charities instead of one or more of the documents mentioned in sub-clause 37.1 (a),(b), (d) and (e) above. The Commission may give such a direction on such terms as they think fit.

38 Winding-up

- 38.1 If the Trustee is of the opinion that it is expedient in the interests of the Depositing Charities to wind up the Fund, it shall serve on the Manager a notice of the Trustee's intention to wind up the Fund. The Manager shall submit its representations (if any) to the Trustee within one calendar month from the date of the notice from the Trustee.
- 38.2 If, upon consideration of the Manager's representations (if any), the Trustee remains of the opinion that a winding up of the Fund is expedient in the interests of the Depositing 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 Commission and the Manager and publish it in such manner (if any) as the Commission may

direct;

(b) inform the Depositing 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. Any property remaining after repaying all outstanding deposits, paying all outstanding entitlements to interest, and settling, or making adequate provision for, any other liabilities properly payable out of the Fund, including the costs of the winding up, shall be held on trust for division amongst the present or past Depositing Charities in such proportions as the Trustee shall, in accordance with arrangements approved by the Manager, decide.

38.3 For the purpose of carrying out the trust specified in sub-clause 40.2(c) of this clause and of securing fairness between Depositing Charities in doing so, the Trustee shall have power to do all such things as may be required and to determine all such questions as may arise.

39 Questions under Scheme

Any questions as to the construction of this Scheme, or as to the regularity or the validity of anything done or proposed to be done under this Scheme, may be determined by the Commission upon sufficient application to it by the Manager or the Trustee.