

Prospectus

Jessop Personal Pension Trust

This document is issued as at 27 October 2006

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Registered in England No. 5768993 Authorised and Regulated by the Financial Services Authority

Definitions

“ACD”	the authorised corporate director of the Gartmore open-ended investment companies;
“the Constituent Funds”	the funds listed in column 1 in Clause 2.1 on page 5 herein and which are the constituent funds of the Scheme;
“the CIS Sourcebook”	the Collective Investment Schemes Sourcebook which forms part of the FSA’s Handbook of Rules and Guidance;
“the COLL Sourcebook”	the New Collective Investment Schemes Sourcebook which forms part of the FSA’s Handbook of Rules and Guidance;
“the Act” or “FSMA”	Financial Services and Markets Act 2000;
“the Depositary”	the Depositary of the Gartmore Open-ended Investment Companies;
“the FSA”	Financial Services Authority 25 North Colonnade Canary Wharf London E14 5HS
“Jessop” or the “Manager”	Jessop Fund Managers Limited;
“HSBC” or “the Trustee”	HSBC Bank plc, the Trustee of the Scheme;
“Related Company”	the ultimate holding company of Jessop and all of its subsidiaries;
“the Regulations”	the various regulations made by the Secretary of State or the FSA;
“the Trust Deed”	the Trust Deed constituting the Scheme as amended by any supplemental deed thereto;
“the Scheme”	Jessop Personal Pension Trust;
“the Underlying Funds”	the funds listed in column 2 in Clause 2.1 herein into which the Constituent Funds invest and which may either be authorised unit trusts or sub-funds of one of the Gartmore open-ended investment companies;
“registered pension scheme”	a personal pension scheme designed for approval under Chapter IV Part XIV Income and Corporation Taxes Act 1988 and that has received an appropriate scheme certificate under the Pension Schemes Act 1993, which is a Registered Pension Scheme under the Finance Act 2004.

1 General Provisions to all the Constituent Funds

- 1.1 The Manager** The Manager of the Scheme is Jessop, a company limited by shares incorporated on 4 April, 2006 in England and Wales under the Companies Act 1948. Jessop is a wholly owned subsidiary of Vertex Administration Limited. Vertex Administration Limited is authorised and regulated by the FSA and provides high quality services to the financial services marketplace and its customers for leading edge products in the pensions and protection markets. Jessop's ultimate holding company is United Utilities plc, a FTSE 100 company, with a current market capitalisation of around £4.6 billion. Jessop's registered office is at Pegasus House, Kings Business Park, Liverpool Road, Prescot, Merseyside L34 1 PJ. The names of the directors of Jessop together with a note of any significant business activities of the directors not connected with the business of Jessop appear in Schedule 1 hereto. Jessop is an authorised person for the purpose of the Act
- 1.2 The Trustee** The Trustee of the Fund is HSBC Bank plc, a company incorporated in England and Wales by a Deed of Settlement in 1836, registered as an unlimited company in 1873 under the Companies Act 1862 and re-registered as a company limited by shares in 1880 under the Companies Act 1863-1872.
- The ultimate holding company is HSBC Holdings plc, a company incorporated in England and Wales. The Trustee's registered office is 8 Canada Square, London E14 5HQ. The principal office for business of the Trustee is situated at Mariner House, Pepys Street, London EC3N 4DA. The principal business activity is banking.
- 1.3 The Register** The registrar of the Scheme is Jessop. The register of unitholders of the scheme can be inspected at the offices of the Registrar.
- 1.4 The Auditor** The auditor of the Scheme is PricewaterhouseCoopers, Southwark Towers, 32 London Bridge Street, London SE1 9SY.

2 Details of the Constituent Funds

2.1 The Umbrella Fund and its fifteen Constituent Funds

The Scheme is an umbrella fund comprising fifteen Constituent Funds, each of which is a feeder fund under the CIS Sourcebook. The name and investment objective of each Constituent Fund and the name of each scheme into which it feeds (the Underlying Funds) are set out below:-

Constituent Fund	Underlying Fund into which it feeds	Investment Objective of Constituent Fund
Jessop(GAR)US Opportunities Personal Pension Fund	Gartmore US Opportunities Fund	Investment in North America in all economic sectors
Jessop(GAR)US Smaller Companies Personal Pension Fund	Gartmore US Smaller Companies Fund	Investment in equities issued by companies based in North America
Jessop(GAR)Cash Personal Pension Fund	Gartmore Cash Fund	Investment in the UK financial sector
Jessop(GAR)Emerging Markets Opportunities Personal Pension Fund	Gartmore Emerging Markets Opportunities Fund	Investment in shares and other financial instruments in developing and emerging markets worldwide in all economic sectors
Jessop(GAR)European Growth Personal Pension Fund	Gartmore European Growth Fund	Investment in Continental Europe in all economic sectors
Jessop(GAR)UK Long Dated Gilt Personal Pension Fund	Gartmore UK Long Dated Gilt Fund	Investment worldwide in all economic sectors
Jessop(GAR)Index Linked Gilt Personal Pension Fund	Gartmore Index Linked Gilt Fund	Investment worldwide in the public finance sector
Jessop(GAR) Japan Opportunities Personal Pension Fund	Gartmore Japan Opportunities Fund	The fund's aim is to achieve capital growth by investment in Japanese sectors
Jessop(GAR)Long Term Balanced Personal Pension Fund	Gartmore Long Term Balanced Fund	Investment worldwide in all economic sectors
Jessop(GAR)Global Equity Quant Personal Pension Fund	Gartmore Global Equity Quant Fund	Investment worldwide in all economic sectors
Jessop(GAR)Cautious Managed Personal Pension Fund	Gartmore Cautious Managed Fund	Investment worldwide in all economic sectors
Jessop(GAR)Pacific Opportunities Personal Pension Fund	Gartmore Pacific Opportunities Fund	Investment in shares and other financial instruments in the Pacific Basin area
Jessop(GAR)UK Emerging Companies Personal Pension Fund	Gartmore UK & Irish Smaller Companies Fund	Investment in the UK and Ireland in all economic sectors
Jessop(GAR)UK Growth Personal Pension Fund	Gartmore UK Growth Fund	Investment in the UK in all economic sectors
Jessop(GAR)UK Index Personal Pension Fund	Gartmore UK Index Fund	Investment in the UK in all economic sectors

The full investment objective of each Underlying Fund into which each Constituent Fund feeds is set out in Clause 2.4 hereto.

2.2 Eligible Securities Markets

The Scheme invests in units or shares of the Gartmore range of authorised collective investment schemes as set out under "The Umbrella Fund and its fifteen Constituent Funds" in Clause 2.1.

The authorised collective investment schemes are authorised by the FSA and are available in the United Kingdom.

2.3 Eligible Derivative Markets

It is not the intention to invest the Scheme in derivative markets.

2.4 Constitution and Objectives of the Scheme

The Scheme, which is established by a Trust Deed dated 2nd September 1988 and was authorised by the FSA on 16th September 1988, is an authorised unit trust scheme and a registered pension scheme. It is an umbrella fund within the meaning of the Regulations, comprising fifteen Constituent Funds, each of which is a feeder fund within the meaning of the Regulations. The investment policy adopted by Jessop in relation to the Scheme is to provide investors with a choice between capital and income growth, or a mixture of both, by investment of the Constituent Funds in other collective investment schemes managed by Gartmore as provided in the Trust Deed. The name and a brief description of the investment objective of each Constituent Fund and the name of each scheme into which it is to feed are set out in Clause 2.1. Jessop's investment policy for achieving the investment objective of each Constituent Fund is to invest the proceeds of sale of units in that Constituent Fund in the purchase of units or shares of the Underlying Fund into which it feeds. Unitholders may direct Jessop to exchange units in one Constituent Fund of the Scheme for units in another.

All of the Underlying Funds into which the Constituent Funds feed are UCITS schemes operating under the COLL Sourcebook ("COLL") save for Gartmore Long Term Balanced Fund which is a non-UCITS retail scheme operating under the New Collective Investment Schemes Sourcebook ("COLL").

Details of the investment objectives and the investment policies adopted by Gartmore in relation to each of the Underlying Funds into which the Constituent Funds of the Scheme feed are set out below. Details of all the investment, efficient portfolio management and borrowing powers of the Underlying Funds into which the Constituent Funds of the Scheme are to feed appear in part 1 of Schedule 3 hereto.

The base currency of the Scheme is pounds sterling.

GARTMORE US OPPORTUNITIES FUND

(sub-fund of Gartmore Investment Funds Series I)

The Fund aims to achieve a long-term return, in excess of the long-term return that is typically achieved from North American equity markets, by investing in:

- companies having their registered office in North America
- companies that do not have their registered office in North America but either (i) carry out a predominant proportion of their business activity in these markets, or (ii) are holding companies which predominantly own companies with registered offices in North America.

The Fund will have a bias towards small and medium sized companies.

Investment will be mainly in the United States of America.

The return will be a combination of capital and income returns.

The Fund may also invest at the fund manager's discretion in other transferable securities, money market instruments, cash and near cash, derivative instruments and forward transactions, deposits and units in collective investment schemes (use may be made of stocklending, borrowing, cash holdings, hedging and other investment techniques permitted in applicable FSA Rules).

GARTMORE CASH FUND

(sub-fund of Gartmore Investment Funds Series II)

The Fund aims to provide a high level of capital security and wholesale money market rates of return by investing in sterling denominated cash deposits and money market instruments.

The Fund may also invest at the fund manager's discretion in transferable securities, money market instruments, cash and near cash, derivative instruments and forward transactions, other deposits and units in collective investment schemes (use may be made of stock-lending, borrowing, cash holdings, hedging and other investment techniques permitted in applicable FSA Rules).

GARTMORE CAUTIOUS MANAGED FUND

(sub-fund of Gartmore Investment Funds Series II)

The investment objective and policy of this Fund is to provide a combination of income and long-term capital growth. Investment will be in a diversified portfolio of equities, bonds and other related investments. At all times the investment in equities will be limited to a maximum of 60% of the value of the Fund's portfolio.

The Fund may also invest at the fund manager's discretion in other transferable securities, money market instruments, cash and near cash, derivative instruments and forward transactions, deposits and units in collective investment schemes (use may be made of stock-lending, borrowing, cash holdings, hedging and other investment techniques permitted in applicable FSA Rules).

GARTMORE EMERGING MARKETS OPPORTUNITIES FUND

(sub-fund of Gartmore Investment Funds Series I)

The Fund aims to achieve a long-term return, in excess of the long-term return that is typically achieved from emerging equity markets by investing in:

- companies having their registered office in emerging markets
- companies that do not have their registered office in emerging markets but either (i) carry out a predominant proportion of their business activity in these markets, or (ii) are holding companies which predominantly own companies with registered offices in emerging markets

In this context, the term “emerging markets” means countries with low or middle per capita income and which are referred to by the World Bank as developing countries.

The Fund may also invest in American Depositary Receipts (“ADRs”) investing in securities issued by companies incorporated in emerging markets or in any similar listed securities of emerging companies.

The return will be a combination of capital and income returns.

The Fund may also invest at the fund manager’s discretion in other transferable securities, money market instruments, cash and near cash, derivative instruments and forward transactions, deposits and units in collective investment schemes (use may be made of stocklending, borrowing, cash holdings, hedging and other investment techniques permitted in applicable FSA Rules).

GARTMORE EUROPEAN GROWTH FUND

(sub-fund of Gartmore Investment Funds Series II)

This Fund is designed to provide investors with long-term capital growth by investing in a diversified portfolio of Continental European investments. Income yield is of secondary importance and is likely to be minimal.

The Fund is biased towards the larger European bourses, although investments in equities traded on the smaller markets will be made if the investments are considered sufficiently marketable. Emphasis is placed on individual stock selection with attention paid to asset allocation by country.

The Fund may also invest at the fund manager’s discretion in other transferable securities, money market instruments, cash and near cash, derivative instruments and forward transactions, deposits and units in collective investment schemes (use may be made of stock-lending, borrowing, cash holdings, hedging and other investment techniques permitted in applicable FSA Rules).

GARTMORE INDEX LINKED GILT FUND

(sub-fund of Gartmore Investment Funds Series II)

The investment objective and policy of the Fund is to invest mainly in index linked United Kingdom gilts. There is the possibility that the Fund will invest in other non-UK index linked stocks. The ACD will invest in securities with the best long-term prospects rather than trying to achieve short-term performance.

The Fund may also invest at the fund manager’s discretion in other transferable securities, money market instruments, cash and near cash, derivative instruments and forward transactions, deposits and units in collective investment schemes (use may be made of stock-lending, borrowing, cash holdings, hedging and other investment techniques permitted in applicable FSA Rules).

GARTMORE JAPAN OPPORTUNITIES FUND

(sub-fund of Gartmore Investment Funds Series II)

The investment objective and policy of this Fund is to invest in a spread of Japanese securities. The ACD will invest in securities with the best long-term prospects rather than trying to achieve short-term performance.

The Fund may also invest at the fund manager’s discretion in other transferable securities, money market instruments, cash and near cash, derivative instruments and forward transactions, deposits and units in collective investment schemes (use may be made of stock-lending, borrowing, cash holdings, hedging and other investment techniques permitted in applicable FSA Rules).

GARTMORE LONG TERM BALANCED FUND

(sub-fund of Gartmore Investment Funds Series V)

The Fund aims to achieve a long-term return, in excess of the long-term return that is typically achieved from a balanced portfolio of UK and Global investments by investing in:

Collective Investment Schemes, Fixed Interest Securities, other Transferable Securities, Money Market Instruments, Warrants, Cash and Deposits.

The Fund may use derivatives for the purposes of efficient portfolio management.

GARTMORE GLOBAL EQUITY QUANT FUND

(sub-fund of Gartmore Investment Funds Series II)

This Fund aims to achieve a long-term return, in excess of the long-term return that is typically achieved from global (excluding UK) equity markets, by investing in:

- companies of any market capitalisation accessed via a range of securities.

The Fund may also invest at the fund manager’s discretion in other transferable securities, money market

instruments, cash and near cash, derivative instruments and forward transactions, deposits and units in collective investment schemes (use may be made of stock-lending, borrowing, cash holdings, hedging and other investment techniques permitted in applicable FSA Rules),

GARTMORE PACIFIC OPPORTUNITIES FUND

(sub-fund of Gartmore Investment Funds Series I)

The Fund aims to achieve a long-term return, in excess of the long-term return that is typically achieved from Pacific Rim, Far East, Indian subcontinent and Australasian equity markets, by investing in:

- Companies having their registered office in Pacific Rim, Far East, Indian subcontinent and Australasian Markets

Companies that do not have their registered office in Pacific Rim, Far East, Indian subcontinent and Australasian markets but either (i) carry out a predominant proportion of their business activity in these markets or (ii) are holding companies which predominantly own companies with registered offices in Pacific Rim, Far East, Indian subcontinent and Australasian markets.

The Fund may also invest in American Depositary Receipts (“ADRs”) investing in securities issued by companies incorporated in the Pacific Rim, Far East, Indian subcontinent and Australasian markets or any similar listed securities of Pacific Rim, Far East, Indian subcontinent and Australasian companies.

There is no predetermined geographical asset allocation, except that the Fund will not normally invest in Japanese companies.

The return will be a combination of capital and income returns.

The Fund may also invest at the fund manager’s discretion in other transferable securities, money market instruments, cash and near cash, derivative instruments and forward transactions, deposits and units in collective investment schemes (use may be made of stocklending, borrowing, cash holdings, hedging and other investment techniques permitted in applicable FSA Rules).

GARTMORE UK GROWTH FUND

(sub-fund of Gartmore Investment Funds Series II)

To provide capital growth by investing in the UK market in any economic sector.

The Fund will invest in a spread of companies as necessary to achieve the investment objective of capital growth.

The Fund may also invest at the fund manager’s discretion in other transferable securities, money market instruments, cash and near cash, derivative instruments and forward transactions, deposits and units in collective investment schemes (use may be made of stock-lending, borrowing, cash holdings, hedging and other investment techniques permitted in applicable FSA Rules).

GARTMORE UK INDEX FUND

(sub-fund of Gartmore Investment Funds Series III)

This Fund is designed to track the capital performance of the FTSE All-Share Index and to maintain a gross income yield equal to that of the Index.

The Fund is managed on a fully invested basis and has a portfolio of, typically, over 600 stocks comprising the FTSE All-Share Index although, occasionally, the Fund may invest in stocks outside the Index. The emphasis is on maintaining tracking precision. Stocks are screened to minimise deviation from the Index. The portfolio also maintains a balance between large and small capitalisation stocks.

GARTMORE UK & IRISH SMALLER COMPANIES FUND

(sub-fund of Gartmore Investment Funds Series I)

The Fund aims to achieve a long-term return, in excess of the long-term return that is typically achieved from United Kingdom and Irish Smaller Companies equity markets, by investing in:

- smaller companies having their registered office in the United Kingdom and Ireland
- smaller companies that do not have their registered office in the United Kingdom and Ireland but either (i) carry out a predominant proportion of their business activity in this market, or (ii) are holding companies which predominantly own companies which predominantly own companies with registered offices in the United Kingdom and Ireland.

The return will be a combination of capital and income returns.

The Fund may also invest at the fund manager’s discretion in other transferable securities, money market instruments, cash and near cash, derivative instruments and forward transactions, deposits and units in collective investment schemes (use may be made of stocklending, borrowing, cash holdings, hedging and other investment techniques permitted in applicable FSA Rules).

GARTMORE UK LONG DATED GILT FUND

(sub-fund of Gartmore Investment Funds Series II)

The investment objective and policy of this Fund is to invest in fixed interest United Kingdom Government stocks. The ACD will invest in securities with the best long-term prospects rather than trying to achieve short-term performance.

The Fund may also invest at the fund manager's discretion in other transferable securities, money market instruments, cash and near cash, derivative instruments and forward transactions, deposits and units in collective investment schemes (use may be made of stock-lending, borrowing, cash holdings, hedging and other investment techniques permitted in applicable FSA Rules).

GARTMORE US SMALLER COMPANIES FUND

(Sub-fund of Gartmore Investment Funds Series I)

The Fund aims to achieve a long-term return, in excess of the long-term return that is typically achieved from US Smaller companies equity markets ("the US") by investing in:

- smaller companies having their registered office in the US
- smaller companies that do not have their registered office in the US but either (i) carry out a predominant proportion of their business activity in these markets, or (ii) are holding companies which predominantly own companies with registered offices in the US.

In this context the "smaller companies" means companies whose market capitalisation, at the time of purchase for the Fund, does not generally exceed \$2 billion. This capitalisation figure may be adjusted from time to time, depending on market conditions.

The return will be a combination of capital and income returns.

The Fund may also invest at the fund manager's discretion in other transferable securities, money market instruments, cash and near cash, derivative instruments and forward transactions, deposits and units in collective investment schemes (use may be made of stocklending, borrowing, cash holdings, hedging and other investment techniques permitted in applicable FSA rules).

3 Meetings/Winding Up

3.1 Meetings Each unitholder is entitled to participate in the property of the Constituent Fund in which he holds units in the proportion that the value of his units bears to the value of the property of that Fund.

Title to the units of each Constituent Fund will be evidenced by entries on a register of unitholders maintained for that Constituent Fund. You will not be issued with a unit trust certificate but will receive instead an annual statement which will set out any transactions carried out on your behalf, the number of units held and their value as at the end of each tax year.

The legal status that the holding of units confers upon a unitholder is that of a beneficiary under a trust.

At a meeting of unitholders in any of the Constituent Funds, the voting rights of the unitholders and the voting procedure are as follows. On a show of hands every unitholder who (being an individual) is present in person or (being a corporation) is represented by its properly authorised representative who is present in person shall have one vote. A poll may be demanded by the Chairman of the meeting, by the Trustee or by one or more unitholders present in person or by proxy holding or representing one-twentieth of the number of units for the time being in issue. On a poll, every unitholder who is present in person or by proxy shall have one vote for every undivided share in the property of the Constituent Fund (including fractions of a share) which his units represent at the date of that meeting. In the case of joint holders, the vote of the person whose name appears first in the register of unitholders shall be accepted to the exclusion of the vote of the other joint holder or holders.

Where an extraordinary resolution is required at a meeting of unitholders and every unitholder is prohibited under the Regulations from voting, a resolution may, with the prior written approval of the Trustee be passed with the written consent of unitholders representing 75% of the units in issue.

3.2 Winding Up The Trustee of each of the Constituent Funds will proceed to wind up a Constituent Fund (a) if the order declaring it to be an authorised unit trust scheme is revoked, or (b) if the FSA, in response to a request by Jessop or the Trustee for the revocation of the order declaring it to be an authorised unit trust scheme, has agreed, albeit subject to there being no material change in any relevant factor, that, on the conclusion of the winding up of the scheme, the FSA will accede to that request, or (c) the expiration of any period specified in the trust deed as the period at the end of which the fund is to terminate, or (d) the effective date of a duly approved scheme of arrangement, which is to result in the fund that is subject to the scheme of arrangement being left with no property. The procedure to be followed in a winding up of any of the Constituent Funds is that laid down by the Regulations, which currently provide as follows:

- (1) In a case where the Trustee is proceeding to wind up a Constituent Fund as a result of the amalgamation or reconstruction of the Constituent Fund under a duly approved scheme of arrangement or the Trustee

will wind up the Constituent Fund in accordance with the approved scheme of amalgamation or reconstruction as set out above. On the implementation of the winding up the pricing/dealing rules and investment and borrowing powers will cease to apply.

- (2) In any other case, the Trustee shall, as soon as practicable after the Constituent Fund falls to be wound up, realise the property of the Constituent Fund and, after paying there out all liabilities properly so payable and retaining a provision for the costs of the winding up, distribute the proceeds of that realisation to the unitholders and Jessop (upon production by them of evidence as to their entitlement thereto) proportionately to their respective interests in the Constituent Fund as at the date of the relevant event referred to in (a) or (b) above.
- (3) Any unclaimed net proceeds or other cash held by the Trustee after the expiration of twelve months from the date on which the same became payable shall be paid by the Trustee into court subject to the Trustee having a right to retain there out any expenses incurred by him in making and relating to that payment.

4 Units

4.1 The Characteristics of Units of the Scheme

All units in the Scheme are accumulation units and fractions of a unit may be issued. Income in accumulation units is transferred to the Constituent Fund's capital account during the ex dividend period but is daily reflected in the price of units. No income is paid to the investor.

The holders of units in each Constituent Fund are entitled to participate in the property of that Constituent Fund and the income thereof pari passu with the other holders of units in that Constituent Fund.

Title to the units in each Constituent Fund in the Scheme will be evidenced by entries on a register of unitholders, but certificates evidencing title to the units will not be issued.

The nature of the right of the unitholders represented by the units in each Constituent Fund is that of a beneficial interest under a trust. The units are not transferable and may be redeemed only in accordance with the provisions of that Trust Deed.

5 Valuations

5.1 Valuation of Property, Charges and Distributions

The property of each Constituent Fund of the Scheme will be valued daily at 12 noon or at such other time as Jessop in their discretion may decide for the purpose of determining prices at which units in that Constituent Fund may be purchased or redeemed.

If market conditions dictate, any of the Constituent Funds may be specially valued.

For the purpose of the creation of units in each Constituent Fund, the property of that fund is valued on an offer basis; for the purpose of the liquidation of such units it is valued on a bid basis. For the purpose of the calculation of Jessop's periodic charge it is valued on a mid-market basis; for the purpose of the calculation of investment and borrowing limits it is valued on a bid basis. The cancellation unit price last notified to the trustee is available on request from Jessop.

5.2 SETS

For those underlying securities traded via the Stock Exchange Electronic Trading Service (SETS), best market dealing offer or bid prices will be used as a valuation basis.

5.3 Periodic charge and limits valuation

For the purpose of calculating the Trustee's and the Manager's periodic charge the property of each Constituent Fund is valued on a mid-value basis. For the purpose of calculating investment and borrowing limits the property of each Constituent Fund is valued on a bid basis.

6 Charges and Expenses

6.1 Preliminary or initial charge

On the sale of units in the Scheme, a preliminary charge of such amount as may from time to time be fixed by Jessop, not exceeding 7½% of the sale price of the units, will be included in the sale price and paid to Jessop. The initial charge actually made by Jessop for all Constituent Funds is 6.38% (6% of the offer price). There is no charge made on the redemption of units.

6.2 How the periodic charge is calculated

Jessop will be remunerated as manager out of the property of each Constituent Fund of the Scheme by a periodic charge of such amount as will from time to time be fixed by it which, in accordance with the provisions of the Trust Deed, will not exceed 1.5% per annum of the value of the relevant Constituent Fund. The present periodic charge has been fixed at 0.75% per annum of the value of the relevant Constituent Fund, except for the Jessop(GAR) Cash Fund where the charge is fixed at 0.50% per annum.

The method of calculating Jessop's periodic charge is as follows:

- calculate the scheme property at the valuation point coinciding with or immediately before the start of the relevant accrual interval.
- multiply the average by a fraction (or 'rate) not exceeding the maximum percentage

- divide the resulting figure by 365 (366 in a leap year) and multiply the result of the division by the number of days in the accrual interval.

6.3 Value Added Tax If VAT is payable and is added to a charge, the Manager has noted this charge.

6.4 Trustees charges, expenses and disbursements

The Trustee is entitled to receive a fee out of the scheme property (plus VAT thereon) for its services as Trustee. The Trustee shall be paid out of the property of the Fund for its own account by way of remuneration for its services. The fee will be 0.025% (plus VAT), is accrued daily and is payable monthly.

The remuneration paid to the Trustee shall not exceed 0.05% of the net asset value. The current rate of the Trustee's remuneration may only be increased to or within the maximum after the Manager has given not less than 90 days' notice in writing of the increase and the date of its commencement to all unitholders in the Fund and after the Manager has revised and made available the Prospectus to reflect the new rate and the date of its commencement.

In addition transaction charges and custodian charges may be made. These charges vary according to the countries in which the Fund may invest. In addition a charge can be levied for derivative transactions. The current range of transaction charges per transaction is £0 to £200 respectively. The maximum transaction charge that may be levied is £400 per transaction. The current range of custodian charges is 0.0038% to 0.38% per annum and is subject to VAT. The maximum custody charge that may be levied is 2%. An accrual is made based on the aggregate of the number of transactions and value of holdings. This is then paid monthly in arrears for transaction charges and monthly in arrears for custody services. The actual amount charged in respect of custody safekeeping and transaction charges for the latest financial period is shown in the report and accounts which can be requested from the Manager.

The current rate of the transaction charge and/or custodian charges may only be increased to or within the maximum for the Fund after the Manager has given not less than 90 days' notice in writing of the increase and the date of its commencement to all unitholders in the Fund and after the Manager has revised and made available the Prospectus to reflect the new rate and the date of its commencement.

The Trustee is also entitled to reimbursement out of the property of the Fund for expenses or disbursements (plus VAT) properly incurred by the Trustee in performing duties imposed upon it. The duties of the Trustee for which reimbursement may be made are:

- all fees charged by and any expenses and disbursements agreed for payments to any registrar appointed under the Regulations (or any expenses or disbursements by the Trustee acting as registrar); and
- all expenses of registration of assets in the name of the Trustee or its nominees or agents, of acquiring, holding, realising or otherwise dealing with any asset; of custody of documents; of insurance of documents and of collecting income or capital; of opening bank accounts; effecting currency transactions and transmitting money; relating to borrowings or other permitted transactions; of obtaining advice, including legal, accountancy or other advice; of conducting legal proceedings; of communicating with unitholders, the Manager, the Registrar or other persons in respect of the Fund, relating to any enquiry by the Trustee into the conduct of the Manager and any report to unitholders; or otherwise relating to the performance by the Trustee of its duties or the exercise by the Trustee of its powers; and
- all charges of nominees or agents in connection with any matter referred to in (b) above; and
- any other costs, disbursements or expenses such as bank and transaction charges accepted under the laws of England and Wales from time to time as being properly chargeable by depositaries. If any person, at the request of the Trustee in accordance with the Regulations, provides services including but not limited to those of custodian of property of the Fund, the expenses and disbursements hereby authorised to be paid to the Trustee out of the property of the Fund shall extend to the remuneration of such person as approved by the Trustee and the Manager.

6.5 Other chargeable expenses

In addition, all expenses permitted by the Regulations to be paid out of the property of the Fund will be so paid. At present these comprise the following:

- broker's commission, fiscal charges and other disbursements which are:
 - necessary to be incurred in effecting transactions for the Fund, and
 - normally shown in contract notes, confirmation notes and different accounts as appropriate;
- interest on borrowings permitted under the Trust Deed and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings, and
- taxation and duties payable in respect of the property of the Fund, the Trust Deed or the issue of units, and
- any costs incurred in modifying the Trust Deed, including costs incurred in respect of meetings of unitholders convened for the purposes which include the purpose of modifying the Trust Deed, where the modification is:
 - necessary to implement, or necessary as a direct consequence of, any change in the law (including changes in the Regulations), or

- (ii) 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 interest of unitholders, or
- (iii) to remove from the Trust Deed obsolete provisions, and
- (e) 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, and
- (f) liabilities on unitisation, amalgamation or reconstruction arising when the property of a body corporate or of another collective investment scheme is transferred to the Trustee in consideration of the issue of units in the Trust to shareholders in that body or to participants in that other scheme, in which case the Trustee as the successor in title to the other property may pay out of the property of the Fund any liability arising after the transfer which, had it arisen before the transfer, could properly have been paid out of that other property, provided that:
 - (i) in the case of the Fund, there is nothing in its Trust Deed expressly forbidding the payment; and
 - (ii) the Trustee is of the opinion that proper provision was made for meeting such liabilities as were known or could reasonably have been anticipated at the time of the transfer, and
- (g) the audit fee properly payable to the Auditor and VAT thereon and any proper expenses of the Auditor, and
- (h) the fees of the FSA under the Act or the corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which units in the Fund are or may be marketed.

7 Accumulations of Income

Allocations of income are to be made to unitholders on 5th June in each year (and the Trustee is authorised by the Trust Deed to make interim allocations of income subject to the notice and other provisions therein contained). The allocation of income in respect of a unit issued or re-issued during an accounting period (the annual accounting period ending on 5th April in each year) includes a capital sum (“income equalisation”) representing Jessop’s best estimate of the amount of income included in the creation price by reference to which the issue price of that unit was determined. The amount of income equalisation is arrived at by taking the aggregate of the amounts of income included in the creation price in respect of units issued or re-issued in a particular period determined by Jessop (“the grouping period”) and dividing that aggregate by the number of those units and applying the resultant average to each of the units in question. The grouping periods for the Scheme are each interim accounting period and the period between the end of the only or last interim accounting period in an annual accounting period and the end of that accounting period, provided that if, in any annual accounting period, there is no interim accounting period, grouping is permitted for that annual accounting period. Grouping for equalisation (which is permitted by the Trust Deed) is the method used to determine the average amount of income included in the price of units purchased during an accounting period. Although these funds only offer accumulation units for the information of investors the accumulated income is determined following a reconciliation of the authorised collective investment schemes income bank account and agreed with the auditors of the authorised collective investment schemes. The auditors will check the rate and ‘clear’ the rate prior to the distribution date.

7.1 Equalisation Equalisation will apply to all Constituent Funds (see 7 above). At Jessop’s discretion, this policy may be reviewed at any time.

8 Administration and dealing office and the issue and redemption of units in the Scheme

Jessop has delegated the administration of the scheme to Vertex Administration Limited (Vertex). Vertex’s address is Jessop House, Jessop Avenue, Cheltenham, Gloucestershire, GL50 3SH. The address for written communications is P.O. Box 262, Cheltenham, Gloucestershire, GL50 3YW. Telephone: 0870 601 1131.

Jessop has delegated the provision of transfer agency services to Sinclair Henderson whose address is 2 The Boulevard, City West One Office Park, Gelderd Road, Leeds, LS12 6NT. Telephone: 0113 224 6000.

8.1 Dealing hours Jessop will be available from 9.00 a.m. to 5.00 p.m. from Monday to Friday each business day to receive requests for the issue and redemption of units although it may, for any reason and without notice, change the times on a business day at which it will be available to receive such requests. However as the Scheme is a registered pension scheme the right to redeem units is restricted. Investors should contact their pension administrator (see Clause 8.4).

8.2 Dealing terms, contracts Jessop will issue units in accordance with the Regulations at the published issue price upon receipt of a written request, subject to retaining the right to cancel any such transaction if payment of the issue price is not received within two working days.

Units of the Jessop Personal Pension Trust will be evidenced by entries on a register of unitholders but

certificates evidencing title to the units will not be issued. In respect of single contributions, once a contribution has been invested, an acknowledgement detailing units purchased, price and total cost will be forwarded to the investor within two working days.

8.3 Minimum value of units The minimum value of units which any one person may hold depends on the method of contribution in each case. For regular annual contributions, it is £1,000; for regular monthly contributions £100; for single contributions £2,000; for additional single contributions £500.

8.4 Selling or redeeming units Jessop will redeem units in accordance with the Regulations upon receipt of a written request and will remit the published redemption price to the former unitholders in accordance with the Regulations. A unitholder who redeems his units in any Constituent Fund of the Scheme for units in another Constituent Fund of the Scheme will in no circumstances be given a right by law to withdraw from or cancel the transaction.

As the Scheme is a registered pension scheme, the right to redeem units is restricted. Units are only redeemable in the following circumstances:

- (a) the unitholder's pension arrangements under the Scheme vest;
- (b) the unitholder's pension fund arising under the Scheme is transferred to another pension scheme;
- (c) any over-contributions to the Scheme are required to be repaid in accordance with the rules of the Scheme;
- (d) upon a unitholder, or Jessop acting on behalf of a unitholder, switching his investment from one Constituent Fund of the Scheme to another;
- (e) to meet certain administrative expenses of the Scheme in so far as not met by Jessop's periodic charge.

The redemption of units by Jessop may be suspended in the circumstances permitted by the Regulations. These currently provide that Jessop may, with the prior agreement of the Trustee, or if the Trustee so requires, at any time for a period not exceeding 28 days, suspend the redemption of units if it, or the Trustee in the case of any requirement by the Trustee, is of the opinion that there is good and sufficient reason to do so, having regard to the interests of the unitholders.

The re-calculation of creation and cancellation prices will commence at 12 noon on all business days, subject to Jessop's discretion to alter this time without notice.

The pension administrator, Jessop, can be contacted at Jessop Fund Managers Limited, PO Box 262, Cheltenham, Glos GL50 3YW. Fax no: 0870 601 1135. Phone queries: 0870 601 1131.

8.5 Forward basis dealing in units Unit dealing is on a forward basis, that is to say that investors may buy and sell units at the price calculated at the valuation point next following receipt of the order.

8.6 Unit prices The most recent issue and redemption prices in respect of units in the Scheme are published daily on the Jessop website; www.jfml.co.uk.

8.7 Large deal The total consideration payable under a deal in units in any of the Constituent Funds of the Scheme that is to be a "large deal" within the meaning of the Act shall be at least £15,000.

Jessop is under no obligation to account to the Trustee or to the Unitholders for any profit it makes on the issue of units or on re-issue or cancellation of units which it has redeemed.

9 List of other Authorised Collective Investment Schemes operated by Jessop

As at 27 October 2006 there are no other authorised collective investment schemes operated by Jessop.

10 Charges and Expenses of the Scheme

10.1 Charges Please refer to Schedule 2 below.

11 General Information

11.1 General Information Annual and Interim reports are published not later than two months after the end of the relevant accounting period.

Copies of the Trust Deed constituting the Scheme, together with all amending instruments, and copies of the most recent annual and half yearly reports may be inspected, and photocopies obtained from Jessop House, Jessop Avenue, Cheltenham, Gloucestershire, GL50 3SH

11.2 Taxation The following summary is intended to offer some guidance on the United Kingdom ("UK") taxation of the Constituent Funds and their unitholders but should not be regarded as definitive nor as removing the desirability of taking independent professional advice. If investors are in any doubt as to their taxation position they should consult their professional adviser. Levels and bases of, and reliefs from, taxation are subject to change in the future.

- (i) **The Underlying Funds** As the Underlying Funds listed are authorised collective investment schemes, they are exempt from UK tax on capital gains realised on the disposals of investments within the Funds. The Underlying Funds are liable to corporation tax at a rate of 20% on their taxable income net of management expenses as if they were companies resident in the UK but at a reduced rate of tax. Distributions received by each fund from a UK company will generally not be liable to corporation tax. Other sources of income, for example, bank deposit interest or dividends from overseas companies, will be liable to corporation tax.
- (ii) **The Unitholders** The Trustee of a Constituent Fund will be deemed to make distributions in respect of income available for payment to unitholders (whether or not it in fact does so). Each distribution may comprise (1) a dividend distribution or (2) an interest distribution but only where the market value of the fund's interest bearing investments and cash on deposit exceeds 60% of the market value of all its assets throughout the accounting period to which it relates.
- (iii) **Dividend Distributions** For the purpose of dividend distributions, unitholders are treated as if they held shares of a company, and so much of the income arising to the Trustee as is shown in the distribution account as available for payment to unitholders as a dividend distribution is treated as if it were a dividend on those shares paid to the unitholders in proportion to their rights. A dividend distribution to non-corporate unitholders will carry a tax credit. The tax credit attaching to such distributions will satisfy in full the tax liability of a unitholder liable to UK income tax. It will not be possible for unitholders who are non-taxpayers to reclaim an amount in respect of the tax credit.
- For UK resident corporate unitholders, dividend distributions derived from dividends received from UK companies by the Trustee will not be taxable. Dividend distributions derived from other income will be subject to corporation tax as if they were annual payments made after a deduction of tax at the rate of 20%. UK corporate unitholders will be entitled to a tax credit for the tax deemed to have been deducted therefrom.

12 Stamp Duty Reserve Tax on surrender of Units

Stamp duty reserve tax arises where units in an authorised collective investment scheme are surrendered by a unitholder. Set out below is a brief explanation of how this charge will affect unitholders and potential unitholders in any Jessop authorised collective investment scheme.

12.1 Stamp Duty Reserve Tax ("SDRT") SDRT is a tax which is charged on the transfer of chargeable securities at the rate of 0.5% on the amount of consideration for such transfer. For SDRT purposes, the expressions "chargeable securities" means, subject to certain exceptions, securities which are registered on a register kept in the UK. It includes units in an authorised collective investment scheme.

12.2 SDRT in relation to surrenders of units The trustee or depositary of an authorised collective investment scheme is liable to pay SDRT at the rate of 0.5% of the value of units in that authorised collective investment scheme which are surrendered to the manager or the trustee. The amount of SDRT for which the trustee is liable is potentially reduced by two ratios:

- (1) If more units are surrendered than are issued during a two week period (which consists of the week the surrender occurs and the following week), then the liability to SDRT is reduced by multiplying the value of the surrenders in the first week by the ratio I/S where I is the number of units issued, and S is the number of units surrendered, in the relevant two week period; and
- (2) If an authorised collective investment scheme holds exempt assets (i.e. non-chargeable securities, such as foreign securities or UK gilts or UK bonds), the liability to SDRT is further reduced by multiplying it by the ratio $N/(N+E)$ where N is the average of the market values of the non-exempt assets of the authorised collective investment scheme over the relevant two week period and E is the average of the market values of the exempt assets of the authorised collective investment scheme over the relevant two week period.

The following types of surrenders of units are outside the above calculation:

- (i) pro rata in specie redemptions (i.e. a redemption where the unitholder receives his proportionate share of each asset held in the authorised collective investment scheme's portfolio);
- (ii) transfers of units where there is no consideration (e.g. a gift, or a transfer on a change of nominee).

12.3 Effect of SDRT provision on unitholders in Jessop authorised collective investment schemes The manager of an authorised collective investment scheme is able to impose a charge on the creation or sale of units, or on the cancellation or redemption of units, which will be made as a provision for SDRT for which the trustee or the depositary of the authorised collective investment scheme may become liable in respect of a surrender of units to the manager ("**SDRT provision**").

Jessop's policy in relation to all Jessop authorised collective investment schemes is not to impose an SDRT provision on either the creation or issue of units or on the cancellation or redemption of units, with the result that any SDRT payable in respect of the surrender of units will be paid by the trustee or depositary out of the property of the relevant authorised collective investment scheme. However, Jessop reserves the right to require the payment of an SDRT provision in relation to units in any Jessop authorised collective investment scheme (up to a maximum of 0.5% of the value of the units involved in the transaction) as

an addition to the price of units on their creation or issue, and as a deduction on their cancellation or redemption (other than on a pro rata in specie cancellation) of whatever size whenever it considers that circumstances have arisen which make such imposition fair to all unitholders and potential unitholders. Jessop 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 series of transactions in one dealing period) by any person to buy, sell or exchange units at a total value of £15,000 or more.

13 Additional Information

- 13.1 Mandatory Redemption** Investors and their professional advisers should note that the value of units and the income from them may go down as well as up and that, if investors buy units, they may not be repaid the amount they originally invested when they sell them.
- 13.2 Conversion to the Euro Currency** A mandatory redemption or conversion of units may be required if the investor is subject to any restrictions on investing in the United Kingdom or for any other reasonable cause at the discretion of the Manager.
- 13.3 Immovable property** At a date in the future, if the Euro currency is introduced to the United Kingdom, all unitholders both present and in the future should be aware that Jessop will not seek unitholders permission to change the base currency of the Funds or any other form of collective investment scheme to the Euro currency.
- No Jessop unit trust will hold an interest in any immovable property or tangible movable property.

14 Complaints

Who should I contact if I have a complaint If you are dissatisfied with any aspect of your relationship with Jessop, it is our policy to ensure that your complaint is dealt with quickly and efficiently.

Initially, Jessop’s Administration Helpline on 0870 601 1133 will be able to assist you and will endeavour to answer your complaint immediately or alternatively provide you with a comprehensive written response. If you should remain dissatisfied you may wish to contact Jessop’s Complaints Officer, at P.O. Box 262, Cheltenham, Gloucestershire, GL50 3YW. The Complaints Officer will independently investigate your complaint and respond to you with a substantive response. A copy of Jessop’s complaints procedures will also be provided to you.

If you are dissatisfied with the outcome of the investigation and it relates to the sales and marketing of the plan, then you may refer your complaint to the Financial Ombudsman Service within six months of our final response. Their address is South Quay Plaza, 183 Marsh Wall, London E14 9SR. Telephone: 0845 080 1800, Fax: 020 7964 1001, email: enquiries@financial-ombudsman.org.uk.

If you are dissatisfied with the outcome of the investigation and the complaint relates to how the pension scheme is run you have the right to contact The Pensions Advisory Service (TPAS), which is available to members and beneficiaries of pension schemes in connection with any pension query you may have, or any difficulty that you have failed to resolve with Jessop. They may also be able to assist you throughout the formal complaints process or help you if you have completed the process but are still unhappy with Jessop’s decision. TPAS can be contacted at 11 Belgravia Road, London, SW1V 1RB or by telephone on 0845 601 2923.

If TPAS cannot help resolve your complaint, they may refer it to the Pensions Ombudsman, who is appointed by the Government. The Ombudsman’s role is to investigate and determine complaints of maladministration or dispute of fact or law in relation to pension schemes. The Pension Ombudsman can be contacted at 11 Belgravia Road, London, SW1V 1RB or by telephone on 020 7834 9144.

15 Telephone Recordings

Please note that the Manager may record telephone calls for training and monitoring purposes.

16 Material Interests

The Manager or one of its Related Companies may have a material interest in a transaction undertaken by the Manager on behalf of a Fund or circumstances may give rise to a conflict of interest. The Manager shall be entitled to effect transactions on behalf of a Fund in these circumstances. Such interests or conflicts may arise because the Manager is a member of a group of companies which are involved in insurance and other financial services activities. In particular, a Related Company of the Manager may be providing discretionary portfolio management or investment advisory services to clients with interests in investments which are also held on behalf of a Fund. The Manager may invest on behalf of a Fund in securities which are securities in respect of which a Related Company has been involved in the offer or issue of the securities as an underwriter, arranger or manager. The Manager may also invest on behalf of a Fund in securities where the issuer of the securities is a Related Company or a customer of a Related Company. It may also be the case that directors, officers or employees of the Manager or a Related Company hold or deal in securities or are otherwise interested in a company whose securities are held on behalf of a Fund.

Schedule 1

Name	Activity
David Coleman	Director
Andrew James Colvin	Director
Paul Jonathan Ewart Holden	Director
Andrew James Hunt	Director
Keith Luckhoo	Non-Executive Director
Nigel Purveur	Director
Sally Stephens	Director
Ian Roger Teague	Director

Schedule 2

JESSOP PERSONAL PENSION TRUST SCHEDULE OF FEES, CHARGES AND OTHER INFORMATION

Periodic Fee (management service charge)	All funds 0.75% except the following Personal Pension Trust Funds: Jessop(GAR) Cash Fund - 0.5%
Initial Fee	6.38% (6% of the offer price) (The maximum initial fee permitted is 7½%)
Accounting Date	5 April
Accumulation Date	5 June

Schedule 3

Investment, Efficient Portfolio Management and Borrowing Powers

(a) Investment Powers of the Scheme

The Scheme is a series of feeder funds investing in units or shares in various single regulated collective investment schemes.

The Constituent Funds will invest in the collective investment schemes as set out under “Details of the Funds” in Clause 2. The Scheme may only be a feeder fund if it is a relevant pension scheme.

(b) Investment Powers of the Underlying Funds excluding Gartmore Long Term Balanced Fund which are set out below

1. General Rules of Investment

“The scheme property of each Underlying Fund (the “Fund”) will be invested with the aim of achieving the investment objective of that Fund but subject to the limits set out in Chapter 5 of the COLL Sourcebook (COLL 5) and the relevant Prospectus. These limits apply to each Fund as summarised below.

1.1 Prudent spread of risk

The ACD must ensure that, taking account of the investment objectives and policy of each Fund, the scheme property of each Fund aims to provide a prudent spread of risk.

1.2 Cover

1.2.1 Where the COLL Sourcebook allow a transaction to be entered into or an investment to be retained only (for example, investment in warrants and nil and partly paid securities and the general power to accept or underwrite) if possible obligations arising out of the investment transactions or out of the retention would not cause any breach of any limits in COLL 5, it must be assumed that the maximum possible liability of the Fund under any other of those rules has also to be provided for.

1.2.2 Where a rule in the COLL Sourcebook permits an investment transaction to be entered into or an investment to be retained only if that investment transaction, or the retention, or other similar transactions, are covered:

1.2.2.1 it must be assumed that in applying any of those rules, the Fund must also simultaneously satisfy any other obligation relating to cover; and

1.2.2.2 no element of cover must be used more than once.

1.3 Transferable Securities

1.3.1 A transferable security is an investment falling within article 76 (shares etc), article 77 (instruments creating or acknowledging indebtedness), article 78 (government and public securities), article 79 (instruments giving entitlement to investments) and article 80 (certificates representing certain securities) of the Regulated Activities Order.

1.3.2 An investment is not a transferable security if the title to it cannot be transferred, or can be transferred only with the consent of a third party.

1.3.3 In applying paragraph 1.3.2 to an investment which is issued by a body corporate, and which is an investment falling within articles 76 (shares, etc) or 77 (instruments creating or acknowledging indebtedness) of the Regulated Activities Order, the need for any consent on the part of the body corporate or any members or debenture holders of it may be ignored.

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

2. UCITS schemes - general

2.1 The scheme property of a Fund must, except where otherwise provided in COLL 5, only consist of any or all of:

- (a) transferable securities;
- (b) permitted money market instruments;
- (c) permitted derivatives and forward transactions;
- (d) permitted deposits; and
- (e) permitted units in collective investment schemes.

2.2 Transferable securities and money market instruments held within a Fund must (subject to paragraphs 2.4 and 2.5) be admitted to or dealt on an eligible market as described below.

2.3 The investments of the Gartmore Cash Fund, Gartmore UK Long Dated Gilt Fund and Gartmore Index Linked Gilt Fund will be limited to investments on which any income is taxable under Case III of Schedule D only, and which are neither chargeable to ad valorem stamp duty on transfer nor are chargeable securities (as defined) for SDRT.

2.4 Not more than 10% in value of the scheme property of a Fund is to consist of transferable securities, which are not approved securities.

2.5 Not more than 10% in the value of the scheme property is to consist of money market instruments which do not fall within paragraph 8 below.

2.6 The requirements on spread generally and in relation to investment in government and public securities

do not apply until the expiry of a period of six months after the date of effect of the authorisation order in respect of a Fund (or on which the initial offer commenced if later) provided that the requirement to maintain prudent spread of risk in paragraph 1.1 is complied with.

3. Eligible markets regime: purpose

- 3.1 To protect investors the markets on which investments of a Fund are dealt in or traded on should be of an adequate quality ("eligible") at the time of acquisition of the investment and until it is sold.
- 3.2 Where a market ceases to be eligible, investments on that market cease to be approved securities. The 10% restriction on investing in non approved securities applies and exceeding this limit because a market ceases to be eligible will generally be regarded as an inadvertent breach.
- 3.3 A market is eligible for the purposes of the rules if it is:
- 3.3.1 a regulated market as defined in the FSA Handbook; or
 - 3.3.2 a market in an EEA State which is regulated, operates regularly and is open to the public.
- 3.4 A market not falling within paragraph 3.3 is eligible for the purposes of COLL 5 if:
- 3.4.1 the ACD, after consultation and notification with the Depositary, decides that market is appropriate for investment of, or dealing in, the scheme property;
 - 3.4.2 the market is included in a list in the prospectus; and
 - 3.4.3 the Depositary has taken reasonable care to determine that:
 - 3.4.3.1 adequate custody arrangements can be provided for the investment dealt in on that market; and
 - 3.4.3.2 all reasonable steps have been taken by the ACD in deciding whether that market is eligible.
- 3.5 In paragraph 3.4, a market must not be considered appropriate unless it is regulated, operates regularly, is recognised, is open to the public, is adequately liquid and has adequate arrangements for unimpeded transmission of income and capital to or for the order of investors.

4. Spread: general

- 4.1 This rule on spread does not apply to government and public securities.
- 4.2 For the purposes of this requirement companies included in the same group for the purposes of consolidated accounts as defined in accordance with Directive 83/349/EEC or in the same group in accordance with international accounting standards are regarded as a single body.
- 4.3 Not more than 20% in value of the scheme property is to consist of deposits with a single body.
- 4.4 Not more than 5% in value of the scheme property is to consist of transferable securities or money market instruments issued by any single body, except that the limit of 5% is raised to 10% in respect of up to 40% in value of the Scheme Property. For these purposes certificates representing certain securities are treated as equivalent to the underlying security.
- 4.5 The exposure to any one counterparty in an OTC derivative transaction must not exceed 5% in value of the scheme property. This limit is raised to 10% where the counterparty is an Approved Bank.
- 4.6 Not more than 20% in value of the scheme property is to consist of transferable securities and money market instruments issued by the same group.
- 4.7 Not more than 20% in value of the scheme property is to consist of the units of any one collective investment scheme. No more than 10% of any Fund will be invested in collective investment schemes.
- 4.8 In applying the limits in paragraphs 4.3, 4.4 and 4.5 of this Appendix not more than 20% in value of the Scheme Property is to consist of any combination of two or more of the following:
- 4.8.1 transferable securities or money market instruments issued by; or
 - 4.8.2 deposits made with; or
 - 4.8.3 exposures from OTC derivatives transactions made with a single body.
- 4.9 For the purpose of calculating the limits in 4.5 and 4.8 of this section (Spread: General), the exposure in respect of an OTC derivative may be reduced to the extent that collateral is held in respect of it if the collateral meets each of the following conditions:
- 4.9.1 it is marked to market on a daily basis and exceeds the value of the amount at risk;
 - 4.9.2 it is exposed only to negligible risks (e.g. government bonds of first credit rating or cash) and is liquid;
 - 4.9.3 it is held by a third party custodian not related to the provider or is legally secured from the consequences of a failure of a related party; and
 - 4.9.4 can be enforced by the UCITS scheme at any time.
- 4.10 For the purpose of calculating the limits in 4.5 and 4.8 of this section (Spread: General), OTC derivative positions with the same counterparty may be netted provided that the netting procedures:
- 4.10.1 comply with the conditions set out in Section 3 (Contractual netting (Contracts for novation and other netting agreements)) of Annex III to the Banking Consolidation Directive; and

4.10.2 are based on legally binding agreements;

4.11 In applying this section (Spread: General), all derivatives transactions are deemed to be free of counterparty risk if they are performed on an exchange where the clearing house meets each of the following conditions:

4.11.1 it is backed by an appropriate performance guarantee; and

4.11.2 it is characterised by a daily mark-to-market valuation of the derivative positions and at least daily margining.

5. Spread: government and public securities

5.1 The following section applies to government and public securities (“such securities”).

5.2 Where no more than 35% in value of the scheme property is invested in such securities issued by any one body, there is no limit on the amount which may be invested in such securities or in any one issue.

5.3 A Fund may invest more than 35% in value of the scheme property in such securities issued by any one body provided that:

5.3.1 the ACD has before any such investment is made consulted with the Depository and as a result considers that the issuer of such securities is one which is appropriate in accordance with the investment objectives of the authorised fund;

5.3.2 no more than 30% in value of the scheme property consists of such securities of any one issue;

5.3.3 the scheme property includes such securities issued by that or another issuer, of at least six different issues;

5.3.4 the disclosures required by the FSA have been made.

5.4 The rules in paragraph 5.3 of this Appendix are intended to apply to the following Funds and accordingly more than 35% of the scheme property of each of the Funds is or may be invested in such securities issued by the following issuers: in the case of Gartmore Cautious Managed Fund, Gartmore UK Long Dated Gilt Fund and Gartmore Index Linked Gilt Fund, more than 35% of the property of each such fund may be invested in Government and public securities issued by or on behalf of the government or international organisations set out below.

Issuers of Government and Public Securities

Countries

Austria	Belgium	Canada
Cayman Islands	Denmark	Finland
France	Germany	Greece
Ireland	Italy	Luxembourg
Netherlands	Portugal	Singapore
Spain	Sweden	United Kingdom*
United States	Japan	

*including the Scottish Administration, the Executive Committee of the Northern Ireland Assembly, the National Assembly of Wales

Supranationals

African Development Bank	Asian Development Bank	Central American Bank
Corp Andina de Fomento	Council of Europe	European Bank of Recon & Dev
Europe Coal & Steel	European Community	European Investment Bank
Eurofima	International Finance Corporation	Nordic Investment Bank
International American Development Bank		

6. Investment in collective investment schemes

6.1 Up to 5% in value of the property of a Fund may be invested in units or shares in other collective investment schemes (“Second Scheme”) provided that second scheme satisfies all of the following conditions and provided that no more than 30% of the value of the UCITS scheme is invested in second schemes within 6.1.1.2-6.1.1.4:

6.1.1 The second scheme must:

6.1.1.1 satisfy the conditions necessary for it to enjoy the rights conferred by the UCITS Directive; or

6.1.1.2 be recognised under the provisions of s.270 of the Financial Services and Markets Act 2000;

6.1.1.3 be authorised as a non-UCITS retail scheme (provided the requirements of Article 19(1)(e) of the UCITS Directive are met);

6.1.1.4 be authorised in another EEA State provided the requirements of Article 19(1)(e) of the UCITS Directive are met.

6.1.2 The Second Scheme has terms which prohibit more than 10% in value of the scheme property consisting of units in collective investment schemes. Investment may only be made in other collective investment schemes managed by the ACD or an associate of the ACD if the Fund's Prospectus clearly states that it may enter into such investments and the rules on double charging contained in the COLL Sourcebook are complied with. The Funds may invest in collective investment schemes managed or operated by or whose ACD is Gartmore or an associate of Gartmore.

7. Investment in warrants and nil and partly paid securities

7.1 Where a Fund invests in a warrant, the exposure created by the exercise of the right conferred by the warrant must not exceed the limits set out in the COLL Sourcebook in relation to spread (COLL 5.2.13R Spread : General; COLL 5.2.14 R Spread : government and public securities).

7.2 A transferable security or a money market instrument on which any sum is unpaid falls within a power of investment only if it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by the Fund, at the time when payment is required, without contravening the rules in COLL 5.

7.3 A warrant which is an investment falling within article 80 of the Regulated Activities Order (certificates representing certain securities) and which is akin to an investment falling within article 79 (instruments giving entitlement to investments) of the Regulated Activities Order may not be included in the scheme property unless it is listed on an eligible securities market.

7.4 No more than 5% of the value of the property of the Fund may be invested in warrants.

8 Investment in Money Market Instruments

8.1 A Fund may invest in money market instruments which are normally dealt in on the money market, are liquid and whose value can be accurately determined at any time, provided:

8.1.1 the money market instrument is listed on or normally dealt on an eligible market; or

8.1.2 the money market instrument is issued or guaranteed by a central, regional or local authority, a central bank of an EEA State, the European Central Bank, the European Union or the European Investment Bank, a non-EEA State or, in the case of a federal state, by one of the members making up the federation, or by a public international body to which one or more EEA States belong; or issued by a body, any securities of which are dealt in on an eligible market; or issued or guaranteed by an establishment subject to prudential supervision in accordance with criteria defined by Community law or by an establishment which is subject to and complies with prudential rules considered by the FSA to be at least as stringent as those laid down by Community law.

8.1.3 Issued by a body, any securities of which are dealt in on an eligible market.

9 Derivatives

9.1 General

A transaction in derivatives or a forward transaction must not be effected for a Fund unless the transaction is of a kind specified in paragraph 9.2 below (Permitted transactions (derivatives and forwards)); and the transaction is covered, as required by paragraph 9.8 (Cover for transactions in derivatives and forward transactions).

Where a scheme invests in derivatives, the exposure to the underlying assets must not exceed the limits in paragraphs 4 and 5 except for index based derivatives where the rules below apply.

Where a transferable security or money market instrument embeds a derivative, this must be taken into account for the purposes of complying with this section.

Where a scheme invests in an index based derivative, provided the relevant index falls within paragraph COLL 5.2.32 (Schemes replicating an index) the underlying constituents of the index do not have to be taken into account for the purposes of paragraphs 4 and 5 The relaxation is subject to the ACD continuing to ensure that the property provides a prudent spread of risk.

9.2 Permitted transactions (derivatives and forwards)

A transaction in a derivative must be in an approved derivative; or be one which complies with paragraph 9.5 (OTC transactions in derivatives).

A transaction in a derivative must have the underlying consisting of any or all of the following to which the scheme is dedicated, transferable securities, permitted derivatives under this paragraph, collective investment scheme units permitted under paragraph 6 (Investment in collective investment schemes), financial indices, interest rates, foreign exchange rates, and currencies.

A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market.

A transaction in a derivative must not cause a Fund to diverge from its investment objectives as stated in the Instrument constituting the scheme and the most recently published version of this Prospectus.

A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more, transferable securities, money market instruments, units in collective

investment schemes, or derivatives.

Any forward transaction must be with an eligible institution or an approved bank.

9.3 Transactions for the purchase of property

A derivative or forward transaction (which is a permitted transaction under paragraph 9.2 which will or could lead to the delivery of property for the account of a Fund may be entered into only if that property can be held for the account of a Fund, and the ACD having taken reasonable care determines that delivery of the property under the transaction will not occur or will not lead to a breach of the rules in the COLL Sourcebook.

9.4 Requirement to cover sales

9.4.1 No agreement by or on behalf of a Fund to dispose of property or rights may be made unless the obligation to make the disposal and any other similar obligation could immediately be honoured by a Fund by delivery of property or the assignment (or, in Scotland, assignation) of rights, and the property and rights above are owned by a Fund at the time of the agreement. This requirement does not apply to a deposit.

9.4.2 Paragraph 9.4.1 does not apply where:

9.4.1.1 the risks of the underlying financial instrument of a derivative can be appropriately represented by another financial instrument and the underlying financial instrument is highly liquid; or

9.4.1.2 the authorised fund manager or the depositary has the right to settle the derivative in cash and cover exists within the scheme property which falls within one of the following asset classes:

9.4.1.2.1 cash;

9.4.1.2.2 liquid debt instruments (e.g. government bonds of first credit rating) with appropriate safeguards (in particular, haircuts); or

9.4.1.2.3 other highly liquid assets having regard to their correlation with the underlying of the financial derivative instruments, subject to appropriate safeguards (e.g. haircuts where relevant).

9.4.3 In the asset classes referred to in 9.4.2, an asset may be considered as liquid where the instrument can be converted into cash in no more than seven business days at a price closely corresponding to the current valuation of the financial instrument on its own market.

9.5 OTC transactions in derivatives

Any transaction in an OTC derivative under this paragraph 9.5 must be:

9.5.1 a future or an option or a contract for differences;

9.5.2 with an approved counterparty; a counterparty to a transaction in derivatives is approved only if the counterparty is an Eligible Institution or an Approved Bank; or a person whose permission (including any requirements or limitations), as published in the FSA Register or whose Home State authorisation, permits it to enter into the transaction as principal off-exchange;

9.5.3 on approved terms; the terms of the transaction in derivatives are approved only if, before the transaction is entered into, the Depositary is satisfied that the counterparty has agreed with the Fund: to provide a reliable and verifiable valuation in respect of that transaction at least daily and at any other time at the request of the Fund; and that it will, at the request of the Fund, enter into a further transaction to close out that transaction at any time, at a fair value arrived at under the pricing model or other reliable basis agreed under the following paragraph; and

9.5.4 capable of valuation; a transaction in derivatives is capable of valuation only if the ACD having taken reasonable care determines that, throughout the life of the derivative (if the transaction is entered into), it will be able to value the investment concerned with reasonable accuracy: on the basis of the pricing model which has been agreed between the ACD and the Depositary; or on some other reliable basis reflecting an up-to-date market value which has been so agreed.

9.6 Risk management: derivatives

The ACD uses a risk management process, as reviewed by the Depositary, enabling it to monitor and measure as frequently as appropriate the risk of a Fund's derivatives and forwards positions and their contribution to the overall risk profile of the Fund. Before using the process, the ACD will notify the FSA of the details of the risk management process.

9.7 Derivative exposure

A Fund may invest in derivatives and forward transactions as long as the exposure to which the Fund is committed by that transaction itself is suitably covered from within its property. Exposure will include any initial outlay in respect of that transaction.

Cover ensures that a Fund is not exposed to the risk of loss of property, including money, to an extent

greater than the net value of the property. Therefore, a Fund must hold property sufficient in value or amount to match the exposure arising from a derivative obligation to which the Fund is committed. Paragraph 9.8 (Cover for transactions in derivatives and forward transactions) sets out detailed requirements for cover of a Fund.

A future is to be regarded as an obligation to which the Fund is committed (in that, unless closed out, the future will require something to be delivered, or accepted and paid for); a written option as an obligation to which the scheme is committed (in that it gives the right of potential exercise to another thereby creating exposure); and a bought option as a right (in that the purchaser can, but need not, exercise the right to require the writer to deliver and accept and pay for something).

Cover used in respect of one transaction in derivatives or forward transaction must not be used for cover in respect of another transaction in derivatives or a forward transaction.

9.8 Cover for transactions in derivatives and forward transactions

A transaction in derivatives or forward transaction is to be entered into only if the maximum exposure, in terms of the principal or notional principal created by the transaction to which the scheme is or may be committed by another person is covered globally. Exposure is covered globally if adequate cover from within the property is available to meet the scheme'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 not yet received into the property but due to be received within one month is available as cover. Property the subject of a stock lending transaction is only available for cover if the ACD has taken reasonable care to determine that it is obtainable (by return or re-acquisition) in time to meet the obligation for which cover is required. The total exposure relating to derivatives held in a Fund may not exceed the net value of the property.

9.9 Cover and borrowing

Cash obtained from borrowing, and borrowing which the ACD reasonably regards an Eligible Institution or an Approved Bank to be committed to provide, is available for cover under the previous paragraph 9.8 as long as the normal limits on borrowing (see below) are observed.

Where, for the purposes of this paragraph a Fund borrows an amount of currency from an Eligible Institution or an Approved Bank; and keeps an amount in another currency, at least equal to such borrowing for the time on deposit with the lender (or his agent or nominee), then this applies as if the borrowed currency, and not the deposited currency, were part of the property, and the normal limits on borrowing do not apply to that borrowing.

10. Investment in Deposits

10.1 A Fund may invest in deposits only with an Approved Bank and which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months.

11. Significant influence

11.1 The relevant Gartmore open-ended investment company must not acquire transferable securities issued by a body corporate and carrying rights to vote (whether or not on substantially all matters) at a general meeting of that body corporate if:

11.1.1 immediately before the acquisition, the aggregate of any such securities held by the relevant Gartmore open-ended investment company gives that company power significantly to influence the conduct of business of that body corporate; or

11.1.2 The acquisition gives the relevant Gartmore open-ended investment company that power.

11.2 For the purposes of paragraph 11.1, the relevant Gartmore open-ended investment company is to be taken to have power significantly to influence the conduct of business of a body corporate if it can, because of the transferable securities held by it, exercise or control the exercise of 20% or more of the voting rights in that body corporate (disregarding for this purpose any temporary suspension of voting rights in respect of the transferable securities of that body corporate).

12. Concentration

A UCITS Scheme:

12.1 must not acquire transferable securities other than debt securities which

12.1.1 do not carry a right to vote on any matter at a general meeting of the body corporate that issued them; and

12.1.2 represent more than 10% of these securities issued by that body corporate;

12.2 must not acquire more than 10% of the debt securities issued by any single issuing body;

12.3 must not acquire more than 10% of the units in a collective investment scheme;

12.4 must not acquire more than 10% of the money market instruments issued by any single body;

12.5 not more than 20% in value of a Fund will be invested in deposits with a single body;

12.6 need not comply with the limits in paragraphs 12.2, 12.3 and 12.4 if, at the time of acquisition, the net amount in issue of the relevant investment cannot be calculated.

13. General

13.1 It is not intended that any Fund will have an interest in any immovable property or tangible movable property.

13.2 No Fund may invest in the Shares of another fund within the same open-ended investment company.

13.3 Where a Gartmore open-ended investment company invests in or disposes of units or shares in another collective investment scheme which is managed or operated by the ACD or an associated of the ACD, the ACD must pay to that Gartmore open-ended investment company by the close of business on the fourth business day the amount of any preliminary charge in respect of a purchase, and in the case of a sale, any charge made for the disposal.

13.4 A potential breach of any of these limits does not prevent the exercise of rights conferred by investments held by the Fund if the consent of the Depositary is obtained in writing but, in the event of a consequent breach, the ACD must then take such steps as are necessary to restore compliance with the investment limits as soon as practicable having regard to the interests of shareholders.

14 Stocklending

14.1 The relevant Gartmore open-ended investment company or the Depositary at the request of the relevant Gartmore open-ended investment company, may enter into certain stocklending arrangements in respect of the Funds. Such arrangements are those where the relevant Gartmore open-ended investment company or the Depositary delivers securities to a third party in return for which it is agreed that those securities or securities of the same kind and amount should be redelivered to the relevant Gartmore open-ended investment relevant Gartmore open-ended investment company or the Depositary at a later date. The relevant Gartmore open-ended investment company or the Depositary at the time of delivery receives collateral to cover against the risk of the future redelivery not being completed. There is no limit on the value of the property of the relevant Gartmore open-ended investment company which may be the subject of stocklending arrangements.

14.2 Such arrangements must always comply with the requirements of the Taxation of Chargeable Gains Act 1992 and the requirements of the COLL Sourcebook and the Guidance on Stocklending issued by the FSA as amended from time to time.

15 Underwriting

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

16 Borrowing Powers

16.1 The ACD may, on the instructions of the relevant Gartmore open-ended investment company and subject to the COLL Sourcebook, borrow money from an Eligible Institution or an Approved Bank for the use of the relevant Gartmore open-ended investment company on terms that the borrowing is to be repayable out of the scheme property.

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

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

16.4 These borrowing restrictions do not apply to “back to back” borrowing for currency hedging purposes (i.e. borrowing permitted in order to reduce or eliminate risk arising by reason of fluctuations in exchange rates).

17 Cash

17.1 Cash and near cash must not be retained in the scheme property except to the extent that, where this may reasonably be regarded as necessary in order to enable:

7.1.1 the pursuit of a Fund’s investment objectives; or

17.1.2 redemption of units;

17.1.3 efficient management of a Fund in accordance with its investment objectives; or

17.1.4 other purposes which may reasonably be regarded as ancillary to the investment objectives of a Fund.

17.2 During the period of the initial offer the scheme property of a Fund may consist of cash and near cash without limitation.

(c) Investment powers of the Gartmore Long Term Balanced Fund

1. The General Rules of Investment

The scheme property of the Fund will be invested with the aim of achieving its investment objective of the Fund but subject to the limits set out in COLL and its Prospectus.

1.1 Prudent spread of risk

The ACD must ensure that, taking account of the investment objectives and policy of the Fund, the scheme property of the Fund aims to provide a prudent spread of risk.

1.2 Cover

Where the COLL Sourcebook allow a transaction to be entered into or an investment to be retained only (for example, investment in warrants and nil and partly paid securities and the general power to accept or underwrite) if possible obligations arising out of the investment transactions or out of the retention would not cause any breach of any limits in FSA Rules, it must be assumed that the maximum possible liability of the Fund under any other of those rules has also to be provided for.

Where a rule in the COLL Sourcebook permits an investment transaction to be entered into or an investment

to be retained only if that investment transaction, or the retention, or other similar transactions, are covered:

- it must be assumed that in applying any of those rules, the Fund must also simultaneously satisfy any other obligation relating to cover; and no element of cover must be used more than once.

1.3 Transferable Securities

A transferable security is an investment falling within article 76 (shares etc), article 77 (instruments creating or acknowledging indebtedness), article 78 (government and public securities), article 79 (instruments giving entitlement to investments) and article 80 (certificates representing certain securities) of the Regulated Activities Order.

An investment is not a transferable security if the title to it cannot be transferred, or can be transferred only with the consent of a third party.

In applying paragraph 1.3.1 of this Appendix to an investment which is issued by a body corporate, and which is an investment falling within articles 76 (shares, etc) or 77 (instruments creating or acknowledging indebtedness) of the Regulated Activities Order, the need for any consent on the part of the body corporate or any members or debenture holders of it may be ignored.

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

2. Non-UCITS Retail Schemes General

The scheme property of the Fund must, except where otherwise provided in Chapter 5.6 of the COLL Sourcebook, only consist of any or all of:

- (a) transferable securities;
- (b) money market instruments;
- (c) permitted deposits;
- (d) permitted units in collective investment schemes;
- (e) permitted derivatives and forward transactions;

2.1 Transferable securities and money market instruments held within the Fund must be admitted to or dealt on an eligible market as described below.

2.2 The ACD does not intend to invest in any immovable property or movable property.

3 Eligible markets regime: purpose

3.1 Gartmore must ensure that each of the transactions is entered into for the purpose of controlling or managing a risk arising in the management of the portfolio of a Constituent Fund and not for the purpose of speculation. The property of the fund is not available for cover if it is subject to a stocklending arrangement unless the ACD has taken reasonable care to determine that it is obtainable (by return or re-acquisition) in time to meet the obligation for which cover is required. 3.1 To protect investors the markets on which investments of the Fund are dealt in or traded on should be of an adequate quality ("eligible") at the time of acquisition of the investment and until it is sold.

3.2 Where a market ceases to be eligible, investments on that market cease to be approved securities. The 20% restriction on investing in non approved securities applies and exceeding this limit because a market ceases to be eligible will generally be regarded as an inadvertent breach.

3.3 A market is eligible for the purposes of the rules if it is:

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

3.4 A market not falling within paragraph 2.3 above is eligible for the purposes of COLL if:

- 3.4.1 the ACD, after consultation with and notification to the Depositary, (or any other directors of the ICVC) decides that market is appropriate for investment of, or dealing in, the scheme property;
- 3.4.2 the market is included in a list in the prospectus; and
- 3.4.3 the Depositary has taken reasonable care to determine that:

- 3.4.3.1 adequate custody arrangements can be provided for the investment dealt in on that market; and
- 3.4.3.2 all reasonable steps have been taken by the ACD in deciding whether that market is eligible.

3.5 In paragraph 2.4.1 above, a market must not be considered appropriate unless it is regulated, operates regularly, is recognised as a market or exchange or as a self-regulating organisation by an overseas regulator, is open to the public, is adequately liquid and has adequate arrangements for unimpeded transmission of income and capital to or for the order of investors.

3.6 Not more than 20% in value of the scheme property of the Fund is to consist of transferable securities, which are not approved securities.

3.7 The requirements on spread generally and in relation to investment in government and public securities

do not apply until the expiry of a period of six months after the date of effect of the authorisation order in respect of the Fund (or on which the initial offer commenced if later) provided that the requirement to maintain prudent spread of risk is complied with.

4. Spread: general

4.1 Gartmore has the power to enter into various types of hedging transactions as part of their power to enter into economically appropriate transactions. Circumstances may arise where Gartmore believe that it would be in the interests of unitholders of a Fund as a whole that hedging transactions be entered into. The extent to which Gartmore will enter into hedging transactions on behalf of a Fund will depend at any time upon the view which Gartmore take at that time as to the best way of achieving the investment objective of that Fund. 4.1 This rule on spread does not apply to government and public securities.

4.2 Not more than 10% in value of the scheme property is to consist of transferable securities or money market instruments issued by any single body.

4.3 In applying paragraph 4.2 above certificates representing certain securities are treated as equivalent to the underlying security.

4.4 Not more than 20% in value of the scheme property is to consist of deposits with a single body.

4.5 Except for a feeder fund, not more than 35% in value of the scheme is to consist of the units of any one scheme.

5. Spread: government and public securities

5.1 The following section applies to government and public securities ("such securities").

5.2 Where no more than 35% in value of the scheme property is invested in such securities issued by any one body, there is no limit on the amount which may be invested in such securities or in any one issue.

5.3 The Fund may invest more than 35% in value of the scheme property in such securities issued by any one body provided that:

5.3.1 the ACD has before any such investment is made consulted with the Depositary and as a result considers that the issuer of such securities is one which is appropriate in accordance with the investment objectives of the Fund;

5.3.2 no more than 30% in value of the scheme property consists of such securities of any one issue;

5.3.3 the scheme property includes such securities issued by that or another issuer, of at least six different issues;

5.3.4 the disclosures required by the FSA have been made.

5.4 In relation to such securities:

5.4.1 issue, issuer and guarantor include guarantee, guaranteed and guarantor; and

5.4.2 an issue differs from another if there is a difference as to repayment date, rate of interest, guarantor or other material terms of the issue.

6 Investment in collective investment schemes

6.1 The Trustee of each Constituent Fund may, in accordance with the instructions of Gartmore, borrow money for the use of the Constituent Fund. Such borrowing must always be on a temporary basis only and must not be persistent and must not, without the Trustee's consent, be for a period exceeding three months. The amount borrowed must not, on any business day, exceed 10% of the value of the property of the relevant Constituent Fund. The Fund may invest in units in a collective investment scheme (a "second scheme") provided that the second scheme is permitted under paragraphs 6.1.1 to 6.1.3:

6.1.1 The second scheme:

6.1.1.1 satisfies the conditions necessary for it to enjoy the rights conferred by the UCITS Directive; or

6.1.1.2 is a non-UCITS retail scheme; or

6.1.1.3 is a recognised under the provisions of section 264, 270 or 272 of the Financial Services and Markets Act 2000;

6.1.1.4 is constituted outside the United Kingdom and the investment and borrowing powers of which are the same or more restrictive than those of a non-UCITS retail scheme; or

6.1.1.5 is a scheme not falling within paragraphs 6.1.1.1 to 6.1.1.4 and in respect of which no more than 20% in value of the scheme property (including any transferable securities which are not approved securities) is invested;

6.1.2 The second scheme operates on the principle of the prudent spread of risk;

6.1.3 The second scheme is prohibited from having more than 15% in value of the scheme property consisting of units in collective investment schemes; and

6.1.4 The participants in the second scheme must be entitled to have their units redeemed in accordance with the scheme at a price related to the net value of the property to which the units relate and determined in accordance with the scheme.

6.1.5 Units in a collective investment scheme do not fall within this definition if that collective

investment scheme is managed or operated by (or if it is an OEIC, has as its ACD) the Manager or an associate of the Manager, unless the prospectus of the investing authorised fund clearly states that the property of the investing fund may include such units and the conditions in the FSA Rules on investing in other group schemes are complied with.

7. Investment in warrants and nil and partly paid securities

7.1 A warrant (“the proposed warrant”) falls within any power of investment only if, on the assumptions that:

7.1.1 there is no change to the scheme property between the acquisition of the proposed warrant and its exercise; and

7.1.2 the rights conferred by the proposed warrant and all other warrants forming part of the scheme property at the time of the acquisition of the proposed warrant will be exercised (whether or not it is intended that they will be);

it is reasonably foreseeable that the right conferred by the proposed warrant could be exercised by the Fund without contravening the rules in COLL 5.

7.2 A transferable security on which any sum is unpaid falls within a power of investment only if it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by the Fund, at the time when payment is required, without contravening the rules in COLL 5.

7.3 A warrant which is an investment falling within article 80 of the Regulated Activities Order (certificates representing certain securities) and which is akin to an investment falling within article 79 (instruments giving entitlement to investments) of the Regulated Activities Order may not be included in the scheme property unless it is listed on an eligible securities market.

8. Investment in deposits

The Fund may invest in deposits only with an Approved Bank and which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months.

9. Cash and near cash

9.1 Cash and near cash must not be retained in the scheme property except to the extent that, where this may reasonably be regarded as necessary in order to enable:

9.1.1 the pursuit of the Fund investment objectives; or

9.1.2 redemption of units; or

9.1.3 efficient management of the Fund in accordance with its investment objectives; or

9.1.4 other purposes which may reasonably be regarded as ancillary to the investment objectives of the Fund.

9.2 During the period of the initial offer the scheme property may consist of cash and near cash without limitation.

10. Significant influence in respect of the Fund

10.1 The Gartmore open-ended investment company of which the Fund is a sub-fund (the “Company”) must not acquire or cause to be acquired transferable securities issued by a body corporate and carrying rights to vote (whether or not on substantially all matters) at a general meeting of that body corporate if:

10.1.1 immediately before the acquisition, the aggregate of any such securities held by the Company gives the Company power significantly to influence the conduct of business of that body corporate; or

10.1.2 The acquisition gives the Company that power.

10.2 For the purposes of paragraph 12.1, the Company is to be taken to have power significantly to influence the conduct of business of a body corporate if it can, because of the transferable securities held by it, exercise or control the exercise of 20% or more of the voting rights in that body corporate (disregarding for this purpose any temporary suspension of voting rights in respect of the transferable securities of that body corporate).

11. General

11.1 The Fund may not invest in the Shares of another fund within the same umbrella open-ended investment company.

11.2 Where the Company invests in or disposes of units or shares in another collective investment scheme which is managed or operated by the ACD or an associated of the ACD, the ACD must pay to the Company by the close of business on the fourth business day the amount of any preliminary charge in respect of a purchase, and in the case of a sale, any charge made for the disposal.

11.3 A potential breach of any of these limits does not prevent the exercise of rights conferred by investments held by the Fund if the consent of the Depositary is obtained in writing but, in the event of a consequent breach, the ACD must then take such steps as are necessary to restore compliance with the investment limits as soon as practicable having regard to the interests of Shareholders.

(d) Efficient Portfolio Management Powers for all the Funds

Jessop may enter into any transaction permitted by the Regulations for the purpose of efficient portfolio management of each Constituent Fund although the Manager has no current intention to utilise these powers.

Each transaction entered into by Jessop in respect of a Constituent Fund must (either alone or in

combination with one or more others) be reasonably believed by Jessop to be economically appropriate to the efficient portfolio management of that Constituent Fund, and must be “fully covered”, as described below. A transaction is economically appropriate if Jessop reasonably believe that, where it is undertaken to reduce risk or cost (or both), it will diminish a risk or cost which it is sensible to reduce and, where it is undertaken to generate additional capital or income, it will be certain (barring events which are not reasonably foreseeable) to benefit that Fund. Any such transaction will be “covered”, if the property of the Constituent Fund includes sufficient property of the right kind to enable the Trustee of that Constituent Fund to comply immediately with any obligation imposed upon it by that transaction, whether or not such obligation is due to be honoured immediately or at a future date. The purpose of efficient portfolio management, as permitted by the Regulations, is to achieve one or more of the following three aims:

- (a) to reduce risk;
- (b) to reduce cost; and
- (c) to generate additional capital or income for the Fund with no, or an acceptably low level of risk.

Any transaction permitted by the Regulations for the purpose of efficient portfolio management must be either an approved derivative, that is a derivative traded or dealt in on an eligible derivatives market, an off-exchange future, option or contract for differences resembling an option, a forward transaction in a currency or a synthetic future.

The Regulations also permit Jessop and the Trustee in certain circumstances to enter into stock lending arrangements (i.e. a disposal of securities comprised in the property of the relevant Constituent Fund to a person who agrees to transfer back to the Trustee of that Fund at a later date an equivalent amount of the same securities. The Trustee is provided with other securities as collateral so as to cover the Trustee against the risk that an equivalent amount of the securities originally transferred may not be returned to the Trustee). The purpose of stock lending is to ensure the efficient portfolio management of the fund. The terms for stock lending are set out in the regulations.

Jessop must ensure that each of the transactions is entered into for the purpose of controlling or managing a risk arising in the management of the portfolio of a Constituent Fund and not for the purpose of speculation. The property of the fund is not available for cover if it is subject to a stock lending arrangement unless the ACD has taken reasonable care to determine that it is obtainable (by return or re-acquisition) in time to meet the obligation for which cover is required.

Hedging Policy

Jessop has the power to enter into various types of hedging transactions as part of their power to enter into economically appropriate transactions. Circumstances may arise where Jessop believe that it would be in the interests of unitholders of a Fund as a whole that hedging transactions be entered into. The extent to which Jessop will enter into hedging transactions on behalf of a Fund will depend at any time upon the view which Jessop take at that time as to the best way of achieving the investment objective of that Fund.

(e) Borrowing Powers

The Trustee of each Constituent Fund may, in accordance with the instructions of Jessop, borrow money for the use of the Constituent Fund. Such borrowing must always be on a temporary basis only and must not be persistent and must not, without the Trustee’s consent, be for a period exceeding three months. The amount borrowed must not, on any business day, exceed 10% of the value of the property of the relevant Constituent Fund.

In addition, cash obtained by borrowing may be used to provide cover for any derivative or forward transaction entered into by Jessop for efficient portfolio management and the above limit on borrowings does not apply to any such borrowing under which:

- (i) the currency borrowed is in another currency, and
- (ii) an amount in another currency at least equal to the amount borrowed under (i) is kept on deposit with the lender (or his agent or nominee).

